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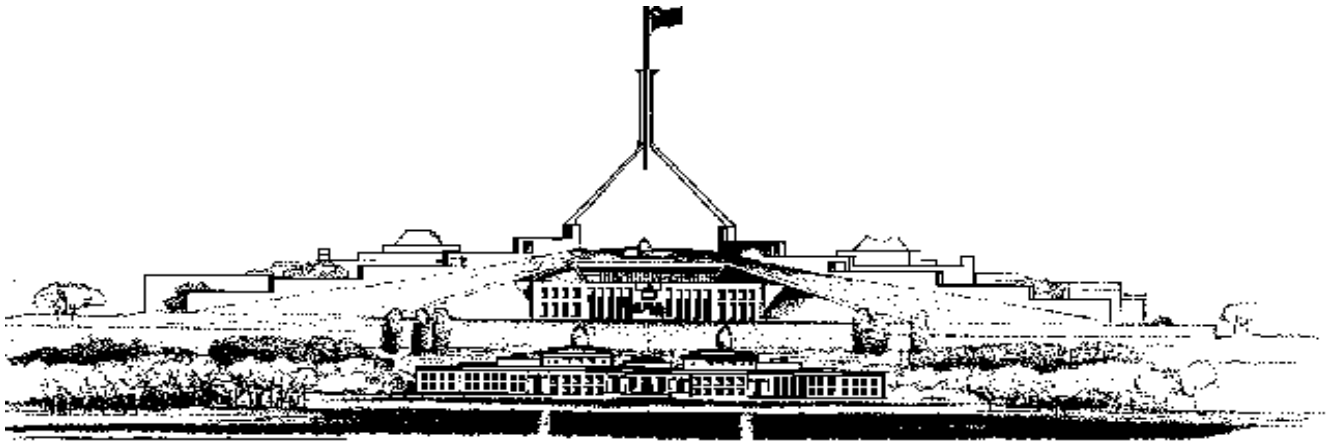

HOUSE OF REPRESENTATIVES

Official Hansard

THURSDAY, 24 MAY 2001

THIRTY-NINTH PARLIAMENT
FIRST SESSION—NINTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Thursday, 24 May 2001

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

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2001

First Reading

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

Second Reading

Mr VAILE (Lyne—Minister for Trade) (9.31 a.m.)—I move:

That the bill be now read a second time.

The Export Market Development Grants Amendment Bill 2001 delivers on the government's promise to extend the EMDG Scheme for another five years and provides a number of improvements to the scheme.

The EMDG Scheme provides $150 million per annum to support the export promotion activities of eligible businesses under $50 million per annum turnover, by partially reimbursing the expenses that eligible businesses incur in promoting their exports.

The scheme, administered by Austrade, is a proven success in assisting small business to export and supports this government's strategies for a robust, internationally competitive economy.

Last year nearly 3,000 businesses received export market development grants—700 of which received a grant for the first time. These businesses generated $4.5 billion in exports and employed thousands of Australians to fill the export orders. An estimated 54,000 jobs are attributable to the exports generated by EMDG recipients. With the average grant being $45,000, the EMDG Scheme is achieving its objective of providing effective assistance to businesses seeking to develop export markets. Importantly, 21 per cent of these grants go to businesses in rural and regional Australia.

Studies by Austrade and the University of New South Wales have shown that exporting businesses are successful businesses; good for the employers, good for the employees and good for the country. Exporting businesses on average pay their employees more than non-exporting businesses. Exporting businesses better utilise technology and modern management practices, than typical non-exporters.

But despite recent gains and our improving export performance, research from Austrade and the Australian Bureau of Statistics shows that Australia needs to continue to encourage business to export. According to this research, less than five per cent of Australian non-farm private sector businesses export, which does not compare well with many of our trading partners.

Against this background, the Austrade board conducted a comprehensive review of the scheme in 1999 and 2000, featuring broad industry consultation, a survey of the scheme's clients, and independent analysis provided by Professor Bewley of the University of New South Wales and from PricewaterhouseCoopers. The board then provided a detailed report of its recommendations and findings, which I tabled in August 2000.

As an initial response to the review's findings, the government announced it would extend the scheme until 2005-06 and bring forward legislation to implement its overall response to the review by the end of this financial year. This bill fulfils that promise to the Australian small and medium sized business export community, and implements the key elements of the government's response to the recommendations of that review report.

Most importantly, this bill extends the EMDG Scheme until 2005-06, with a provision to review the performance of the scheme by June 2005.

The Austrade board recommended the EMDG Scheme be extended after econometric analysis by Professor Bewley found that an additional $12 in exports was generated as a result of every grant dollar. The review found that the scheme's assistance is very effective in generating additional export promotion that otherwise would not have occurred and that, importantly, the assistance is well targeted, delivering value for money for Australian taxpayers.

As well as providing certainty for current and future EMDG recipients by extending the scheme, this bill also improves the scheme by making it more flexible and improving access for small business, in line with the business community's input to the review and with many of the review findings themselves.

This bill improves small business access to the scheme by:

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

To provide enhanced flexibility for EMDG applicants in how they direct their export marketing activities, this bill contains provisions to merge the existing categories relating to overseas representation and to short-term marketing consultant expenses. It removes the requirement that marketing consultancies be 'short term' only, and caps the new combined category at $250,000 per application.

Similarly, this bill broadens the expense category relating to trade fairs to include genuine export marketing activities—seminars, in-store promotions, certain international forums and private exhibitions—which are currently excluded.

The bill also contains an amendment—suggested by the review—to expand the EMDG Act's prohibition on grants relating to the export marketing expenses of pornographic film products to all forms of pornographic material. This government is not interested in providing taxpayers' funds to the pornography industry.

The bill also provides that, consistent with the government's overall strategy that the Australian business number be used as an identifier for business dealings with Commonwealth agencies, entities wishing to receive an EMDG grant must hold an ABN.

The EMDG Amendment Bill 2001 also contains a number of technical amendments:

- to provide more consistent treatment of service exporters
- to ensure that education services exporters who are not properly accredited do not receive grants
- to tighten the rules targeting the scheme to firms with exports of less than $25 million per annum
- to provide Austrade with more flexibility in relation to the time within which EMDG applicants should respond to requests for information by Austrade, and
- to streamline the application of the EMDG Act's insolvency provisions.

As well as the measures in this bill, Austrade will action the findings of the review report covering:

- better promotion of the scheme's support for Internet and e-marketing costs
- ensuring that related domestic costs—including those of business people flying from regional destinations to capital city airports on the first leg of an overseas promotional visit—are included in the EMDG overseas visits allowance
- reviewing the grants entry process with a view to simplifying it and making it more effective, and
- continuing to seek improvements in the EMDG assessment process.

I would like to thank the individuals, business people and organisations that contributed to the review of the scheme. The suggestions to improve the EMDG Scheme were listened to and the government has incorporated many of them into this bill. I believe these changes to the EMDG Act will be warmly welcomed by the export sector.

In considering this bill, it is important to keep in mind that EMDG is all about helping smaller Australian businesses become more successful exporters. One such business is Nu-Lec Industries Pty Ltd of Brisbane, which is now a major exporter of electrical

switchgear with exports exceeding $50 million annually. Nu-Lec no longer receives EMDG but recently wrote to me supporting the scheme.

Nu-Lec's vice-president, Neil O'Sullivan, said that when Nu-Lec first started exporting it was a small company and that, without Austrade's support through the EMDG Scheme, it would have been 'virtually impossible' to fund the costs associated with export marketing.

Nu-Lec received EMDG grants for seven years from 1992 until 1999 and Mr O'Sullivan said it was the EMDG payments that made it possible for the company to achieve the export success it has.

It is people like these exporting heroes this government is sworn to help and that the EMDG Scheme is designed to assist.

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

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

DAIRY PRODUCE LEGISLATION AMENDMENT (SUPPLEMENTARY ASSISTANCE) BILL 2001

First Reading

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

Second Reading

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (9.41 a.m.)—I move:

That the bill be now read a second time.

Introduction

The Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 provides for additional assistance to be made available to Australian dairy farmers and the communities most adversely affected by the removal of market milk pricing regulations by all Australian states last June. The bill is a further response by the Commonwealth government to the needs of dairy farmers and their communities and highlights again the inaction of most state governments in helping their farmers cope with change they implemented.

This assistance comes on top of the substantial package of adjustment assistance already provided to the dairy industry by the Commonwealth government. Last year, in the lead-up to the decision by all states to deregulate their fresh milk arrangements, and as a result of a united request by industry leaders across Australia, the federal government put in place a generous dairy adjustment package to the value of $1.78 billion to assist the transition to a deregulated environment.

Implementation of existing package

The $1.78 billion Commonwealth dairy industry adjustment package provides quarterly Dairy Structural Adjustment Program (DSAP) payments for eight years. It also provides a lump sum payment of up to $45,000 tax free to those dairy farmers wishing to leave agriculture and provides $45 million over three years under the Dairy Regional Assistance Program (Dairy RAP) to assist dairy dependent communities affected by deregulation.

The implementation of the Commonwealth dairy adjustment package is well advanced. Virtually all people with an interest in a dairy farm on 28 September 1999 have applied to the Dairy Adjustment Authority (DAA) for payments under the DSAP, 99 per cent have been notified of their entitlements and 95 per cent are now receiving payments. The remaining applicants are essentially only those whose entitlement is under appeal or who are involved in legal action of one kind or another.

Farmers have used their payments for a variety of purposes, including to improve farm productivity and profitability in the new market environment. Some have reduced their farm debt, while others have invested in new farm capacity and other means of improving farm productivity. Some have chosen to leave the industry and are using their payments to re-establish.

Uptake of Dairy RAP has been significant and has focused heavily on assistance for new business or business diversification. For

example, the Bega Cheese factory was provided a grant under the Dairy RAP to assist with the purchase and installation of a new cheese shredding line.

Industry adjustment is under way, although the nature of the adjustment burden varies markedly across the country. Restructuring and rationalisation within the Australian dairy processing and manufacturing sector has intensified as firms expand their operations, or seek to merge in the search for increased scale and production efficiencies. The larger dairy companies are looking for partners in the market to improve their competitive positions, both domestically and internationally.

However, despite the successes of the Commonwealth's substantial assistance measures, the government is aware that many producers are still experiencing very difficult circumstances where farm gate price reductions following deregulation have been greater than many farmers expected. In November 2000, the government asked the Australian Bureau of Agricultural and Resource Economics (ABARE) to investigate the impacts of deregulation to get to the facts of the adjustment situation facing dairy farmers and their communities.

The ABARE report, released in January, confirmed that market milk price declines had been greater than the industry anticipated, particularly in the former quota states of New South Wales, Queensland and Western Australia. The report clearly indicated the magnitude of the challenge facing the dairy industry, particularly those operating in the former quota states where the proportion of market milk to manufacturing milk in the total production of the dairy enterprise was significantly greater.

The ABARE report also highlighted that, with the exception of Western Australia, states have done almost nothing to assist dairy farmers to adjust to deregulation, despite it having been state parliaments which took the action of removing farm gate market milk price controls. After having ignored the pleas of the industry for so long, it seems improbable that state governments will ever provide help to farmers affected by their decision to deregulate. The Commonwealth government has decided to provide $140 million by way of additional assistance, closely targeted to those farmers and dairying communities that have been most severely affected by deregulation.

The Dairy Produce Legislation Amendment (Supplementary Assistance) Bill sets out the framework for the new measures. As with the earlier assistance provided by the Commonwealth, this assistance is not about providing compensation or income support. It is to help with adjustment by those farmers who are most in need, thereby easing their transition to a deregulated market and providing wider public benefits to regional communities.

Additional market milk payments

The new assistance will include some $100 million in additional adjustment payments to producers who were heavily reliant on market milk premiums before deregulation and who have consequently experienced significant losses in income. The additional market milk payment is to be made to people who delivered more than 35 per cent of their total deliveries as market milk in 1998-99. The government has accepted that, generally, above this level of market milk dependency before deregulation, farmers are now incurring income losses well above that typical of normal business cycles in dairying, and that some further adjustment assistance is warranted.

Specifically, the additional market milk payment entitlement will be calculated on the basis of a sliding scale from 12c per litre at 45 per cent or more market milk dependency, tapering down to a rate of 0.12c per litre for those whose market milk deliveries were 35.1 per cent of their total deliveries. An individual entity's entitlement will be calculated with reference to their DSAP delivery record in 1998-99. The payment will be subject to a maximum of $60,000 per enterprise, shared according to the allocation of the enterprise DSAP entitlements for market milk.

Farmers will have the option of receiving their entitlement as an additional market milk payment over eight years, or as a lump sum payment. In effect, these payments are of the nature of a subsidy, and therefore will be subject to normal income tax whether the payments are made over an eight-year period or as a lump sum. The DAA will communicate directly with dairy farmers about this additional market milk payment.

Inevitably in an assistance package of the order of magnitude of the Dairy Structural Adjustment Program, there will be a need to require some adjustment to entitlements as new information becomes available to the DAA. The DAA has been able to correct all underpayments, and most overpayments have been addressed on a voluntary basis. The government stands by its commitment not to recover overpayments made by the DAA under the DSAP scheme where those who received a DSAP entitlement acted in good faith. The government is aware that a few people with overpayments have committed funds to investments or borrowings on the basis of their advised DSAP allocation. The government does, however, believe it is appropriate and reasonable for these overpayments to be corrected and recovered where possible from these additional payments. The bill, accordingly, makes provision for this to occur in the handful of cases involved where voluntary repayment has not been agreed. The new package will take effect from the date of the announcement, 21 May 2001.

Discretionary payments

The supplementary dairy assistance proposed in this bill also includes provision for discretionary payments to be made in certain circumstances at an estimated cost of $20 million. The government accepts that a relatively small number of people have been denied payments or have received lower DSAP payment entitlements than they would normally have expected. This may have occurred because of changes in circumstances of farmers, an unfortunate coincidence of timing of the package, or atypical farm management arrangements during the eligibility period.

A discretionary payment right is to be available to address the interests of these people. In principle, to be eligible for a discretionary payment right, an applicant would need to demonstrate to the DAA that they had experienced a significant event, significant crisis or other significant anomalous circumstances which affected their eligibility for, or reduced, their DSAP entitlement. Events that may be considered might include personal circumstances such as illness, injury related incapacity, death or animal disease that significantly disrupted production. Atypical farm management arrangements during the base year that resulted in lower, or zero, milk deliveries by the applicant will also be considered on the merits of each case.

There will also be scope for dairy farm lessors to demonstrate they have suffered a significant event or crisis which resulted in their temporary or unforeseen change in status from producer to lessor, to be considered for a discretionary payment.

Secondly, limited discretionary payments will be available to other lessors who can demonstrate that they derived 50 per cent or more of their total income from the dairy enterprise lease and who can demonstrate their annual lease income has fallen by at least 20 per cent since 1 July 2000.

The DAA, the independent statutory authority responsible for administering the dairy adjustment program, will make recommendations to the Minister for Agriculture, Fisheries and Forestry on the merits of cases coming forward for discretionary payments. The assessment guidelines will allow more scope for consideration of cases on their individual merits. Some people have experienced difficulties in meeting the strict criteria which, for reasons of practical administration, addressed the typical circumstances of the large majority of DSAP applicants.

It is not intended there be a new general application process for discretionary payments; however, there may be some who

self-assessed as ineligible under the old arrangements, where applications will have to be considered. The DAA will contact dairy farmers directly. If necessary, additional information will be sought from potentially eligible people identified during the DSAP application process. The DAA will, of course, be happy to receive information from people who believe they should be considered when the eligibility criteria for the package are announced. Eligibility criteria and guidelines for administration of these discretionary grants will be announced as soon as possible.

As with the additional market milk payments, discretionary payments will be subject to income tax.

Expansion of the Dairy Regional Assistance Program (Dairy RAP)

As the final element of the new package, an additional $20 million will be made available for the Dairy RAP, administered by the Department of Employment, Workplace Relations and Small Business. Dairy RAP grants are to generate employment and encourage growth through support for new business investment, and establishment of community infrastructure, including counselling services. Priorities for funding will focus on those regions most adversely affected by deregulation, as identified in the ABARE report. The bill provides for amendments to allow greater flexibility in the administration of the program, to ensure that more projects that are worth while can be brought forward and adequately supported early in the life of the program.

Funding of new assistance

The existing $1.78 billion dairy industry adjustment package is being funded from a consumer levy of 11c a litre on the sale of liquid milk products. The new assistance will be funded by an extension of the dairy adjustment levy into year nine (2008-09). Although it is difficult to project levy receipts, due to uncertainties such as interest rates and consumption levels so far into the future, it is estimated that the levy would be in place for an additional period of at least seven months and perhaps 10 months. The levy will also meet the administration and borrowing costs associated with the new assistance.

Industry consultation

Industry has been consulted on this new package of assistance and strong support is expected from farmers in the former quota states of New South Wales, Queensland and Western Australia, whom the ABARE report identified as being the most adversely affected by deregulation. However, farmers in all states will be eligible for the payments if they meet the eligibility criteria.

Widespread support is also anticipated for the discretionary payment provisions that will undoubtedly alleviate the hardship of those who have been inappropriately excluded from adequate structural adjustment payments. The expansion of the Dairy RAP will be welcomed by those communities in regional Australia who have been identified as being most adversely affected and who will have the opportunity to bring forward projects for funding.

Timing of payments

The government has moved promptly to address the concerns of vulnerable dairy farmers and their communities, in the light of the requests it has received from the industry, and as revealed by the ABARE report. Payments under the Supplementary Dairy Assistance Scheme will be largely based on DSAP entitlements and information already largely available to the DAA. Notification of the additional market milk entitlements will be made shortly after passage of this bill, and payments can be made promptly on completion of acceptance processes. I therefore commend this bill for early passage so that payments can be made to these most vulnerable dairy farmers and dairy-dependent communities as soon as possible.

The passage of this legislation will be given priority by the government, and I call on the opposition in particular to lend it rapid support so that the legislation can be passed and payments flow rapidly to dairy farmers. Obviously, the payments cannot be made until the legislation passes through the parliament and, therefore, the passage of it by this House should be considered a priority. I

commend the legislation to the House and present the explanatory memorandum.

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

FAMILY AND COMMUNITY SERVICES LEGISLATION (SIMPLIFICATION AND OTHER MEASURES) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (9.58 a.m.)—I move:

That the bill be now read a second time.

Since its election in 1996, this government has set about simplifying the social security system. We have routinely reviewed social security legislation so it is simpler, easier to read, to ensure that it does what this government wants it to do.

This bill, the Family and Community Services Legislation (Simplification and Other Measures) Bill 2001, is the third bill that seeks to improve the social security laws that underpin Australia's social welfare safety net.

This bill simplifies that part of the Social Security Act 1991 that deals with compensation recovery. It also implements 2000-01 budget measures relating to the treatment of a person's partner's periodic compensation payments and the recovery of certain debts directly from compensation payers and insurers.

This bill is a spending bill. It removes a source of irritation to partners of people who receive periodic compensation payments, such as regular fortnightly compensation from an insurance company. It implements a more generous approach.

Currently, if a person gets a compensation affected payment, which is defined in the act, then they lose one dollar for every dollar of periodic compensation received. If this amount is reduced to zero, then any excess compensation counts against their partner's compensation affected payment dollar for dollar.

In future, if a person's partner's periodic compensation has to be taken into account in working out the person's income for social security purposes, it will be treated as ordinary income of the person.

It is expected that this measure will result in an increase in the amount of social security pensions and benefits paid to couples with low levels of income derived largely, or solely, from compensation payments.

The bill also includes a number of minor simplification measures relating to chapter 3 of the Social Security Act 1991 that were outlined in the 2000-01 budget and some amendments of a technical nature.

This bill demonstrates the government's commitment to a simpler and fairer social security system. I commend the bill to the House and I present the explanatory memorandum to this bill.

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

CORPORATIONS (FEES) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (10.02 a.m.)—I move:

That the bill be now read a second time.

I refer to the second reading speech in relation to the Corporations (Repeals, Consequentials and Transitionals) Bill 2001. The Corporations (Fees) Bill 2001 and associated bills that I am introducing now are the final pieces of legislation in the Commonwealth's package of new corporations legislation.

These four bills will, in effect, re-enact the existing provisions of the corporations legislation concerning the imposition of fees, levies and charges payable under that legislation in the form of Commonwealth taxation legislation. This was not necessary under the previous Corporations Law regime, as it essentially comprised state and territory legis-

lation, with relevant Commonwealth legislation only applying in the Australian Capital Territory.

However, in order to comply with section 55 of the Constitution, the Corporations Act 2001 now does not include a number of provisions that currently relate to the imposition of fees. Instead, under the new corporations legislation, provisions relating to the imposition of fees are included in these bills.

These bills will not result in any levying of additional fees on business or consumers.

The fees bills

The Corporations (Fees) Bill 2001 will re-enact the provisions of the corporations legislation concerning the imposition of fees and charges payable to ASIC in the form of taxation legislation. No changes are made to current arrangements. Similarly, the Corporations (Securities Exchanges Levies) Bill 2001 and the Corporations (Futures Organisations Levies) Bill 2001 will re-enact the provisions of the corporations legislation concerning levies and contributions payable to securities exchanges and futures organisations in the form of taxation legislation. Finally, the Corporations (National Guarantee Fund Levies) Bill 2001 re-enacts the provisions of the corporations legislation concerning contributions to the National Guarantee Fund.

All the bills also make provision for a smooth transition between the fees arrangements under the Corporations Law regime and the new corporations legislation. This is largely done by carrying forward the existing Corporations (Fees) Regulations that set out the detail of the present fees.

Conclusion

With the introduction of this final part of the legislative package, the government looks forward to seeing the parliament pass the new corporations legislation as soon as possible. Together with the state reference legislation and other complementary state legislation, these bills will ensure that corporate regulation is placed on a sound constitutional foundation for the benefit of Australian business and investors. The government would encourage the states to take the necessary legislative steps as soon as possible to enable our mutually agreed target of starting the legislation on 1 July to be met. I commend the bill to the House and I present the explanatory memorandum to this bill.

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

CORPORATIONS (FUTURES ORGANISATIONS LEVIES) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (10.06 a.m.)—I move:

That the bill be now read a second time.

The Corporations (Futures Organisations Levies) Bill 2001 is part of the second package of new corporations legislation.

The operation of this bill is outlined in remarks regarding the Corporations (Fees) Bill 2001. I present the explanatory memorandum to this bill.

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

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (10.07 a.m.)—I move:

That the bill be now read a second time.

The Corporations (National Guarantee Fund Levies) Bill 2001 is part of the second package of new corporations legislation. The operation of this bill is outlined in the remarks regarding the Corporations (Fees) Bill 2001 and I present the explanatory memorandum to this bill.

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

CORPORATIONS (SECURITIES EXCHANGES LEVIES) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (10.08 a.m.)—I move:

That the bill be now read a second time.

The Corporations (Securities Exchanges Levies) Bill 2001 is part of the second package of new corporations legislation. The operation of this bill is outlined in remarks regarding the Corporations (Fees) Bill 2001 and I present the explanatory memorandum to this bill.

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

CORPORATIONS (REPEALS, CONSEQUENTIALS AND TRANSITIONALS) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (10.09 a.m.)—I move:

That the bill be now read a second time.

During the last parliamentary sittings, the Minister for Financial Services and Regulation, the Hon. Joe Hockey MP, introduced two bills designed to deliver a single national regime for corporate regulation and the regulation of the securities and futures industries. The Corporations Bill 2001 and the Australian Securities and Investments Commission Bill 2001 were the first and main part of a legislative package to address legal uncertainties created by recent decisions of the High Court of Australia, supported by referrals of power from the states.

At that time the minister outlined the need for a more secure constitutional foundation for Australia's corporate law. The High Court decisions represent a serious threat to the national corporate regulation framework and to business confidence. This in turn affects Australia's ability to generate wealth and create jobs. The Corporations Bill and the Australian Securities and Investments Commission Bill, and the enactment of related state reference legislation, will ensure that our national system of corporate regulation is placed on a sound constitutional foundation.

On 5 April 2001 the Senate referred the provisions of the new corporations legislation to the parliamentary Joint Statutory Committee on Corporations and Securities for inquiry and report. The committee's report was handed down on 18 May 2001. The government would like to thank the committee for delivering its report so quickly. In its report, the committee recognised the detrimental effect of recent High Court decisions on the current national legislative scheme, and concluded that urgent action is necessary to remedy the situation. While the committee noted that a constitutional amendment would be the most effective and permanent way to deal with the issues, it accepted that such amendment was not possible in the short term. The government thanks the committee for its consideration of the Corporations Bill and the Australian Securities and Investments Commission Bill, and the government welcomes its unanimous recommendation that the new legislation be implemented as soon as possible. The bills introduced today will support and complement the Corporations Bill and the Australian Securities and Investments Commission Bill.

Corporations (Repeals, Consequentials and Transitionals) Bill 2001

The Corporations (Repeals, Consequentials and Transitionals) Bill 2001 repeals the Commonwealth elements of the existing corporate regulatory framework—the Corporations Act 1989 and the Australian Securities and Investments Commission Act 1989. It also repeals Commonwealth acts that formed part of the former cooperative scheme for corporate regulation that operated between 1982 and 1990. Various pieces of Common-

wealth legislation refer to, or interact with, the existing Corporations Law framework. Provisions in the bill therefore amend Commonwealth legislation to take account of the titles of the new corporations legislation, and remove references to repealed legislation.

The bill also covers transitional arrangements for the Australian Capital Territory that relate to the Corporations Law and former cooperative scheme legislation. They complement the transitional provisions in the Corporations Bill 2001 applying to the ACT. It is expected that each of the states will enact complementary transitional provisions with a similar effect. Finally, the bill contains some amendments to the bills currently before parliament. These are in the nature of minor technical changes to the bills as introduced, in part necessitated by a decision of the High Court since the bills were settled. I present the explanatory memorandum to this bill.

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

PATENTS AMENDMENT BILL 2001

First Reading

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

Second Reading

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (10.14 a.m.)—I move:

That the bill be now read a second time.

The major objective of the Patents Amendment Bill 2001 is to implement improvements to Australia's intellectual property system set out in the government's innovation action plan for the future, Backing Australia's Ability. In the innovation action plan we are committed to strengthening and making Australian patents more certain by changing the novelty and inventive step requirements of the Patents Act 1990 to more closely align these tests with international standards. We will do this by acting on the recommendations of the Intellectual Property and Competition Review Committee and of the Advisory Council on Industrial Property review of patent enforcement. I thank the committee and the council for their important work in this area. Although the innovation action plan statement only encompasses standard patents, most of the amendments to implement this commitment are also being made to the new innovation patent system to ensure that these new patents are subject to the same higher standards and are not less valid or less enforceable patent rights.

This bill will amend the Patents Act to achieve this aspect of the innovation action plan. It will do this in three ways. First, it will expand the prior art base, which is the publicly available information that an invention is compared against to determine whether it is novel and involves an inventive or innovative step. The prior art base currently consists of information in a document that is available anywhere in the world, but restricts information made available through doing an act to Australia and, in relation to inventive or innovative step, common general knowledge to Australia. This bill amends the prior art base for both innovation patents and standard patents to remove the restriction of common general knowledge and information made available through doing an act to Australia. Such a restriction is seen as artificial in this age of increasing globalisation. In addition, the prior art base for assessing inventive step will be amended to allow different pieces of information to be combined. This will increase the scope of the information the commissioner can take into account in deciding whether an invention involves an inventive or innovative step and will more closely align our practices with those of Europe and the United States.

Secondly, the bill replaces the requirement that a patent applicant be given the benefit of any doubt the Commissioner of Patents has as to whether an invention is novel and involves an inventive or innovative step with a more stringent test similar to the 'balance of probabilities' test more generally used in civil law matters. The new test will require that the commissioner must be satisfied that an invention claimed in an application for a standard patent satisfies the novelty and inventive step criteria in the act. In relation to

innovation patents, the commissioner must be satisfied that the invention complies with the novelty and innovative step tests. It is appropriate that these amendments only apply to the commissioner's decision in relation to the important tests of novelty, inventive step and innovative step—the test for the commissioner's decision about whether the other requirements of the Patents Act have been met will not be changed.

Thirdly, the bill will require that an applicant for a standard patent or an innovation patent owner must provide the commissioner with the results of any searches of the prior art base that have been carried out in respect of the invention claimed in the application or in any corresponding application filed overseas. This will ensure that, when determining whether an invention meets the requirements for novelty, inventive step or innovative step, the commissioner has available all prior art information that the patent applicant or owner is aware of.

These amendments are consistent with the requirements in many other countries and will prevent patents being granted in Australia for inventions that would not be patentable in those countries.

This bill also makes a number of other minor and technical amendments to the Patents Act.

Currently, it is possible to have a patent re-examined after it is granted, but the commissioner can only re-examine an application between acceptance and grant if there is opposition to the grant of the patent. It is preferable for re-examination, if necessary, to occur before grant so that any issues about the validity of the patent can be resolved before the patent right is granted. Therefore, the bill removes the restriction on re-examination between acceptance and grant.

The bill also brings the Patents Act into line with the proposed Patent Law Treaty. The PLT is intended to make it easier for patent applicants to obtain patent rights in a number of countries by standardising the formality requirements associated with the patent application process. This will make applying for patents in several countries easier and cheaper, because the rules will be the same in all member countries. Although accession to this treaty is not planned at this stage, it is envisaged that Australia will likely accede because of the advantages it offers to patent applicants.

The Patents Act is already substantially compliant with the PLT. However, two minor amendments are needed. These amendments will provide an additional ground on which an application for extension of time can be granted, which is less onerous from the applicant's perspective than current requirements, and also make it clear that certain fees can be paid by any person.

The government is committed to ensuring that the legitimate interests of third parties are not compromised by the grant of a patent. For this reason, the bill also amends section 119 of the Patents Act 1990 to correct an inconsistency that would prevent a third party from continuing to use an invention they had legitimately begun to use before patent protection for that invention was sought by the eventual patent owner. The amendments will allow third parties to rely on the prior use defence in section 119 if they derived the subject matter of the invention from a public disclosure by the patentee provided for by section 24 of the Patents Act.

The amendments in this bill will result in stronger patent rights and improve the operation of the patent system. The bill reflects the government's commitment to encouraging innovation and providing Australia with a strong intellectual property system that meets the needs of Australians. I commend the bill to the House and present the explanatory memorandum to this bill.

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

EXCISE TARIFF AMENDMENT BILL (No. 2) 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.23 a.m.)—I move:

That the bill be now read a second time.

The Excise Tariff Amendment Bill (No. 2) 2001 contains amendments to the Excise Tariff Act 1921.

On 1 March 2001, the Prime Minister announced a package of government measures to cut petrol and diesel fuel excise. As part of that package, the Prime Minister announced that legislation would be introduced in the parliament as soon as possible to abolish indexation of excise and customs duty for all petroleum fuels. These fuels include leaded and unleaded petrol, diesel, aviation fuels and burner fuels such as fuel oil, heating oil and kerosene.

The amendments in the bill give effect to the decision by the government by altering the indexation provisions of the Excise Tariff Act to exclude all petroleum fuel products from the application of the provisions, for the indexation period commencing on 1 August 2001 and any subsequent indexation period.

Complementary amendments for equivalent imported goods are contained in the Customs Tariff Amendment Bill (No. 3) 2001.

The automatic six-monthly indexation of excise was introduced in 1983 by the Hawke Labor government. Its abolition in respect of petroleum fuel products will be a significant discipline on governments now and into the future.

This measure comes in addition to the 6.7c per litre reduction in the excise on unleaded petrol on 1 July 2000, as well as the 1.5c per litre reduction announced by the Prime Minister on 1 March 2001.

Full details of the measure in the bill are contained in the explanatory memorandum.

I commend the bill to the House.

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

CUSTOMS TARIFF AMENDMENT BILL (No. 3) 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.26 a.m.)—I move:

That the bill be now read a second time.

The Customs Tariff Amendment Bill (No. 3) 2001 contains an amendment to the Customs Tariff Act 1995.

This amendment gives effect to the decision of the government, announced by the Prime Minister on 1 March 2001, to abolish the indexation of customs duty on imported petroleum fuels.

The bill amends the table in subsection 19(1) of the Customs Tariff Act. Section 19 permits the indexation of customs rates of duty in line with movements in the excise rate of duty for similar goods. The amendment to the table removes the paired Customs Subheadings and Excise Items relating to petroleum fuels.

This amendment is complementary to amendments being made to the Excise Tariff Act 1921.

Full details of the measure contained in this bill are contained in the explanatory memorandum for this bill and also for the Excise Tariff Amendment Bill (No. 2) 2001, which I now present. I commend the bill to the chamber.

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

PASSENGER MOVEMENT CHARGE AMENDMENT BILL 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.28 a.m.)—I move:

That the bill be now read a second time.

The purpose of this bill is to amend the Passenger Movement Charge Act 1978 (as amended) to increase the rate of the Passenger Movement Charge (the charge) by $8, to $38, with effect from 1 July 2001. The increase was announced by the Treasurer in the 2001-02 budget and will fund increased passenger processing costs as part of Australia's response to the threat of the introduction of foot and mouth disease.

The charge, which is imposed on the departure of a person from Australia, is collected by airlines and shipping companies at the time of ticket sales and then remitted to the Commonwealth in accordance with arrangements entered into under section 10 of the Passenger Movement Charge Collection Act 1978. These arrangements are extremely beneficial to all stakeholders, not the least being the passenger whose departure from Australia is unimpeded through a seamless process which does not require the payment of taxes at Australian international airports.

Current arrangements are due to expire on 30 June 2001 and the government is negotiating with interested parties for new arrangements to apply from 1 July 2001 to 30 June 2004.

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

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

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) BILL 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.30 a.m.)—I move:

That the bill be now read a second time.

The New Business Tax System (Capital Allowances) Bill 2001, to take effect from 1 July 2001, further implements the government's reforms to give Australia a new business tax system by providing a uniform capital allowance (UCA) system.

The bill reflects the government's commitment to simplifying the tax law by streamlining the tax treatment of depreciating assets.

The UCA applies to all taxpayers except those small businesses that participate in the simplified tax system. It is a set of common principles that consolidates and replaces more than 27 separate capital allowance regimes in the existing tax law. These principles allow taxpayers to calculate deductions for the decline in value of the depreciating assets they hold.

The common principles provide standardised rules for many disparate capital allowances. In addition, specific provisions maintain current rules for primary producers and for mining and quarrying exploration.

The UCA will continue to allow taxpayers either to use the effective life schedule of the Commissioner of Taxation or to self-assess the effective life of their assets. The legislation provides greater certainty for taxpayers relying on the effective lives of assets as determined by the Commissioner of Taxation.

From 1 July this year taxpayers can choose to allocate to a low-value pool all assets costing less than $1,000, as well as assets that have declined in value to less than $1,000 under the diminishing value method.

These rules do not apply to small business taxpayers who use the simplified tax system. Instead, they can immediately deduct any asset costing less than $1,000, other than horticultural plants and grapevines, which ordinarily form part of plantations of larger cost.

In addition to low-value pools, a special pooling arrangement is available to taxpayers who incur expenditure for software development. Software development pools may be beneficial to those taxpayers who have many software development projects in train at any one time. In such a situation, taxpayers can reduce compliance costs by pooling the expenditure on these projects.

Further, expenditure which is not part of the cost of a depreciating asset and which may not have been previously deductible

may be deductible through pooling arrangements. Under this arrangement, taxpayers can deduct certain mining and transport capital expenditure by allocating that amount to the pool. Having allocated the project amount to the pool, a taxpayer can deduct an amount of the project each year.

In addition, the UCA provides an immediate write-off for depreciating assets costing no more than $300 which are used by taxpayers predominantly in deriving non-business income. This deduction will have effect from 1 July 2000. This will benefit many taxpayers as currently, except for small business taxpayers who may immediately deduct the cost of assets under $1,000, there is no immediate deduction for plant costing $300 or less.

Specific provisions maintain current rules for deductions for the decline in value of capital expenditure on primary production depreciating assets that are water facilities, horticultural plants and grapevines. Furthermore, the current write-off for primary production capital expenditure incurred on land care operations, electricity connections or telephone lines is maintained.

Under the UCA legislation, the existing immediate deduction for capital expenditure on exploration and prospecting, mining site rehabilitation, petroleum rent resource tax and environmental protection is retained.

The UCA will allow certain capital expenditures not currently deductible to be written off over the life of the project to which the expenditure relates. These include feasibility study costs, site preparation costs and environmental assessment costs. The UCA also provides write-off for a number of specific types of capital expenditure—such as the costs of raising equity, of establishing, converting or winding up a business structure and of defending against takeovers—which have not received relief in the tax system before.

The UCA will also contain a rule to prevent taxpayers obtaining artificially accelerated deductions in circumstances where they acquire the asset from an associate or where the end user of the asset does not change. To limit artificial deductions, division 42 of the Income Tax Assessment Act 1997 will be amended so that this rule commences from 10 a.m. Australian eastern standard time on 9 May 2001, as previously announced by the Treasurer.

From that time, the new owner of plant and equipment which are acquired from an associate or where the end user does not change, such as in the sale and leasing back of plant and equipment, must use the same depreciation method as the previous holder. Where the diminishing value method is used, the same effective life must be used as that which the previous owner used, while the same remaining effective life can be used where the prime cost method is used. Where the same end user does not change and taxpayers are unable to obtain information on the previous method of write-off, the diminishing value method and the commissioner's safe harbour effective life rate can be used.

The measure is principally a revenue protection measure.

Full details of the measures in this bill are contained in the explanatory memorandum. I commend the bill to the House.

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

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES—TRANSITIONAL AND CONSEQUENTIAL) BILL 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.37 a.m.)—I move:

That the bill be now read a second time.

This bill, the New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001, accompanies the New Business Tax System (Capital Allowances) Bill 2001, which simplifies the tax law and streamlines the tax treatment of depreciating assets. This is achieved by providing a set of

common principles that consolidates and replaces at least 27 separate capital allowance regimes in the existing tax law.

This bill will ensure that assets and expenditures subject to the current law move into the general capital allowance regime smoothly. This is required as existing regimes may use differing terms and concepts. Further, various provisions of the income tax law as well as other Commonwealth legislation require amending so as to align the terminology used in the generalised regime with that used in those other acts.

Full details of the measures in the bill are contained in the explanatory memorandum. I commend the bill to the House, and present a combined explanatory memorandum with respect to the New Business Tax System (Capital Allowances) Bill 2001 and the New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001.

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

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) BILL 2000

Second Reading

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

That the bill be now read a second time.

Mrs MOYLAN (Pearce) (10.40 a.m.)—I am pleased to have the opportunity to speak on the Family Law Legislation Amendment (Superannuation) Bill 2000 because, when I was minister for women, I worked with the Attorney and the Treasurer to tackle what is a very difficult problem, that is, the division of superannuation in the event of the breakdown of a marriage and a divorce. It is very difficult legislation. It is a very complex issue, and the long-term nature of superannuation heightens that complexity. I would like to congratulate the Attorney for taking this from a concept and a draft a couple of years ago to the point where this bill can pass through this House and become law to protect the interests of those in a marriage where superannuation is increasingly becoming a major asset.

The complexity of valuing superannuation is something that has been discussed a great deal. In fact, it has been the subject of a lot of legal discussion over a very long time. Under sections 79 and 75(2) of the Family Law Act, it is considered that there are three sources of assets: income, property and financial resources. Under section 79, currently only property may be the subject of an order. I would like to talk about the legal distinction between property and financial resources from *Australian Family Law in Context* by Parker, Parkinson and Brethren, where it says:

> The legal distinction between property and financial resources becomes of great importance where the value of the property is low but there are substantial resources which cannot be made the subject of court orders. In such cases the amount which may be claimed by one party will be limited to the existing property unless other means can be found to enlarge the pool of assets available for distribution. An alternative approach is to seek an adjournment of proceedings if property is likely to fall into possession at a later date.

That does tend to complicate matters somewhat. In these contemporary times things have changed quite dramatically in terms of both family relationships and superannuation. Superannuation has today become a very significant asset, sometimes of much greater value than the family home. It is not considered as property by the Family Court because it is not legally vested in the holder of the superannuation policy: generally it is vested in the trustee of the trust.

This creates a number of problems in determining an equitable split and having the mechanism to ensure that it is considered as part of the split of property or wealth when a marriage breaks down. Given that there is now a legal requirement that superannuation be paid by all employers to their employees, the extent of super funds as a part of family wealth has grown from $327 billion in 1997 to $439 billion in 2000, and it is estimated it will reach a mass of $1 trillion by 2010, which is not that far away. So it is a very significant amount of money that is currently being amassed by Australian families in superannuation funds. For most families this is

a compulsory saving now, and it is money forgone in the day-to-day living of a family until retirement age, when both partners would then expect to enjoy the benefit of that forgone income in their retirement years—and they would do this, in the normal course of events, together.

In addition to these contemporary realities, Australia also has an ageing population. In 1901 we had 150,000 people over the age of 65, or four per cent of population; in 1998 we had 2.3 million people over the age of 65, representing 12 per cent of the population, and an increasing number of divorces. We have now reached the level of almost 50 per cent of marriages, sadly, ending in divorce. But these are the realities that we have to deal with in a very different environment to that which perhaps our mothers and our grandmothers lived in. Of the marriages ending in divorce a very large number of them end in divorce after something like 30 years of marriage.

The other factor that has to be considered in the apportionment of wealth in a marriage breakdown are the figures to do with women in the workplace, because more than anyone else this bill has a major effect on women, positively I have to say. But it will be increasingly important to men as well, who more and more often today actually take on the role of caring for children while their spouse goes out to work. So it is something that has to be addressed, despite the complexities.

The facts about women in the work force are very interesting. In 1999 the Australian Institute of Family Studies conducted research on superannuation and divorce. It highlighted that at least one person in 81 per cent of couples had super, and super entitlements were still unevenly distributed on the basis of gender—men were more likely to have super than women were. Both men and women are poorly informed, the study found, about each other's super. The average value of women's superannuation, according to the study, on divorce was $5,590, compared with $26,152 for men.

On average, super accounts for one-quarter of a couple's asset wealth, according to the Australian Institute of Family Studies' research. However, the relative importance of super varies according to the parties' total asset wealth, so the smaller the total assets pool the greater the relative significance of superannuation. Stunningly, superannuation was taken into account in only 46 per cent of divorce cases at the time of that study, which was two years ago in May. It was found that 76 per cent of men and only 34 per cent of women had superannuation.

There are a number of reasons for women not having access to super or having low super assets on retirement. As I said, the working lives of women are important in looking at this bill and realising its importance to Australian women. Women generally have intermittent periods of employment. Women generally take the responsibility for caring in our communities—not only for children but for the aged, the chronically ill and the severely disabled—and this does limit their opportunity to save. It also limits their career prospects. Most people will enter the work force after their formal education and they will continue to rise through the ranks in their corporation or go from one company to another improving their position as they go along, but as women often have this intermittent employment it does limit their career prospects and, therefore, their opportunity to increase and maximise their earnings through job promotions. It also provides a lack of continuity in work, creating special problems for women and their savings.

One of the big questions that is still unanswered that also affects women's capacity for both superannuation and other savings is in relation to women and the work force in the 21st century. The big question for us as a society in the 21st century in regard to women in the work force is why the traditional occupations that women predominantly work in, such as nursing, teaching, child care and aged care, continue to be poorly paid relative to other professions. It is a very important point in examining why these measures are particularly important for

women. Women often straddle their home and caring roles with part-time or occasional work, which further limits their capacity to save.

Last year the Howard government funded a study through the Office of the Status of Women. It was conducted by the Older Women's Network. While it was a limited study, involving 111 women, it gives us a snapshot of the actual problems encountered by women, particularly in the older age groups, in relation to retirement and income security. It has not escaped me that of about two million people receiving the pension about two-thirds are women, reliant on the social security system for income in their retirement years.

The report titled *The best of times, the worst of times* said that many women understand the need for super, but the practicality is that there are events that are occurring in their lives—where they take on the caring of the elderly or the chronically ill, children and grandchildren or they have ill health and early widowhood—which have often derailed their plans to save for their retirement. This is particularly so for women in their 60s and 70s who were living in an era in the workplace where they were often forced to resign when they got married. Most government departments, both Commonwealth and state, required women to vacate their jobs on marriage, and many private enterprises did. We had that in Western Australia, and as a young girl I was aware of this situation. So it was very difficult for women in that case to have continuity in their career.

These women in the study also said that overbearing husbands who controlled the finances contributed to their lack of security of income in their retirement, as did society expectations in those times that they would stay home and care for the family. Children's education often kept women poor, particularly where they were left or divorced in their later years. They were still left with the principal job of raising the children, and often they spent whatever money they had on finishing their children's education.

According to the study last year, 61 per cent of older women left their last job for family reasons, 31 per cent of people in their 50s exited their workplace involuntarily, 78.5 per cent of these women depended on the pension and 14 per cent had superannuation or access to it. The study found that divorce did create havoc in terms of the retirement income for women in the 50 to 60 age group. Sadly, this bill is too late for those women. Despite the complexities, I feel strongly that we need to pass this bill through this place and to work together to try and iron out any of the problems, because it is a highly complex issue.

The bill will amend the Family Law Act 1975 to allow superannuation to be divided on marriage breakdown. As I said, at the moment, stunningly, 46 per cent of divorce cases do not take superannuation into account, according to the institute study. This division will be able to be achieved in one of two ways: either by agreement of the separating couple or by order of the court. The bill will permit separating couples to make binding agreements about how to divide their superannuation interest or interests. This will give people the flexibility to settle their own financial affairs wherever possible and therefore to avoid costly and protracted litigation. This is one of the things that the coalition government has felt very strongly about. Certainly it is an issue that many of my constituents who find themselves part of the 50 per cent marriage break-up statistic come to talk to me about. They had wanted to be able to make private arrangements where there was mature capacity to agree between the parties. In the past, that had not been available to them in terms of child-care arrangements and payments, but we have changed that. This bill will give people the flexibility to sit down and work out their own financial affairs between them, wherever that is possible.

The bill will also provide that couples may make an agreement in the context of the broader financial agreements to specify how the superannuation will be divided on a marriage breakdown. Obviously it is preferable that people are able to make their own ar-

rangements for dealing with superannuation interests. But, clearly, this is not going to be possible in every situation, and the court needs clear guidelines as to how this might be achieved. Such orders will usually be made as part of a broader court order dealing with all the property of the parties that has not been dealt with in the financial agreement. These orders will bind the relevant third-party trustees. In the past there has been a bit of a legal impediment to tackling this problem because of the issue of the third-party trustee in most superannuation funds which are part of a trust. That has been a very tricky part of forming this legislation. Although there are complex issues to be wrestled with, we need to try to keep the elements of this as simple as we can and ensure that there is equitable treatment of superannuation in the case of separation or divorce and that all parties have relevant information.

A feature of the institute study was that partners in a marriage had very little knowledge of what each other's superannuation amounts or entitlements were. So what we are trying to do here is make sure that all parties in a divorce have relevant information and facts about the superannuation so that they can make rational, sensible and fair decisions about the division of property and wealth in the event of a marriage breakdown. We also need to ensure certainty and predictability about how superannuation is to be valued. Again, that can present some particular challenges because there are many different types of superannuation funds. And because they are accumulating over a period of time and most people cannot access them until they are at the preservation age, that presents some particular challenges as well.

We also want to make sure in this bill that couples can be encouraged to make their own arrangements, including the ability to divide super, if they so choose. One of the problems that comes up in the current system is that, by the time the settlement is made, often the man who is not going to have custody of the children walks away without any cash assets to establish his separate life or to buy a new property, for example. So there is some inflexibility at the moment where superannuation is taken into account, where sometimes the house is used as an offset, often putting the man in the partnership in a difficult situation when there are young children. We also want to make sure that courts have clear guidelines for dealing with superannuation in cases where people cannot agree.

In broad terms, the reforms have been carefully thought through and are constructive. They allow superannuation held in the name of one partner to be divided or transferred to a former spouse as part of the financial settlement following a marital breakdown. These amendments are a very important part of the Howard government's reform agenda, ensuring that there is fairness and equity in the division of property and, in this case, superannuation as a very significant asset.

Mr McCLELLAND (Barton) (11.00 a.m.)—Before I speak on the Family Law Legislation Amendment (Superannuation) Bill 2000 and in support of the motion, I would like to commend the member for Pearce on her contribution. She clearly has undertaken considerable research and she set out very clearly the problems facing, in particular, women in the work force as a result of child rearing responsibilities and what those responsibilities mean for their career progression and the accumulation of savings, in particular in terms of their ability to contribute to superannuation. It is in that context that it is sound to enable the Family Court, or indeed parties by agreement, to apportion superannuation entitlements in the event of divorce. Clearly, while it is not always the case, more frequently than not it is women who take on child rearing responsibilities. The partner of the marriage that has those responsibilities, as the member for Pearce pointed out, does not have the opportunity to accumulate their own superannuation entitlements. Hence, it is equitable and fair that there be a mechanism for apportioning those entitlements.

This is a difficult issue. The proposition itself is not a difficult proposition. Indeed,

most people of fair mind would agree with that proposition, that it is fair and equitable to have a mechanism to apportion superannuation entitlements in the event of marriage break-ups. That is a simple and straightforward proposition, but putting it into practice is not. In many ways this bill has literally been a decade in the making. I think it was in the late 1980s that the Australian Law Reform Commission first recommended reform in this area. In 1991 there was a parliamentary committee that also recommended reform. The former Labor government had worked on these measures between 1993 and 1996 and the current government has taken those efforts to conclusion in this bill. It is an important contribution, albeit quite complex to explain and go through. Perhaps the starting point is to point out the difficulties that the Family Court currently has in apportioning, or taking into consideration, superannuation and hence, as the previous speaker pointed out, it is taken into consideration only in some 41 per cent of cases.

Firstly, the concept of superannuation does not fall within the definition of property under section 79 of the Family Law Act, although it is regarded as a financial resource which can be taken into account with respect to the calculation of the fair division of property. What can often happen is that the court will say, 'One partner has a substantial superannuation interest; therefore, we will give the other partner without that interest a greater portion of, for instance, the family home.' This may be a satisfactory outcome if, for instance, the partner without the superannuation entitlement has primary responsibility for raising the children. It may be appropriate for them to remain in the family home. The court will still have the ability to make that sort of calculation even in the context of these amendments that we are discussing. But equally there could be inequities where the partner with superannuation walks away with a long-term expectation of having that superannuation entitlement but a short-term need for housing. That is one problem.

The second problem, which is a significant one, is that the Family Court does not have power to bind parties who are not subject to the proceedings. That is common in any court case. Obviously, the court can make orders only in respect of the parties before the litigation. That is significant because the assets of superannuation funds are held through superannuation trustees and the Family Court cannot make orders directing or ordering the trustees to apportion superannuation entitlements in a particular way.

The third problem is that the Superannuation Industry (Supervision) Act 1993 actually prevents the transfer or the assignment of superannuation by the superannuation member. Indeed, the act provides that, if a superannuation fund member attempts to undertake such a transfer or assignment, their benefit will automatically be forfeited. That is a clear prohibition, if you like, or prevention of parties being able to apportion their superannuation entitlements in the event of a marriage breakdown.

The fourth issue is that, unless they are very close to retirement age, parties to divorce proceedings will be unable to access their superannuation entitlements for the purpose of dividing them. Clearly, that may not be a problem if the divorce coincides roughly with the eligibility to receive the superannuation entitlements, but that situation will be infrequent.

The Family Court has attempted to overcome those difficulties through a number of techniques. I will go through some of those to point out why they are unsatisfactory. The first one, which I have already discussed, is this method of apportioning the property having regard to the entitlement of one of the partners to receive superannuation benefits later on in their life. I have gone through the pros and cons of that but there are, as I discussed, instances where the inability to actually divide the superannuation entitlement will cause injustice.

The second method is to adjourn the proceedings. Again, clearly that may be totally impracticable if the couple are relatively young and a long way from a retirement date or the date of entitlement to access their su-

perannuation contribution. Indeed, many events may occur in the interim.

A third method is where the courts have directed one or other of the parties to pay to the other party to the marriage a certain portion of their superannuation entitlements once those entitlements are received. This has its own complexities, because there can be a number of intervening factors or variables that can occur before that person receives their superannuation entitlement, not the least of which can be death. Clearly, in circumstances where orders have not been made binding the trustees, the partner who was the beneficiary of those orders is going to be in all kinds of problems in trying to enforce that order. In other words, as many expert inquiries have pointed out, this area of the law cries out for reform. There have been instances overseas where steps have been taken to enable parties to marital breakdown to apportion their assets. I understand from discussion with the Attorney-General's Department that they include South Africa, Canada and Great Britain. Of course, Australia has a unique superannuation system and unique constitutional arrangements which require our own special laws in this complex but nonetheless important area.

Our Constitution presents a number of complications. This legislation would present an interesting constitutional study because it is based on the marriage power, the corporations power and the pensions power and, in so doing, it has been necessary to have regard to placitum 51(xxxi) of the Constitution, which provides that the Commonwealth, if it acquires the property of a citizen, must do so on the basis that it provides just terms compensation. I will describe that in more detail later. Basically, that necessity to provide just terms compensation is very relevant to defined benefits superannuation schemes. They are schemes that commonly exist in the public sector where, for instance, upon reaching a certain event—namely, retirement age or upon retirement—the employee is able to access their superannuation, which will usually be defined as a certain portion of their final average salary, usually over a 12-month period. That is what a defined benefit is. If you are looking at the point of divorce, which may be long before that event occurs, it is extremely difficult to work out just what that entitlement will be down the track. Indeed, as I have discussed, a number of variables or events may intervene in the interim, such as promotion, demotion, loss of employment, injury or death, which might prevent the superannuation member from ever achieving that retirement date. So to apportion the non-member spouse's entitlement or to direct the trustees to apportion the non-member spouse's entitlement at that point could actually result in an overgenerous apportionment, in which circumstances, because it was an entitlement to which the member themselves was not entitled, there would have been an overpayment, requiring the Commonwealth to provide just terms compensation to the other superannuation fund members. These factors have resulted in quite complex methods of calculating how to apportion, particularly, defined benefits schemes.

It is pleasing to see that the Attorney-General's Department, in drafting this legislation, has had regard to that important constitutional protection about just terms compensation. Superannuation is an important national and personal resource and it is significant that we have had regard to this concept of just terms compensation in this important area. However, I note how infrequently we have regard to that important right. In particular, in the area of native title we rarely hear it even mentioned that indigenous Australians may be entitled to just terms compensation. Indeed, we did not hear it considered in the context of the government's workplace relations amendments which actually took away award conditions from workers, including some not dissimilar to superannuation. In the context of superannuation, the changes actually took away from workers redundancy entitlements to which they had been entitled in the event of losing their jobs through economic change or technological restructuring. That is a diversion which I make to indicate that it is an important concept. I would like to see the concept of just terms compensation being considered

more and more in the legislative process because it is an important right that Australian citizens have.

I have discussed just why it has been necessary to have regard to that concept in the calculation of defined benefits funds. In the context of other funds, accumulated funds, where members are entitled to their benefit on the basis of how well that fund has performed, it is not such a difficult exercise. It will be relatively easy to calculate a payout entitlement at a given date by having regard, where it is an employment superannuation fund, to the employee's contributions and the employer's contributions, plus the relative earnings of the fund, less charges. That will apply in some 86 per cent of the cases, but in those 14 per cent of defined benefit funds there are, unquestionably, complexities.

That brings us to an analysis of the approach of the bill. Essentially, there are four components. One is the amendments to the Family Law Act which we are now considering. There will also be important amendments included in the Family Law Amendment Regulations which deal with valuation of superannuation interests and the method of implementing payment splitting for those different types of superannuation interests to which I have referred. The third important law that it is necessary to have regard to in understanding this whole package is the Superannuation Industry Supervision Amendment Regulations, known as the SIS regulations. They deal with the creation in specified circumstances of a new superannuation interest for a non-member—that is, the new interest that will occur for the non-member spouse when these orders are made or a settlement is achieved. The fourth set of laws which are necessary to consider in the application of this package are the consequential amendments, and they will apply in the areas of tax, social security and veterans' affairs legislation.

When you look at the complexity of these laws, you can see why it has been a decade in the making. I do not propose to go through all those laws other than to note that, in formulating the various amendments, it has been necessary to balance a number of factors. Clearly, there is a need for relative simplicity so that the parties themselves or, indeed, their legal advisers can understand what is going on. Without being condescending, I think an effective test is what the average suburban solicitor would understand. I am not condescending, because they need to be of a nature that an aspiring attorney-general would also understand, given the complexity of working out actuarial tables. So there is a need for some practical operation that advisers can understand and that the courts can understand. If we do not have some regularity in the regulations, we will end up with the situation of the Family Court, for instance, receiving complex actuarial evidence from various experts and quite possibly arriving at different conclusions in respect of the consideration of the same superannuation fund provisions. That would clearly be unsatisfactory. It would cause total confusion and, indeed, make it impossible for legal advisers to advise parties as to how they should go about considering reaching an agreement.

Quite clearly, it is in everyone's interests if parties can reach agreement in these matters rather than proceeding to a final court order. So there has been a need to balance, if you like, purity in precise calculation of end entitlement with relative simplicity and some degree of regularity across the area. The government has sensibly provided—and we support the fact—a mechanism for superannuation funds to come forward and say, 'Look, the prescribed method of calculating an interest isn't really appropriate in the circumstances of our fund,' and therefore receive recognition for a different method. We say that is appropriate. Another reason why there is a need for regularity is that the trustees themselves must have a relatively straightforward procedure. If they do not, it would simply result in undue complication and expense for those trustees, which of course would come out of other superannuation members' entitlements, given that it would be a charge against the fund itself.

This bill is complex but nonetheless important. Superannuation is an important na-

tional asset. As the previous speaker indicated, we expect that in the vicinity of $1 trillion of Australians' wealth will be held in superannuation funds by the year 2010. Clearly, it has an impact on retirement lifestyle in circumstances where people are increasingly living longer. There is no doubt that many separating couples have suffered disadvantage. In particular, most frequently women parties to a marriage have suffered unfairness as a result of not being able to be considered in the calculation. We support the bill. *(Time expired)*

Ms JULIE BISHOP (Curtin) (11.20 a.m.)—There is literally no legal issue that more taxes the emotions of citizens than that of family law. In fact, I do not think that there is a member of this chamber who could point to an issue that generates a similar level of angst, resentment and anguish among affected constituents, especially where these matters relate to the residence, contact regarding children and the distribution of property following separation or divorce. Similarly, I think most legal practitioners would agree that that is the case. Obviously this is no surprise, for the Family Court deals with some of the most primal matters encountered by the law: love, trust, marriage, motherhood, fatherhood and the matters of contract within the private sphere involving the income, property and financial resources of a married couple. In turn, amendments to legislation governing family law matters are too often seen through the prism of distressed personal experience or, perhaps even worse still, the framework of an unrelenting battle of the sexes. Such is the case with the bill before this House, for this bill proposes to bring within the legislative framework of family law the superannuation assets held by one or both partners to a marriage.

When these reforms were originally canvassed by the government, there were those in the corner of a more extreme feminism who welcomed the reforms as a step towards the righting of apparent financial wrongs associated with patriarchy. Likewise there were those in the opposite corner, particularly within the men's rights movement, who derided the notion that superannuation might be subject to property division as an attempt to further the transfer of property from men to women following the breakdown of marriage.

Leaving aside the obvious common inadequacy of both these positions—that is, the failure to acknowledge the changing socio-economic circumstances of gender—both extremes of the debate indicated that the reforms represented a departure from practice. Rather, the bill before the House provides legislative recognition of the Family Court's capacity for, and practice of, the consideration of superannuation assets in the property settlement following the breakdown of a marriage. As the Attorney-General noted on this legislation in his second reading speech to the House last year:

> The Family Court can, and does, take superannuation interests into account and divide other property accordingly.

Obviously, it is important that there be an effective and equitable scheme for dealing with superannuation interests—given, sadly, the number of divorces granted in this country. Recent statistics indicate that there were some 51,370 divorces in Australia in 1998. The most recent ABS study of marriages from the period 1977 to 1994 concluded that about 43 per cent of all marriages end in divorce, eight per cent within five years of marriage, 19 per cent within 10 years, 32 per cent within 20 years, and 39 per cent within 30 years. So, against that rather cold statistical analysis, the question of superannuation as an important asset for couples looms large.

Generally speaking, it is men rather than women who belong to superannuation funds. Where women do belong to superannuation funds, their entitlements are generally worth less than those of men. The Australian Institute of Family Studies has considered this issue and has come up with a number of observations and reasons as to why that is so. Essentially, it is because women spend less time than men in paid employment. On average, their salary when in paid employment is less than that of men, and they are more likely than men to be in employment, such as

part-time or casual work, which is not covered by employer superannuation schemes. The institute's research stated:

> These disparities are concealed, at least for married women, so long as women can look to men for support in their retirement. Retired women will be able to share in their husbands' superannuation benefits, assuming that these are equitably shared by the retired couple. However, divorce brings the disparities between men's and women's access to superannuation to the surface in an acute form. Not only does this leave women facing a poorly resourced retirement but it also deprives them of assets to which, arguably, they have contributed during the marriage by supporting the husband in his full-time work or by forgoing the income contributed to the scheme, or both. There are therefore both needs-based and justice-based arguments for redressing the gender inequality in the distribution of superannuation benefits following divorce.

But I do make the observation that men as well as women can be disadvantaged in the consideration of superannuation by the courts.

The approach currently adopted by the Family Court with regard to superannuation and its valuation is in fact fivefold. Essentially, there have been five ways in which the court has dealt with superannuation, and yet there has been no decided policy of the court as to which is preferable. The court has adopted a 'needs' approach and, under this approach, if the court is satisfied that the future retirement of a party—usually the wife—is adequately provided for, the existence of the husband's superannuation will not be considered in making a property order. Clearly, that approach requires sufficient present property to satisfy the needs of the non-member spouse.

The court has also adopted a 'take into account' approach. Under this approach, a superannuation entitlement is a factor 'to be taken into account' in an unspecified manner and in some sort of general sense. Then there has been the 'realisable value' approach. Under this approach, a mathematical formula is employed to calculate a party's interest in a superannuation entitlement with reference to the period of cohabitation over which the superannuation contributions were made and the amount available at the date of separation, and a contribution percentage similar to the percentage relevant to the realisable assets of the parties is applied.

Then there has been the 'deferral' approach. Under this approach, the same sort of mathematical formula is applied but the court either defers making an order until the entitlement vests or else adjourns the proceedings until that time. This is obviously somewhat impracticable if the superannuation entitlement is unlikely to vest for some time: it is a fairly open-ended order. The 'discounted prospective benefits' approach also employs a mathematical formula based on a likely pay-out figure on retirement discounted by present value and factors such as possible death, early retirement or loss of employment. Having these different approaches obviously generates a level of uncertainty for those subject to the court's rulings and, indeed, for the practitioners and legal advisers for the parties concerned.

The Attorney-General in his second reading speech also provided an example of the inadequacies of the present arrangements, which allow for the consideration of superannuation as an asset without providing the framework for the actual division of the superannuation interest. He pointed to a situation where, if a superannuation asset is comparable to the value of the family home, the Family Court may, under its present restrictions, take the superannuation into account when dividing the property. In effect, one partner is accorded a current asset—the home—while the other is accorded a future asset, the superannuation. The disadvantage inherent in this division is twofold. The recipient of the current asset is deprived of access to a future retirement income to which they may have indirectly contributed, while the recipient of the future asset is deprived of access to a valuable financial asset in the here and now. Furthermore, there is another difficulty where parties to a divorce agree to divide a superannuation asset: there is presently no mechanism to allow for such a division, even though they agree. That is clearly a procedural anomaly.

As a remedy, the bill will amend the Family Law Act 1975 to allow for the division of superannuation as part of the property settlement process. That division can be made either through the agreement of the separated parties or through an order of the court, and at either the accumulation or the payment stage. Orders of the court will be binding on third parties, on the superannuation trustees.

These reforms are pertinent, considering the increasing importance of superannuation as an asset to Australian families. Considering that the democratisation of non-pension retirement income has principally occurred over the past two decades, it follows that, as time passes, the proliferation of this kind of investment and its expansion will increase.

It is now estimated that over 91 per cent of employees hold some form of superannuation account and that over 20 million separate accounts exist in more than 200,000 funds. The aggregate value of those accounts must be counted in the hundreds of billions of dollars. The research by the Australian Institute of Family Studies that I referred to earlier has calculated that in 1999 the average superannuation balance per person was in the order of $54,000, with estimated future balances in the order of some $80,000 in 2010 and $135,000 in 2020. So, with assets of this magnitude and with the traumatic background that so often accompanies the application of family law, there are understandable concerns about reforms of this nature. The concerns can be categorised as valuation, contrivance, rights beyond simple receipt of moneys and the superannuation industry generally.

Valuation obviously is a matter of considerable concern. Superannuation assets are by their very nature complex and their future value difficult to estimate, especially when the superannuation takes the form of a vested benefit and an unvested value—for example, through various Commonwealth pension plans. Even the benefits to be derived from the more usual accumulation plans can be somewhat hazy. For this reason it is incumbent upon superannuation trustees to provide adequate and relevant information about superannuation interests to both members and spouses in these circumstances.

As to the matter of contrivance—that is, contrived arrangements between the parties—it should be noted that superannuation investments are subject to taxation and other arrangements that privilege those investments for the purposes of public policy and future retirement incomes. Those arrangements therefore include restrictions on the release of funds—restrictions that might be circumvented through a contrived property settlement. As a consequence, this legislation will apply significant penalties to such actions and will necessitate declarations in relation to actual marriage breakdown—a 'breakdown declaration', if you like. Rights beyond the receipt of benefits relate to fund membership on the part of non-contributing spouses awarded an interest in superannuation and are provided for in the amendments to the Superannuation Industry (Supervision) Act 1993.

Finally, the superannuation industry will encounter new requirements as a result of these reforms, including fund membership on the part of non-contributing spouses, provision of information to interested parties, valuation and the flagging of interests. Nonetheless, these requirements are simply part of a broader social and legal recognition of the place of superannuation in modern life. Just as superannuation funds draw on the benefits of a wider acceptance and use of superannuation investment, so they encounter changes to practice associated with that community wide acceptance.

The government has set forth some amendments to the bill in relation to commencement, privacy, valuation and application matters. These amendments are derived from the recommendations of the Senate Select Committee on Superannuation and Financial Services, as well as from the Attorney General's Department and the Department of the Treasury, and in consultation with industry and other interested parties.

So the bill is but one component of the legislative package that will implement the new regime. The other components are the

Family Law Amendment Regulations and, as I mentioned, the Superannuation Industry Supervision Regulations, and consequential amendments to tax, social security and veterans' affairs legislation which will deal with the effects of splitting a superannuation interest on tax liabilities and income support entitlements. The need to resolve present difficulties in the way superannuation is dealt with is important, given the value of superannuation assets, given the retirement income policies of successive governments, given Australia's ageing population and, sadly, given the number of divorces that are granted each year in this country. I therefore commend this bill to the House, along with the government's amendments.

Mr MOSSFIELD (Greenway) (11.34 a.m.)—I rise to speak on the Family Law Legislation Amendment (Superannuation) Bill 2000. In principle, the Labor opposition supports the stated objectives of this legislation. The bill will amend the Family Law Act 1957 to allow people to divide their superannuation on marriage breakdown in the same way as other assets. The problems associated with superannuation and marriage breakdown have been highlighted on a number of occasions. In 1986 the Australian Institute of Family Studies published a report *Settling up*, which presented its findings on research conducted into property and income distribution on divorce in Australia.

The report outlined very low levels of membership of superannuation schemes for women compared with men. The study reported that superannuation was not taken into account consistently or clearly in family law. However, under current legislation there are a number of restrictions as to how superannuation can be dealt with in divorce settlements. The Family Court can only deal with property that is owned by the parties at the date of the hearing. Superannuation assets that are only payable on retirement are not considered property unless the superannuation payments have already become payable. The Family Court has overcome this problem by offsetting or adjusting non-superannuation assets by increasing the dependent spouse's share of existing property to compensate for the loss of future superannuation rights, or by adjourning part of the property proceedings until the superannuation benefits become payable and then making an order with respect to those benefits once they become payable.

Both of these examples have faults. Offsetting assumes that the liable spouse has sufficient assets to make good the other's loss of superannuation rights, but that may be insufficient to provide adequate retirement income for the recipient. Offsetting the payout also creates problems, because the perception is often that the party that receives the smaller share has been somehow short-changed, even though they would retain all their superannuation benefits.

In the highly charged and often emotional atmosphere of divorce settlement, perceptions are very important, because the wrong perception—the idea that you may have been ripped off somehow—is a powerful one that is not easily quelled. So offsetting the non-superannuation assets to compensate for the loss of future superannuation rights is problematic at best.

Adjournment of the property settlement means that financial issues between spouses remain unresolved. Again, in highly emotional and often acrimonious divorce settlements, this can have a devastating effect when a clean break is needed so that both partners can get on with building their new lives. The last thing either needs or wants is continuing involvement in a financial arrangement, particularly if it may not be settled for years. Final payments of benefits may also depend on events outside the control of the eligible spouse, such as the liable spouse dying before becoming entitled to benefits.

The Family Law Legislation Amendment (Superannuation) Bill 2000 before the parliament is broadly consistent with directions announced by the government in May 1998 in a position paper on superannuation and family law and with a further discussion paper on property and family law, released in March 1999. The 1998 position paper, 'Superannuation and family law', proposed a

new regime for dealing with superannuation interests after separation. It proposed that superannuation benefits accrued during the period of the marriage would be split fifty-fifty between the parties. Each party would then take a separate share of the accrued superannuation assets, either by transfer of money into a different fund or into a separate account with the same fund. This position paper places heavy emphasis on the formation of private settlement of superannuation issues by the parties themselves. The fact that the Family Court would have the power to split superannuation assets equally would encourage the parties to reach a private agreement.

In the discussion paper released in March 1999, two options relating to the system of property division in divorce proceedings are considered. The first is a continuation of the current separate property regime but with a starting point of equal sharing, based on an assumption of equal contribution. In the second proposal, certain properties would be classified as community property to which each party would have an equal entitlement. Superannuation would be divisible under both options. Under the first, it would be divided in the same way as other property and would not be singled out for special treatment. Under the second option, the government proposal of a fifty-fifty split would be applied, but with the Family Court having the discretion to depart from an even split if the amount of superannuation is too small to divide, if multiple superannuation interests are held by the parties or if it would otherwise be necessary to sell the family home, causing disruption to the care of children, or to sell a business which would reduce the earning capacity of one of the parties.

Another report which needs to be considered in framing legislation relating to family law is that referred to as the Australian divorce transition project of the Australian Institute of Family Studies. This study looked at superannuation in divorce, and one of its important findings was that superannuation entitlements are still unevenly distributed between genders, in favour of men. The study found that 76 per cent of men had superannuation entitlements on divorce, while only 34 per cent of women did. The absolute value of parties' superannuation at divorce depends on a range of factors. Age at divorce is the key factor, but asset wealth, time out of work and the number of children are all significant.

However, the effect of these factors is not the same for women and men. The more children there are, for example, the lower the value of the woman's superannuation, while the value of the husband's superannuation increases in line with the number of children. Superannuation is considered as taken into account or explicitly divided in only a minority—46 per cent—of cases. These facts support the need for some legislative guidance in the distribution of superannuation assets in divorce proceedings.

At this point, I would like to refer to an issue raised with me by a lady constituent. I think it is important that we actually consider real life facts in this debate. Due to changes in his employment, the estranged husband of this constituent took out a personal loan to join a superannuation fund. The loan has been repaid, and I am advised that the superannuation fund is now worth a considerable amount. Following the breakdown of the marriage, a conference was held to deal with the couple's assets. At this conference, my constituent was advised that her application to have the property and superannuation divided would be dismissed in court. The reason for this was that the property of the marriage was of minimal value, as would be determined by the Family Court. Therefore, any amount that my constituent might be entitled to from the superannuation part of the settlement could not be given to her by way of property, furniture, land, house, et cetera. Superannuation, under the current Family Law Act, is not determined as property of the marriage. Therefore, the court has no jurisdiction to make an order that she be allocated a percentage of the superannuation as the wife of the marriage, although it is recognised that, while she was the wife, she contributed significantly to her husband's superannuation fund—it was agreed by the husband and the wife that the wife did make

a significant contribution. However, the husband insisted that, because the superannuation under current family law is not considered property, he did not have to divide the superannuation and allocate a share to his wife.

Following this conference, the husband filed for divorce immediately as, under the current law, if either party files for divorce, any application for the division of superannuation is not applicable 12 months after the divorce is finalised. My constituent has made a significant contribution to her husband's superannuation, by assisting him with paying off the loan taken out to allow him to join the fund, by working at home raising the three children while he was at work and also by working shiftwork.

Arising out of her predicament, my constituent raises a number of questions for me. Firstly, if there is limited property, as in my constituent's situation, will people in that position be able to have an order made to allocate superannuation? Therefore, will superannuation be seen as something both a husband and a wife contribute to in a marriage? Secondly, what will happen to people in my constituent's position if the legislation is not applicable by the time the 12-month period has expired? Will there be some type of bridging legislation so that people like my constituent do not fall further through the cracks in the legislation? When this legislation is passed, what happens if—as is possible in my constituent's case—the 12-month period has expired? Will there be some avenue to pursue a fair and equitable settlement of superannuation? Will the current time period of 12 months to make an application for settlement of assets after divorce be extended? My constituent also raises the issue of the super fund being accessed for the purpose of purchasing a family home. This would be an important issue for people such as my constituent—a single mother raising three young children.

The area of family law is one that is surrounded by controversy. It causes great anguish and distress to many parties who are forced to make use of the family law system. Nevertheless, it has filled an important place in the Australian community from the time it was first introduced back in the days of Senator Lionel Murphy. The issue of the break-up of families and the hurt and bitterness that this often causes exercises the mind of all federal members of parliament—whichever party they happen to belong to—almost every day as we deal with our constituents

Some time ago I chaired a public seminar in Blacktown organised by the Child Support Agency, and there were nearly 300 people present in the Blacktown RSL that night. I thought I was the attraction, but as the meeting progressed I was glad I was not the attraction. Many of the people in attendance were angry mums and dads, each believing that they had been on the wrong end of the system and had been dealt with poorly.

Whenever family break-up ends up in a court of law there are inevitably going to be winners and losers, and in this area the so-called losers often become extremely agitated. This bill is taking up the issue of the division of property and, while it is interesting to note that there is no arbitrary rule being enshrined in the legislation, it is intended to leave the actual decision up to the parties involved.

In the long run this will once again lead to the intervention of a judge of the Family Court being required to arbitrate, because that is the way human beings operate in this very emotionally charged atmosphere of a broken relationship and a division of property. Often, parties to a divorce are in no position emotionally to make the kind of rational and dispassionate decisions needed in this type of situation. In an atmosphere of accusation and recrimination, there is little chance of calm and just settlement being arranged. This of course is not the case in all circumstances. Unfortunately, though, it happens far too often. Hence the need for the Family Court and legislation such as this, being but one step in what should be a long reform process that overhauls the whole system.

The high-sounding aim of this bill is to give separating couples the ability to divide

their superannuation by agreement. People will be able to determine in what proportions their superannuation will be divided, if at all. People will be able to trade off superannuation for housing where one parent needs to remain in the marital home to care for children. This is good in principle and of course applies to couples where only one is in paid employment or where both are in paid employment. More often than not it will be the ex-wife who may not have been in paid employment but who has remained at home with the children on home duties who will be the recipient of such divisions of superannuation. Nevertheless, I am confident that there will be some vigorous resistance on the part of some partners who will not wish to allocate any part of their superannuation entitlements to an ex-partner.

At this stage, I have no doubt that the legal eagles will don their wigs and gowns and launch into their very expensive arguments for and against the proposals on behalf of their respective clients. Under the current law, the Family Court has no power to divide superannuation when a marriage breaks down, even if the separating couple wants to split superannuation in their settlement. The bill provides that the Family Court or, in some circumstances, the Federal Magistrates Service will be required to make a decision that is just and equitable in the circumstances. And here I come back to my argument: I am sure that many if not the overwhelming majority of decisions made by the learned judges to date have been just and equitable in all the circumstances. It is just that the party who objected in the first place will never concede that point and the mental anguish becomes like an internal serpent, squirming around and aggravating their system.

The need for the implementation of a family law system was self-evident, and its introduction has in many cases forced people to accept their proper responsibility for life decisions that affect their former families. We cannot ever legislate for the mind, and it is in the minds of the warring parties that we need to try and provide proper education and understanding of the basis of the system that they operate under. We cannot go back to the bad old days of irresponsible partners splitting up and leaving their family with no support and no way of obtaining it. Nevertheless, we do need a legal system that has some transparently obvious flexibility within it that can be shown to the disagreeing parties.

At the end of the day we need to create as peaceful a solution to the trauma and anguish of marital break-up and property settlement as is humanly possible. This bill does attempt to do that in its own way, but I am confident that there will be as many critics of it from the users of the system as there are supporters. That seems to be the nature of the Family Court system—we are damned if we do and damned if we don't. Every reform that is made of the Family Court system will have its supporters and its critics.

This is by far the most emotional area of the law and, unfortunately, the law and emotion mix together about as well as oil does with water. We must, nevertheless, try to make the changes necessary to this system to bring equity, justice and ultimately peace of mind to these very troubled circumstances.

In its concluding comments, the *Bills Digest* refers to a number of difficulties that would exist in the absence of an agreement between the parties as to how superannuation entitlements are to be split. One is that the draft regulations reflect the complexity of the division of superannuation when the final value is unknown. The draft regulations contain a number of formulae on which a distribution could be based, but these formulae would require professional analysis to understand their implications.

Great difficulty would also arise in determining the value of interest in deferred benefit schemes. Issues such as the assumed retirement age, final average salary and the actual and potential term of membership of the spouse would all have to be considered. The issue was also raised that lawyers may not be sufficiently trained to understand and deal with the complex actuarial calculations. There is the issue of cost to the funds of complying with the requirements of the bill and as to whether these costs are to be borne

by the persons involved or by the funds themselves.

The final point I want to make, a point that is made in the *Digest's* concluding comments, is that, in the event of a reconciliation after the interests have been split, it is suggested that the parties would have to retain separate accounts, thus incurring fees and charges for each account with possibly lower final combined benefits. However, if there were a flagging order, it would be possible for the nonmember spouse to lift the order if a reconciliation took place. These are some of the interesting points still to be resolved but which may in fact encourage the parties to reach agreement rather than get tied down in costly legal arguments.

Mr PRICE (Chifley) (11.53 a.m.)—I am pleased to speak on the Family Law Legislation Amendment (Superannuation) Bill 2000—and I might say I am very jealous of my colleague the honourable member for Greenway in attracting a crowd of 300 to Blacktown. I might say more modestly that a few years ago we had a seminar about family law in Blacktown—it was called 'Children: the forgotten players'—and, while I am pleased to say that it was opened by Democrat senator Vicki Bourne, that Kevin Andrews, the member for Menzies, made a very worthwhile contribution and that there were a number of other speakers at the seminar including me, we did not get anything like 300. I note that, typically, there were some schoolchildren in the gallery while the member for Greenway was speaking, and I really do think that in a marriage breakdown or any relationship breakdown children are so often the unintended victims of that split. Having said that, I do not think there is a magic formula that we can apply that will stop relationships breaking down or people divorcing, but we can do it a lot better.

The central problem I have with family law is the involvement of the legal profession. I have been viciously attacked by various representatives of the legal profession—some in my own party, I might say—and by former state premiers for my views about this, but I want to give the House an example of why we actually have to make a fundamental change to family law and stop fiddling around the edges. In my state there is a great controversy at the moment about changes to workers compensation. The state actually has to make a change because the fund is $2 billion in debt. Whatever it does and whichever approach it wants to take, it has to make a change because it is unsustainable to allow that debt to continue. With workers compensation in New South Wales, clearly the people who get the most money are injured workers. That should not come as a surprise. But what should come as a surprise is the No. 2 ranking of those receiving very close to the amount received by the workers, the legal profession. I note the Minister for Health and Aged Care is in the chamber. I might say that at No. 3, coming very close, is the medical profession. Unfortunately, of course, doctors and specialists are not beyond charging amounts for those subject to workers compensation that are higher than they would ordinarily charge other patients.

Whilst I do not want to get embroiled in what is happening at the state government level in New South Wales, what is the thrust of the change? The government do not want to diminish what workers are getting. This does not mean that the proportion on the pie chart that workers are getting is going to diminish; in fact, for a majority of categories it is actually going to increase. But what diminishes under the plan is the money going to the legal profession, because the government want to set up a tribunal. They do not want to take away workers' rights, but they want to set up a tribunal. It can be so easily done under the various state constitutions. They do not have the impediment of the Brandy decision, that most unfortunate and tragic decision of the High Court that limits the Commonwealth in setting up tribunals to ensuring that you have a judge as a head of a tribunal. In family law it is the very same situation: we have to make a fundamental change. It is no good members getting up in here and talking about some worthwhile change—and this is a worthwhile change to family law—but then wanting to gloss over

what it is doing to the parties. This is a broken system, this is a failed system and it has been too long since we have actually talked about real reform of the Family Court. I know the Attorney-General is in favour of the Federal Magistrates Court. Like him, I am associated with a report that said we should be, but fundamentally the Magistrates Court has not altered the equation.

The loss of a son or daughter or the death of a spouse is probably a greater tragedy, but one of the most traumatic things that people can go through in this life is a relationship or marriage breakdown. What the Commonwealth is saying, what members of parliament are saying, is that the profession that is best able to carry people through this is the legal profession. That is absolutely absurd. As a matter of principle, I do not say that we cannot have a family court or that legal people cannot be involved in marriage breakdowns—I do not say that. What I do say is that the weight of the system ought to be in encouraging people to make sensible agreements themselves, to be outside of the law. Our system does not do that. I know that there are some officials in the advisers box, and they might say, 'But we've thrown a few pennies here and there, to counselling services, to alternative dispute resolutions, to mediation. We're very pleased with it—it's great.' But has it fundamentally altered the numbers? The answer is, 'Absolutely not.' If you cannot afford to go, you do not go.

People need to be encouraged. I believe that there has to be a whole new psyche about marriage breakdown where people are encouraged to seek help—not from solicitors, not from QCs, but from professionals who are able to help them, who are able to get them to deal with what has happened and who are able to open the lines of communication. We need a sensible alternative to this Kafkaesque system that has been growing like Topsy, unreformed and unreconstructed. I thought that the 1975 changes to family law were great, but fundamental to those changes was that we would not have bewigged and begowned judges, that we would not have these mausoleums of justice that the Family Court represents, that these matters would be dealt with informally, not formally—but this is not so. I say that family law has failed. We really do need a better system of dealing with traumatic relationships.

I have referred to a seminar I had in my electorate. The first contribution was actually from a woman; it was read by someone else. In it, she told us about her experience of dealing with the family law court. It was very moving, I must say—the consequences were even more tragic. What I am trying to say is that the family law court processes are not gender specific: they are equally as traumatic for women as for men. I am wondering how long it will be before we, as the national parliament, as the Commonwealth parliament, sit here and really debate real reform. In my time here, I do not think that I have considered a proposed change to the Family Law Act that was what I would call a circuit breaker—something that is really exciting, something really meaningful, something that is going to make a huge difference to so many adults in this country. If you cannot spare a thought for them, perhaps you might spare a thought for the children.

But we have a different proposal before us—not one that is not worthwhile, as I said before—dealing with superannuation. The interesting thing in this is that there is a huge disparity between what men and women have access to in superannuation. On average, men have $26,152 in superannuation and women have $5,590. That is really disappointing. But the real point is that so much of family law is caught up with ordinary people with not a lot of money—they are the greatest victims. The super-rich occasionally try to slug it out in the Family Court to the last bit of family silver, but, by and large, they sort themselves out without recourse to the Family Court. The point I am making, Mr Deputy Speaker, is that it is your constituents that get trapped in the Family Court. Certainly that is so with my constituents in the electorate of Chifley. In the Western Suburbs of Sydney, we have a very thriving, growing Family Court in Parramatta. But the ones with significant money—the ones with the real licks of superannuation or assets—tend to avoid the Family Court.

I have always thought that if you want to pick out the single best thing that the previous Labor government did in our 13 years of government—and that is hard because there are so many—it has to be superannuation. Superannuation used to be something that public servants—as I was previously, I must admit—or executives of private companies had coverage for but that ordinary men and women did not have—not the bulk of the work force and certainly not women. We certainly transformed that. Notwithstanding the hacking and changing that befell superannuation after we lost government, it is still continuing to grow.

There are some interesting statistics about the ageing population of Australia. The Parliamentary Library has provided the following figures: the proportion of people over 65 in 1901 was 151,000, whereas in 1998 it was 2.3 million—12 per cent of the population—and by 2051 it will be about six million or 24 to 26 per cent of the population. Hopefully in this time period we will see the value of superannuation increase dramatically, and I hope the gender imbalance in superannuation will narrow significantly, if not be eliminated.

I might say that it sounds easy to propose that superannuation should be considered in a marriage or relationship breakdown. In fact, it has been considered for some time by different committees and governments. I think since the mid-1980s we have been wanting to address this issue. Here it is being addressed, but of course there is a whole variety of difficulties associated with the proposal. I suppose I will not be forgiven by my colleagues if I raise members' superannuation, but it is a defined benefits scheme. If there is a relationship breakdown on the part of a member in their first term of office, it is interesting to speculate—although it would be easy to provide a mathematical formula, which is the way the Family Court does it—how the Family Court would then calculate how long the member would continue to be a member, given the volatility of this business.

There are two types of superannuation scheme. There is an accumulation scheme, which is probably the most common, where money is paid in. Depending on the level of contribution, how prudent the superannuation scheme is in terms of gathering profit or interest on the money, at the end of the period of the person's contribution an amount, usually a lump sum, is gained. The defined benefits scheme used to be pretty popular amongst public servants. Basically, at the end of the person's working life, or prior to retirement, the benefit, whether by lump sum or pension, is defined or known. But in this proposal there are a number of hooks. There is an issue around constitutionality, I understand—about whether the Family Court has the power to impact upon or direct people like trustees of superannuation funds. Secondly, there is a question of statutory interpretation. So there are questions around constitutional power and the statutory interpretation of those powers.

I am on the public record as saying that I have always felt that all property should be taken into account. I have always been an advocate of draconian powers being given where there are attempts to evade, avoid, otherwise disguise, put into blind trusts or transfer. So adding superannuation is not something I have any difficulty in embracing. But I want to return to the main theme of my contribution today, which is this: I believe that the Family Law Act is broken and is in need of repair and that there are better approaches to sorting out this problem. I have given an illustration of what the New South Wales government is currently doing with superannuation and why.

I will finish with this point. Although I have asked repeatedly for an estimate of the amount the legal profession derives from family law—we know what it costs us for legal aid, we know what the costs of the Western Australian Family Court are as these are quite easy and measurable—we have never been given an estimate of the contribution that goes to the legal profession. In workers compensation reform this is the figure that leaps out at you and says, 'This is unfair, this is improper, and this is in need of reform,' but with regard to family law we have never been given and are not now given

that figure, notwithstanding the fact that we have repeatedly asked for it.

Dr LAWRENCE (Fremantle) (12.12 p.m.)—The Family Law Legislation Amendment (Superannuation) Bill 2000 recognises that superannuation entitlements should be considered as property when assets are divided on marriage breakdown. We welcome that. The law as it currently stands does not allow the Family Court to divide superannuation assets. Under the current legislation the Family Court has the power to deal only with property owned by the parties at the date of the hearing. Superannuation assets in a sense have always represented an anomaly because they are an asset payable only on retirement or some other qualifying event. I am sure most members are aware that superannuation represents 15 per cent of the personal wealth of all Australians, second only in importance to the family home. A fair and just property settlement therefore must take superannuation savings into account. As property settlements often represent the only avenue for some women to achieve a level of financial security post divorce, it is therefore important that all property is included in the settlement process.

The Family Court in the past has adopted two approaches to overcome the limitation of the current law with respect to superannuation. The first is through offsetting or the 'adjustment of non-superannuation assets', and this has involved increasing the dependent spouse's share of existing property to compensate for the loss of future superannuation rights. The problem with this approach, of course, is that it assumes that the liable spouse has the capacity to forgo the present assets—presumably rarely a reasonable assumption. The second approach involves adjourning part of the property proceedings until the superannuation benefits are payable. This, of course, is a very messy approach and leaves financial issues between the separating parties unresolved for many years after their divorce, compounding an already difficult situation, I have no doubt. It also risks the dependent spouse losing, most likely, her entitlements altogether if, for example, her ex-partner dies before the entitlement is paid. Successive governments have grappled with the problem of equitably dividing superannuation entitlements on divorce, and it has been clear for some time that those two approaches I outlined that have been adopted by the Family Court are unsatisfactory, but it is evident from the fact that this has taken a long time in coming that the solutions are not easy to find. Nine reports stretching back to 1986 have identified the problems, but the solutions, even now I must say, are still not clear-cut.

Obviously, until the process is changed, however, women in particular will continue to be disadvantaged during divorce proceedings. This, as we have heard from the previous speaker, is because superannuation entitlements are still unevenly distributed between men and women. The 1997 Australian Institute of Family Studies Australian divorce transition project estimated that the median value of women's superannuation at divorce was $5,590, compared with $26,152 for men. This same study also found that the smaller the total asset pool the greater the relative significance of superannuation. However, while its significance is more important to low income families, evidence suggests that it is the least likely to be taken into account. In many instances women exit a marriage with no regard to the couple's most valuable financial asset and therefore obtain no compensation.

The Australian Institute of Family Studies study also found that a wife's share of assets is reduced when non-domestic assets such as investments, business and superannuation comprise a high proportion of the couple's asset wealth. It is clear that, until the Family Court can properly consider superannuation assets in property settlement, women will continue to be disadvantaged when property is divided during divorce settlements. I speak particularly from the point of view of women today because, as I say, they are the ones with fewer resources in this area and because of my responsibilities as the shadow minister for the status of women.

This bill, therefore, represents an important step forward for Australian women. It

provides that, where separating couples are unable to agree, superannuation may be divided by a court order. In making an order, the court, of course, will be required to make a decision that is just and equitable in the circumstances. The wisdom of Solomon surely will be needed in that case. There will be no presumption that superannuation interests must be divided equally. How superannuation is divided will be part of the broader process of considering the equitable division of other property of the marriage. Separating couples will be able to choose what proportion of the superannuation will go to each person, making the decision to suit their individual circumstances. For example, as I understand it, people will be able to trade off superannuation for housing where one parent needs to remain in the marital home to care for children. Agreements with respect to superannuation will be subject to the same rules as those for other financial agreements which have been before the parliament.

While the broad purpose of the bill is appropriate and necessary, there were, as I indicated earlier, a number of issues that were difficult and did require the detailed consideration of the Senate Select Committee on Superannuation and Financial Services following the bill's introduction into the parliament in April of last year. Those issues concerned, for example, the method of valuation of superannuation interests, the costs of the complementary education campaign, the flow-on costs associated with the implementation of the bill, and a range of other matters. The committee itself recognised that, while splitting superannuation interests is inherently difficult, the bill, as it stood then, seemed unnecessarily complex, and it recommended a number of changes to reduce the complexity while preserving the fairness. In response, the government has made a significant number of amendments, which have been incorporated into the revised draft. Whether they will achieve the outcomes is yet to be determined.

Despite these difficulties, we do give in principle support to these reforms. Australia does need a more equitable and consistent way to treat superannuation entitlements when a marriage breaks down. But we will need to monitor this legislation very carefully. The problems in dividing superannuation in the event of divorce are further exacerbated by a lack of information in the community about superannuation entitlements. There is a clear need for the new arrangements contained within the bill to be accompanied by an effective and wide ranging information campaign. This has to be the first step in ensuring that superannuation is properly taken into account in the divorce process. Not only is there a need for broader community information but the disclosure of all interests in superannuation schemes should be a requirement during the property settlement process. As the Women's Legal Service in Brisbane pointed out:

> With the massive cuts in legal aid, many women are left with no option but to conduct their own negotiations and litigation. In cases involving domestic violence it can be extremely difficult and traumatic for the women to be able to get their husbands to agree to anything, even the signing of a form. The trustees should be able to provide the information about the fund directly to the women without the husband's authority.

This issue highlights again how women are likely to be financially worse off after divorce. I will return in a moment to the question of legal aid. Women's financial difficulties were highlighted when the Australian Institute of Family Studies reported that women's living standards fell after divorce and that women remained poor for many years thereafter. These findings instigated the establishment of the Child Support Scheme in 1988 to ameliorate many of the negative consequences of divorce on children. This reform reduced the need for the day-to-day support for children to be taken into consideration in property proceedings.

The Australian Institute of Family Studies last year repeated its early research and found that, while some things have changed, post divorce women and children continue to be financially vulnerable. I would like to draw the parliament's attention to Ruth Weston's and Bruce Smyth's article 'Financial living standards after divorce' in the autumn 2000 edition of *Family Matters*,

which is put out by the Australian Institute of Family Studies. It found that 44 per cent of sole mothers and their children were deemed to be below the Henderson poverty line, that women continued to dominate the low income group, and that men were more likely to be rated comfortably off. It is not that there is no disadvantage among men; but, relatively speaking, women and their children are likely to be worse off.

Sadly, I would have to say that policy changes over the last couple of years by this government indicate that these facts may be being overlooked, particularly when child support policies are being developed. I am concerned that the changes to child support and family tax benefits are in response to some pretty vigorous lobbying by non-custodial parents who have convinced the government, apparently, that women walk away from a broken marriage financially secure. They seem to be reaching this conclusion without the evidence of hard research, which indicates that the opposite is true.

I will turn for a moment to some of those changes. The government's system of family payments for families includes rules that disadvantage women who share the care of a child with a non-custodial parent—so-called share care arrangements. Custodial parents, nearly 92 per cent of whom are women, have to declare a shared care arrangement in excess of 10 per cent when applying for family payments. Previously, of course, the threshold was 30 per cent. Under the new system, if the non-custodial parents have care on alternate weekends—that is, around 14 per cent of a year—the custodial parent must notify Centrelink and immediately their family tax benefit A and family tax benefit B are reduced by the percentage of the non-custodial parent's care. This new rule has quite dramatically lowered the income of single parents, and all of us will have had representations from them. This is at the same time as the GST was imposed. It therefore stripped away pretty rapidly even the modest GST compensation which was provided to such families. In addition, the new shared care rules have been poorly administered by Centrelink—I have some sympathy for them; they are under enormous pressure—and, as a result, many women will face substantial debts at the conclusion of this financial year. For example, some women have been actively encouraged not to disclose shared care arrangements. We have heard examples of that. They will get a pretty whopping bill. The budget unfortunately contained no measures at all to address some of the problems that are already arising from this poorly conceived measure. I know that the changes to the child support policy under the coalition are not being adequately monitored—we had that in evidence before Senate committees—and we also know that they have already had a very deleterious effect on already financially stressed single parents.

The Australian Institute of Family Studies research, which I referred to earlier, indicates that young, sole mothers are the most disadvantaged post divorce, yet the government's policies are directed at further disadvantaging them. Evidence indicates that women are hard hit by divorce and that women are less likely than men to maintain the same living standard after the break-up. Our priority when considering this bill, and some of those other policies that I have mentioned, is to look at the impact that it will have on the lives of women and whether it delivers a fair and equitable settlement of property. Research clearly indicates that women are still disadvantaged and that more attention needs to be paid to the division of non-domestic property, such as superannuation. We recognise that this legislation goes some way to addressing the situation and does enable all the couple's assets to be considered as part of the property settlement. It is an important step but only one of many along the road to equality. We will, however, monitor the impact of this bill very closely.

I turn briefly to a couple of other questions which are related when it comes to the maintenance of income, particularly for sole parents caring for children—and for all those in the process of undertaking divorce where these questions have to be resolved. One of the disappointing things about the current budget is that it provides no assistance to

Australian women who are unable to afford the cost of legal services, and that includes those services used during divorce and property settlements. Commonwealth funding for legal aid this year is static.

Since assuming office in 1996, the current government has slashed Commonwealth funding for legal aid. That affects women disproportionately. In the last year of the previous Labor government, Commonwealth spending on legal aid was $160 million—even then under pressure, it has to be said. But in 2001-02, the Commonwealth, as a result of this latest budget, will spend only $114 million on legal aid—still significant cuts. During the time period for which the government has budgeted, the total reduction in Commonwealth legal aid, in real terms, has been significantly reduced. Not only that, but we have also seen—and previous speakers have alluded to this—cutbacks in the capacity of the Family Court to provide timely and efficient justice to families before it. Counselling and dispute resolution services provided by the Family Court have been progressively reduced over the last 12 months. The Family Court's circuit counselling program has been decimated, with many regional centres throughout Australia no longer being visited by Family Court counsellors at all. Once again, people living outside metropolitan areas have been left worse off.

Since 1 July 1999, the number of full-time equivalent counselling staff in the Family Court in metropolitan areas, too, has declined from 101 to 81—that is, a 20 per cent reduction. The number in regional areas, however, has declined from 22 to 16—a cut of 27 per cent. Over the same period, the number of hours of circuit counselling in the regions has declined by 26 per cent, and counsellors simply no longer visit at all the towns of Nowra, Orange, Parkes, Bourke, Lightning Ridge, Muswellbrook, Tenterfield, Glen Innes, Inverell, Ayr, Bowen, Emerald, Mount Isa and Griffith. Circuit counselling and in-house dispute resolution services are particularly beneficial to all the parties, as they allow matters to be resolved before they proceed to an expensive trial and the outcomes that this bill deals with. Given the immense value of providing facilities for the early resolution of Family Court matters, the decision to cut back on these services is very unfortunate—indeed, very puzzling.

Where we have seen 'improvements' in services, sometimes they seem ill-conceived. For instance, there is a proposed legal information service, which was described by one of the people who spoke to me about it as a 'hotline to nowhere'. A new telephone hotline is going to be staffed by Centrelink officers—those officers who are already under pressure—and they will allegedly provide legal information on family law matters. That is due to open on 1 July this year.

Of more than $6 million which was committed in the 1999 and 2000 budgets to establish the service, less than $750,000 will actually go to increasing the availability of legal advice. The rest has gone on consultants' fees, establishment expenses and the cost of employing legally untrained Centrelink staff whose primary role will be to refer people to existing legal services, which in any case are inadequate. The new service will create an extra layer of duplication, with no benefit, before people can access the existing services which are already attempting to address their needs—organisations such as state and territory legal aid commissions, community legal centres and private practitioners. The average caller to this service will receive only five minutes of attention from a Centrelink staff member before being told that he or she should contact some other organisation for assistance. No provision has been made for ongoing funding of the service, in any case, after 2002-03.

It looks like window-dressing to me, and expensive window-dressing at that—particularly at a time when we have seen such substantial attacks on community legal centres, to which people will be referred. During the last year, three community legal centres in South Australia were closed—as a result of the federal government's decision to fund services elsewhere in the state, it has to be said. But most community legal centres have been built from the ground up; that is why they are called community legal centres. Lo-

cal communities have identified the need for them, and work in them. They rely on the support and goodwill of local legal practitioners, law students and others in the community who give their time for free. That community support base is not transportable simply because a decision is made here in Canberra that a legal centre is not ideally located. The damage having already been done in South Australia, unfortunately, they are now going to review funding arrangements in Victoria, New South Wales and Western Australia. God knows what the outcomes will be there.

Finally, I want to speak briefly about superannuation itself, since the division of superannuation is the subject of this bill. Sadly, since coming to office the current government have made some pretty harsh cuts and changes to Australia's retirement incomes policy, and they have put secure retirement out of the reach of a lot of Australian women in particular. While the budget has some measures to assist older Australians, most measures are focused on those who are already able to live off their investments. Our retirement incomes policies developed in the 1980s and 1990s would have benefited women in a number of ways. For instance, the introduction of the superannuation guarantee and other measures resulted in a massive increase in the number of working women using superannuation. When Labor came into office in 1983, less than 40 per cent of the work force received superannuation. When we left in 1996, around 90 per cent of the work force received the benefits of saving through some superannuation. Part-time and casual workers were particular winners from our retirement incomes policy.

The 1996 budget saw the Howard government include superannuation benefits in the means test for persons aged over 55 who received a Commonwealth income payment. That meant they had to run down their super, their retirement nest egg, before they could get access to support payments. I am pleased to say that that has been reversed in this budget, but only because it was so unpopular and had such a serious campaign against it and would have had more in the coming election campaign. Sadly, for those people who have suffered in the meantime, there is no compensation. In conclusion, in this area the government have been extremely shortsighted. While we welcome this legislation, we hope that they will eventually develop, in opposition, a decent superannuation policy.

Mr SIDEBOTTOM (Braddon) (12.32 p.m.)—I thank my colleague the member for Fremantle for her comments. There is a great deal there that is worth taking on board, and I hope the minister has taken that on board in terms of this legislation. I am very pleased to be able to speak about family law reform, and how changes to superannuation funds will impact on separating couples as a result of the Family Law Legislation Amendment (Superannuation) Bill 2000 introduced into the House on 13 April 2000. There is no doubt that savings for retirement in the form of superannuation funds during the prime of our lives has become a social and economic issue for government policy in recent times. Federal Labor government policy encouraged self-support during our working lives via superannuation membership, primarily to reduce reliance on the welfare state. Casualisation of the work force and the rising number of part-time jobs has seen the superannuation debate come under the spotlight even more.

Because superannuation is linked to earnings from employment, particular target groups in the community are disadvantaged, particularly women. Women's average weekly earnings are more likely to be less than men's—they are more likely to work part time and to take substantial breaks for child rearing. In addition, they are more likely to depend financially on their partner at some time during the course of their relationship. Sadly, divorce highlights these disparities even more. In the current political climate, the debate around achieving an equitable distribution in a property settlement has intensified due to the need for self-reliance versus dependence on the welfare state as the proportion of older people in the community grows. It is never easy to achieve simplistic legislation and balance fairness and equity.

One attempt to address this is through the bill currently before us. The bill sets out to address the disparities within the family law system by: firstly, allowing superannuation to be divided when a marriage breaks down—this can be achieved by agreement of the separating couple or by the order of a court; and, secondly, allowing separating couples to make binding agreements about how they wish to divide the interests. This government believes this will assist people to settle this financial issue without costly or protracted litigation. However, I, along with many others, doubt this. In my electorate of Braddon, many people involved in family law cases come into my office for assistance. From speaking with constituents, there is no doubt that people are struggling under the weight of the Family Court system, with no apparent end in sight. Reform is almost non-existent in a complex system that affects 43 per cent of families in Australia. The reality is that people are finding it impossible to participate in the system because of the cost and time delays, without having to add another dimension.

I have spoken to lawyers in my electorate who do welcome reform in this area. However, they are cautious about whether it will bring flexibility and make things easier for clients, as the Attorney-General states it will. They report that, because superannuation has not been included in property settlements other than moneys to be assessed well into the future, many clients, mainly women, have not been in a position to bargain effectively at the crucial time. Supporting this sentiment was Chief Justice Nicholson, who in November last year told the Senate Select Committee on Superannuation and Financial Services that he supported the principles of the bill but also had many concerns. He went on to tell the committee:

> We wonder whether these provisions are unnecessarily complex, considering the type of cases that are being dealt with.

He also raised concerns about the impact of this legislation, because one-third of all litigants in the Family Court are unrepresented. This is of real concern to lawyers and judges. Clients who are self-represented cost the system a lot more money and cause lengthy delays. Litigants who have no choice but to represent themselves will now have to grapple with superannuation and taxation laws. How are these people going to have any positive outcome for the future, having to interpret such laws without appropriate training or qualifications to do so? In addition, how can the government implement this new legislation with existing resources?

It is wishful thinking that this bill will alleviate the inequities and problems which already exist in the system. As Justice Nicholson states, in many ways it will add more confusion, anger and unnecessary delays. If the Howard government believe that this legislation will address the disparities evident in the allocation of superannuation moneys during divorce, I believe they are sadly mistaken. Due to gender inequalities, when superannuation entitlements are distributed in property settlement, many limitations will still exist. In many cases, the end result may well be that offsetting superannuation in the property settlement will not enable one party to keep the family home that has been home to the children for a long time. Superannuation funds are regulated by government, many employees enjoying favourable tax treatment in pursuit of social and macroeconomic objectives. Currently under the Family Law Act, the Family Court cannot order the fund trustee to transfer a share of the fund to another beneficiary. The bill will endeavour to address this issue and bring about change to make it easier and compulsory for the fund trustee to transfer money should the court order it to do so. Section 79 of the act, in its current form, takes into account only three sources of wealth in the division of property—income, property and financial resources.

During 1998, the federal government issued a paper on superannuation and family law proposing a new regime for dealing with this issue. It stated that superannuation should be divided between both parties on divorce. Each party should receive a share of the funds, either by transfer into a different fund or into a separate account with the same fund. The emphasis was on private settle-

ment by the parties involved. The Australian Institute of Family Studies conducted research into property consequences of divorce in Australia during the 1980s. Interestingly, the study found that superannuation was taken into account only in a minority of cases. Superannuation was ignored in 68 per cent of cases, with 75 per cent of respondents suggesting that superannuation was never discussed with them. It was also found that women's mean share of assets received dropped from 64 per cent to 52 per cent of the asset pool when superannuation was included.

Bordow and Harrison's research analysis of Family Court cases in 1990 found that superannuation was regarded as the second most valuable asset acquired during marriage. They went on to say that women may be worse off under the new legislation where there are no offsetting assets transfers and the superannuation benefit is not available until some time in the future. However, it did not offer much detail with regard to how superannuation was taken into account in final orders.

Given that superannuation is gaining importance in this frame of reference as an item in the assets pool, more discussion needs to be generated on this within the legal arena. The Australian Institute of Family Studies conducted a telephone survey of 650 divorced Australians in late 1997, known as the *Australian Divorce Transitions Survey*. The collection of specific data on superannuation was included as part of the project. Information was gained in relation to the nature of the division of superannuation entitlements on divorce. It also sought to ascertain attitudes and feelings on inclusion of superannuation in property settlements and the outcome. In its findings, the institute found that superannuation accounts for 25 per cent of parties' assets in the 1990s compared to 14 per cent in the 1980s. Variables include age at separation, asset wealth of parties involved, definition of employment—casual, part-time or full-time work—absolute value of superannuation and the number of children from a marriage. The institute also found that the median value of women's superannuation on divorce was $5,590 compared to $26,152 for men.

Analysis of information as a result of the survey suggests that there is a low level of awareness among divorcing couples about superannuation entitlements, more so for women. It is vital, should this legislation be passed in the House, that it is recognised that there needs to be more community education about the consequences of superannuation entitlement division in property settlements. Legal advisers in these cases will be called upon to take a more proactive role in emphasising the importance of superannuation on divorce to clients in order for them to make an informed decision during what is, as we all know, a very emotive time.

In order for this to occur, two things need to happen at the conciliation stage of the process. Firstly, there should be a legal duty on a spouse to disclose any interest he or she may have in any superannuation fund. Secondly, there should be complete disclosure by the trustee to provide appropriate information about their member's interest in the fund to the member's spouse for the purpose of property settlement. All too often during the legal process, the disclosure of information for this purpose is difficult and cumbersome. This process is made even more difficult to negotiate due to the current state of the backlog in the Family Court system and lack of moneys in the legal aid system.

In its annual report for the year 2000, the Chairman of the Tasmanian Legal Aid Commission, David Gunson, stated that the Legal Aid Commission is finding it increasingly difficult to discharge its statutory duties, 'with no financial relief in sight'. Providing legal services to members of the public has deteriorated considerably and having to include the superannuation issue will only deteriorate things further. In his report, Mr Gunson also spoke about the increasing number of self-represented litigants and sent a very clear message to the government by saying that the financial position of the commission is very serious.

During 1999-2000, the Legal Aid Commission in Tasmania had an operating deficit

of $1.458 million and reduced its reserves from $3.5 million to less than $1 million. At the operational level, this equates to a cap of $4,000 per day across the state for aid at the present time. The frustration is evident, with lawyers stating that often by 9 a.m. the daily cap of $4,000 has gone.

In relation to superannuation, lawyers do not have the time or resources to explain the complexities of superannuation and impact on property settlements. There are currently no community education programs in place where divorcing couples can become acquainted with and familiarise themselves with such a complex phenomenon, other than having to pay a consultant's fee for the privilege. Surely this defeats the bill's purpose of making the process and outcome better for all concerned. Yet the bill states that the amendments will bring more flexibility for both parties to settle their own financial affairs. Family law, including superannuation division, is a highly emotive issue. The Attorney-General must realise that more often than not parties cannot and do not come to an amicable agreement during the process, especially where large amounts of money are concerned. That is why it is so important that, with the passing of this bill, we recognise that community education and the raising of awareness will assist in couples reaching agreement without the threat of a trial, which is very costly, emotional and time consuming, and that it should not come from existing moneys.

I find it interesting that the government has stated that the additional costs of implementing the bill, including any education campaign put in place, will be met within existing resources. This government must realise that currently there are not enough resources in the system to do what it is supposed to do now. In his second reading speech in this House, the Attorney-General stated:

> The aggregate value of superannuation assets is estimated at $439 billion ...

He went on to say:

> ... this is projected to reach around $700 billion by June 2005 and $1 trillion—that is, $1,000 billion—by June 2010.

All I can say is that when we talk about the division of superannuation funds in the course of property settlement, it is a fairly sad day when we get excited about the aggregate value of super funds. Once they are divided in property settlement, they will lose value quicker than the stock market crashing. We need to seriously address, once and for all, the disparities and problems embedded in the Family Court system itself. It is okay to try and close the gaps in the system, but it does nothing to dispel the heartache of marriage breakdowns that occur in Australia every day.

If we look back in time to 1987, the Australian Law Reform Commission in its report on matrimonial property proposed a new statutory framework for the distribution of property on divorce. The Law Reform Commission suggested that legislation was only one part of the broader system and that measuring outcomes needed to be taken into consideration. Any consideration of reform needs to consider what practices on the ground will look like, not just how the statute will look.

This proposed bill was referred to the Senate Select Committee on Superannuation and Financial Services in August 2000. Their final report was concluded by March 2001. The committee stated that the bill be agreed to. However, the government considered 13 recommendations that were put forward by the committee. The committee went on to note that there were still many issues that appear to be unresolved. I would like to reiterate some of those. Firstly, the best method of valuing the superannuation interest: retrenchment benefit or actuarial tables; secondly, the method of increasing the value over time of a non-member spouse's interest in a defined benefit scheme; thirdly, the policy on preservation, together with the related issue of the order of deductions in the event of a split; and, fourthly, discretion of the Family Court to receive other evidence on the value of the superannuation interest. Various parties have acknowledged that these

matters need further consideration for the success of the bill to be accepted on a macro level.

Again I say to you, Minister, that reform in the Family Court system is well overdue and this bill will assist only in dispersing superannuation funds, not in fixing the never-ending problems that already exist. I would also like to reiterate the comments made by the Legal Aid Commission in Tasmania and the serious situation that they face in funding their present arrangements of $4,000 a day to deal with an ever-increasing demand on their services. I look forward to corresponding more with you on this issue.

Mr WILLIAMS (Tangney—Attorney-General) (12.50 p.m.)—in reply—I would like to thank honourable members for their contributions to the debate on this important legislative reform in the Family Law Legislation Amendment (Superannuation) Bill 2000. As I have previously said, it is a very important milestone and one that no other government has been able to achieve. The debate has highlighted that many couples whose marriages break down do not consider superannuation among their assets when they arrange property settlement. One of the defects of the current law is that there is no mechanism for superannuation held in one person's name to be divided or transferred to another's; nor can the Family Court order a third party, such as a superannuation fund trustee, to provide benefits to a former spouse at some future time, even though this might provide the fairest outcome for both spouses. However, the Family Court can and does take superannuation interests into account and divide other property accordingly. This unsatisfactory situation cannot continue.

Under the legislation, for the first time parties will be able to divide superannuation on marriage breakdown. This division will be able to be achieved in one of two ways—either by agreement of the separating couple or by order of the court. Separating couples will be able to make binding agreements about how to divide their superannuation interest or interests. This is in keeping with the government's commitment to giving people the flexibility to settle their own financial affairs wherever possible and, therefore, avoiding costly and protracted litigation.

I am pleased that the opposition has supported the policy intention of the bill, which is to provide for the division of superannuation interests on marriage breakdown. A number of speakers have raised a range of issues, and I propose to address some of them in response. The member for Wills asked why the legislation is to be 'retrospective'—his word—and claimed that I have made inconsistent statements on this point. This is not the case. The member fundamentally misunderstands retrospectivity, and I suspect he is not alone in that. The legislation is not retrospective, because it does not apply to dissolved marriages that have finally settled their property arrangements. The legislation applies only to those couples who have not finalised their property arrangements.

The same member has claimed that extra funding will be required for the additional work that may be generated for the Superannuation Complaints Tribunal as a result of this legislation. The funding for the Superannuation Complaints Tribunal has been increased by $700,000 a year from 2001-02 onwards to cater for the change in its jurisdiction. Other funding decisions will need to be considered in future budgets.

The member for Wills and the member for Braddon raised the question of how much money will be spent on education concerning the new legislation. The budget papers for 2000-01 indicated that the education campaign would be funded from existing resources. The amount that will be spent will be determined in accordance with the usual procedures for deciding on the allocation of priorities from those resources. We have been consulting widely with interested organisations, including the Association of Superannuation Funds of Australia. ASFA has already begun its education campaign, in conjunction with my department, and has completed a national seminar series on the proposed changes. I expect that, once the

legislation is passed, the family law section of the Law Council of Australia and the various law societies in the states and territories will conduct seminars or conferences on the subject. I expect also that community organisations involved with family law issues will educate their staff, who will be in a position to advise members of the public with whom they deal.

The member for Wills asked what the impact on Commonwealth revenue will be from allowing access to a second low-rate ETP threshold. When this issue was originally considered in 1998, it was considered that in cost-benefit terms it would be more expensive to attempt to track the low-rate ETP threshold through second and subsequent splits of the superannuation interests than it would be to allow access to new, low-rate ETP thresholds. In addition, this is consistent with tax relief provided in property settlements generally in relation to marriage breakdown, such as stamp duty relief and capital gains tax roll-over relief. This is, of course, a serious issue and is one the government will monitor closely.

The member for Wills urged me to follow up the possible application of the legislation to de facto couples. The issue of the broader reference of power to legislate for the division of property on the breakdown of a de facto relationship has been on the agenda of the Standing Committee of Attorneys-General for some time. I recently reminded all state and territory Attorneys of this unsatisfactory situation, at the last SCAG meeting. State and territory Attorneys have agreed to establish a working party to consider the most appropriate way of ensuring that the superannuation interests of de facto couples can be divided on the breakdown of their relationship. The member for Wills can be assured that the Commonwealth will actively pursue this issue and give the working party all assistance required.

The member for Wills criticised the government for the length of time that it has taken to get this legislation before parliament. I would like to remind that member that this is an extremely complex and difficult subject. I also remind him that the Australian Law Reform Commission recommended reform in this area in 1988. At that time, of course, the Labor Party was in government—and it was in government for eight further years. In the course of those eight additional years, nothing was achieved, not even a draft bill, before the Labor Party lost office.

The member for Wills raised a number of concerns that had previously been raised by the Association of Superannuation Funds of Australia. ASFA's concerns about the commencement provision have been taken on board by the government, and I will be moving an amendment in the consideration in detail stage to the relevant effect. In relation to ASFA's concerns about the information that trustees will be required to provide, ASFA noted in its submission to the Senate committee that it welcomed the standard declaration which would accompany an application for information, to ensure that trustees are satisfied that they are able to release the information. In addition, I will move amendments in the consideration in detail stage that will specify the information that the trustee is not permitted to provide to the person who applies for information.

Several submissions to the Senate committee raised the issue of prescription of both the circumstances in which a fee could be charged and the amount of that fee. Following further consultations with the superannuation industry, I will move an amendment that will restrict the trustee to charging only reasonable fees. The other concerns of ASFA that the member for Wills raised are issues that are dealt with in the regulations and will be considered in the context of developing amendments to the draft regulations that have been available for consultation.

A number of members made comments about the complexity of the reforms. The member for Barton stated that the bill strikes the right balance between complexity and the need for consistency. We concur with those remarks and add that there will be a loss of equity and justice if we try to make it more simple. Superannuation is complex, and

glossing over the value results in inequity. The valuation also acts as an educative tool. Parties will then understand what type of superannuation they have and will avoid undervaluing. More importantly, it avoids protracted arguments about value.

The member for Greenway was concerned about existing cases and asked about bridging legislation. I remind the honourable member that the court may grant leave to allow a party to institute property proceedings if 12 months has expired since the decree absolute. The court cannot grant leave unless it is satisfied that hardship will be caused to a party or a child if leave is not granted. The member for Greenway also asked whether people can access superannuation to buy a house. This aspect of the law is governed by superannuation legislation, for which the Assistant Treasurer is responsible. This bill does not affect the hardship rules under the superannuation legislation.

The member for Fremantle used the debate to criticise the government's policy on legal aid. She claimed that there have been funding reductions in legal aid and the Commonwealth now provides $114 million in 2000-01. What the member failed to mention was that the coalition government removed an unjustified subsidy to areas of law which are the responsibility of state and territory governments. The coalition recently increased expenditure on legal aid by $63 million over four years, commencing in the current year. In addition, the impact of the reforms instituted by the coalition government from 1 July 1997 has effectively had the effect that state and territory governments have provided additional funding for legal aid in areas for which they have responsibility. Any additional funding provided by the Commonwealth goes to Commonwealth responsibilities, and family law features prominently in the use of that funding.

The member for Braddon raised a number of issues which, like the legal aid issue raised by the member for Fremantle, are not directly relevant to the legislation before the House. There is much that can be said in relation to the increased numbers of unrepresented litigants before courts. This is not the occasion to respond on that point, but I point out to the member that there have always been unrepresented litigants before courts. Courts have to have processes that enable them to deal with people who seek recourse to the courts without representation. The member also raised legal aid funding for the Tasmanian Legal Aid Commission. There are special issues in relation to that. Again, this is not the occasion for dealing with those. The member also raised the subject of the reform of family law generally. I invite the member to look at the reforms that have been effected in the last five years to see how extensively this subject has been addressed by the Howard government.

As members are aware, the bill is one component of the legislative package that will implement this policy. There will also need to be consequential amendments to other legislation, including those dealing with the issues of taxation, social security and veterans affairs. I would hope that this consequential legislation will be similarly supported. I record my thanks to the members of the Senate Select Committee on Superannuation and Financial Services, in particular its chair, Senator Watson, for the valuable contribution made by the committee towards the advancement of this important legislative achievement. The passage of the legislation will mark the culmination of extensive consultation between the government, the superannuation industry, the legal profession and other interested groups. I appreciate the cooperation and support that these groups have given to this important initiative. The consultation will continue in relation to the preparation of regulations.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr WILLIAMS (Tangney—Attorney-General) (1.03 p.m.)—I present a supplementary explanatory memorandum to the bill. I seek leave of the House to move government amendments Nos 1 to 41 together.

Leave granted.

Mr WILLIAMS—I move government amendments Nos 1 to 41:

(1) Clause 2, page 1 (lines 7 to 11), omit the clause, substitute:

2 Commencement

(1) Subject to subsection (2), this Act commences on a day to be fixed by Proclamation.

(2) If this Act does not commence under subsection (1) within the period of 18 months beginning on the day on which it receives the Royal Assent, it commences on the first day after the end of that period.

(2) Clause 3, page 2 (line 2), omit "Subject to section 2, each", substitute "Each".

(3) Clause 4, page 2 (lines 6 to 12), insert:

section 79 order means an order (other than an interim order) made under section 79 of the Family Law Act.

section 87 agreement means an agreement approved under section 87 of the Family Law Act.

(4) Clause 5, page 2 (lines 13 to 25), omit the clause, substitute:

5 Application of superannuation amendments

(1) Subject to this section, the superannuation amendments apply to all marriages, including those that were dissolved before the startup time.

(2) Subject to subsections (3) and (4), the superannuation amendments do not apply to a marriage if a section 79 order, or a section 87 agreement, is in force in relation to the marriage at the startup time.

(3) If a section 79 order that is in force at the startup time is later set aside under paragraph 79A(1)(a), (b), (c) or (d) of the Family Law Act, then the superannuation amendments apply to the marriage from the time the order is set aside.

(4) If an approval of a section 87 agreement that is in force at the startup time is later revoked on a ground specified in paragraph 87(8)(a), (c) or (d) of the Family Law Act, then the superannuation amendments apply to the marriage from the time the approval is revoked.

(5) Part VIIIB of the Family Law Act does not apply in relation to a financial agreement that was made before the startup time.

(5) Schedule 1, item 3, page 3 (line 27), omit "(e)", substitute "(f)".

(6) Schedule 1, item 3, page 3 (line 31), omit "(f)", substitute "(g)".

(7) Schedule 1, item 4, page 4 (lines 11 to 14), omit subsection (1), substitute:

(1) This Part has effect despite anything to the contrary in any of the following instruments (whether made before or after the commencement of this Part):

(a) any other law of the Commonwealth;

(b) any law of a State or Territory;

(c) anything in a trust deed or other instrument.

(8) Schedule 1, item 4, page 4 (after line 25), insert:

approved deposit fund has the same meaning as in the SIS Act.

(9) Schedule 1, item 4, page 4 (line 26), omit the definition of ***breakdown declaration***.

(10) Schedule 1, item 4, page 5 (before line 1), insert:

business day means any day except:

(a) a Saturday or Sunday; or

(b) a day that is a public holiday in the place concerned.

(11) Schedule 1, item 4, page 5 (line 6), omit "within the meaning of the SIS Act".

(12) Schedule 1, item 4, page 6 (after line 9), insert:

percentage-only interest means a superannuation interest prescribed by the regulations for the purposes of this definition.

(13) Schedule 1, item 4, page 6 (after line 14), insert:

secondary government trustee means a trustee that:

(a) is the Commonwealth, a State or Territory; and

(b) is a trustee only because of the operation of section 90MDA.

separation declaration has the meaning given by section 90MP.

(14) Schedule 1, item 4, page 7 (lines 5 to 7), omit the definition of ***working day***.

(15) Schedule 1, item 4, page 7 (after line 7), after section 90MD, insert:

***90MDA Extended meaning of* trustee**

If a person who is not the trustee of an eligible superannuation plan nevertheless has the power to make payments to members of the plan, then references in this Part to the trustee of the plan include references to that person.

(16) Schedule 1, item 4, page 7 (after line 21), at the end of section 90ME, add:

(3) If a payment is made to another person for the benefit of 2 or more persons who include the spouse, then the payment is nevertheless a splittable payment, to the extent to which it is paid for the benefit of the spouse.

(17) Schedule 1, item 4, page 8 (line 28) to page 9 (line 9), omit section 90MI, substitute:

90MI Operative time for payment split

The ***operative time*** for a payment split under a superannuation agreement or flag lifting agreement is the beginning of the fourth business day after the day on which a copy of the agreement is served on the trustee, accompanied by:

(a) either:

(i) a copy of the decree absolute dissolving the marriage; or

(ii) a separation declaration with a declaration time that is not more than 28 days before the service on the trustee; and

(b) if the agreement specifies a method for calculating a base amount—a document setting out the amount calculated using that method; and

(c) if a form of declaration is prescribed for the purposes of this paragraph—a declaration in that form.

Note: The base amount is used to calculate the entitlement of the non-member spouse under the regulations.

(18) Schedule 1, item 4, page 9 (line 10) to page 10 (line 5), omit section 90MJ, substitute:

90MJ Payment split under superannuation agreement or flag lifting agreement

(1) This section applies to a superannuation interest if:

(a) the interest is identified in a superannuation agreement or flag lifting agreement; and

(b) if the interest is a percentage-only interest—the agreement does one of the following:

(i) it specifies a percentage that is to apply for the purposes of this sub-paragraph;

(ii) it specifies a percentage that is to apply to all splittable payments in respect of the interest; and

(c) if the interest is not a percentage-only interest—the agreement does one of the following:

(i) it specifies an amount as a base amount in relation to the interest for the purposes of this Part;

(ii) it specifies a method by which such a base amount can be calculated at the time when the agreement is served on the trustee under section 90MI;

(iii) it specifies a percentage that is to apply to all splittable payments in respect of the interest; and

(d) the agreement is in force at the operative time; and

(e) the interest is not an unsplittable interest.

Note: The base amount is used to calculate the entitlement of the non-member spouse under the regulations.

(2) The following provisions begin to apply to the interest at the operative time.

(3) Whenever a splittable payment becomes payable in respect of the interest:

(a) the non-member spouse is entitled to be paid the amount (if any) that is calculated under subsection (4); and

(b) there is a corresponding reduction in the entitlement of the person to whom the splittable payment would have been made but for the payment split.

(4) The amount is calculated as follows:

(a) if the agreement specifies a percentage as mentioned in subparagraph (1)(b)(ii) or subparagraph (1)(c)(iii)—the amount is calculated by applying the specified percentage to the splittable payment; or

(b) otherwise—the amount is calculated in accordance with the regulations.

(5) Subject to section 90MV, this section continues to apply to the superannuation interest even if the agreement referred to in subsection (1) later ceases to be in force.

(19) Schedule 1, item 4, page 10 (lines 7 to 17), omit section 90MK, substitute:

90MK Operative time for payment flag

(1) The ***operative time*** for a payment flag under a superannuation agreement is:

(a) the service time, if the eligible superannuation plan is a self-managed superannuation fund; or

(b) otherwise, the beginning of the fourth business day after the day on which the service time occurs.

(2) In this section:

self-managed superannuation fund has the same meaning as in the SIS Act.

service time means the time when a copy of the agreement is served on the trustee, accompanied by:

(a) either:

(i) a copy of the decree absolute dissolving the marriage; or

(ii) a separation declaration with a declaration time that is not more than 28 days before the service on the trustee; and

(b) if a form of declaration is prescribed for the purposes of this paragraph—a declaration in that form.

(20) Schedule 1, item 4, page 12 (lines 7 and 8), omit paragraph (1)(b), substitute:

(b) specifies an amount, method or percentage in accordance with subsection 90MJ(1).

(21) Schedule 1, item 4, page 12 (line 27), omit "90K(1)(e)", substitute "90K(1)(f)".

(22) Schedule 1, item 4, page 13 (line 15), omit "**Breakdown**", substitute "**Separation**".

(23) Schedule 1, item 4, page 13 (line 16), omit "***breakdown***", substitute "***separation***".

(24) Schedule 1, item 4, page 14 (lines 18 to 21), omit section 90MR, substitute:

90MR Enforcement by court order

(1) A court may make such orders as it thinks necessary for the enforcement of a payment split or payment flag under this Division.

(2) The question whether a superannuation agreement or flag lifting agreement is valid, enforceable or effective is to be determined by the court according to the principles of law and equity that are applicable in determining the validity, enforceability and effect of contracts and purported contracts.

(3) Without limiting subsection (2), in proceedings relating to a superannuation agreement or flag lifting agreement, the court has the same powers, may grant the same remedies and must have the same regard to the rights of third parties as the High Court has, may grant and is required to have in proceedings in connection with contracts or purported contracts, being proceedings in which the High Court has original jurisdiction.

(25) Schedule 1, item 4, page 14 (line 28), omit the note, substitute:

Note 1: Although the orders are made *in accordance with* this Division, they will be made *under* section 79. Therefore they will be generally subject to all the same provisions as other section 79 orders.

Note 2: Sections 71A and 90MO limit the scope of section 79.

(26) Schedule 1, item 4, page 15 (lines 3 to 24), omit section 90MT, substitute:

90MT Splitting order

(1) A court, in accordance with section 90MS, may make the following orders in relation to a superannuation interest (other than an unsplittable interest):

(a) if the interest is not a percentage-only interest—an order to the effect that, whenever a splittable payment becomes payable in respect of the interest:

(i) the non-member spouse is entitled to be paid the amount (if any) calculated in accordance with the regulations; and

(ii) there is a corresponding reduction in the entitlement of the person to whom the splittable payment would have been made but for the order;

(b) an order to the effect that, whenever a splittable payment becomes payable in respect of the interest:

(i) the non-member spouse is entitled to be paid a specified percentage of the splittable payment; and

(ii) there is a corresponding reduction in the entitlement of the person to whom the splittable payment would have been made but for the order;

(c) if the interest is a percentage-only interest—an order to the effect that, whenever a splittable payment becomes payable in respect of the interest:

(i) the non-member spouse is entitled to be paid the amount (if any) calculated in accordance with the regulations by reference to the percentage specified in the order;

(ii) there is a corresponding reduction in the entitlement of the person to whom the splittable payment would have been made but for the order;

(d) such other orders as the court thinks necessary for the enforcement of an order under paragraph (a), (b) or (c).

(2) Before making an order referred to in subsection (1), the court must determine the value of the interest as follows:

(a) if the regulations provide a method for determining the value of the interest, the court must determine the value in accordance with the regulations;

(b) otherwise, the court must determine the value by such method as it considers appropriate.

(3) Regulations for the purposes of paragraph (2)(a) may provide for the value to be determined wholly or partly by reference to methods or factors that are approved in writing by the Minister for the purposes of the regulations.

(4) Before making an order referred to in paragraph (1)(a), the court must allocate a base amount to the non-member spouse, not exceeding the value determined under subsection (2).

Note: The base amount is used to calculate the entitlement of the non-member spouse under the regulations.

(27) Schedule 1, item 4, page 16 (lines 1 to 7), omit subsection 90MU(2), substitute:

(2) In deciding whether to make an order in accordance with this section, the court may take into account such matters as it considers relevant and, in particular, may take into account the likelihood that a splittable payment will soon become payable in respect of the superannuation interest.

(28) Schedule 1, item 4, page 16 (line 28), omit "dates, starting with the earliest date", substitute "times, starting with the earliest time".

(29) Schedule 1, item 4, page 16 (line 30), omit "date", substitute "time".

(30) Schedule 1, item 4, page 17 (line 2), omit "date", substitute "time".

(31) Schedule 1, item 4, page 17 (line 5), omit "dates", substitute "times".

(32) Schedule 1, item 4, page 17 (lines 10 to 24), omit section 90MY, substitute:

90MY Fees payable to trustee

(1) The regulations may:

(a) allow trustees to charge reasonable fees:

(i) in respect of a payment split; or

(ii) otherwise in respect of the operation of this Part in relation to a superannuation interest; and

(b) prescribe the person or persons liable to pay those fees.

(2) If any such fee remains unpaid after the time it is due for payment, then the trustee may recover any unpaid amount by deduction from amounts that would otherwise become payable by the trus-

tee, in respect of the superannuation interest, to the person who is liable to pay the fee.

(33) Schedule 1, item 4, page 17 (line 27), after "regulated superannuation fund", insert "or approved deposit fund".

(34) Schedule 1, item 4, page 18 (line 5), after "*Income Tax Assessment Act 1936*", insert "or an exempt public sector superannuation scheme within the meaning of the SIS Act".

(35) Schedule 1, item 4, page 18 (after line 21), at the end of subsection (1), add:

Example: X has a superannuation interest that is subject to a 50:50 payment split in favour of Y. Y serves a waiver notice on the trustee, in exchange for a lump sum payment made by the trustee to another fund for the benefit of Y. The effect is that X's payments will continue to be reduced by half, but Y will receive no further payments under the payment split.

(36) Schedule 1, item 4, page 18 (line 30) to page 19 (line 21), omit section 90MZB, substitute:

90MZB Trustee to provide information

(1) An eligible person may make an application to the trustee of an eligible superannuation plan for information about a superannuation interest of a member of the plan.

(2) The application must be accompanied by:

(a) a declaration, in the prescribed form, stating that the applicant requires the information for either or both of the following purposes:

(i) to assist the applicant to properly negotiate a superannuation agreement;

(ii) to assist the applicant in connection with the operation of this Part in relation to the applicant; and

(b) the fee (if any) payable under regulations made for the purposes of section 90MY.

(3) If the trustee receives an application that complies with this section, the trustee must, in accordance with the regulations, provide information about the superannuation interest to the applicant.

Penalty: 50 penalty units.

Note: The penalty for a body corporate is 250 penalty units. See subsection 4B(3) of the *Crimes Act 1914*.

(4) Regulations for the purposes of subsection (3) may specify circumstances in which the trustee is not required to provide information.

Example: The regulations might provide that a secondary government trustee is not required to provide information where there is another trustee of the eligible superannuation plan who is better able to provide the information.

(5) The trustee must not, in response to an application under this section by a spouse of the member, provide the spouse with any address of the member. For this purpose, ***address*** includes a postal address.

Penalty: 50 penalty units.

Note: The penalty for a body corporate is 250 penalty units. See subsection 4B(3) of the *Crimes Act 1914*.

(6) If the trustee receives an application under this section from a person other than the member, the trustee must not inform the member that the application has been received.

Penalty: 50 penalty units.

Note: The penalty for a body corporate is 250 penalty units. See subsection 4B(3) of the *Crimes Act 1914*.

(7) The regulations may require the trustee of an eligible superannuation plan, after the operative time for a payment split, to provide information to the non-member spouse about the superannuation interest concerned. Such regulations may prescribe penalties for contravention, not exceeding 10 penalty units.

(8) In this section:

eligible person, in relation to a superannuation interest of a member of an eligible superannuation plan, means:

(a) the member; or

(b) a spouse of the member; or

(c) a person who intends to enter into a superannuation agreement with the member.

(37) Schedule 1, item 4, page 20 (lines 3 to 7), omit subsection (1), substitute:

(1) An order under this Part in relation to a superannuation interest may be expressed to bind the person who is the trustee of the eligible superannuation plan at the time when the order takes effect. However:

(a) in the case of a trustee who is not a secondary government trustee—the court cannot make such an order unless the trustee has been accorded procedural fairness in relation to the making of the order; and

(b) in the case of a secondary government trustee:

(i) the court cannot make such an order unless another trustee of the eligible superannuation plan has been accorded procedural fairness in relation to the making of the order; and

(ii) the court may, if it thinks fit, require that the secondary government trustee also be accorded procedural fairness.

(38) Schedule 1, item 4, page 21 (after line 6) after section 90MZG, insert:

90MZH Terminating employment because of payment flag etc.

A person must not terminate the employment of an employee on either of the following grounds:

(a) a payment flag is operating in respect of a superannuation interest of the employee;

(b) a superannuation agreement or splitting order is in force in respect of a superannuation interest of the employee.

Penalty: 100 penalty units.

Note: The penalty for a body corporate is 500 penalty units. See subsection 4B(3) of the *Crimes Act 1914*.

(39) Schedule 1, page 21 (after line 25), after item 7, insert:

7A Subsection 3(2)

Insert:

holder, in relation to an RSA, has a meaning affected by section 4B.

(40) Schedule 1, page 22 (after line 1), after item 8, insert:

8A Subsection 3(2)

Insert:

person who has an interest, in relation to a death benefit, has a meaning affected by section 4B.

(41) Schedule 1, item 9, page 22 (lines 4 to 19), omit section 4B, substitute:

4B Modified meanings of* beneficiary, member *etc.

(1) The regulations may provide that, for the purposes of this Act or specified provisions of this Act:

(a) a person is to be treated as being a qualifying person; or

(b) a person is not to be treated as being a qualifying person.

(2) Without limiting subsection (1), regulations for the purposes of that subsection may be made in relation to a person who is entitled to become, or has applied to become, a member of a superannuation fund or a beneficiary of an approved deposit fund.

(3) This Act applies with such modifications (if any) as are prescribed in relation to a person who is a qualifying person because of regulations made for the purposes of this section.

(4) In this section:

modifications includes additions, omissions and substitutions.

qualifying person means:

(a) a member of a superannuation fund; or

(b) a beneficiary of an approved deposit fund; or

(c) a person who has an interest in a death benefit; or

(d) the holder of an RSA.

The bill was introduced into the House of Representatives on 30 April 2000 and contains amendments to the Family Law Act 1975 to allow superannuation to be divided on marriage breakdown. The bill was referred on 10 May 2000 to the Senate Select Committee on Superannuation and Financial Services for inquiry and report. During its deliberations on the bill, the committee also considered the draft Family Law Amendment Regulations and the draft Superannuation Industry (Supervision) Amendment Regulations, the SI(S) Amendment Regulations. On 28 November 2000 the committee tabled an interim report and the committee's final report was tabled in the Senate on 6 March 2001. Many of the comments and recommendations in that report deal with matters that are contained in the draft Family Law Amendment Regulations and the draft SI(S) Amendment Regulations and are being considered in the context of the development of amendments to the regulations.

There are, however, a number of recommendations in the final report that properly deal with issues contained in the bill, and these will be implemented by the proposed government amendments which constitute the government's response to the committee's final report. The amendments cover a new commencement provision—the application provision—extending the meaning of 'transfer'; a new percentage-only interest; a revised regime for splitting orders; provisions dealing with fees payable to trustees; the provision of information; orders binding on trustees; and the prevention of termination of employment. I commend those amendments to the House.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

HEALTH LEGISLATION AMENDMENT BILL (No. 2) 2001

Second Reading

Debate resumed from 5 April, on motion by **Mr Brough**:

That the bill be now read a second time.

Mr GRIFFIN (Bruce) (1.07 p.m.)—The Health Legislation Amendment Bill (No. 2) 2001 contains six mostly unrelated minor sets of amendments. The first amendment involves a change to the method of appointment of the members of the Board of the Australian Institute of Health and Welfare to set by regulation the groups who can make nominations. The second relates to authorisation for the institute to release welfare information and to apply the same restrictions that apply to its release of health information. This is described as a technical amendment arising from an oversight at the time that the AIHW's responsibilities were broadened to welfare in 1992. The third amendment seeks to simplify the administrative procedures for the recognition of specialist medical practitioners. The requirements for either a ministerial determination or consideration by a specialist recognition advisory committee will be removed. The existing provisions regarding registration by the states are continued.

The fourth amendment deals with approval for unpresented Medicare cheques to be paid to a doctor after 90 days. Currently, patients can choose the option of sending an unpaid bill to Medicare and receive a cheque made out in the name of the doctor. In a small percentage of cases, these cheques are not sent on to the doctor. This results in a windfall gain for Medicare. This amendment will enable the Health Insurance Commission to pay the doctor directly if a 'pay doctor' cheque is not cashed within 60 days. The fifth amendment deals with authorisation for the Health Insurance Commission to pay health funds for late claims rather than such claims having to be dealt with as an act of grace payment under the defective administration arrangements of the Financial Management and Accountability Act 1997. Finally, there is a further group of amendments to the legislation for the 30 per cent rebate rectifying errors in the previous set of amendments. The government's continuing inability to resolve the implementation of the rebate is of concern.

These amendments are mostly uncontroversial. I will today simply make two points which have been raised with the minister to seek a satisfactory explanation. Firstly, the government has an appalling record of bias in its appointment processes, and the minister has made a series of inappropriate appointments. The opposition remains very concerned about the effective sacking of the Pharmaceutical Benefits Advisory Committee and the appointment of a new panel, including an industry representative.

That change was made in the wake of legislation that was presented in a similar way to this bill—as a tidying up of who could make nominations. After the bill was passed the existing members were sacked or put in a position whereby they felt obliged to resign on principle. A proposal to act similarly on the board of ANZFA was referred to a Senate committee, which recommended against the scheme proposed by the government, again because of concern that there would be dominance by industry and that the regulator would lose its credibility. The Australian Institute of Health and Welfare depends on its reputation of independence and rigour for its authority. It should not be seen as a body doing the bidding of the government. Hence there are grounds for concern, and written assurances have been sought from the minister that the government will not dismiss the existing board or introduce regulations that would introduce organisations or procedures that would damage the independence of the AIHW.

Secondly, in relation to the proposals for 'pay doctor' cheques, there is a potential problem that a doctor could double-dip if they successfully pursue a debt from the patient and then are also paid by Medicare. To avoid this, it will be proposed that a doctor claiming for outstanding 'pay doctor' cheques should be required to certify that they have not received payment by other means for the same service.

The opposition will be supporting this bill because the measures it contains are fairly non-controversial. It is perhaps indicative of a government coming to the end of its term that it has run out of ideas and is presenting such mundane matters to the parliament.

Dr WASHER (Moore) (1.11 p.m.)—The Health Legislation Amendment Bill (No. 2) 2001 covers a range of minor or technical amendments in several different areas of health legislation. Firstly, changes are proposed to amend the Australian Institute of Health and Welfare Act 1987 to cover changes relating to the nomination of institute board members. This is to remove the restriction that those members of the institute nominated by the minister because of their knowledge of the needs of relevant consumer groups are nominated only on the recommendation of organisations referred to in the schedule to the AIHW Act. The proposed amendment is not seeking, as the member for Bruce said, to change either the number of board members or the knowledge or expertise for which specific members are appointed. The objective of the amendment is to allow the minister greater flexibility to nominate members from a broader group.

This bill also seeks to amend the Health Insurance Act 1973 in order to simplify the process for recognising medical practitioners as specialists, without changing the criteria for recognition. Further amendments to the Health Insurance Act will allow the HIC to pay Medicare benefits directly to general practitioners where 'pay doctor via claimant' cheques are made out to the GP and are not presented within three months of issue. This is good news for GPs as, although the majority of patients do present their 'pay doctor via claimant' cheque soon after their consultation, some patients delay doing this or neglect to do it altogether. This leads to bad debts for the GP who has provided the service in good faith of receiving payment for that service. If a patient has not presented the cheque within 90 days, the HIC will be able to cancel the cheque and make a payment direct to the doctor.

The coalition government has strengthened and improved Australia's health system, making it relevant to the new century and ensuring the best level of health care for all Australians. The measures in the health

portfolio announced in the budget this week are further testimony to this commitment. Medicare is now stronger, thanks to the record increases in funding of $750 million. This confirms our long-term dedication to improving the public health system in Australia. At the same time, however, seniors in my electorate who are of pension age will also be saving money through the increase in the threshold for payment of the Medicare levy. This means that they can earn up to $21,622 if they are self-funded and still not pay the Medicare levy. It also means that pensioners below the age pension age can earn up to $17,265 and not pay the Medicare levy.

The budget will also improve the level of care we receive from doctors by increasing the Medicare rebate in a way that will encourage longer consultations to promote the early detection and management of medical conditions such as diabetes and asthma. Services in the bush will be improved with a funding package allowing for more practice nurses to be employed in rural and regional areas and, I am also delighted to tell you, in outer metropolitan areas. After-hours medical care funding will give patients a better health service by reducing the workload of our busy doctors and through reducing the pressure on our public hospitals.

Preventive health care also receives some much-deserved attention through funding for such worthy projects as the Alcohol Education and Rehabilitation Foundation. The abuse of alcohol is a major cause of death and hospitalisation in this country. It is estimated that it costs the community as much as $4 billion a year. This, of course, does not take into account the tragic human cost.

The early detection of cervical cancer will be improved with a funding package for GPs to increase the rate of their female patients taking part in the national cervical screening program. Early detection of cervical cancer reduces the morbidity rates of women. But, unfortunately, some women are still yet to be persuaded to take part in this regular screening process.

Access to high quality and affordable medicines through the PBS is still guaranteed through better targeting of the use of medications. It is no secret that the level of prescribing cholesterol-lowering medicines—medicines that are subsidised through the PBS—is very high in Australia. It is estimated that around 65,000 people out of the 1.2 million Australians taking lipid-lowering agents, or medications that reduce cholesterol, probably do not benefit from taking these medications. Quite often, following a pattern of better diet and lifestyle and with a bit of exercise you can reduce cholesterol—although, for some patients, taking the medication is necessary and of great assistance. The side effects of taking cholesterol-lowering medications include myopathy—which relates to muscle abnormalities—headaches, rashes, raised liver function tests, neuropathy and gastrointestinal upset to mention but a few. These drugs can also interact badly with some other drugs that the patient may be taking. Patients taking a drug unnecessarily can be dangerous to their health and costly to the PBS. This measure addresses this problem.

An educational program will inform doctors and consumers of the requirements for the PBS subsidy and the HIC will undertake auditing to ensure that the subsidy is given to only those people who qualify on evidence based on the use of the drug. The only people affected by the measure will be those receiving the PBS subsidy for cholesterol-lowering medicines who, under the existing rules, do not qualify for the subsidy.

I would like to elucidate those rules because there seems to be a lot of confusion in and out of the House. The existing rules for this are as follows. Any patient with high lipids should be advised of an appropriate diet, management of obesity and modifying risk factors such as smoking, excess alcohol intake and physical inactivity. Cholesterol-lowering agents are indicated in existing coronary artery disease with cholesterol greater than four millimols per litre—that, by the way, is quite low; and patients with diabetes and/or a strong family history of hypercholesterolemia, or coronary artery dis-

ease, with cholesterol above 5.5 millimols per litre; and patients without the previously described risk factors, who are men aged between 35 years and 75 years with cholesterol greater than 7.5 millimols per litre and with triglycerides greater than four millimols per litre. All other people with cholesterol greater than nine or triglycerides greater than eight should take these medications.

I was disappointed to hear the member for Jagajaga scaring people who have a genuine need to take this medication by saying that cholesterol patients will now have to pay up to $114 a month for their medication. This is simply not true. This measure will not force any patient to stop taking medicine that their doctor has decided is appropriate for treatment. I have spoken to a number of my constituents in Moore who contacted me after reading the member for Jagajaga's erroneous comments. These people were annoyed by this misinformation. Scaring people about their health in order to score a political point is reprehensible. By the way, these constituents are waiting for the opposition to rule out scrapping the private health insurance rebate should it ever win government. Some 63 per cent of my electorate has been helped by the coalition government with cheaper health insurance premiums. These people are concerned that the Labor Party is going to penalise them by either subjecting them to means tests or taking away the rebate altogether. The rebate, combined with other measures, has dramatically improved the percentage of Australians who have private health insurance, which is helping to take the strain off our public hospitals. I support the bill before the House today, which also covers amendments to the private health insurance scheme. I commend this bill to the House.

Mr MURPHY (Lowe) (1.21 p.m.)—I rise to support the Health Legislation Amendment Bill (No. 2) 2001 and the second reading amendment moved by my colleague the shadow minister for health, Jenny Macklin. The purpose of this amendment is, firstly, to set by regulation the groups who can nominate to the board of the Australian Institute of Health and Welfare; secondly, to simplify procedures for the recognition of specialist medical practitioners; thirdly, to provide payment of Medicare benefits where cheques are made out to general practitioners which are not presented within a specified time; and, fourthly, to make changes to the 30 per cent rebate on private health insurance schemes. In particular, I wish to address the draft amendments where they deal with the particular issue of 'pay doctor via claimant cheques'.

The purpose of these amendments is, in the main, technical. In relation to 'pay doctor via claimant cheques', the purpose of these amendments is to ensure certainty of payment to the medical provider. In dealing with the security of payments, it also assists independent medical providers to remain viable in an environment where the market is increasingly being advocated as the only way by which to distribute medical resources in the community. As a consequence, medical providers are being forced to choose between independent practice, which caters for the entire community, and corporate medical centres, where the general practice is simply a gateway into a host of overservicing practices in such areas as pathology and radiology.

The survival of bulk-billing is at stake. My electorate of Lowe has the fifth highest proportion of citizens in Australia aged 65 years and over. Many of those people are long-term residents of suburbs in my electorate such as Drummoyne, Five Dock, Haberfield, Burwood, Concord and Strathfield. Many of my constituents have longstanding doctor-patient relationships with their medical providers. My electorate also has a very high proportion of young families. For many, their medical expenses are handled via bulk-billing. They like bulk-billing. They need bulk-billing. However, for others the payment for medical services is handled by way of a bill issued by the medical provider which the patient pays themselves and seeks reimbursement from Medicare, or the patient takes the bill to Medicare so that a cheque can be drawn to the medical provider but forwarded to the patient for on-forwarding to the medical provider.

My concern is that more and more medical providers find it more convenient to seek payment directly from their patients, who are then left to themselves to handle the bother of the additional paperwork between themselves and Medicare. Many of my constituents in Lowe have expressed to me their frustration at having to provide de facto secretarial and clerical support to both their doctors and Medicare. Elderly people in particular hate it. The reason the medical providers find this arrangement more convenient for themselves is because there is no other way—outside bulk-billing—by which medical providers can be certain of payments for their services. The route via the patient to Medicare, back to the patient and then, finally, onto the medical provider simply has too many loops in it, and the chance of something going awry is too high.

I have an acute sense of this situation, Mr Deputy Speaker, because, as you know, my name is Murphy, and Murphy's law is quite simple—if something can go wrong it will. For too many medical providers the route to their remuneration employing the patient—unpaid—is too insecure because the patient can either forget to make the claim on Medicare or forget to forward the cheque to their doctor. Moreover, cheques have been known to get lost in the post. How often have we heard 'the cheque is in the mail'? These amendments are designed to assist medical providers with a secure route by which to obtain payment for their service to the patient by allowing them more easily to claim directly from Medicare after the safe threshold period of 90 days has elapsed.

Unless medical providers are able to maintain a proper remuneration for their services by secure payment systems, then independent medical providers will be forced into vertically integrated corporate medical centres—the one-stop-shop centres—where corporate shareholders' profits dictate the targeting of high turnover, quick service niche clientele, and the exclusion of those clientele which require more time and service. This is clearly unacceptable. And that means the older citizens and young families miss out because they do not fit the profit profile of the over-servicing medical corporates. It also means the independent suburban medical provider being driven to extinction. That is also unacceptable. These amendments assist in ensuring that the individual medical provider can remain viable while providing services to the whole of the community. It is sensible that we remove any obstacles in the payment process which jeopardise the viability of the medical provider and add unnecessary paperwork to the patient.

These amendments also remove any temptations medical providers might have to double-dip to make ends meet by ensuring that the payment system is fail-safe. The 90-day threshold allows for a reasonable elapse of time to determine whether the cheque is forthcoming, after which the doctor can initiate action to secure payment without causing stress to the patient. Medicare controls the disbursement of cheques and is able to ensure that the first cheque is cancelled before the second is issued. The government is not listening to the warnings by the medical profession that the rapidly increasing share of public health being delivered by profit motivated corporatised medical practices threatens the public interest by placing patient care last on the list of priorities, headed by company income targets.

I support the amendments moved by my colleagues generally, but in particular I recommend that those amendments dealing with 'pay doctor via claimant' cheques need support.

Dr SOUTHCOTT (Boothby) (1.29 p.m.)—It is a pleasure to speak on the Health Legislation Amendment Bill (No. 2) 2001. There are four measures in this bill, most of which are of a technical nature. The first section relates to the Australian Institute of Health and Welfare. This is a great organisation which produces valuable research in the area of health and welfare. They have also been good at establishing national priorities in areas like asthma, diabetes, spinal injury and so on. The first section will allow greater flexibility in the appointments to the Australian Institute of Health and Welfare. It will

allow, in effect, the minister to choose the best available for the Australian Institute of Health and Welfare. Previously the minister has been constrained by recommendations made by various groups. The bill also allows a change to the name of the ethics committee which will better reflect the responsibility of the institute now—not just for health but also for welfare. The bill will also allow a change to a confidentiality matter to allow non-identifying material to be released for welfare related information and statistics. That is already allowed in relation to health information and statistics.

The second section of the bill deals with the recognition of specialist medical practitioners. This will simplify the process for recognising medical practitioners as specialists. Presently that can be done by the minister and also by a specialist recognition advisory committee. The amendment will allow specialists to be recognised without the need for ministerial determination or consideration by a specialist recognition advisory committee.

The third section of the bill relates to the direct payment of Medicare benefits to doctors. I support this. It was foreshadowed in the memorandum of understanding with general practitioners. This has prevented Medicare from operating efficiently. It has been a longstanding problem. It applies only to two per cent of 'pay doctor via claimant' cheques but, even so, I think this will improve the operation of the system. Previously, if a 'pay doctor via claimant' cheque was not presented, the medical professional who had offered the services did not receive the benefit for the services they had provided. That either led to a problem with bad debts or meant they just did not receive the benefit at all. So this amendment will see a significant improvement, which will allow the Health Insurance Commission to cancel the cheque if it has not been presented after 90 days and transfer it directly to the medical professional.

The fourth area relates to the 30 per cent private health insurance rebate. This has been a very successful measure of this government. It was opposed by the Australian Labor Party and the Australian Democrats. The measure was passed in late 1998 and has been operating since 1 January 1999. It allows members either to claim a 30 per cent rebate and a reduction in price or to receive the rebate through the tax system. I recently received an estimate of the numbers privately insured in my electorate of Boothby. It was estimated that at the end of last year 65 - per cent of my electorate had some form of private health coverage. So both the Australian Labor Party and the Democrats were in effect denying this reduction in price in order to make private health more affordable. I am proud that I have been part of a government which has seen a key role for private health insurance, recognising that it does play a role in reducing demand in the public system. The amendment will allow funds to apply to the Health Insurance Commission for additional reimbursement if they underclaimed or if they lodged their claim after seven days. It will also allow some minor changes to the calculation of the claim.

I would also like to talk about one of the budget measures which I think has been misunderstood. This relates to the clarification of the PBS guidelines for cholesterol lowering drugs. These drugs are known also as the statins. They are actually a HMG-CoA reductase inhibitor. They have been prescribed for a little bit over 10 years now. Contrary to media reports and a scare campaign by the opposition, the measures that were announced in the budget are not going to alter the availability of the cholesterol lowering drugs. What they are going to do is clarify the clinical guidelines that surround their use. It is not going to change the criteria for eligibility for these drugs under the Pharmaceutical Benefits Scheme. People who are currently eligible for the Pharmaceutical Benefits Scheme subsidy will not be affected. What will happen is that the National Prescribing Service will undertake an education campaign about the place of cholesterol lowering drugs in the overall management of high cholesterol. The Health Insurance Commission will also undertake targeted activities to raise awareness of the PBS sub-

sidy requirements. Patients are going to receive dietary advice and will have to be shown to have cholesterol levels unresponsive to diet and lifestyle modification prior to the commencement of any medication.

As with all treatment, the decision to prescribe these medicines is a matter for the doctor in consultation with their patients. This measure is not going to force patients to stop taking medicine that their doctor has decided is appropriate for their treatment, and the range of cholesterol lowering medications on the PBS will not be affected by this measure.

The guidelines for people currently on the Pharmaceutical Benefits Scheme relate to various levels of risk. Patients who have existing coronary heart disease are currently eligible for the simvastatins based on a cholesterol greater than four. Other patients who are at high risk, who have one or more of the following—diabetes, familial hypercholesterolemia, a family history of coronary heart disease, high blood pressure or peripheral vascular disease—are eligible to be on the PBS if they have a cholesterol greater than 6.5 or a cholesterol greater than 5.5 and an HDL less than one millimol per litre. Patients who have a low HDL, less than one millimol per litre, are eligible to be on the PBS if their cholesterol is greater than 6.5. Patients who are not covered by those three previous categories are men aged 35 to 75 or postmenopausal women up to 75, and they are eligible for PBS, statins—simvastatins and so on—with a cholesterol greater than 7.5 or triglyceride greater than four millimols per litre. Other patients who are not covered in the above are eligible if their cholesterol is greater than nine or their triglyceride level is greater than six millimols per litre.

The Australian National Heart Foundation has been looking at clinical guidelines for where prescription of simvastatins is going to be clinically recommended. They will be publishing their guidelines in the next month or two. The American Heart Association has just published their guidelines, which are consistent with the guidelines that the Pharmaceutical Benefits Advisory Committee has established, which says that existing disease should be treated aggressively. There is also a feeling that perhaps diabetes mellitus should also carry the same risk as existing heart disease and it questions whether family history is as important as those other risk factors.

But the important thing to recognise is that these guidelines are established so that the prescription of these drugs is cost-effective. It also has to be evidence based. Around the world, there is a Sheffield table for the primary prevention of cardiovascular disease. There are also the New Zealand guidelines, which look at things like age, existence of high blood pressure, smoking, diabetes, and then look at serum cholesterol levels to work out people's risk of coronary heart disease in the next 10 years. It looks like, in Australia, we are prescribing these drugs at something like three or four times the rate of most European countries. In fact, they have been growing at something like 29 per cent per year, year in year out.

This measure from the budget is an important one. It is based on evidence. All it will do is make sure that people are aware of the existing guidelines of where the Pharmaceutical Benefits Advisory Committee believes that the statins should be clinically recommended. In other people, dietary changes and behavioural changes will be just as effective as cholesterol lowering drugs. In conclusion, the bill contains a number of technical measures which relate to the Australian Institute of Health and Welfare, the 30 per cent private health insurance rebate and also the recognition of medical specialists. I commend the bill to the House.

Mr GIBBONS (Bendigo) (1.41 p.m.)—As the previous speaker indicated, the Health Legislation Amendment Bill (No. 2) 2001 contains minor adjustments relating to appointments to the board of the Australian Institute of Health and Welfare. It involves changing the name of the Health Ethics Committee of the Australian Institute of Health and Welfare. It also provides recognition of specialist medical practitioners, payments of Medicare benefits where

cheques are made out to general practitioners which are not presented within a specific time frame, and minor changes to the 30 per cent rebate for private health insurance scheme.

Health is always a major issue in regional Australia, even more so as we head into the new millennium. I am reminded in this debate about the need for the Commonwealth government to fund nursing home bed licences in Dunolly, a small community in my electorate. I applaud the steps the Bracks Labor government has taken in securing the future of the Dunolly hospital. I remind the House that in 1997 the then Liberal-National Party government of Victoria, led by Jeff Kennett and Pat McNamara, moved to close this very hospital. They had already closed 12 country hospitals as part of their war on country services and facilities since coming to office in 1992. This was part of the overall massacre of public services and public sector jobs that went on in country Victoria under the Kennett and Howard governments. In total in the Bendigo region these two coalition governments together have robbed the community of over 2,000 jobs since 1992. This includes the jobs that Bendigo had been cheated out of with the Vectus call centre and the recent vanishing of the Kennett government's promise made during the 1998 federal election that Bendigo would receive 400 call centre jobs.

There have also been hundreds of jobs lost to the district because of the coalition's privatisation mania. Hundreds of jobs were lost in the slash and burn policies applied to hospitals and health services. This district is still suffering from the wounds inflicted on its health services by Mr Kennett and Mr Howard. The coalition's attack on the country community stripped central Victoria of jobs and services not just in industries like Telstra, ADI and the railway workshops at Bendigo and not just in our schools and education institutions but also in hospitals, community health centres and other health services and community services.

The Dunolly community fought back against this attack on its hospital. During the Cain government years, the hospital had been funded for a major redevelopment when David Kennedy was the local member for Bendigo West. The then health minister was Caroline Hogg, whom I am delighted to say now lives in my electorate in Castlemaine. She was an excellent health minister for country people, just as she was an excellent education minister for country people. Her health successor today is Labor's John Thwaites, and he is doing a great job helping country communities revive and secure their health services.

In 1997 the Dunolly community were determined to fight the closure of its hospital. With the energetic support of my state parliamentary colleague Mr Bob Cameron, the MLA for Bendigo West, they won. Dunolly has just won again. In last week's state budget the Bracks government allocated $1.2 million for the hospital's expansion. This will enable the hospital to redevelop the existing nursing home accommodation and to provide an additional six nursing beds, making a total of 15 nursing home beds. This is vital for older people in the Dunolly district who want to go on living in their community if they need nursing care. The only obstacle now to the redevelopment of the hospital is the Howard government, which is holding back nursing home licences. It is time the federal government lifted its blockade on the Dunolly hospital and gave the go-ahead for the nursing bed licences. I urge the government to do that immediately. The need for these beds is extremely important.

Recent events have shown us that this federal government is tricky, mean spirited and out of touch. That is what its own backbenchers have said through the recent words of the federal Liberal president, Mr Shane Stone, to the Prime Minister. I refer to the deplorable performance of this government and the former Kennett government over the promise for a vital radiotherapy facility for Bendigo. This facility is now under construction at the site of the Bendigo Health Care Group, thanks to the no-nonsense stand taken by the Bracks Labor government.

Mr DEPUTY SPEAKER (Mr Hawker)—Order! I remind the honourable member that this is a fairly precise bit of legislation. The member has had a fair bit of latitude. He might like now to come back to the bill.

Mr GIBBONS—Mr Deputy Speaker, I hear what you say. This bill deals with health issues, and there is no more important health issue than the radiotherapy services in Bendigo, to which I was just about to refer. As I said, the facility is now under construction at the site of the Bendigo Health Care Group, thanks to the no-nonsense stand taken by the Bracks Labor government and the funding it has allocated for the project. The coalition parties played an appalling game of party politics over this facility. The promise of a new radiotherapy unit for Bendigo was first rushed out during the federal election in Bendigo in 1998. These were the very coalition parties which, in the last weeks of the federal election, promised 400 jobs in Bendigo.

The delay of the Commonwealth government in holding up this facility has cost the Bendigo Health Care Group dearly. Because this minister chose to play politics with this vital service, the blow-out in the cost of the imported radiotherapy equipment because of the weak Australian dollar is close to $1.5 million. That is an extra $1.5 million that the Bendigo Health Care Group has to find because this minister chose to play politics. Add to this an extra $730,000 in GST—and remember, this equipment was not subject to wholesale sales tax—all because the Howard government stalled the project. The Bendigo Health Care Group can claim back the GST component, but they do have to find the money up-front. The Bracks Labor government allocated $12 million in the last budget to assist hospitals to cope with these cost blow-outs. The equipment for this project will now cost some $8 million—almost more than the cost of the building. What is also evident is that the federal government did not really want the unit to go to Bendigo. It claimed that it was worried about whether it would be cost-effective and that the Bendigo district did not have the population to justify it. What a disgraceful attitude! It shows the government was more interested in trying to manipulate Bendigo—

Mr DEPUTY SPEAKER (Mr Nehl)—Order! Like my predecessor in the chair, I am loath to interrupt the flow of eloquence from the honourable member for Bendigo, but this bill deals with the Australian Institute of Health and Welfare Act, the Health Insurance Act 1973 and the amendment of the Private Health Insurance Incentives Act 1998. I doubt that the member would find one reference to Bendigo if he did a word search on the whole bill. We would be most grateful if the member could endeavour to relate some of his remarks to the contents of the bill.

Mr GIBBONS—Thank you, Mr Deputy Speaker.

Mr Fitzgibbon—I rise on a point of order. I do appreciate your contribution, Mr Deputy Speaker, but of course the member for Bendigo is talking about the welfare of his constituents in his electorate.

Mr DEPUTY SPEAKER—We all do that. The member for Bendigo does have the call, and the chair trusts that he will sometimes stray close to the subject of the bill.

Mr GIBBONS—Thank you, Mr Deputy Speaker. I will endeavour to do that because you have asked me to. All health bills are very important not only for this parliament but for the whole nation. But the example of this radiotherapy unit shows that the government was more interested in trying to manipulate Bendigo district voters in the federal election in 1998 than genuinely meeting the needs of people with serious health problems. That is very important. I conclude on the radiotherapy unit by saying that the building project is now well under way and that funding has been provided for it in the state budget. However, the stalling and party politics of the federal government have exacted a ferocious price from the taxpayer. I conclude on that remark.

Mr DEPUTY SPEAKER—I call the honourable member for McMillan, whom I know will stick to the subject of the bill.

Mr ZAHRA (McMillan) (1.48 p.m.)—Thank you, Mr Deputy Speaker. Of course I will. I think that the member for Bendigo has made a good contribution and has set out the main points of this legislation extremely well. In my electoral district, as I think most members would know, the main population centre is the Latrobe Valley, which contains about 70,000 people. One of our biggest issues in terms of people's health and welfare and wellbeing is the issue of asbestos exposure. Our district has one of the highest incidences of asbestos exposure of anywhere in the nation. A report released by the state government in January this year, called *The Burden of Disease Report*, set out some of those particular health concerns that we have in the Latrobe Valley which need to be addressed by both the state government and the federal government.

This is an ongoing issue for us, Mr Deputy Speaker, as I am sure a man of your stature and learning would understand. This is an issue which does not occur just in one year. The issue of asbestos exposure goes on year after year as more and more people are able to detect that they have been exposed to asbestos in their life, perhaps decades ago, and now they are paying a horrible price for that exposure and may have contracted asbestosis, mesothelioma or a range of other diseases. So this is a substantial issue for us. That is why I am raising it in the House today.

A respiratory specialist in my electorate, Dr Sassay, has proposed that we have a massive screening program of all people in the Latrobe Valley who were at some time employed by the State Electricity Commission of Victoria so as to determine early whether in fact these people have been exposed to asbestos in their lives. This is a good suggestion because, as I think most people would understand, there were massive amounts of asbestos used in the construction of the power stations throughout the 1950s, 1960s, 1970s, 1980s and even 1990s.

Dr Sassay has suggested that we use the archive records which are held by the SECV shell company to get in touch with those people who at some time in their working life were employed by it. He has suggested that, as a result of the general high incidence of asbestos exposure on the part of people who worked with the SECV, we use that database to try to identify early whether those people have been affected by asbestos exposure. If they have been, there is a range of things that can be done to try to combat that disease early on, rather than wait for it to get a hold on that person, at which point a lot of difficulty can be encountered in trying to combat the terrible effects of that disease.

I have raised in this House previously the issue of asbestos exposure, as members are probably aware. I have called for an inquiry into the level of information which was held by the State Electricity Commission of Victoria and related agencies, including the contractors it used, about the risks involved in exposing its work force to asbestos. It is my contention that these people knew and did nothing about the fact that they were exposing their workers to asbestos, which would mean that perhaps not the next year but almost certainly at some point in their lives they would contract a disease associated with that same asbestos exposure.

Unfortunately, that has been the grim reality for many thousands of people in the Latrobe Valley. We have a shocking incidence of asbestos exposure. People who have suffered asbestos exposure can be found in any of the nursing homes or aged care hostels in the Latrobe Valley. These are people in their 50s and 60s who are in these aged care facilities prematurely because of the effect of asbestos exposure on their lives. These people, who sadly are destined to die a shocking, hacking coughing death as a result of their asbestos exposure, need the support of the federal government and the state government to try to make sure this never happens again.

I was heartened by a decision taken by the Australian Industrial Relations Ministers Council just a month or two months ago to completely ban asbestos in this country by 2003—to work towards that and, if possible, make sure that all steps are taken before that

date to stop any use of asbestos in manufacturing in Australia. The Latrobe Valley and the whole electorate of McMillan welcome that decision and we applaud all of those people, especially the ministers for industrial relations and WorkCover in the state governments, especially my colleagues in Victoria, who have pushed hard and worked hard to make that a reality.

My electorate has gone through the pain of what asbestos exposure means. We know how awful it is. We know the terrible toll it takes on families. We would want to prevent other people going through the heartache, pain and misery that is associated with asbestos exposure.

I was saddened to observe earlier this year an incident at Yallourn Power Station, which is in my electorate. It is owned by Yallourn Energy, now a subsidiary of China Light and Power. This incident involved asbestos exposure and quite a thuggish response by the company when asbestos was detected in that power station. People concerned for their safety and wellbeing and that of their colleagues and families decided that they had no choice but to leave that power station to make sure they were not exposed to asbestos. Yallourn Energy threatened these people with legal sanction if they did not immediately go back into that power station, knowing full well that there was a likelihood of asbestos exposure if they did so. It forced these workers to go back into the power station under threat of legal sanction because it did not believe there was a risk.

My view is that when you even think there is a risk of asbestos exposure, your instinct must be to protect those people who potentially are at risk. It is all right for Mike Smith, the CEO of Yallourn Energy, to make these unilateral decisions, but I do not see him going into that affected workplace. I do not see him taking the risk that he required these Yallourn Energy employees to take—putting at risk their lives, their ability to support their families and putting at risk their workmates' lives by going back into that power station, that unit control room, when there was a risk that asbestos fibres were in the air contaminating that work environment.

In my view, that was a very sad day, given our bitter experience in the Latrobe Valley and what we know today to be the direct result of asbestos exposure. Thirty, 40, 50 years on—sometimes less than that—asbestos exposure will lead to asbestosis, will lead to mesothelioma and will lead to the death of those people. It is a horrible death. It is a shocking, hacking, coughing, awful death. It is not the sort of thing that any decent employer would require of their work force—to require them to go in, fully suited up, under pressure and with the threat of legal sanction upon them, to force them to go back into that workplace and have to run the power station knowing full well that, in doing so, they may be exposing themselves to asbestos, they may be exposing themselves to the likelihood later on in life that these people will contract mesothelioma, will contract asbestosis and may well end up as one of those people whom I mentioned earlier in my remarks, in one of those aged care hostels or one of those nursing homes in the Latrobe Valley at age 50 or 55—prematurely in that aged care complex—as a result of that asbestos exposure. It has been a horrendous thing for those people. They have suffered enormously as a result of the actions of Yallourn Energy.

There has been a long-running industrial dispute at Yallourn Energy, but that industrial dispute does not excuse the behaviour of Yallourn Energy management in requiring its work force, in an unsafe situation, to go back into that power station, knowing full well that there was a risk of those people being exposed to asbestos fibre. In today's work environment, it is not good enough for any employer to require of their work force, when there is a risk of asbestos exposure, that they go back in and conduct their business, conduct their ordinary work, under those types of conditions.

Only the night before this incident, on 26 February, on *Four Corners* on the ABC there was a program called 'Power without glory', which detailed the extent of asbestos exposure in the Latrobe Valley. This program set

out in graphic detail the extent to which families in the Latrobe Valley had been made to suffer as a direct consequence of that asbestos exposure, which people suffered some 20, 30, 40, 50 years ago. So in that environment, where you have that program being run the night before this incident took place, Mike Smith, the CEO of Yallourn Energy, owned by China Light and Power, requires that these people be sent back into their unsafe workplace, which holds a substantial risk of asbestos exposure. This man requires that his work force go back into that unsafe environment.

Mr 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. The member will have leave to continue speaking when the debate is resumed.

ASTON ELECTORATE: ISSUE OF WRIT

Mr SPEAKER—I inform the House that it is my intention to issue a writ on Friday, 1 June 2001 for the election of a member to serve for the electoral division of Aston in the state of Victoria in the place of Mr Peter Edward Nugent. The dates in connection with the by-election will be fixed as:

Close of rolls—Friday, 8 June 2001

Date of nominations—Thursday, 14 June 2001

Date of polling—Saturday, 14 July 2001

Return of writ—On or before Sunday, 9 September 2001

QUESTIONS WITHOUT NOTICE

Health: Pharmaceuticals

Mr BEAZLEY (2.01 p.m.)—My question is to the Prime Minister. Prime Minister, do you recall telling Neil Mitchell yesterday morning that the people you are forcing off cholesterol lowering medication are 'lazy about their own health habits' and that they have a 'somewhat more indulgent lifestyle'? Prime Minister, what qualifies you to say that the 65,000 people in this category—most of whom are older Australians—are t of whom are older Australians—are lazy and self-indulgent?

Mr HOWARD—As usual, I will check precisely what I said to Neil Mitchell. I will find out precisely whether the construction put on it by the Leader of the Opposition is correct. Having said that, my view, the view of the government and the view of many people in the medical profession is that people who could be threatened or challenged by heart disease would do well to observe more strict dietary habits and would do well to engage in more exercise.

Honourable members interjecting—

Mr SPEAKER—Order! The Prime Minister has the call.

Mr HOWARD—I do not think that there is any doubt about that.

Ms Macklin interjecting—

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

Mr HOWARD—The point ought to be made that, contrary to what is being said by some critics of the government, these drugs are not being taken off the PBS list at all. All that is happening is that doctors are being enjoined to ensure that the prescription of drugs is preceded by a little bit of advice about diet and exercise.

Ms Macklin interjecting—

Mr SPEAKER—The member for Jagajaga!

Mr HOWARD—I think it is a thoroughly sound approach to encourage people to engage in better dietary habits and a little bit of exercise, as well as treating them with drugs. I think most Australians would agree with what I have said.

Families: Government Policy

Mr HARDGRAVE (2.04 p.m.)—My question is addressed to the Prime Minister. Will the Prime Minister explain to the House the positive effects that the government's policies based on sound economic management are having on the wellbeing of Australian families?

Mr HOWARD—There is no group in Australia that has benefited more from the

economic policies of this government over the last five years as have Australian families. It has been a combination of a number of things. To start with, we have generated 825,000 more jobs. That is a mighty contribution and is different from the 11 per cent unemployment that the Leader of the Opposition gave us when he was the minister for employment.

Mr Beazley interjecting—

Mr HOWARD—He should have been called the minister for unemployment! You always know when the Leader of the Opposition has a problem: he keeps interjecting while I am giving an answer.

Honourable members interjecting—

Mr SPEAKER—The Prime Minister has the call.

Mr HOWARD—Not only have we generated 825,000 more jobs but we have actually presided over rises in real income. You boasted about cutting wages; we are proud about increasing wages. We have been able to increase wages, without there being an inflationary wages break-out, because our industrial relations policies have delivered higher productivity to Australian workplaces. We have therefore been able to increase nominal wages without there being an outbreak of inflation. That is a direct result of the industrial relations policy that the Labor Party is pledged to destroy if it were elected as the government of Australia. Male average weekly ordinary time earnings in the March quarter 1996, when this government was elected to office, were $706.60; in the March quarter 2001 they were $856.60. That is an increase of 21.2 per cent. Disposable earnings have risen by 26.9 per cent and real disposable earnings have risen by 13.8 per cent.

This is not only due to the fact that real wages have risen at a faster rate under our government than was the case under Labor, it is not only due to the fact that there are more people in work, but also due to the fact that the most important, largest recurring expense of the average Australian family, particularly of younger families, is paying the monthly mortgage bill on the housing loan and that, as a result of the economic policies of this government, those housing mortgages are consuming $300 a month less than they were in March 1996. Of course, if you reach back to the time under the former government, interest rates were 17 per cent for housing, they were often 18 and 19 per cent for small business and they were often 21 and 22 per cent if you were a farmer and were borrowing on a commercial bill. But even if you take the most charitable comparison with the Australian Labor Party—which is actually March 1996—you find that the average mortgage now costs $300 a month less. So you add that to the increases in real wages, and you add that to the improvements in relation to child care.

Child care is 15 per cent cheaper in Australia as a result of the introduction of the new taxation system. As I go around the Australian community, I find not only parents but also child-care operators thanking the government for their enlightened policy in relation to child care. In the taxation system, we have greatly increased family benefits, we have cut their taxes and we have given a new and better deal for Australia's single income families that were absolutely dudded by the taxation policy of the former government. So if you add all of those together—825,000 more jobs, significant cuts in income tax, cheaper child care, significant reductions in mortgage interest rates—you find that there is no group in the Australian community that has fared better under the policies of this government than have average Australian families.

Mrs Irwin interjecting—

Mr SPEAKER—The member for Fowler might consider the amount of grace being extended to her, given that I have been on my feet while she was interjecting.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from India. On behalf of the House, I extend a very warm welcome to our guests.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Retirees: Budget Initiatives

Mr CREAN (2.09 p.m.)—My question is to the Treasurer. Treasurer, didn't you say yesterday that the $300 payment to pensioners—

Mr Downer interjecting—

Mr SPEAKER—The Minister for Foreign Affairs! The Minister for Foreign Affairs knows perfectly well why I have interrupted. The Deputy Leader of the Opposition has the call.

Mr CREAN—Treasurer, didn't you say yesterday that the $300 payment to pensioners is an annual payment when it is not? Didn't the Minister for Employment Services say yesterday that disability pensioners would get the $300 when they won't, and he was later forced to correct himself? Why does the government continue to mislead the Australian public, just as it did on the $1,000 payment to the elderly for GST compensation?

Mr COSTELLO—I thank the honourable member for his question because, as was announced in the budget two nights ago, the government will be paying a $300 one-off bonus to pensioners and anybody over 65 years of age who is on another kind of pension, including a service pension. So it applies to people who are over 65, as was made entirely clear in my budget speech, as was made entirely clear in the budget papers, as was made entirely clear by the government—in fact, so entirely clear by the government, as I recall, the opposition has been criticising it because it is a one-off payment.

Mr Crean interjecting—

Mr SPEAKER—The Deputy Leader of the Opposition has asked his question. The Treasurer will be heard in silence.

Mr Crean interjecting—

Mr SPEAKER—The Deputy Leader of the Opposition! The Treasurer has the call.

Ms Hoare interjecting—

Mr SPEAKER—The member for Charlton! The Treasurer has the call.

Mr COSTELLO—Mr Speaker, can I—

Opposition member interjecting—

Mr SPEAKER—I warn the member for Sydney. I withdraw that remark, which was made in error. The member for Gellibrand is aware that she has been warned. The Treasurer has the call.

Mr COSTELLO—Mr Speaker, I thank you for all the good exercise you have been giving my back by making me stand up and sit down. And I thank the Labor Party for its great interest in the $300 pensioner bonus, because we know that the Australian Labor Party, when it increased every wholesale sales tax in this country, when it took away income tax cuts and when it put up petrol indexation by 5c, offered to the pensioners of Australia not one dollar—nothing. Out of the dividends of good economic policy, this government has been able to offer a $300 bonus, and I can inform the House that that law has now passed the Senate and this sum will be paid next month. Every Australian pensioner, every Australian part-pensioner will next month be receiving a $300 bonus, a dividend for good economic policy. And it was the Liberal and National parties that paid it.

Taxation: Self-Funded Retirees

Mr SWAN (2.14 p.m.)—My question without notice is directed to the Prime Minister. Prime Minister, is it a fact that 350,000 self-funded retirees, or three-quarters of all self-funded retirees, do not receive any additional benefit from the tax measures announced on budget night?

Mr HOWARD—In the measures announced on budget night in relation to the changes to the tax-free threshold, from memory—and I will obviously check the precise figures after question time and if I have to vary them in any way I will—the number of people assisted from the change in the tax-free threshold is about 350,000. The number of people who gain from an extension of the eligibility for the health card is 50,000. So that is 400,000 to start with. I suppose it depends a bit on what your definition of a 'self-funded retiree' is? I suppose in theory somebody who is aged 35 could be a self-funded retiree, somebody aged 45,

somebody aged 55, somebody aged 62—people in the frontbench of the Labor Party!

Mr Beazley—Mr Speaker, I rise on a point of order. It is on relevance. The question was: was it not a fact that 350,000 self-funded retirees do not benefit—

Mr SPEAKER—The Leader of the Opposition will resume his seat. The Prime Minister is being entirely relevant.

Mr HOWARD—The Treasurer and I both pointed out yesterday that, when you speak of a 'self-funded retiree', the normal understanding of that expression is a person who is self-supporting who is of pension age or beyond. Of course there are some people below pension age too who have retired, for whatever combination of reasons, and are self-funded. I would point out to the member that, as the Treasurer pointed out, one of the measures in the budget that assisted people between the age of 55 and, in the case of men, 65, in the case of women, 61½, was the changes in relation to superannuation and the assets test. But the definition that is normally employed—

Opposition members interjecting—

Mr HOWARD—I do not remember the Labor Party ever adopting a different definition, because you never did anything for self-funded retirees.

Mr Swan interjecting—

Mr SPEAKER—The member for Lilley!

Honourable members interjecting—

Mr HOWARD—Maybe tonight. Tonight's the night.

Mr Swan interjecting—

Mr SPEAKER—The member for Lilley!

Mr HOWARD—Not only tonight are we going to hear from the Labor Party about what they would do to help the self-funded retired of Australia, including presumably anybody from age 21 through to age 65—

Mr Swan interjecting—

Mr SPEAKER—The member for Lilley!

Mr HOWARD—They are all going to get a benefit, are they?

Mr Swan interjecting—

Mr SPEAKER—The member for Lilley is warned!

Mr HOWARD—Gee, this will be worth waiting for. Not only are we going to get that; perhaps we will get details of roll-back. The long retreat from roll-back began on the front page of the *Australian* this morning and also on the front page of the *Sydney Morning Herald*. Maybe tonight the Leader of the Opposition will fill out the detail of what Stephen Conroy alluded to. Courtesy of Stephen Conroy, we know that one of the options now before the Labor Party is to increase taxes in order to fund roll-back, because interviewed on *The World Today* Stephen Conroy held open the option of increasing income tax, increasing indirect taxes—

Mr Beazley—What rubbish!

Mr HOWARD—'What rubbish!' the Leader of the Opposition says. So you have the opportunity tonight. Can I say to the Leader of the Opposition: he has a golden opportunity tonight—and that is a word printed on the front page of the newspapers quite a lot in relation to the budget—to say to the Australian people exactly what he would do. He has a golden opportunity to tell us about roll-back, he has a golden opportunity to identify those government spending programs a Labor government would axe and he has a golden opportunity to explain to the Australian people what Stephen Conroy alluded to, and that is what taxes a Labor government would increase in order to fund roll-back.

Economy: Fiscal Policy

Mr BARRESI (2.19 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the government's approach to fiscal policy and would he comment on any alternative proposals in fiscal policy?

Mr COSTELLO—I want to thank the honourable member for Deakin for his question, because in the budget which was brought down two nights ago the government delivered the fifth consecutive surplus budget. We have not had five consecutive surplus budgets since pre-Whitlam days—since the Labor Party destroyed Australia's

ce the Labor Party destroyed Australia's economy back in the early 1970s.

Members of the House will be familiar with the fact that I keep close to my pillow one of my favourite newspaper articles, and I polish it up every night. It was the *Financial Review* of 14 August 2000 when, in a rare discussion of economic policy, the shadow Treasurer was asked this question:

Q: ... you will make a promise that you will deliver a bigger surplus than they do?

A: That would be our intention.

From that day on he became known as 'Bigger Surplus' Crean, or BS Crean—a man who was committing the Labor Party to larger surpluses. Presumably, BS Crean thinks that $1.5 billion is not enough—that he would have delivered a bigger surplus. The Leader of the Opposition, on the other hand, has been out all morning saying not that he believes in bigger surpluses—no, no, no—but that he believes in more spending. He has been calling for all pensioners to be given $1,000. To give 2.2 million pensioners $300 costs $660 million; to give 2.2 million pensioners $1,000 costs $2.2 billion—according to my figures, an additional net promise of $1.6 billion.

I was musing to myself during the day how could the Labor Party on the one hand pledge itself to larger surpluses and on the other hand call for increased spending—how could they have bigger surpluses and more spending? And the third way has been outlined by the shadow minister for financial services. He was speaking at a forum this morning and he was asked this question:

In order to fund this knowledge nation that Labor keeps talking about, would you be willing to increase revenues in some way?

Good question—and it was a school student that asked it. Listen to this:

Senator Conroy: Look, we've got some hard decisions to make over the next couple of months. I mean, I don't think we can run away from the fact that there will be hard decisions. We have to prioritise how we are going to fund our spending initiatives and we are going to have to make choices between are we going to cut programs, are we going to increase some taxes?

Some hard choices to be made and a hard choice to be made in the Leader of the Opposition's reply tonight. Are you going to cut programs? Are you going to increase some taxes?

I want to come back to one point on this, because I think it is important that every member of the House know the Labor Party's secret agenda on increasing taxes, and I would ask every journalist in Australia to read the speech that was made by the now Leader of the Opposition in this House on 28 September—

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition!

Mr COSTELLO—He is panicking. I do not think I have ever before seen anybody rise to the dispatch box—and not make a point of order—just to do an interjection. I do not think I have ever seen anybody rise to the dispatch box to make an interjection; nor of course have we seen the exaggerated laughter that we are now seeing from the Leader of the Opposition—psychobabble followed by exaggerated laughter. But I would ask the press of Australia and the members of this House to read the speech given by the now Leader of the Opposition in the House on 28 September 1993. It was a matter of public importance, a discussion in this House as to why the Labor Party, which had run to the 1993 election promising not to increase tax, was justified after the election in taking away income tax cuts, in increasing the petrol excise and in increasing the wholesale sales tax. The Leader of the Opposition said:

… Nor is it the fault of this government that that statement was made—

that they would not put up tax—

and that the Leader of the Opposition did not then go out and thump the table and demand to know how the government of the day was going to keep that promise or keep to that particular mark. He did not ask what taxes the government was going to raise or what tax cuts it was not going to put through. The fact that those opposite did not, day in, day out—like any halfway decent opposition—go through those propositions ... is not our fault.

In other words, he said he was justified in increasing those taxes because the opposition—we were in opposition then—did not go in, day in, day out, making sure that we nailed them down on their tax rises. I tell you: we are not going to fail this time. We are going to, day in, day out, make sure that we nail you on your secret plans for tax rises. We are going to, go, day in, day out, to know what Senator Conroy means when he says 'increasing taxes'. You are not going to get away again with the deceit that you practised in 1993. You are going to be held accountable.

Honourable members interjecting—

Mr SPEAKER—The level of interjection is much too high. I would also remind all ministers of the obligation they have to direct their remarks through the chair.

Rural and Regional Australia: Government Policy

Mrs HULL (2.27 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister outline to the House how measures contained in Tuesday night's budget will build on government policies to reduce economic and social disadvantage in my electorate of Riverina and rural, regional and remote Australia?

Mr ANDERSON—I thank the honourable member for Riverina for her question and I acknowledge that she is a great champion for the people that she represents in their pursuit of greater economic opportunity and better social services outcomes. Over the last five years the Liberal-National Party government has given back to rural and regional Australia the opportunities, the services and the future that Labor took away. It has been a long haul. There was a lot to do after 13 years—a great deal to be done—and a lot has been done, from lower interest rates to lower inflation. As for those lower interest rates, it is worth reiterating that the four bases points that they are in essence down just since 1995 are worth around $1.2 billion a year to Australia's farmers. Then you look at the other benefits: a waterfront that now works, something that rural Australia has always wanted but that the ALP and its mates said could not be done in this country; lower taxes on transport—very important in the current climate—taken further in the budget the other night; and of course Agriculture—Advance Australia, an $800 million package that took the place of the old rural adjustment scheme, a couple of hundred million dollars. There has been the Natural Heritage Trust, now extended, and the fortressing of Australia against unwanted pests and diseases.

As I said, a lot has been done—with more to come—but that actually means that there is a lot to be lost as well. There is a lot, potentially, to be lost. Tonight the Leader of the Opposition must guarantee not to roll back rural and regional Australia. He owes it to rural and regional Australia to tell them what his city-centric party's intentions would be for rural and regional Australia if he were ever to be in a position to have a say. In the end, you can mumble in the abstract about 'vision' for only so long. In the end, you can use the word only so many times in a 40-minute budget reply speech. In the end, you actually have to tell people something of what it is that you are going to do. After five years of this opposition, we still have not heard in rural and regional Australia anything at all of what the ALP would do if they were ever in a position to implement a policy for rural and regional Australia. We heard repeatedly from the member for Dickson that she was on the cusp of releasing a policy. When she ceased to be the minister responsible, she said that she had left it all there in the top drawer, ready to be released by the member for Batman. But the member for Batman gave that away, because he said that the top drawer was empty—there was nothing in it.

The Leader of the Opposition has revealed his interest in rural and regional Australia: at his major event at the Hobart conference last year, he did not mention regional Australia. So tonight the Leader of the Opposition must demonstrate to regional Australia that he will not roll back on them. Will he guarantee the extension of the Natural Heritage Trust? Will

he guarantee Roads to Recovery? Will the opposition continue to expand what we have been doing in telecommunications—mobile phone coverage, which they took away? Will they speed up Internet connections? Will they continue BARN, one of the Networking the Nation programs, which is of great value? Will they commit themselves to the USO and—something that they did not even think of—the customer service guarantee? All of those are actual telecommunications policies. We have not heard a single telecommunications policy for rural and regional Australia from the ALP—not a single positive declaration of what they would do. Will they continue Regional Solutions, partnerships with rural communities as they seek their own best way forward? Will they continue to have more doctors and better services? Will they roll back the GST and reintroduce a raft of hidden taxes like they did in 1993, contrary to what they said they would do? That raises the other question: if they do say something tonight, should we believe them? Will they reintroduce those just when it is becoming apparent that tax reform is contributing to an improved terms of trade outlook for rural and regional Australia? So tonight we will wait in hope. Tonight is the night. How will Simon's promises of bigger surpluses and the Leader of the Opposition's promises of bigger expenditures play out for rural and regional Australia? Which taxes will be increased? Which services will go? What is it going to mean? Tonight is the night when surely we will hear something.

Telstra: Sale

Mr BEAZLEY (2.33 p.m.)—My question is to the Deputy Prime Minister. Deputy Prime Minister, despite what is in the budget, will you guarantee not to sell Telstra?

Ms Macklin—Where are your notes?

Mr ANDERSON—I thank the Leader of the Opposition for his question. Indeed, I was looking for a piece of paper—it is one they obviously have not found. It is from the budget papers, which explain our policy in relation to Telstra. I might as well put it into *Hansard*:

> The Government has committed not to introduce such legislation—
>
> in relation to privatisation—
>
> until it is satisfied arrangements exist to deliver adequate services, in particular to rural and regional Australia. The Government's immediate priority—

Mr Laurie Ferguson interjecting—

Mr SPEAKER—The member for Reid!

Mr ANDERSON—I repeat:

> The Government's immediate priority is to get more services into rural and regional areas. At the present time, the Government is not satisfied that such arrangements are in place and believes—

Mr Laurie Ferguson interjecting—

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

The member for Reid then withdrew from the chamber.

Mr ANDERSON—It continues:

> more work needs to be done, including in the context of the response to the Telecommunications Service Inquiry into the adequacy of service levels in rural and regional areas.

This, of course, raises the only real issue in town, which is: which side of politics in Australia has actually delivered better telecommunications outcomes for rural and regional Australia? It is the Liberal and National parties. The fact is that the spokesman opposite has released 22 press releases in recent months on the opposition's position on telecommunications, and they have all gone to the issue of ownership of Telstra. Not once has he, coming from the leafy suburbs of Perth, reflected any understanding of what rural and regional and remote Australians need in terms of better telecommunications outcomes. Not once have they said anything about how they would achieve them. He would go back to arguing the position of the days when we had a fully publicly owned PMG and many of us on this side of the House had to operate on a party line.

Mr Martin Ferguson interjecting—

Mr SPEAKER—The member for Batman is warned!

Business Tax Reform: Input Tax Credits on Motor Vehicles

Mr SOMLYAY (2.37 p.m.)—My question is to the Treasurer. Would the Treasurer advise the House of the effect of measures in Tuesday's budget that have enabled businesses to claim full input tax credits on the purchase of motor vehicles, and can the Treasurer inform the House of any reaction to this measure?

Mr COSTELLO—I thank the honourable member for his question. As the House would be aware, in the budget two nights ago this government brought forward full input tax credits on all motor vehicles for business. That was the equivalent of a tax cut for business of over $600 million, I believe. That means that businesses in this country can now buy fleet cars and trucks tax free. Let us compare that to the system under the Australian Labor Party.

Mr McGauran—Yes, let's.

Mr COSTELLO—Under the Australian Labor Party motor vehicles were taxed at 22 per cent.

Mr McGauran—Oh! Goodness!

Mr SPEAKER—I warn the Minister for the Arts and the Centenary of Federation!

Mr COSTELLO—Mr Speaker, he is probably astounded, as I am, at the 22 per cent wholesale sales tax which cars carried under the Labor Party's tax regime. If you were a business buyer, you paid a 22 per cent wholesale sales tax. When this government introduced 10 per cent GST that led to a fall in the cost of vehicles by around seven per cent. That is when you could not claim back the GST, but from 1 July 2001 you can claim back the full GST, meaning that businesses will get a further reduction of around nine per cent in the cost of their vehicles.

One of the great things about tax reform is that by spreading the taxation burden we have taken the weight off Australia's manufacturing industry. One of the biggest beneficiaries of tax reform have been the manufacturing industries of Australia. If it is Labor Party policy to roll back the GST and reintroduce wholesale sales tax, the people that would suffer the biggest detriment under such a tax policy would be the manufacturers of Australia. The Federal Chamber of Automotive Industries said of the budget announcement:

> We are delighted with the announcement. It is a big boost to all business, big and small.

Small businesses that buy cars and vans will all get the effect of this tax reduction. The Motor Trades Association said:

> This measure will provide a major boost to business, the Australian automotive industry and the motor trades, and to local supplier manufacture.

But probably the best words of praise for the decision in the budget on Tuesday night came from the Victorian Treasurer, Mr John Brumby—

Mr Anderson—Really?

Mr COSTELLO—The Victorian Labor Treasurer, Mr John Brumby, said:

> If you are buying a new car, obviously the benefit of the GST credit will be of value to you. And from Victoria's point of view, given that we have got Toyota and GM and Ford, if we sell more cars, that means more investment, more jobs. We are happy with that.

'More investment, more jobs'—the benefits of tax reform being lauded by the state Labor Party Treasurer in Victoria. The only political party that I am aware of that stood against tax reform was the federal Labor Party. And today we find out that all along it has had another secret tax plan as to how it is to pay for its roll-back and its new spending. We say, and the people of Australia say, 'Come clean.' Tell the people of Australia what your new taxes are; tell them by how much you are going to put them up so that at the next election they can cast an informed vote between the increases in tax from the Labor Party and the good economic management from the coalition.

Commonwealth Scientific and Industrial Research Organisation: Funding

Mr MARTYN EVANS (2.41 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware that the CSIRO has been forced to cut 110 staff in this budget on top of the 1,000 positions cut since you took office, placing the morale and effectiveness

of our premier research agency at risk? Why has CSIRO's budget been cut to the point where the only source of funds is to cut the employment base? Why, if your government is serious about Backing Australia's Ability, has it failed to back CSIRO's ability, with its long and proud record of innovation and discovery that has helped consolidate our nation's economic growth?

Mr HOWARD—I will check that allegation, because I happened to hear—

Mr Costello interjecting—

Mr HOWARD—I have been informed by the Treasurer that there is no measure in the budget paper that did that. It is very interesting that you should ask me the question, because there was no measure in the budget that did that. I happened to hear an interview, when I was out walking this morning, with the new head of CSIRO. He was being fairly vigorously questioned by somebody from the ABC—

Mr Tanner—What's his name?

Mr SPEAKER—The member for Melbourne!

Mr HOWARD—I think his name is Garrett.

Mr Tanner interjecting—

Mr SPEAKER—The member for Melbourne is warned!

Mr HOWARD—What a soaringly intellectual contribution to the deliberations of parliament that one was, Mr Speaker. The CSIRO head was constantly having put to him some allegations that had been made by the staff association, which seemed to have been replicated by the question asked by them. He made the entirely compelling point that this government has in fact allocated massive additional resources to science. When I looked through the budget, whenever I came across the words 'science' or 'innovation' I found a figure of $3 billion near them. That is the size of the commitment I made in the Backing Australia's Ability statement that was released on 29 January this year.

The reality is that this government has given a higher priority to science and innovation than has any government in the last 30 years. This government has invested massively in the intellectual future of this country; this government has given new hope to Australia's scientific community. It was this government that acted on the recommendations of the Wills committee, which recommended a doubling—and we did it in the 1999 budget—of the investment from the government of this nation in medical research over the next five years. Ours is a very proud record. Ours is a record of giving massive and important priority to science and innovation and all matters related to them—and rightly so, because they are very much tied up with the long-term future of this country.

Health: Regional Health Strategy

Mr WAKELIN (2.44 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister outline for the House how the budget is building on the Howard government's successful regional health strategy. Is the minister aware of any recent comments concerning alternative policies for Australia's health care system?

Dr WOOLDRIDGE—I thank the member for Grey for his question. The budget has received a good response from regional Australia, because they understand that it is about time the federal government gave support to nurses in the country. This will make a big difference to country practitioners. People also understand it is about time country Australians got better access to after-hours service, something that they have never had previously. The other, broader, policies which will affect the whole of Australia will also help country Australia. With cancer of the cervix it is actually country women who are one of the high risk groups because they are not being properly screened. Our program on cervical cancer will particularly help country women, as it will women from non-English-speaking backgrounds and indigenous women. Similarly, our programs on diabetes, asthma and mental health are a great innovation to Medicare.

I am aware of some alternative comments. In fact, this morning on the *Today* show, when asked when the Labor Party would be outlining policies, the Leader of the Opposition said, 'Watch this space.' I must say I will be watching tonight, because it is 678 days since the shadow minister gave a speech at the Nursing Federation conference in July 1999, and at that conference she promised within nine months to have detailed policies—that is, April 2000. It is now 22 months since that speech, and we have seen nothing on developing a publicly funded coordinated care program; we have seen nothing on overcoming the major inequalities in Aboriginal and Torres Strait Islander health; we have seen nothing on tackling the special needs of people with mental health problems; we have seen nothing on focus for health promotion; we have seen nothing on early intervention for the long-term financial burden of ill health; we have seen nothing on the control of the rising costs of medicine by ensuring technology is used effectively, and we have seen nothing on greater access to information technology for consumers—seven areas that the shadow minister outlined 22 months ago that the opposition would have policies on by April 2000. Well, tonight is the night.

Tonight is the night also for something else. It is 262 days today since Cathy Freeman won the gold medal in the 400 metres, and on that great day something else happened for Australian consumers: the Labor Party made their biggest ever commitment in the last two years, and that was to retain the 30 per cent rebate for private health insurance. We have been waiting 262 days to see the detail of this commitment. It still has not come out. Well, tonight is the night when the Leader of the Opposition can, once and for all, rule out that he is going to exclude ancillaries from the 30 per cent rebate. Tonight is the night when he can finally rule out that high front end deductible policies will not be ineligible for the 30 per cent rebate. Tonight is the night when he can say, 'We are not going to make ineligible those policies with exclusions, we are not going to take away the 30 per cent rebate for new members accessing health insurance, we are not going to pay the 30 per cent on base rate premiums only and we are not going to put a GST on health insurance to pay for our roll-back.' Every one of these undertakings could be done within the very limited information that the Leader of the Opposition has given on this. If he does not rule these out tonight, we will know that he has a secret tax plan to slug consumers, just as Labor did in 1984.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House we have present in the gallery this afternoon members of a parliamentary delegation from the National Assembly of the Republic of Korea. On behalf of the House, I extend a very warm welcome to our guests.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Commonwealth Scientific and Industrial Research Organisation: Funding

Mr Martyn Evans—Mr Speaker, I seek leave to table a document from the budget papers which clearly shows the reduction in CSIRO staffing to which I alluded.

Leave granted.

Research and Development: Funding

Dr LAWRENCE (2.49 p.m.)—My question is to the Prime Minister. Prime Minister, don't your budget papers show an $80 million increase in the R&D tax concession clawback, reducing the net increase in support for industry R&D from your innovation statement to just $5 million over four years? Is it not true that, as a result of pressure from the opposition, the minister responsible now claims that it was intended to add more than $60 million more to R&D over the next four years—that is $80 million over five—but it was 'too late to get into the budget papers'?

Mr SPEAKER—The member for Fremantle will come to her question and not advance an argument.

Dr LAWRENCE—Prime Minister, given that this represents a $60 million budget blow-out within two days of its release, can you tell us of anything else that was too late to get into the budget papers?

Mr HOWARD—No, I cannot. But I will tell you what I can do: I can tell you that industry loves the announcement that Senator Minchin made the other night. I can tell you that industry thinks it is a great announcement. I will tell you what the chief executive of the Australian Industry Group, Bob Herbert—and you were addressing him the other night; you came straight after I had been to him talking to them—said:

> ... the government deserved "brownie points" for listening to industry's concerns.
>
> "This is not a budget backdown; it's just the application of common sense" ... "We've been talking to them since January about the need to make the system simpler, and they've listened."

I simply say amen to Bob Herbert. I think he has got it right. While I am on my feet, can I just remind the House that this government devoted record sums to science and innovation spending in Australia, and obviously, if our commitment to science and innovation is, in the eyes of the opposition, inadequate, we will hear tonight. As to all of the additional funding we are going to have from the opposition, maybe we will hear tonight that, instead of the 175 per cent premium R&D rate that the government has offered, the Leader of the Opposition thinks it should be 200 per cent or 225. If he does, he may be able to tell us how he is going to pay for that. Or is the reality that when it comes to the policies of the opposition, not only in industry but in so many other areas, the opposition's great dream all along has been, knowing that this nation needed a new taxation system, that this government would have the political courage to introduce the new taxation system and it would inherit the benefit?

Mr Beazley interjecting—

Mr HOWARD—Well, the Leader of the Opposition says that that is rubbish. If he really believes it is rubbish, he has the opportunity tonight to tell the Australian people how he intends to roll back the GST. There are only two credible positions on taxation reform in this country: either you believe, in the name of Australia's secure economic future, in a reformed taxation system or, if you believe, as the opposition has told us for almost three years, that the changes were unnecessary and bad and inimical to Australia's long-term interests, you should have the courage to repudiate that tax system, you should have the courage to roll it back and you should have the candour to tell the Australian people how you intend to roll it back—

Mr Costello—And what new taxes are there.

Mr HOWARD—and what new taxes are going to be implemented in order to fund the roll-back. So all Australia will be watching the Leader of the Opposition tonight. I will tune in myself. I will come along with the Treasurer, and we will listen. We will have our pencil and our pad, and every time he announces a roll-back we will look and we will listen for the expenditure cut or the tax increase that is going to fund it. We will listen to not only the details of the roll-back; we will also want to know how he is going to pay for it, whether he is going to increase income tax or, alternatively, whether the reality is really that, when it comes to the crunch, the Leader of the Opposition will run away from roll-back. Is the reality that he will run away from roll-back? Well, he has got a great opportunity tonight. We will all be tuned in. We are all anxious. We will be there. The Australian people will be listening, and we will—at long last, after 5¼ years—find out whether the Leader of the Opposition stands for anything, or whether he is just a completely hypocritical political trickster.

Australian Defence Force: Budget Initiatives

Mrs VALE (2.55 p.m.)—My question is directed to the Minister for Defence. Would the minister advise the House how the Australian Defence Force will benefit from the budget. Is the minister aware of any alternative proposals for the Australian Defence Force?

Mr REITH—I do want to particularly thank the member for Hughes for her question. She is a great supporter of defence, and she is a great supporter of Defence families

in her electorate, and I know that is appreciated. I know also that the defence community is very pleased to see the government bring down the best budget for Defence in decades, because this is a budget which provides the largest injection of funds that we have seen—in fact, $23½ billion over the next decade in today's money, $27 billion if indexed. It provides Defence with the resources to get on with all the things that need to be done to give Australia an efficient, up-to-date, modern Defence Force. We have money for people issues and for 38 major projects, which are spelt out and specifically endorsed and given approval for in the budget. That is important in itself, because over the next four years there is $5½ billion of spending, much of which can be available for defence industry in Australia, and that means jobs here at home. On top of that, on the personnel side we have more money for reserves and for cadets. This government has honoured the promises it made in the white paper last year. It is very good news for the country that in the future we are going to have a Defence Force that is properly resourced. I do want to pay tribute particularly to the Prime Minister for his leadership in this area, and I want to say to the Treasurer that it is great to have a Treasurer who can organise the economy so well that we can do the things that need to be done.

I am asked what alternative policies there are. I looked up the synonym for vision and the word is hallucination. They have subs in their dreams on the other side. But there is also, under their defence policy, a commitment from the Labor Party to establish what they would call 'Coast Guard'. In fact, behind this policy is a proposal to take the Navy out of the surveillance work—1,800 patrol boat days—that it today undertakes around the Australian coast. The Labor Party intends replacing that with non-ADF assets. I believe the best people to do that job are the people of the Australian Navy. It is a great mistake to take the Navy out of that particular exercise, and it is not just me who says that it is a mistake. The Leader of the Opposition, when he was a minister, brought down a report which said that the policy he today adopts was a policy that should not be adopted. In fact, if you go back to the report, he costed the alternative he now supports. When he was in government he was opposed to that alternative and now he supports an alternative which, if you costed it in today's dollars, would cost $2 billion and take the Navy out of performing a vital function in this country's interests. Not only would we no longer have the Navy doing the job—and they are the best people to do that particular job, so you would get a less effective job done—but also it would cost us an additional $2 billion to set up this alternative arrangement. We are perfectly entitled to ask, 'How are you going to pay for this additional $2 billion?' The reason I ask the question today is that back in March this year—only 9 March, nine or 10 weeks ago—the shadow Treasurer said, 'You can have our policies after the budget has been brought down.' Well, the budget has been brought down—the best budget we have seen for years for defence—and we are entitled to say, 'When you give your big policy speech tonight, it is about time we had a bit of detail, as your shadow Treasurer promised, on defence.'

The Leader of the Opposition ought to know something about defence—he was the Minister for Defence for years. He has been the Leader of the Opposition for 5½ years and he still cannot tell you, as at this very moment, what his policy is. It is about time that the Labor Party moved away from the vagueness of what they have been saying, and it is incumbent on him to say—

Dr Martin—It's called a white paper.

Mr REITH—If there is going to be another couple of billion dollars, I think a lot of Australians will want to know whether Stephen Conroy was right. What he is basically saying is, 'Oh well, if you want to have this lesser effort to guard Australia's sea lanes and the like—entrances to Australia—then it is going to cost you a couple of billion dollars.' What is his plan? Are we going to increase some taxes in this area? Well, tonight is the night we certainly want to hear.

Unemployment: Government Policy

Ms KERNOT (3.00 p.m.)—My question is to the minister for employment. Minister, do you agree with Senator Vanstone's budget press release about assistance for the most vulnerable unemployed, when she said:

> The current system is failing these people. It does not help enough people and there is not enough funding for service providers to do their job.

Minister, isn't Senator Vanstone saying that your system and you as minister have failed the most disadvantaged job seekers for the last five years? And, having identified this failure, why are you now making Australia's unemployed wait 16 months until you address this serious defect in the Job Network?

Mr SPEAKER—I need clarification. Is the honourable member's question addressed to the Minister for Employment Services or the Minister for Employment, Workplace Relations and Small Business? I call the Minister for Employment, Workplace Relations and Small Business.

Mr ABBOTT—As the shadow minister should know, this is not a government which throws money at problems. This is a government which believes in making judicious, targeted investment in solving issues, in building community infrastructure and in building up the human capital of our nation. There is a perfectly good reason why the programs and the extensions to the existing programs announced in the budget are taking place in some cases from early next year and in some cases from the middle of next year. It is because we believe in consulting with Job Network members, we believe in consulting with community work coordinators—

Ms Kernot interjecting—

Mr SPEAKER—The member for Dickson!

Mr ABBOTT—we believe in negotiating contract variations with them and we believe in giving them appropriate time to put new infrastructure in place.

The shadow minister for employment suggests to me that this government is dilatory and that this government does not move sufficiently quickly. Let me just refer to something the Leader of the Opposition, old manana man—

Ms Kernot interjecting—

Mr SPEAKER—I warn the member for Dickson.

Mr ABBOTT—said on Tuesday of this week when he was asked what he was going to do immediately to help people in Australia. He said: 'Ours is not a vision for the first year or two. Ours is a vision for a decade. If it means that we have to start it off slow, we start it off slow.' The sheer hypocrisy and the sheer inconsistency of it! I challenge the Leader of the Opposition to say exactly what he is going to do for job seekers and to say it tonight.

Mr Crean—You are the fool on the hill.

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

Foreign Affairs and Trade Portfolio: Budget Initiatives

Mr JULL (3.04 p.m.)—My question is directed to the Minister for Foreign Affairs. What new budget initiatives are planned in your portfolio for this year? Is the minister aware of any alternative proposals?

Mr DOWNER—I thank the honourable member for Fadden for his question. I think the whole House knows that he has a great interest in the Foreign Affairs and Trade portfolio, and Australia's standing in the international community. In the budget, the government announced a substantial number of important initiatives in the Foreign Affairs and Trade portfolio: a small expansion, admittedly, but an expansion of our diplomatic network with the opening of a post in Chicago, which is, after all, one of the great business and financial centres of the world; a very substantial and very important upgrading of our secure communications network; and the extension of the highly successful Export Market Development Scheme. In the area of aid, the government announced a six per cent increase in the Australian aid budget, which in dollar terms is an increase in our aid budget of $125 million. That does constitute a serious and substantial increase

in Australia's aid budget to well over $1.7 billion.

The honourable member asked if there were any alternative approaches. I note that on 23 May the member for Kingsford-Smith and his colleague Senator Cook put out a press release which, not surprisingly, was an opportunistic and expedient press release attacking the government's initiatives in the Foreign Affairs and Trade portfolio. I will explain why that is the case. First of all, the assertions made in the press release are, not surprisingly, untrue. For example, the press release said that no new money is made available to promote Australia in the world. Actually, the department's budget has been increased by 10 per cent and the aid budget by six per cent, which is $125 million. So to say that no new money is to be made available is clearly a complete nonsense.

The second thing about the press release which is especially interesting, but I suppose will be addressed tonight by the Leader of the Opposition, is that this press release attacks the lack of funding by the government in two particular areas. First, it attacks what it describes as the 'miserly performance which undermines Australia's national interest in terms of our aid budget'. We have increased the aid budget by $125 million, and the opposition is going out and telling the aid community and the Australian community—Australians who are interested in these issues, and a lot are—that in increasing the aid budget by the amount we have, the government is being miserly.

What is the leitmotiv of that: that Labor would increase the aid budget by much more. That is the message you are transmitting—your policy says so. The member for Kingsford-Smith went to the Labor Party conference and got them to endorse a commitment to increase the aid budget to 0.32 per cent of our GNP. Put in dollars and cents terms, that is an increase in the aid budget, over and above what it is for the next financial year, of $438 million. Labor are running around telling the aid community that they are going to increase the aid budget by $438 million. This press release also says that the government irresponsibly slashed the Export Market Development Grants scheme and that we have not restored that funding, and complains that the funding is capped. So the Labor Party is implying that they will increase funding for the EMDG. They are telegraphing that message to the community. They are talking of hundreds of millions of dollars in increased expenditure.

We have the shadow Treasurer claiming that the budget surplus would be larger under Labor. Shadow ministers are running around claiming that there will be increases of spending in their own portfolios, while complaining about the lack of spending by the government, that the government is miserly and does not provide enough financial support for everything under the sun, apparently, including the aid budget, where apparently we are spending $438 million too little. Labor is saying all of those sorts of things, and we wonder how they would ever finance these increases in spending. It was only today that we finally found out from the shadow minister for finance, Senator Conroy.

Mr Tanner—I'm the shadow minister for finance!

Mr DOWNER—Financial services—whatever. We all wait for tonight when all this will somehow be drawn together. Mr Speaker, you know how the member for Kingsford-Smith is often referred to as 'Danger man'. Since he is about to snatch $438 million from the budget surplus to finance an increase in aid, we would expect tomorrow's headlines to be 'Danger man robs roll-back', or words to that effect. What we want to see, with all these press releases that go out and all these complaints made about lack of spending in different portfolio areas, is whether you are fair dinkum, whether you would do anything differently, whether you would do anything about it; and, if you would, how you would finance it. What taxes would you increase or what programs would you cut? Labor's strategy is a hoax on the Australian people and it will not wash.

HIH Insurance

Mr McCLELLAND (3.10 p.m.)—My question is to the Minister for Financial Services and Regulation. Minister, I refer to your commitment to hold a royal commission into the HIH collapse and I ask: Minister, will you today give a commitment not to claim crown privilege when and if you are called as a witness before the royal commission?

Mr HOCKEY—I will be cooperating in every way possible with the royal commission, and I hope other members from all sides of politics in all jurisdictions will do the same.

Work for the Dole

Mr PROSSER (3.11 p.m.)—My question is to the Minister for Employment, Workplace Relations and Small Business. Can the minister inform the House how Work for the Dole is being expanded as part of the Australians Working Together package? How will these changes help people find jobs sooner, and are there any alternative policies?

Mr Adams interjecting—

Mr SPEAKER—The member for Lyons is warned.

Mr ABBOTT— I thank the member for Forrest for his question. I can inform the House that Work for the Dole is one of the signature programs and significant successes of the Howard government. Work for the Dole participants have a 76 per cent better chance of being off benefit and into work three months after leaving the program than do other job seekers. Thanks to the budget changes, all job seekers under 40 who have been on benefit for six months and are not already in a support program will be required to do more than simply look for work. If they do not choose another form of activity, they will be required to work for the dole. Theses changes are based on this government's fundamental understanding that the best preparation for work is work itself. They are based on our fundamental understanding that anything which encourages passivity and defeatism among job seekers is cruelty masquerading as compassion.

We may never be able to abolish unemployment entirely, but we can abolish having nothing to do as a semipermanent way of life for hundreds of thousands of Australians. Thanks to this budget, there will be nearly 250,000 Work for the Dole and funded community work places over the next four years. Everyone knows where this government stands on Work for the Dole, but these days no-one knows where Labor stands on anything. The opposition's first response to Work for the Dole was to describe it as almost evil. If that is no longer the case, the Leader of the Opposition should specify exactly what Labor's position is tonight. The Australian people are no longer interested in hearing the Leader of the Opposition's opinion; they want to know what his policies are. They want the prince of prolix to stop waffling and start working. That means that when he stands up tonight he has to give clear, costed current commitments about what he will do on these employment service policies.

I wonder what excuse the Leader of the Opposition is going to come up with tonight for failing to come clean on his policies. Will it be, 'The dog ate my homework'; will it be, 'I left the credit card in the pocket of my other pants'; will it be 'I've got a headache'? If the Leader of the Opposition cannot come clean tonight and say exactly where he stands and what he will do, he will go down in history as the worst opposition leader since Arthur Calwell.

HIH Insurance

Mr KELVIN THOMSON (3.15 p.m.)—My question is also to the Minister for Financial Services and Regulation. Minister, why have you not asked the general insurance industry to make any contribution to the HIH bailout from their $10.9 billion asset reserves, instead of leaving all of the burden of the collapse to fall on taxpayers and HIH policyholders? Is your reluctance to seek an industry contribution related to the insurance industry's generous political donations to the

Liberal Party, which include $682,000 from HIH itself?

Mr HOCKEY—No. The substantial legislative changes which the government has announced for the reform of the insurance industry in Australia are going to cause the insurance industry overall to have to raise significant amounts of capital to meet the future legislative requirements. In addition, the industry itself is helping significantly in setting up the new non-profit company, which is going to be owned and run by the industry, and it is providing enormous logistical support to help to get funds out to those people who are enduring hardship.

When there were banking collapses in the early nineties, the Keating government took 12 months to bring in the Commonwealth Bank to help rescue people involved in the State Bank of Victoria collapse. In this case, it is the collapse of a private sector organisation—an insurance company—on a scale never seen before in Australia, and the government has no government insurance company that is available to simply take over the processing of claims. At all times, our sole focus is to help people in hardship—that is what we have focused on.

Mr Cox interjecting—

Mr SPEAKER—The member for Kingston!

Mr Cox interjecting—

Mr SPEAKER—The member for Kingston is warned!

Mr HOCKEY—We totally refute any suggestion that any political contributions or activity have in any way affected the proper enforcement powers of APRA or any of the activities of the government in relation to this matter.

I would like to make one further point, which is an important point in view of some comments about superannuation. Last year, I introduced a bill into the parliament to give APRA greater powers to protect superannuation. When I put those powers to the Senate, Labor watered down the measures of the bill. The penalty for noncompliance was cut in half by the Labor Party and the Democrats, from $11,000 to $5,500. So, now, if superannuation trustees fail to lodge returns with APRA or the Australian Taxation Office, if they fail to provide other information requested by APRA or the Australian Taxation Office or if they fail to provide statistical information to APRA, they face half the penalty that we on this side of the House wanted.

Dr Martin—Mr Speaker, I rise on a point of order. The question was specifically in reference to HIH and insurance, and the minister has clearly, over a number of minutes, strayed from that question.

Government members interjecting—

Mr SPEAKER—I do not need a great deal of help from members on my right. My observation was that the minister was making reference to APRA and, while I am not an authority on the insurance industry, for that reason I deemed him to be relevant.

Mr HOCKEY—So, whilst we are trying to be tough on the financial services industry, the Labor Party, as best shown by the example of this bill, went soft when they were asked to be tougher with people not complying with the law.

Australian Labor Party: Policy

Mr BEAZLEY (3.20 p.m.)—My question is to the Prime Minister and it follows the line of questioning that he has had directed to him via dorothy dixers. Does the Prime Minister recollect saying this after the budget on 11 May 1995, when he was opposition leader:

> ... let me say something about the context of my reply to the budget. There seems to be this curious notion opposite, entertained by the Prime Minister and others, that tonight is the occasion on which we reveal all of our policies.

Honourable members interjecting—

Mr SPEAKER—The Leader of the Opposition will resume his seat. I remind members that the order in which people are called to the dispatch box is entirely at the discretion of the Speaker. I had recognised the Leader of the Opposition and he is entitled to be heard in silence.

Mr BEAZLEY—Thank you, Mr Speaker. In case in the hubbub the Prime Minister did not hear the question, I asked him to recollect his words after the budget of 11 May 1995, when he said:

> ... let me say something about the context of my reply to the budget. There seems to be this curious notion opposite, entertained by the Prime Minister and others, that tonight is the occasion on which we reveal all of our policies. I know the Prime Minister would love that to happen.

Mr SPEAKER—I invite the Leader of the Opposition to come to his question.

Mr BEAZLEY—Prime Minister, did you reveal all your policies in your budget reply? If not, why not?

Mrs Crosio interjecting—

Mr SPEAKER—The member for Prospect is warned.

Mr Howard interjecting—

Mr SPEAKER—The Prime Minister does not have the call. The same courtesies that I expect to be extended to the Leader of the Opposition ought automatically be extended to the Prime Minister and to all other members of the House.

Mr HOWARD—I do remember that budget reply; it laid the groundwork for the defeat of the Keating government.

Mr Horne interjecting—

Mr SPEAKER—The member for Paterson!

Mr HOWARD—That is why I remember it very, very well.

Opposition members interjecting—

Mr SPEAKER—The Prime Minister will resume his seat.

Mr Horne interjecting—

Mr SPEAKER—The member for Paterson will excuse himself from the House.

The member for Paterson then left the chamber.

Mr HOWARD—I certainly do remember that speech. It was a very good speech. It made a number of things very plain to the Australian public.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition!

Mr HOWARD—It made it very plain to the Australian public that we were in favour of reforming Australia's industrial relations system. And did that truly predict what we were going to do? It made it very plain to the Australian public that we were going to run a responsible fiscal policy.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition!

Mr HOWARD—It made it very plain to the Australian public that we were going to create economic conditions that would help Australian families.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition! The least I should expect from the Leader of the Opposition is that the standing orders will be adhered to. I would not tolerate that level of interjection if you were on your feet and the Prime Minister were involved, and I will not tolerate it from you.

Mr HOWARD—In other words, I took the opportunity of making it very plain to the Australian public what the then Liberal and National parties opposition stood for. I remember those days very, very clearly because we were facing a government at that time that had adopted a vastly different approach to taxation from the one this government has adopted. We were facing then a government which had fought and opposed the introduction of a broad based indirect tax by the opposition in 1993 and had won the election off the back of deceiving the Australian people regarding their own taxation intentions.

Then, of course, we were facing at that time a finance minister in the then government who claimed to be excused for misleading the people in 1993 not on the basis of anything the then government had said but because the opposition apparently had not been smart enough to put enough pressure on the government. In other words, you can get away with something, according to the now Leader of the Opposition, if your opponent

does not put enough pressure on you to come clean with the Australian public. That is the measure of the political morality of the person who would be the Prime Minister of Australia. That is the true measure of the political morality of the member for Brand: 'Don't judge me according to my own honour; judge me as to whether my political opponent can catch me out.' That is the measure. Well, all I can say is that tonight is the night. Tonight is the night for the Leader of the Opposition at long last, after 5¼ years of being Leader of the Opposition: will he summon the courage to tell the Australian people what he stands for? Will he spell out the details of roll-back? Will he do what Stephen Conroy has said Labor will do, and that is increase taxes? Will he tell us what the taxes are? Will he identify all of the programs, or will he once again retreat into a sea of waffle and imprecision? The Australian nation waits with great interest. Tonight is the night for the Leader of the Opposition to finally demonstrate whether he really believes in or stands for anything. On that note, I ask that further questions be placed on the *Notice Paper*.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Business Tax Reform: Input Tax Credits on Motor Vehicles

Mr COSTELLO (Higgins—Treasurer) (3.27 p.m.)—Mr Speaker, I seek leave to add to an answer.

Mr SPEAKER—The Treasurer may proceed.

Mr COSTELLO—In answer to an earlier question, I said that full input tax credits for cars are available from 1 July 2001. In fact, they were available from 23 May 2001—earlier. They were available from midnight on budget night.

PERSONAL EXPLANATIONS

Mr BEAZLEY (Brand—Leader of the Opposition) (3.27 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr BEAZLEY—Yes.

Mr SPEAKER—Please proceed.

Mr BEAZLEY—The Prime Minister seemed to claim that I wanted a different standard from the one that applied to him. I take exactly the same standard as he sets, and that will govern my reply.

Mr SPEAKER—The Leader of the Opposition must indicate where he has been misrepresented.

QUESTIONS TO MR SPEAKER

Centenary of Federation: Celebrations

Mr TIM FISCHER (3.28 p.m.)—Mr Speaker, following the Federation sitting in Melbourne, will you convey to the staff involved our ongoing thanks for their help in Melbourne in bringing about a very successful set of sittings? I must say that it was a privilege to be there. Will you also confirm that, owing to the footwork of the Serjeant-at-Arms, money was saved by not having to transport the mace from this chamber to Melbourne for the special centenary sitting? Is it not a fact—for the record—that the mace used was in fact the original mace used by the federal parliament in the House of Representatives for its first 50 years?

Opposition members interjecting—

Mr SPEAKER—I would remind members of their obligations when the Speaker is on his feet. I thank the honourable member for his courtesy in advising me in advance of his intention—

Mr Price interjecting—

Mr SPEAKER—Is it the intention of the member for Chifley to apologise, or to be removed from the House?

Mr Price—I apologise.

Mr SPEAKER—The member for Chifley will not be recognised in his present position.

Mr Price—I apologise, Mr Speaker.

Mr SPEAKER—I thank the honourable member for his courtesy in advising me in advance of his intention to raise this matter. I have already expressed my appreciation to the staff who were so helpful in ensuring the success of the centenary sittings in Melbourne, and I will in fact check the record to make sure that no-one has been overlooked.

I can confirm that there was a cost saving in not transporting this House's current mace to Melbourne for the centenary sitting. However, the decision to accept the Victorian offer to use the mace of the Legislative Assembly of the parliament of Victoria was not made on economic grounds; it was for appropriate historical reasons. The mace carried by the Serjeant-at-Arms in Melbourne on 10 May 2001 was the mace used by this House from 10 May 1901 to 29 November 1951 when the British House of Commons presented our current mace. The Victorian mace, which began its service in the parliament of Victoria in 1857, was returned to its Victorian home from Canberra in 1952 and is displayed near Queens Hall. Its brief return to service on 10 May 2001 seemed a fitting way to mark the centenary of this House.

Honourable members—Hear, hear!

House of Representatives: Division

Mr MURPHY (Lowe) (3.31 p.m.)—Mr Speaker, you might recall that on 28 March I asked you a question, along with the member for Moncrieff, about problems associated with access to the chamber through the double doors facing the Senate. On that particular occasion, when I came to vote in a division, only one-half of the door was open. Yesterday we had what the member for Chifley described as a 'dreadful incident' when Madam Deputy Speaker Crosio, who was in the chair, called for the locking of the doors in respect of a division and the member for Lindsay was later allowed access to participate in the vote of that division. Notwithstanding that the Deputy Speaker ruled that she would not be counted in the vote, I draw your attention to your commitment to me and the member for Moncrieff who, after extending courtesy to others who were standing at the door on 28 March, were denied access to vote in a division that, if the supervision of those doors as applied yesterday applied to us on 28 March, we would have been allowed in to vote in that division. Clearly, in the case of the member for Lindsay, she entered this chamber some 10 or 15 seconds after the doors had been locked. My question to you is: will you once again speak to the Serjeant-at-Arms to make sure that there is proper supervision of the doors when a division is taking place?

Mr SPEAKER—I would like to indicate to the member for Lowe and to all members of the House of Representatives that I have no intention of changing any of the arrangements that currently apply to the way in which divisions are counted. I have spoken to a number of people involved in yesterday's incident, and I am satisfied that an error occurred and that the error was not an error on the part of the staff that man the doors of the House of Representatives. I do not believe it is likely that error will occur again, and I have no reason to question in any way the way in which we go about the conducting of divisions when standing orders are strictly adhered to.

House of Representatives: Division

Mr PRICE (Chifley) (3.33 p.m.)—Mr Speaker, about the same incident but not about the doors, on pages 25906 and 25907 in *Hansard*, Madam Deputy Speaker asked on three occasions that the member for Lindsay leave the chamber. If I may refer you to pages 289 and 290 of *House of Representatives Practice*, Barlin edition, there is precedent for members being given permission to absent themselves from a division. Could I ask on my own behalf and perhaps on anyone else's behalf: what is the situation during a division when a Deputy Speaker requests any honourable member to absent themselves from that division?

Mr SPEAKER—The obligation on all honourable members at all times is to do as the chair instructs or, if they feel some gross miscarriage of justice has been exercised in the process, to move a dissent from the chair's ruling if appropriate. As I said, I have discussed this matter with a number of people. I have no doubt that the member for Lindsay genuinely thought that she was entitled at the time to be in the chamber. I am also aware of the fact that the Deputy Speaker, wisely having witnessed the events and having been aware of the sand running through the clock, instructed that she not be counted. I have no intention of taking any

further action in this instance and, furthermore, it would be a very difficult situation for all members of the House, let me boldly suggest, if the occupier of the chair were to determine that discipline should be exercised in some retrospective way.

Questions on Notice

Mr DANBY (Melbourne Ports) (3.35 p.m.)—Mr Speaker, under section 150 of the standing orders, will you write to the Minister for Health and Aged Care asking him to answer my question 2351 of 7 February?

Mr SPEAKER—I will take up the matter on behalf of the member for Melbourne Ports, as the standing orders provide.

AUDITOR-GENERAL'S REPORTS

Report No. 38 of 2000-01

Mr SPEAKER—I present the Auditor-General's audit report No. 38 of 2000-01 entitled *Performance audit—the use of confidentiality provisions in Commonwealth contracts.*

Ordered that the report be printed.

PAPERS

Mr REITH (Flinders—Leader of the House)—Papers are tabled in accordance with the list circulated to honourable members earlier today.

I present papers, being two petitions, which are not in accordance with the standing and sessional orders of the House, calling on the Prime Minister to repeal any legislation that would increase the role and power of the military in relation to civilians and calling on the government to review it procedures in relation to public income support and permission to work for certain people seeking political asylum.

BUSINESS

Motion (by **Mr Reith**) agreed to:

That standing order 48A (adjournment and next meeting) be suspended for the sitting on Thursday, 24 May 2001

SPECIAL ADJOURNMENT

Motion (by **Mr Reith**) agreed to:

That the House, at its rising, adjourn until Monday, 4 June 2001, at 12.30 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker, fixes an alternative day or hour of meeting.

MATTERS OF PUBLIC IMPORTANCE

HIH Insurance

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

The Government's handling of regulation of the insurance industry and the collapse of HIH, the largest insurance company collapse in Australia's history.

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 KELVIN THOMSON (Wills) (3.38 p.m.)—When Prime Minister Howard and Treasurer Costello changed the regulation and supervision of the general insurance industry back in 1998 with the establishment of APRA, they made all kinds of extravagant claims as to how much more modern this would be than Labor's outdated old system which involved the Insurance and Superannuation Commission. Treasurer Costello said:

Australia will have a stronger regulatory regime designed to better respond to developments in the finance sector ...

This boasting continued until well after APRA and ASIC were established. In July last year, Minister Hockey told the Australian Insurance Institute's national conference that the government had completed a total overhaul of prudential regulation, consumer protection and market integrity in the insurance industry, and:

... the vision of the Wallis Report to create two independent regulators is essentially in place, and I am pleased to say we have already captured significant benefits from the synergies created.

Minister, would you mind telling taxpayers, who, after the biggest insurance company collapse in Australia ever, have been left with the over $500 million baby over the next 10 years, to what significant benefits

and synergies you were referring? When I led for the opposition in debate on the APRA bill in April 1998, I was a bit more circumspect. I said:

> But APRA is also being created at a time of major change to market regulation. That these bodies are being created during a time of such great regulatory change is of concern to the opposition ...
>
> Unless the government is vigilant, some things are bound to fall through the cracks as the regulators change and the regulations change at the same time. That is just about a rolled gold certainty.

So I put the government on notice about these things. And—I tell you what—I would have been even more militant had I realised that members of the government's Wallis inquiry had the view that insurance company collapses were okay. One of the members—Bill Beerworth—has since said that the Wallis inquiry took the view that, in a capitalist market economy, financial corporations, including insurance corporations, had to be allowed to fail. Their view was that it had to be allowed to happen—and indeed it damn well did happen. And you can tell that ministers Costello and Hockey basically share that view. Every single step they have taken on this matter has been under duress, under pressure from the public, under pressure from the opposition. It has been like pulling teeth.

First, they said that there was to be no bailout—that people should sue the directors and the auditors. Then they said that there would be no details until the liquidator had reported. Then they gave the details before the liquidator's report. What had been missing was not so much the information as the political will to act. Then they said that there would be no royal commission, but after Labor said, 'We'll have a royal commission,' hey presto, we are getting a royal commission. Maybe we should call on John Howard to resign. He would probably be gone in a week! So the government has been dragged kicking and screaming to this point.

What should a royal commission investigate? Among the numerous things which we need a royal commission to investigate are HIH's purchase of FAI and auditor Arthur Andersen's signing off of the company's accounts in October last year. HIH purchased FAI for $300 million in late 1998, entirely without due diligence or board consultation. Of this $300 million, $275 million was goodwill and $25 million was the value of its assets.

At the HIH annual meeting in September last year, the chairman had to tell shareholders that HIH had written off goodwill on the FAI purchase to the tune of $405 million. That is more than $100 million more than HIH paid for the whole company. We all make purchases and some of our buys are better than others, but why pay $300 million for something which is not only not worth $300 million; it is not even worth a cent? Indeed, it is worse than that. It is a $100 million liability. On behalf of the taxpayers and HIH policyholders who are now paying for this—and who are not men and women of business—let me say that we know enough about this to know that this is a fraud, this is a scam, this is a heist.

FAI Insurance was the vehicle for Rodney Adler. Mr Adler still cracks it for a mention on the BRW rich list, with assets of $80 million. Mr Adler is also a Liberal Party identity. I do not doubt that he is on first-name terms with the Treasurer and the Minister for Financial Services and Regulation. His companies are major benefactors of the Liberal Party. So when this dud company FAI is flick-passed from one major Liberal Party benefactor to another for $300 million and the taxpayer ends up with the tab, this is Spiv City; this is crony capitalism! It is time to call in the cavalry!

What about the role of the auditors, Arthur Andersen? In October last year, they signed off company accounts which claimed HIH was $930 million—nearly a billion dollars—in the black. Now it looks as though HIH was at the time a billion dollars in the red—probably more. I have been treasurer of some organisations—a lot of us have—and people make mistakes; but a billion dollars in the black compared with a billion dollars in the red? Good grief! How much did Arthur An-

dersen get paid for that little effort? It was $1.7 million. John Howard is a fan of Dire Straits. So am I. He might know some lines from their song, *Money for Nothing*:

That ain't workin' that's the way to do it

Money for nothin'...

Arthur Andersen certainly knows those lines.

Ms Burke—And the next line?

Mr KELVIN THOMSON—You gotta know when to stop. We want a royal commission to give us answers about the closeness of the relationship between Arthur Andersen and HIH, given that it is absolutely essential that the independent auditor act as a brake on any folly from management.

The Chairman of HIH, Geoffrey Cohen, was a senior partner at Arthur Andersen. It was Arthur Andersen which performed the investigating accountants' report in the 1992 company prospectus. Furthermore, the man who signed off the 1992 prospectus as auditor, Justin Gardener, subsequently became a non-executive director in December 1998. I do not know how frequently this sort of thing occurs but, to point out the obvious, if auditors can score a place on the board afterwards, it is hardly conducive to a climate in which auditors' reports are written without fear or favour.

I want to go to the issue of an industry contribution to the HIH bailout. If the general insurance industry values its reputation, it cannot say—it will not say—that insurance company directors paying themselves million dollar salaries, partying as if there was no tomorrow, leading lifestyles of the rich and famous and then leaving honest policyholders in the lurch and potentially destitute is not their problem and is not their business.

The idea coming forward from the general insurance industry that they should not have to make a contribution invites the worst in public cynicism about modern-day capitalism in Australia: capitalise the gains but socialise the losses—heads we win, tails you lose. On account of insurance companies that do well, we ride off into the sunset as multimillionaires, but if an insurance company goes badly then the policyholders and taxpayers can look after the mess and 'I'm all right, Jack'.

I have enjoyed a good, professional relationship with the Insurance Council of Australia since I took on this job, and I would like to think that that relationship will continue. But on behalf of the policyholders who are the victims of this debacle and on behalf of the taxpayers who will apparently be long suffering—anything up to 10 years over this—I need to spell out five reasons why you, the insurance industry, cannot avoid putting your hand in your pocket over this one, and five reasons why this government, if it had any guts at all and had not abandoned any sense of national leadership or direction this year, would be demanding that you put your hand in your pocket.

First, you have the money to help. When HIH collapsed you were quick to reassure us that the rest of general insurance was very solvent indeed and that we could rely on you. You say you have a surplus of $10.9 billion of assets over liabilities, and that that is more than $7 billion in excess of APRA requirements. So, collectively, you have a $7 billion buffer. Secondly, it is very much in your interest that this problem gets solved. Surely I do not need to point out to you how damaging it will be for public confidence in the general insurance industry in this country if thousands of policyholders out there do not have their legitimate claims paid out. Yet that is the way things are shaping up at the moment. Thirdly, there is precedent for an industry contribution. In the area of superannuation, if fund members lose their super as a result of theft or fraud, there is provision for government to levy the rest of the super industry to make sure that legitimate entitlements are paid.

Fourth, let me respond in this way to the so-called 'moral hazard' argument that industry—or indeed government—bailouts encourage reckless or risk taking behaviour on the part of companies and policyholders on the basis that somebody will be there to catch them if they fall. The facts of life are that the average policyholder has no way of knowing whether an insurance company is

offering lower premiums because it is a more efficient, better managed company or because it is a hillbilly outfit that is not properly covering its future claims liabilities. They have no idea. It also looks like the average regulator, left to its own devices, has no idea either. But, within the insurance industry, I bet companies who know the insurance business have a pretty good idea about whether the premiums being written by their competitors are viable or not, and if those companies think they may end up with a problem as a result of the folly of another company it strikes me they will have plenty of motivation to pass on their insights to the regulator before things get out of hand.

My fifth reason that the industry should contribute is this: as things stand, not only are they not making any contribution to the collapse; they are deriving a gain from it. The remaining insurance companies have been taking over the premium paying policyholders from HIH who do not have any claims by them or against them—that is to say, they have been taking over the assets. What they have not been taking over is the liabilities. With HIH out of the way, premiums are on the rise. So far, this debacle has been good news for the insurance industry. That is just not acceptable, and the industry needs to realise that.

That is one of the reasons we need the roundtable so badly—why Labor has been pushing for it so hard. We believe in a comprehensive solution, with state, federal and industry contributions. We have wanted this solution to emerge from dialogue rather than be imposed top down. But we do want it. The government's failure in this regard is as comprehensive as has been the need for national leadership. It sat on its hands for weeks and weeks trying to ignore the problem, hoping that it would go away. I have no idea what it thought would happen. It rejected all overtures of bipartisanship, refusing to involve the states or the opposition in any way to deal with what is clearly a national crisis. And it still steadfastly refuses to seek a contribution from the insurance industry.

The government supported the industry's idea of a levy on policyholders all right—a levy on consumers—but when it was forced to retreat from this in the face of public opposition and opposition from Labor where did it turn? To a taxpayer funded bailout. Question: why won't the government seek a contribution from the insurance industry? Answer—with apologies to Bill Clinton: it's the donations, stupid! The government has been bought by insurance industry political donations to the Liberal Party. That is why it will not demand a contribution from the industry, even when it leaves policyholders and taxpayers carrying the can.

Let me say this, and I want the insurance industry and the Liberal Party to listen very carefully indeed: now that the question of an insurance industry contribution to the HIH bailout has emerged as a political issue, any political donations by general insurers to the Liberal or National parties will be seen and exposed by us as a corrupt attempt to influence the political process in a matter of vital national interest. From here on in, any political donations by general insurers to the Liberal Party can only be regarded as completely improper. What a monument this is to massive regulatory failure! What a legacy these self-professed great financial managers will leave us—a $500 million taxpayer funded bailout over the course of the next 10 years, from a minister who announced back in November last year a 'major reform of the regulatory framework for the general insurance industry that will significantly modernise the prudential supervision of general insurers and enhance the protection of Australian policyholders'. Minister, what exactly did you do after that announcement?

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (3.53 p.m.)—If you take out for a moment the traditional political rhetoric that we often hear during an MPI, the member for Wills has raised some legitimate questions about the role of individuals and auditors and various other people involved in HIH. That is precisely why we have given ASIC, the Australian Securities and Investments Commission, some additional resources on top of what

they already have to pursue answers to some of the questions—and a whole lot more—that the member for Wills has raised.

The first thing to note is that obviously the collapse of HIH is not a collapse of any government's—not state or federal government's—doing. It is a private sector company with private shareholders, private directors, private executives and private auditors, and as such this is not an issue that we have had any great control over. Even now, after more than two months, since the company went into provisional liquidation, we and the Australian people have still not been given definitive figures about the size of the potential losses. As the provisional liquidator, with all the resources available to him as an agent of the Supreme Court of New South Wales, has not been able to obtain information about the actual size of the losses, it has also been very difficult to find out exactly who have been affected, how they have been affected and the extent to which any support measures can be put in place.

I point out to the House that the government is putting in place a package to support those people who are enduring hardship. It is not a bailout for shareholders, directors or auditors. It is not a bailout for those people who may suffer losses as the result of the collapse of HIH. It is an attempt by the government to help those people most in need. I think any caring individual, whether Labor, Liberal, National or Callithumpian, would sympathise with the tremendous losses and suffering that some people have endured as a result of this collapse. We are very determined to get to the bottom of this. It has been no easy task committing more than half a billion dollars of taxpayers' money, but we have done it because we believe all Australians would recognise that we must, particularly when you see some of the terrible cases such as a rugby footballer who broke his neck and was going to get some support through HIH public liability insurance. I met a gentleman in Brisbane who took out salary continuance insurance. He has just turned 40 and he has a bone degenerative disease. He was receiving around $30,000 a year in salary continuance and, of course, that stopped with the collapse.

As the member for Wills pointed out, there are very significant hazards in any government stepping in to assist people after the collapse of a private sector company. In the United States, 500 to 600 insurance companies collapse every year. In the United States, about the same number of banks—about 500 to 600—collapse every year. The same ratios apply in Europe. There are huge and often significant financial collapses. In those cases there are different types of schemes. There are some policyholder protection schemes. There are various measures that are put in place, all of them funded by a levy on policies. Certainly, as far as I am aware, when the Wallis legislation went through this place there was no suggestion from the opposition of having a policyholder protection fund. In fact, we too went over the *Hansards* of the debate about the establishment of APRA and ASIC, and I quote the shadow Treasurer, the Hon. Gareth Evans, who said in Melbourne on 19 August 1997:

> We see the creation of a single national prudential regulator in this form as desirable.

In fact, the member for Wills himself indicated his support 'for the initiative of creating two super-regulatory bodies, one overseeing the prudential requirements of the financial services market and the other overseeing the consumer protection aspects'. The member for Wills further stated in this House on 23 June 1998:

> It is the opposition's view that it is a change worth making. We have been supportive of this legislation ...

The member for Hotham said in this House on 29 March 1999:

> ... we consider them—

that is, legislation furthering Wallis—

> to be important in establishing regulatory and prudential arrangements, and we welcome and support that direction.

He went on to say:

> As the recent crises in Asian economies stand testament to, sound financial management and prudential regulation are important protections for every national economy. Many of the recommen-

dations implemented from the Wallis report have contributed to the establishment of a sound prudential system that has served Australia well to date.

He then went on to say:

A single prudential regulator promotes consistency in regulation across the sector, adding certainty to the industry and encouraging development.

That is what the member for Hotham said. Without getting into the finger-pointing game, which is very tempting for everyone—I can tell you there are very few people who are more angry about this than I—the primary focus of what the government has done is to help those people who have endured times of extreme hardship as a result of the collapse of HIH. This has not happened before in Australia, so there was no insurance company in the basement of Parliament House that the federal government could wheel out to process tens of thousands of claims overnight on behalf of individuals. We have had to rebuild a structure provided by the second largest general insurer in Australia to be able to process claims for individuals who may be enduring hardship and who are looking for support from a caring government.

The member for Wills raised the question: why should the industry pay? Maybe that is a legitimate question to ask. Michael Egan, the Treasurer of New South Wales, has decided to tax the industry in New South Wales for the shortfall he has in his compulsory third party scheme. His taxing the industry is going to go straight through to policyholders. Policyholders are going to pay a higher price—there is no doubt about that. That is how they do it. Companies have an obligation to make a profit. There is only one thing worse than financial services companies, banks or insurance companies making excessive profits, and that is when they make a loss. We have seen what the ramifications are if, like HIH, they actually go off the end of the table, and those ramifications are very significant.

The Labor Party never sent in a bailout package to help those people who were disadvantaged—in some cases, severely—by the collapse of Compass Airlines I and II, nor should they have done that. Obviously, some people were significantly disadvantaged by the collapse, but the government did not go to Qantas and Ansett and say, 'Please transport these people back from their travel destinations,' and quite rightly so.

Mr Kelvin Thomson—Private companies are different from financial institutions.

Mr HOCKEY—Private companies are private companies, and that is the important part. The insurance industry has significant reinsurance agreements. Some Australian companies were reinsuring some of the risk of HIH, and their potential losses have not yet been quantified. That is another reason why we need to be very careful about putting on top of the current insurance industry in Australia a new tax in New South Wales, major recapitalisation requirements in relation to the new legislation going through the parliament and, on top of that, potential reinsurance losses for some companies. I understand that those losses are limited but, for some companies, that may also affect their bottom line.

Michael Egan went out the other day and announced that he was going to tax the industry. He said, 'Last year the industry in Australia made a $1.8 billion profit.' What Mr Egan did not understand is that the brackets around the bottom-line figure actually mean a loss.

Mr Ronaldson—You're winding us up.

Mr HOCKEY—He did not understand that it meant a loss. He went public and he said, 'We're going to tax this industry that made a $1.8 billion profit,' and someone forgot to explain to him that the brackets around the bottom figure meant that it had made a loss. The industry made a loss in Australia last year, and it made a loss because of reinsurance. One of the aspects of our major legislative reform package is that insurance companies will now have to properly make provision for individual lines of insurance.

The last time there was any attempt to reform—not even significantly—the Insurance Act 1973 was in 1992, after the collapse of Regal and Occidental. In 1992 Treasurer

Keating said that minimum solvency would be increased to $2 million, and an additional solvency test of 15 per cent on outstanding claims was introduced. That was the last time that there was any change, and in that case it was after the collapse of an organisation. Even then, one of the provisions that Paul Keating put in place was exactly the same as existed before. No-one had moved to reform the Insurance Act until we came along and went to the industry and said: 'These capitalisation requirements are outrageous. They're unacceptable. You've got to change them. We know it means that you are going to have to readjust billions and billions of dollars in capital adequacy requirements, but we're going to work with you through that process. There is a potential enormous downside, but the longer term benefit to the industry is a stronger and healthier industry.' Those requirements will affect some of the smallest general insurers. Most Australians know the names QBE, NRMA, Alliance and so on, but there is a whole raft of smaller insurers out there that are going to be struggling to comply with the new capital requirements. But they are going to have to, because insurance is a very risky business. It is all about risk and it is all about placing a value on a risk.

The member for Wills also raised the question of bipartisanship. As he knows, after the collapse of HIH, I offered and provided a briefing.

Mr Kelvin Thomson—I sought a briefing.

Mr HOCKEY—You sought a briefing and I was happy to give it to you and arrange for it to come at that stage. I spoke to Michael Egan—I rang Michael Egan on two occasions and said, 'Let's talk about this.' He said, 'Yes, we will organise a meeting.' I am still waiting to hear. The Treasurer of Queensland wrote to me saying, 'Let's have a meeting.' I have offered to go up to Queensland to meet with him and he has rejected it. I am going to Brisbane tomorrow and he said that he did not want to have a meeting with me. And I offered to have a meeting with Lyn Kosky in Melbourne and she was not available. The bottom line in all of this is that roundtables are meaningless if people out there are still suffering hardship. Out there the people want to know who was responsible and they want the problem fixed. That is what we are doing. We are fixing the problem—giving hardship relief to those people most in need—and we are going to ensure that we get full and complete answers to the questions about who was responsible for this collapse.

Ms BURKE (Chisholm) (4.08 p.m.)—I rise to support this matter of public importance, and join with my colleague the member for Wills in condemning the government's handling of the regulation of the insurance industry as a whole and its sloppy approach in dealing with the unprecedented collapse of HIH. My first experience with the delightful HIH was back in 1995 when HIH took over CIC. I spent several months in the Industrial Relations Commission listening to lawyers argue that HIH were not taking over CIC and that it was really a share transaction amalgamation because of Winterthur buying into Australia. This argument went on for months so HIH could avoid their responsibility under the standard transmission of business provisions. Why? So HIH could simply try to reduce the terms and conditions of CIC staff, most notably the redundancy conditions. That has now rebounded on poor HIH staff, who actually do not have a redundancy provision to protect them as an unsecured creditor at this time.

This experience has left me with a lasting impression of HIH, because HIH management was without doubt the most arrogant, petty, mean-spirited employer I have ever had the pleasure of dealing with. To have a senior manager request that you refer to the CEO at all times as Mr Williams and not Ray speaks volumes. Also the implied, but not written, staff policy that women were not to wear trousers and that men could not sport a beard in the workplace is also testimony to the dictatorial style of the company. So when I heard that HIH had collapsed—leaving in their wake countless policyholders with no cover, protection or indeed income—it did not surprise me, as their arrogant approach to

staff can now be seen in their wanton disregard for their countless policyholders.

What did surprise and shock me, along with all Australians, was the complete failure of our world-class regulatory system to detect and do anything to prevent the collapse of Australia's second largest insurance company. As the member for Wills has outlined, the creation of the Australian Prudential Regulation Authority, APRA, was the centrepiece of the government's response to the Wallis inquiry. The Wallis inquiry was the greatest thing since sliced bread, according to the Treasurer and the Minister for Finance and Administration. It was to take the Australian financial sector forward into the 21st century. But APRA commenced in July 1999 and, less than two years later, we have seen the collapse of HIH—or, as I like to refer to it, 'HIH: Howard in Hiding' or 'Hockey in Hiding'.

Let us face it: the government got its APRA regulation up because the opposition did not oppose it. We did not oppose it, so the government got in place the system it wanted. I have been extremely critical of APRA since its inception. When APRA appeared before the House of Representatives Standing Committee on Economics, Finance and Public Administration it could not provide adequate responses to concerns from both industry and staff. Comments put to APRA from staff paint a picture of an organisation in turmoil. I would like to quote some of these comments, as follows:

- Previous prudential supervision work was not seen as professional undertaking ... but a bureaucratic effort;
- staff could be easily replaced because the nature of work was not well understood by those driving the process;
- what understanding did exist reflected high-level impressions/principles that, while regulation was of fundamental importance, it downplayed the difficulties attached to the details of day-to-day supervision (the devil is in the detail);
- trust was discounted as a valuable element of the change process and has not recovered (arguably depreciated since);
- conditions are demonstrably poorer;
- priorities are difficult to determine, with the usual pattern that demands keep increasing while the experience base depreciates as staff losses are from the more experienced first;
- focus on the budget appears to be to the detriment of the fundamental business of supervising ... the pilot of the plane is happy as we are burning less fuel than is necessary—although there are two engines on fire, the staff have their parachutes on and the passengers are revolting.

That is how the staff described APRA. APRA, at this hearing, could not respond to any of these things. They fundamentally told me that morale at APRA was okay. This is not the case. APRA was obviously in need of serious attention, but the minister was missing in action. He was too busy talking to the money markets in New York to do the hard yards on what seems to be unglamorous work. But you ask any individual whose house has ceased construction since HIH went down if APRA is important and you will find a very different story.

There were other clues to the minister that he should have been paying greater attention. APRA, in their inaugural report, stated:

Another challenge is to preserve our special expertise on important industry issues. I know some industry groups are worried about this, but I believe we can deal with it.

I do not believe APRA can; I do not believe APRA have. A letter that APRA themselves wrote to the Senate Select Committee on Superannuation and Financial Services states—and this is great:

Despite our best efforts we have been unable to obtain the information in the requested format. Over the period of time concerned the ISC—

the previous body—

had a number of changes not just of staff but also recording systems which have created a significant difficulty in our retrieval of the information.

So they do not have the staff and they cannot even find the information any more. Where has the minister been and why, in light of an actual collapse, did it take several months for anything to actually happen? Why did the minister ignore the reasonable request of the opposition, put to the government in April, just after Easter, to convene a roundtable discussion of interested parties to discuss further action? Now that an announcement of a royal commission has been made, why

have we no terms of references or a commissioner, and will the government ensure that in its terms of reference the demands from the opposition that the action of the Howard government ministers and advice given to them by APRA and ASIC are included? The government's handling of insurance industry regulation issues, including the review of the Insurance Act since 1998 and any role played by political donations in the HIH debacle, also become terms of reference.

We need better, more timely answers than we are getting. Regulation is vitally important. This cannot become a bureaucratic infight about who should do what. This is people's lives we are playing with. You only need to speak to Millie and Nick, a fabulous couple who live in my electorate of Chisholm. Nick is successfully running his own small business and Millie has just given birth to their fourth child. They have worked hard towards saving for their bigger, better dream home. This now looks like it will never happen. Not only have Millie and Nick suffered from the collapse of Avonwood, which was building their home, but they have now been advised by the liquidator that the contracts will simply be cancelled because they are insured with HIH. Nick in his last conversation with me said: 'Anna, I don't get it. I had insurance. Why isn't it being recognised? Aren't these companies licensed? Now we have a block of land, a rotting frame, a bank loan and no way of getting out.'

Then there is Mr Ian Howe, who is running a business in Pakenham. To protect his business he took out professional indemnity insurance with HIH. The business had never had a claim, and then suddenly they had a claim against them. HIH recommended that they settle the claim, after previously recommending that they go to court. In the end, they agreed to the settlement and signed over a bill of $90,000 that HIH would pay for them. Now, with the collapse of HIH, they are personally liable for this bill. While all of this settlement detail was going on for Ian Howe and his family, HIH was actually under investigation by APRA. If APRA had told the Howe family, they probably would have dealt with this differently. They now would not be facing a $90,000 claim that is going to cripple them, that is going to bankrupt them and put them on the dole queues.

Then there are poor Helen and Mark Horwood of Figtree, New South Wales. They were also building a house. Unfortunately, they did not pick the best builder. He went belly up and they now have a house that is completely worthless. Nobody is going to pick up that bill. They are paying interest on the mortgage of a house they do not have, they are paying rent to live in a house and they are also wondering why HIH—or, more particularly, APRA—did not tell them things were wrong. This all happened in October 2000. Had APRA come in earlier, they would not have been sitting there waiting. They have been waiting for five months for HIH to deal with their claim. They make a very pointed comment in their letter:

Would Mr John Fahey put up with waiting 5 months for an insurance claim to be processed? NO! His claim was perfectly honoured and in a very reasonable length of time. Is that favouritism and political prowess that goes in favour of Mr Fahey?

We the ordinary voting Australians who try to contribute to the wealth of the country and create a secure home and future for our children, are smacked in the face! dragging us down to 'dirt value' also.

You cannot begin to imagine the domino effect it is having on peoples' lives ...

-We pay all bills, food, clothing and rates on that demolishable home on our credit card until that bill is beyond our control.

-What else do you use when your husband loses his job because his boss says his 'mind is not on the job' ...

How can it be when these things are happening to him? It continues:

The Federal Government watch-dog, A.P.R.A. is a huge organization with a huge responsibility to ALL policy holders Australia wide. We are the victims of the regulators apparent failing to regulate a failing obligatory Insurance scheme.

The fact that HIH took 5 months to process our claim has put a very suspicious cloud over A.P.R.A.

… … …

Why do we the ordinary battlers have to bear the brunt of bureaucratic bunglers who can't run a multi-million dollar industry if their mortgages depended on it

Why? This government must be held to account for its failure to ensure that insurance companies like HIH were being properly regulated. Ordinary people like Nick and Millie are classic Howard battlers. Like most Australians, they expect the government to intervene when a disaster like this happens. They expect the government to investigate how and why this collapse happened—not to have to be dragged kicking and screaming to a royal commission. Most importantly, they expect the government to prevent this from happening in the first place. It is no wonder that voters are so cynical about politicians when all they see is Minister Hockey and Prime Minister Howard trying to spread the blame for this collapse, rather than admit that their own regulatory environment was at best inept and at worst culpable. I ask: what did the government know, and when did it know it?

Ms JULIE BISHOP (Curtin) (4.18 p.m.)—Let us, first of all, put aside the pious utterings and the contrived hand wringing of the member for Chisholm. Let us put the facts on the table concerning the HIH collapse and the government's response. They are these. First, there is to be a royal commission into the collapse. The government announced the establishment of a royal commission within weeks of the insurance company going into liquidation. Perhaps the member for Chisholm, just before she leaves the House, could ask the member for Fremantle how long it took her to call a royal commission into the collapse of Rothwells when she was Premier of Western Australia—I think it was four years; perhaps it was five years.

Ms Burke—Mr Deputy Speaker, I raise two points of order. The first goes to relevance to the question before the House. The second is that I ask her to withdraw that scurrilous remark.

Mr DEPUTY SPEAKER (Mr Jenkins)—There is no point of order.

Ms JULIE BISHOP—So we have announced the royal commission. This is one of the most powerful inquiry tools that this country has. In fact, the shadow Treasurer only a short time ago seemed flummoxed as to what was required, for he said:

Well it may be that we have to have some judicial inquiry.

Then he said:

I don't think you can make that call at this stage until we see the full extent of the problem from the provisional liquidator.

By the time the shadow Treasurer made that profound observation, the government had already focused attention on the plight of the HIH policyholders who were facing financial hardship, for that was, quite appropriately, the first priority of the government in response to the corporate collapse. When it was in a position to ascertain the extent of the collapse and the options most likely to bring about the most thorough investigation of the collapse and its causes, the government acted and announced the establishment of a royal commission, which will run in conjunction with an ASIC investigation.

The opposition would have you believe that the legislative framework surrounding financial regulation in this country had nothing to do with them, that the creation of a prudential regulator, APRA—the creation of ASIC, even—was something that passed them by. But, no, the opposition, in a very rare display of cooperation, unanimously supported the financial system that gave rise to the establishment of the prudential regulator. In fact, as the minister pointed out earlier, it seems that *Hansard* can reveal a raft of support from members of the opposition for the establishment of APRA.

Secondly, let me turn to the actuality of another aspect of the government's response to the HIH collapse, and that is the belief that we had that our priority was to those left destitute by the HIH collapse. We are a responsive government. We could not, would not and will not abandon those most affected by this event. It is easy, perhaps, for some to regard this as a private sector issue and one where government has no role to play. I must

say I sympathise with that view. It does resonate with me.

Mr Laurie Ferguson—Leave Ross Cameron alone. Leave Cameron alone.

Mr DEPUTY SPEAKER—Order! The member for Reid has extended the standing orders enough today.

Ms JULIE BISHOP—You cannot just shrug your shoulders and say, 'Oh, well, bad things happen to good people.' This government says, 'No, there are people suffering hardship. We cannot stand by and we won't.' The government's package announced last Monday is worth more than $500 million, funded from the federal budget. We are in a position to be able to assist in this way. As an aside, I congratulate the Treasurer again for the excellent budget, because it was a responsible and prudent one and it allowed us to respond to this collapse with a compensation package. It is a comprehensive package, it is targeted to those most in need, it focuses on hardship, and we can expect the first payments to be made in weeks. It seems, by virtue of this debate, that the opposition objects to that response, it objects to a compensation package of this nature. Is that right? A very heartless, very mean opposition!

The other aspect of our response to this corporate collapse is that the Prime Minister has announced the establishment of a royal commission. Do Labor have a problem with that? Within weeks of the collapse we have announced the establishment of a royal commission. This is one of the seemingly most complex and widespread corporate collapses. We call a royal commission to investigate, an authority which will have very wide coercive powers, and we have Labor in here complaining about it. I do not know what they are complaining about, actually. I am not sure that they know what they are complaining about, as long as they get attention away from the success of the budget, it would seem. The fact is we are holding a royal commission into all matters relating to HIH, in cooperation with the work and activities of the Securities and Investments Commission.

These inquiries will, of necessity, look at the directors, the auditors and advisers of the HIH Group—the board, independent directors, executive directors, the audit committee, presumably, senior management and internal and external auditors. This was Australia's second largest general insurer, with more than two million policies issued to more than a million policyholders. Its last audited annual report, for the year to 30 June 2000, indicated a company with net assets of over $960 million. The provisional liquidator in fact said that as recently as 15 March this year the company was marginally solvent, and it was not until 11 April that it was clearly insolvent. Given that time frame, given the auditors' report, this government has moved swiftly—first the compensation package, then the royal commission. Clearly, there are some internal machinations of HIH that only a royal commission will be able to reveal. On the judgments of the directors, any prudential regulation puts the first line of responsibility onto the board and management. At the end of the day, it will always be the case, it must be the case, that a board must act with good judgment, acting honestly and fairly.

Hindsight is such a wonderful thing. The member for Chisholm obviously has exceptional gifts in the art of 20/20 vision: she knew all about this in 1995. But, given the role of the board and the auditors, given that there must have been assumptions and valuations, presumably performed by actuaries, given the financial statements that would have existed and given the whole internal and external framework that was in place within HIH, it is clearly ludicrous for the opposition to try and sheet home blame to the government for each and every aspect of the workings of HIH.

The very diligent Minister for Financial Services and Regulation has been the greatest champion of tighter insurance industry regulation and the greatest champion of improving corporate governance in this parliament. He has been relentless in his support for a better, stronger, tougher regulatory approach. It has not been easy for him—there are sectors of the community that resist his

approach, claiming that tougher laws would deprive managers of the 'right to manage'. But the minister for financial services knows what is in the public interest and he has fought for it. In the case of HIH, the minister knows that the public require a complete explanation and appropriate accountability in respect of HIH. The royal commission that this government has called will have every opportunity to get to the bottom of what happened, why and how it happened, and to determine accountability.

We have Labor over there, hands on hearts, claiming to be concerned about those in need, yet offering nothing but platitudes. They are pointing the finger and making nasty, ugly gibes, yet offering nothing by way of support for the government's most appropriate response, of a compensation package—the minister articulated the detail; it is a most appropriate response—and the establishment of a royal commission. We trust that the royal commission will not only reveal what deficiencies or actions led to this collapse and indicate where liability ought to lie, but will also provide insight into other broader issues—and perhaps auditor independence might be one. All the while, the liquidator must also be able to continue with what must be a most complex task, with asset sales in various jurisdictions, reinsurers meeting their obligations and the like. So our approach, our response, our handling of aspects of the HIH collapse have been mindful of the role of the liquidator, mindful of the ASIC investigation and its purpose and intent—that is, whether there have been breaches of the Corporations Law. I point out that it is not ASIC's role to inquire whether or not APRA met its regulatory obligations. The royal commission can be expected to consider that issue, along with consideration of the performance of the company.

I turn to one aspect of this matter that has been conveniently ignored by Labor, and that is the role of a number of state authorities. There are, in fact, state agencies with similar powers, in some cases with more or greater powers than APRA. There is the Motor Accidents Authority in New South Wales. So we welcome the opportunity for the royal commission that this government has called to investigate what a number of state authorities knew or did. The states, quite rightly, will be under scrutiny. Yet we hear nothing on that score from the opposition.

Finally—and this is an important matter—I point out that the government, recognising that there is no Commonwealth insurance company to step in and take over the claims of HIH, has got the assistance and expertise of other insurance companies to process the claims that have been left abandoned by the HIH collapse. That will give certainty in that regard.

It has been a pretty bad week for Labor: nothing to say on the budget—unable to score a point there; nothing to offer on the HIH collapse—unable to point to any lack of response on the part of the government. The compensation package is an act of a compassionate, responsive government. The royal commission is the act of a responsible, accountable government. *(Time expired)*

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

HIH Insurance

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (4.29 p.m.)—In one of my answers in question time today I referred to superannuation penalties for noncompliance with the Superannuation Industry (Supervision) Act being cut in half, from $11,000 to $5,500. They were cut in half. However, the figures are: $5,500 to $2,750. I correct my answer.

AUSTRALIA NEW ZEALAND FOOD AUTHORITY AMENDMENT BILL 2001

First Reading

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

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

PRIME MINISTER AND CABINET LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

First Reading

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

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

AGRICULTURAL AND VETERINARY CHEMICALS LEGISLATION AMENDMENT BILL 2001

First Reading

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

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

COMMITTEES

Corporations and Securities Committee

Extension of Time

Mr DEPUTY SPEAKER (Mr Jenkins)—The Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:

That the time for the presentation of the report of the Parliamentary Joint Committee on Corporations and Securities on the provisions of the Corporate Code of Conduct Bill 2000 be extended to 21 June 2001.

National Capital and External Territories Committee

Extension of Time

Mr DEPUTY SPEAKER (Mr Jenkins)—The Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:

That the time for the presentation of the report of the Joint Standing Committee on the National Capital and External Territories on the sale of the Christmas Island resort be extended to 9 August 2001.

BILLS RETURNED FROM THE SENATE

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

Sydney Airport Demand Management Amendment Bill 2001

Compensation (Japanese Internment) Bill 2001

Family and Community Services Legislation Amendment (One-off Payment to the Aged) Bill 2001

Family and Community Services and Veterans' Affairs Legislation Amendment (Further Assistance for Older Australians) Bill 2001

Taxation Laws Amendment (Changes for Senior Australians) Bill 2001

Communications and the Arts Legislation Amendment Bill 2000

COMMITTEES

Public Works Committee

Referral

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.34 p.m.)—I 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: Lavarack Barracks redevelopment, Stage 3, Townsville.

The Department of Defence proposes to undertake a stage 3 redevelopment of Lavarack Barracks at Townsville, Queensland. Lavarack Barracks is home to the 3rd Brigade, the major element of the ready deployment force of the Australian Army. In addition, the base currently houses a number of units and elements that provide support to Defence and Army in North Queensland. The first stage of the Lavarack Barracks redevelopment was undertaken in the early 1990s and provided operational and support facilities for the base. In particular, new facilities were provided for elements of the 3rd Brigade administrative support battalion, the base medical centre and the 162nd reconnaissance squadron.

The main focus of the second stage, which will be completed later this year, is to replace existing living-in accommodation with modern facilities and provide three messes colocated with the living-in accommodation precincts. The Lavarack Barracks stage 3 redevelopment will start the process to replace the working accommodation for 3rd Brigade, other land command force elements, training command units and area fa-

cilities at Lavarack Barracks. In addition, it will provide for the future relocation of the 11th Brigade, currently located at Jezzine Barracks also in Townsville. The proposed redevelopment would enhance the overall effectiveness of the 3rd Brigade and other Lavarack Barracks based units by grouping related brigade functions, providing facilities that reflect the work practices and functional relationships of the organisation, improving morale by providing working accommodation to contemporary standards, providing efficient maintenance and storage areas complete with environmental controls and alleviating occupational health and safety problems stemming from occupation of cramped and temporary accommodation. The work will provide unit accommodation, training facilities, vehicle workshops and shelters and enhancements of base infrastructure. The estimated out-turn cost of the proposed works is $170 million. Subject to parliamentary approval, the proposed works are scheduled to start early next year and be completed by late 2005. I commend the motion to the House.

Mr LINDSAY (Herbert) (4.36 p.m.)—I certainly support this motion this afternoon. The redevelopment of Lavarack Barracks—

Mr Slipper—You've been lobbying hard for it.

Mr LINDSAY—Thanks, Mr Parliamentary Secretary. The redevelopment of Lavarack Barracks is most important. The barracks were built some 35 years ago. Stage 2 is currently under way; it is putting a massive injection into the Townsville-Thuringowa community. Currently the works are upgrading all of the accommodation facilities at the barracks.

These new works being referred this afternoon will undertake the refurbishment of most of the working areas of the base and will make provision for the relocation of 11 Brigade from Jezzine Barracks over to Lavarack Barracks. The ADF members at Lavarack Barracks have been extraordinarily pleased with the stage 2 redevelopment of the accommodation. They will be even more pleased with the redevelopment of the working areas. It will be a much more pleasant and efficient place to work. As well as being of benefit to the ADF, there is also great benefit to the Townsville-Thuringowa economy with huge amounts of money circulating in the economy. I have worked very hard to get this through the budget.

Mr Slipper—Lots of jobs.

Mr LINDSAY—And lots of job. The experience has been that about 85 per cent of the money ends up back in the local economy. There is some money which goes to southern consultants, but you cannot avoid that. In that sense, I strongly support the motion.

Question resolved in the affirmative.

Public Works Committee

Referral

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.38 p.m.)—I 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: RAAF Base Townsville redevelopment, Stage 2, Townsville.

The Department of Defence proposes to undertake a stage 2 redevelopment at the Royal Australian Air Force Base Townsville, Queensland. RAAF Base Townsville is one part of the chain of airfields maintained for defence and surveillance of the northern areas of Australia. RAAF Base Townsville, together with RAAF Base Scherger, provides operational and support facilities for the air defence of Northern Queensland and its approaches. Its primary role is to serve as a deployment base for combat aircraft during a contingency and as an airhead for 3rd Brigade, the major land component of the Australian ready deployment force.

The main focus of the $70.1 million first stage of the base redevelopment, which is due for completion mid next year, is to provide new operational facilities and replace current operational support facilities. Those works include provision of aircraft ordnance loading facilities, a vehicle maintenance fa-

cility and associated infrastructure. The stage 2 redevelopment facilities are necessary to enable RAAF Base Townsville, with its Air Force and Army operational supporting units, to perform its role in an efficient and cost-effective manner. The proposed redevelopment will also address issues like age and deterioration of the current facilities, functional and occupational health and safety considerations that contribute to the unsuitability of many facilities.

The proposed redevelopment would enhance the overall effectiveness of the RAAF Base Townsville base units by grouping related base functions, providing facilities that reflect the work practices and functional relationships of the organisation, improving morale by providing working accommodation to contemporary standards, providing efficient maintenance and storage areas, complete with environment controls, and alleviating occupational health and safety problems stemming from occupation of cramped and temporary accommodation. The proposed stage 2 works will upgrade air movements facilities, provide working and transit accommodation, provide messing facilities and enhance the base infrastructure. The estimated out-turn cost of the proposed works is $72.5 million. Subject to parliamentary approval, construction will start early next year and be completed by late 2004. I commend the motion to the House.

Mr LINDSAY (Herbert) (4.41 p.m.)—RAAF Townsville is one of a chain of six airfields across northern Australia, which is an integral link in the strategic defence of this country. Therefore, it is appropriate that the facilities provided at RAAF Townsville be of the highest standard. For example, currently most of the accommodation has large notices on it—it is of World War II vintage—saying, 'Asbestos ridden, danger, be very careful, unsafe.' Townsville is a garrison city and it is the home of the ready deployment force. It has the largest defence base in the country and deserves to be supported by a modern RAAF base. The RAAF base was key in the Timor response, with troops from many nations moving through Townsville for acclimatisation training. More latterly, it has been key to exercises like Tandem Thrust, major multinational exercises that are held on an annual basis. It is very appropriate that this money be spent at the base. I have certainly worked very hard for it. To put all of this into context in the budget, we have $170 million for Lavarack, we have $72 million for RAAF Townsville and we have something like $260 million for the new combat training centre for Lavarack Barracks, which altogether in this year's budget gives about $500 million for defence facilities in Townsville. It is very welcome indeed and long overdue. I am very pleased to support this motion.

Question resolved in the affirmative.

Public Works Committee

Referral

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.43 p.m.)—I 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: Redevelopment of residential areas at Royal Military College, Duntroon, ACT.

The Defence Housing Authority proposes a major redevelopment at the Royal Military College, Duntroon. The role of the Defence Housing Authority is to provide suitable housing to meet the operational needs of the Australian Defence Force and the requirements of the Department of Defence. The Defence Housing Authority satisfies defence accommodation requirements by a mixture of construction off base with a view to retaining the properties or selling them with a lease attached, construction on base to accord with defence operational or policy requirements and/or, if such construction is the most cost-effective for all concerned, direct purchase with a view to retaining the properties or selling them with a lease attached and direct leases from the private rental market.

Along with the Australian Defence Force Academy, the Royal Military College, Duntroon, is the focus of officer training for the Australian Army. Its output and outcomes are critical to the effective security of this country. Duntroon is the public face of the

Australian Army in Canberra and its unique character and landscape are held in high regard. All below standard married quarters still standing need to be replaced and the ever increasing number of randomly occurring vacant lots constitute an eyesore. Redevelopment of Duntroon will offer Defence personnel and their families a secure suburban environment within five kilometres of Canberra city, with good access to community facilities such as shops, schools, public transport and recreation.

The project will involve redeveloping the residential precinct bounded by Gymkhana Road, Calculus Lane and Vowles Road to provide 100 modern residences. Construction will require removal of 34 substandard houses and the use of vacant lots from which inferior housing has already been removed. The new residences will be fully compliant with current Defence and community standards and designed to complement Duntroon tradition and character. The proposed project will have a positive effect on the local economy during the construction period, with up to 100 persons working directly on the site and many more working off-site supplying material, plant and equipment.

The Royal Military College is self-contained. Residences in the neighbouring suburb of Campbell are well away from the construction site, with a ridge and undeveloped land interposing. This project will contribute to meeting the commitment of the Australian Capital Territory government to high quality urban renewal in the older suburbs of Canberra where existing social and physical infrastructure would benefit from new families and quality housing. The estimated cost of the proposal is $23 million. Subject to parliamentary and Defence Housing Authority board approval, the construction program is planned to commence in November this year and be completed by March 2003. I commend the motion to the House.

Question resolved in the affirmative.

Public Works Committee

Referral

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.47 p.m.)—I 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: Redevelopment of the Army Aviation Centre, Oakey, Queensland.

The Department of Defence proposes to redevelop the Army Aviation Training Centre at Oakey in Queensland. The proposal will overcome the facility's inadequacies, cater for new armed reconnaissance helicopters and accommodate the Army component of the Defence helicopter training school currently located in Canberra. The works will predominantly focus on three areas. The first is to upgrade training facilities to provide modern functional facilities that meet current occupational health and safety standards and that facilitate the use of computer based learning. This includes classrooms, a simulator for the new armed reconnaissance helicopter, maintenance training facilities and associated administrative areas. The second area is to consolidate and upgrade the maintenance facilities on the base. These are to be consolidated into one precinct and upgraded to ensure they comply with occupational health and safety standards and provide suitable facilities for the maintenance of the new armed reconnaissance helicopters. The conduct of this maintenance on the base also provides significant on-job training for Army aviation tradesmen. The third major area of work is the construction of a new central messing complex and domestic accommodation, and the upgrade of some of the existing domestic accommodation. This will provide appropriate facilities for the permanent staff and students on the base. It will also provide operating cost efficiencies. The provision of an appropriate standard of messing and domestic accommodation is seen as an important retention factor by Defence. The estimated outturn cost of the proposed works is $76.2 million.

Subject to parliamentary approval, the works would commence late this year to allow for the relocation of the helicopter school, which is scheduled to occur in December of this year. Works associated with the arrival of the new armed reconnaissance helicopter are due for completion by July 2003 when the first of these helicopters are due to arrive at Oakey. The remainder of the works will be complete by mid-2004. I commend the motion to the House.

Mr PRICE (Chifley) (4.50 p.m.)—I am very pleased to have the parliamentary secretary refer this important building upgrade to accommodate the Army's attack helicopter acquisition program. I am wondering whether the parliamentary secretary would be able to assist me, and perhaps other honourable members, on some of the government's intentions in relation to Army reserves. Can he confirm that Minister Scott now will no longer be utilising the reserves as deployed units? Has there now been a significant change in the use of the reserves? Historically, they have always acted as an expansion base for the Regular Army. You will appreciate that the attack helicopter will be utilised by the Regular Army. I am wondering whether the parliamentary secretary at the table would be able to tell the House whether there is now a new structure involved in brigades. We now say—according to the white paper, of which I think the parliamentary secretary can be found guilty of expounding the virtues—that brigades now will only have two battalions, not three battalions. I am happy to concede that it has been a useful move to have these six ready battalions, but the Army still would not be able to maintain a force of the size that was originally committed to East Timor if it were required to—

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Chifley will resume his seat. The parliamentary secretary raises a point of order.

Mr Slipper—Mr Deputy Speaker, I do understand the sincerity of the comments being made by the honourable member for Chifley, but he is straying rather widely from the fairly narrow motion currently before the House.

Mr Price interjecting—

Mr DEPUTY SPEAKER—Order! No; the honourable member for Chifley will resume his seat. I will rule on the point of order and, if he has problems with that, he can then make comment on my ruling. I have great sympathy with the parliamentary secretary's point. I think that the honourable member for Chifley should be aware that this is a motion referring proposed work to the committee. His comments should relate to the reasons for that referral, and I invite him to come to the motion.

Mr PRICE—Mr Deputy Speaker, I am quite happy to respond positively to the point of order that you appear to have upheld that was made by the parliamentary secretary. But what the House is doing today is an important aspect of the policies that were enunciated in the white paper: the purchase of an attack helicopter is in the white paper. I would hope that, in moving this motion, the parliamentary secretary would expect of the Public Works Committee that it fully examine the proposal and the necessity for it. I spoke on a similar motion—I believe it was moved by the parliamentary secretary, but he may not have been the person who moved it—in terms of the Joint Command and Staff College at Weston Creek, and I implored the Public Works Committee to do a thorough examination of that proposal, which was originally recommended in a report of an inquiry that I chaired. I am saying that I support his motion—I want to make that clear: I am not opposed to the motion—but I do believe that honourable members should understand exactly what government policy is involved.

We are dealing with an issue about the Regular Army, and I have asked a question about the Army Reserves. I think it is a pretty important question. We have my good friend here, the honourable member for Indi, a former distinguished Reserve major. He appreciates the reserves and the role they play. There has been a significant change, and I am trying to understand that and also

how other aspects of government policy fall into place. I do not think that is unreasonable. I think that is my job. Again I appeal to the parliamentary secretary: I am sure we can join together in asking that the Public Works Committee, in examining what I think will be a worthwhile proposal, fully understand the policy implications of the decision—fully understand the implications. On a very serious note, Parliamentary Secretary and other honourable members, it would be criminal if we failed to learn the lessons of East Timor. That is as much a challenge for the opposition as it is for the government, and I think you have a responsibility to demonstrate that you have learnt them.

Mr Deputy Speaker, I do not apologise to this House, nor indeed to you, for having an interest in reserve policy. This is the 100th year of the Army. The tradition of the Army is of a citizens' military force. We have more history in that than we do of the regular full-time Army. Parliamentary Secretary, your government is making some fundamental changes in the white paper, but you are still not explaining things to this House or to the Australian people. We have a tradition of bipartisanship, by and large, on defence matters—which I understand the current minister is dispensing with. But I still feel that the tradition should hold good, and I will be in here more supporting the government than opposing it. But I will oppose it on every occasion when either you are silent, as you are on reserve policy, or not doing the appropriate and decent thing.

I regret that there are not more debates in this House about defence. I think it is worth while our considering these issues, because it vitally affects the nation. I support this motion. I certainly support the acquisition of an attack helicopter: the need for one was demonstrated in East Timor, although the proposal to acquire one was more longstanding than that. I also hope that the Public Works Committee will examine every aspect of government policy as it applies to this particular proposal, and I sincerely hope that the government can come clean—as it has failed to do to date—on its reserve policy.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.58 p.m.)—Very briefly, I just want to reiterate that the motion before the House deals with the redevelopment of the Army Aviation Centre, Oakey, Queensland, and not matters of wider Army policy. I will, however, undertake to the honourable member to refer his comments to the Minister assisting the Minister for Defence and, if the minister thinks fit, no doubt he will contact the honourable member with respect to the matters he raises. The honourable member also mentioned that there ought to be more debates on defence in the House. The forms of the House do provide private members with the opportunity to raise motions on relevant matters. If defence is—as it clearly is—a matter of concern to the honourable member for Chifley, then perhaps he should take greater advantage of the forms of the House which are currently available to him.

He also referred to the matter of the work of the committee. The committee of course has quite wide powers of investigation and, when it has an inquiry, the government is required to refer expenditure of levels above $6 million to the committee for consideration and report. My experience of the committee is that it does a very thoughtful and careful job, and it usually reports in a bipartisan manner. I invite the honourable member to make a contribution to the work of that committee in relation to the matters he sought to raise—inappropriately, in my view—during the debate on the motion before the chamber.

Question resolved in the affirmative.

Public Works Committee

Referral

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.00 p.m.)—I 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: Defence Intelligence Training Centre at Canungra, Queensland.

The Department of Defence proposes to redevelop the Defence Intelligence Training Centre at Canungra in south-east Queensland. The white paper *Defence 2000* identifies the requirement for substantial and sustained investment in enhanced intelligence capabilities within the defence capability plan. The redevelopment of the Defence Intelligence Training program will support this requirement. The Defence Intelligence Training Centre was formed in 1997 and has occupied the former School of Military Intelligence at the Kokoda Barracks at Canungra since that time. The main instructional facility was constructed in 1984 and was designed to meet very different organisational, functional and security requirements.

This facility is now overcrowded and dysfunctional. Despite the provision of temporary instructional facilities at the centre, it has not been possible to bridge the gap between the number of defence personnel requiring intelligence training and the number of spaces available on courses conducted by the Defence Intelligence Training Centre. The proposed redevelopment of the Defence Intelligence Training Centre will overcome the facility's inadequacies affecting the output of intelligence trained personnel to meet the requirements of the Australian defence organisation, cater for the significant expansion of the training requirements on the Defence Intelligence Training Centre to overcome the shortfall in intelligence trained personnel within the Australian defence organisation, provide a training environment that will fully meet the varying security requirements for the conduct of intelligence training, and cater for the requirement to conduct intelligence training for defence cooperation program sponsored foreign trainees.

The works will provide specialist training instructional areas and office accommodation for command, management, support and instructional staff, together with associated amenities in a secure environment through which access control measures can be applied effectively. The estimated outturn cost of the proposed works is $17.4 million. The decision by the Department of Defence to retain the Defence Intelligence Training Centre at Canungra is consistent with the regional Australia policy of the government and confirms the long-term future of Canungra as a significant Australian Defence Force training base. Subject to parliamentary approval, the construction of the new facilities would commence mid next year and be completed and available for the conduct of intelligence training courses by June 2003. I commend the motion to the House.

Mr PRICE (Chifley) (5.04 p.m.)—I support the proposition moved by the Parliamentary Secretary to the Minister for Finance and Administration. I believe the Defence Intelligence Organisation, now headed by the chair of the Defence Intelligence Board, is a very fine organisation and has consistently proved itself over the years. I want to also place on record—because there is some suggestion otherwise—that I believe the organisation performed to expectation during that difficult period leading up to and including the deployment to East Timor.

Question resolved in the affirmative.

Public Works Committee

Approval of Work

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.05 p.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the parliamentary Standing Committee on Public Works and on which the committee has duly reported: site filling, stabilisation and construction of infrastructure at the Defence site at Ermington, New South Wales.

These site preparation works are to be undertaken by the Department of Defence at the former naval store site at Ermington in Sydney prior to its disposal. The 19.6 hectare site on the northern shore of the Parramatta River was declared surplus to Defence requirements in 1990. Until then, it was utilised as a naval stores depot and subsequently was leased for commercial car storage until the end of 1996. In 1943 the site was resumed by the Commonwealth for Defence purposes. Originally intended as a camp for over 10,000 United States servicemen during

the Second World War, it was found to be more useful as a supply store for the United States Army. After the US Army vacated the site, the Royal Australian Navy utilised the site as a storage facility for non-explosive materials. In 1996, as part of disposal planning, the Department of Defence initiated a proposal to change the land use of the site to one that permitted a range of residential uses. The New South Wales planning minister gazetted the new residential zoning in 1998 permitting development for up to 700 dwellings.

The Department of Defence is keen to ensure that the revenue returned from the sale of the land is optimised, and comprehensive land economic advice confirms that this will be achieved by reducing any uncertainty perceived by prospective purchasers, by undertaking these works prior to the sale of the site. The site filling works will raise the land to a level that will permit residential development. This will require the import, placement and compaction of fill. Other works will treat soft alluvial ground conditions in parts of the site, to ensure a stable foundation exists which is adequate to support subsequent residential development. The installation of trunk infrastructure, including drainage, roads, sewerage, water and telecommunications, will allow the site to be sold in a number of 'super lots' or a group of lots which will further enhance disposal revenue. The estimated out turn costs of the proposed works is $31.6 million.

In its report, the committee made a recommendation that this project proceed. Subject to parliamentary approval, the works will commence at one end of the site early this year, and progress across the site. As the stabilisation works are completed, the installation of infrastructure will follow, should this realise the optimum sale revenue. On behalf of the government, I would like to thank the committee for its support, and I commend the motion to the House.

Mr ROSS CAMERON (Parramatta) (5.08 p.m.)—I rise to support the motion, to commend it to the House and to do three things: firstly, to pay tribute to my parliamentary colleague, Mr Bruce Baird, the member for Cook, whose efforts have some bearing on the value of the site; secondly, to commend the Defence asset disposals group, who have conducted themselves with great professionalism, and it is to the great credit of the department on this occasion that community support for the redevelopment is very high; and, thirdly and most importantly, to commend the members of the residents committee that was created to work closely with the department to represent the views and concerns of the residents in redevelopment of this most significant site—

Mr Slipper—As the local member, you've worked with them too.

Mr ROSS CAMERON—As the local member, as the parliamentary secretary says, it has been my pleasure to be involved as some sort of support and encouragement to the residents, but I have to confess that they have really discharged this responsibility very effectively, without great assistance from their local member.

I begin, perhaps a little tangentially, with the member for Cook. I think my line of thinking will become evident quickly. The member for Cook is responsible for a number of critical pieces of infrastructure in my electorate. The northern boundary of my electorate is really the M2 motorway, which carries 60,000 residents from the north-western part of Sydney into the Sydney CBD each day. There was considerable opposition to the development of the project, but it was the inspired personal leadership of Bruce Baird, as minister for transport in New South Wales, that saw the delivery of that project. It has dramatically enhanced the quality of life of so many of my constituents, and I want to congratulate him on that. This particular project, the subject of this motion, is a development on land which forms part of the southern boundary of my electorate, beside the Parramatta River. Of course, the very best way to see it is from the river on the river cat, which also had been promised to the residents of Parramatta for some 15 years under former administrations but had never actually been delivered. It took the commit-

ment of Bruce Baird, again as Minister for Transport, to actually deliver that project. It required considerable dredging works and the outlay of quite a significant sum to purchase the river cats.

Part of the moneys being allocated for this project now is for preservation of the river foreshores, and that is because the river cats have brought with them an issue of foreshore erosion. It is a cost which the Commonwealth is going to bear but, given the way that the previous Liberal administration stepped up to the mark and assumed the costs of delivering the infrastructure, I have written to Premier Bob Carr to request his commitment of funds to protect the river foreshore. That has yet to be forthcoming along its length, and so a number of my constituents have their backyards falling into the Parramatta River. I hope Bob Carr will use the very significant proceeds of the GST to deliver some benefits to my residents, which they richly deserve.

Just to position this piece of real estate, if you look to the other side of the river you will see there the magnificent facilities of Homebush Bay, the Sydney Olympic venue. That venue is there likewise, I think it is worth recording, because in 1990—I think it was 1990—Premier Greiner commissioned a report to see if we had a chance of winning the Olympic bid, and Bruce Baird was the individual he selected to write that report. It became known simply as the Baird report. Against the recommendation of many others, Bruce formed the view that we could actually beat Beijing and win that bid. And so it is that those facilities there today quite significantly enhance the land value of the residents who will subsequently purchase the homes under construction on this site.

This 20-hectare piece of riverfront is one of the largest pieces of undeveloped private parcels of land anywhere in Sydney, and certainly anywhere on the river or harbour foreshores. It is a very significant development—700 homes will result—and so it is natural that the surrounding residents, faced with the prospect of such a large redevelopment, might feel a sense of apprehension, having looked with tranquillity over the river on that quiet slope of Ermington at those Olympic facilities. The prospect of this massive redevelopment, this increase in the density of residential occupation, could have been a cause for alarm and concern. But right at the very outset when Defence decided that it was time to rethink the rationale of just having these six huge storage bunkers on this fantastic piece of real estate, the first thing they did was go to the residents and say, 'We think it is possible here to deliver the objectives of the department while at the same time enhancing the quality of life not just of the residents who will move onto this site but of the surrounding established community.' So the process they set out of engagement, discussion and consultation could really become a textbook example of how to conduct a successful development of a large parcel of land in a dense metropolis.

The new development, for example, will, in the language of the town planners, be 'completely permeable' to the local residents—it is not going to be some sort of locked gate, private development. It will actually open up the foreshore of the entire development to all of the other residents who have been effectively locked out of it by the previous use of the site. There will be a beautiful strip of green—a lovely promenade walkway—right across the length of the site, and the local residents are genuinely excited about that. The height limits on the buildings have been put together with the consideration to the residents higher up the hill who have previously enjoyed their view of the river, and almost all of them will retain that view.

Likewise, I wanted to congratulate Defence—partly on my urging but really on the urging of the committee—on their commitment not just to deliver a first-class development on the site itself but also to contribute $150,000 to the upgrading of facilities on the George Kendall Reserve which immediately adjoins the site.

This is a community with a great sense of spirit and cohesion. There has been no real internal politics of an unhelpful kind—it has

just been a commonsense discussion, a raising of concerns, and an addressing of them in a sequential and rational way. The residents of Ermington will derive enormous long-term benefits from that process.

I want to thank Bernard Blackley, who has really been driving the project on behalf of Defence asset sales. I want to acknowledge individually the 10 or so members of this committee, beginning with Ken Newman as chairman, who has worked closely with Les Vance who chairs the George Kendall Riverside Park Committee; John Bartram; Mrs Hazel Carnell; Mrs Joanne Carter; Mrs Anne Currie; Bill Larkin, a chemist at the Betty Cuthbert shops on Victoria Road and a driving force in the Ermington Chamber of Commerce; Greg Kearn; Greg McKay, a good Labor man, who really should be on—

Mr Slipper—If there is such a thing.

Mr ROSS CAMERON—There is such a thing and he is the standout example. He really, in my view, ought to be a candidate for the state seat of Parramatta or potentially even the federal seat, but the factional machinations of the Australian Labor Party tend to prejudice the community based members in favour of those who can marshal the numbers, particularly through trade union membership.

I also acknowledge Geoff Smith and Phillip Blunt, each of whom have contributed their time, their expertise, to the production of this outcome which is really a win-win situation—achieving the objectives of the government and the department while at the same time significantly enhancing the quality of life of the residents of Ermington. I commend the motion to the House.

Question resolved in the affirmative.

Publications Committee

Report

Mr LIEBERMAN (Indi)—I present the 26th report of the Publications Committee sitting in conference with the Publications Committee of the Senate, including a statement on the year 2000 parliamentary papers series.

Report—by leave—agreed to.

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (CUSTOMS) CHARGE) VALIDATION BILL 2001

Main Committee Report

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

Bill (on motion by **Mrs Gallus**)—by leave—read a third time.

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (EXCISE) LEVY) VALIDATION BILL 2001

Main Committee Report

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

Bill (on motion by **Mrs Gallus**)—by leave—read a third time.

COMMITTEES

Foreign Affairs, Defence and Trade Committee

Membership

Mr DEPUTY SPEAKER (Mr Hawker)—Mr Speaker has received advice from the Government Whip nominating a member to be a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade

Motion (by **Mrs Gallus**)—by leave—agreed to.

That Mr Somlyay be appointed a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade.

HEALTH LEGISLATION AMENDMENT BILL (No. 2) 2001

Second Reading

Debate resumed.

Mr ZAHRA (McMillan) (5.21 p.m.)—I have been waiting patiently here for all of that other legislation to be dealt with, but I am pleased to have the opportunity to con-

tinue my remarks now. I think I have seven or eight minutes left and I intend to continue with the point that I was making previous to question time, when the debate was interrupted, in relation to asbestos exposure and the effect that it has had on our community in the Latrobe Valley. I am not sure if you recall, Mr Deputy Speaker, that I was discussing an incident which had taken place at Yallourn power station in my electorate in which, in my view, the lives of a number of workers had been placed at risk because they were directed back into work by the company under threat of legal action on the basis that the company had determined that the workplace was safe.

Before question time I pointed out that on the night before this incident, which took place on 27 February this year, there was a *Four Corners* report entitled 'Power without glory' which set out in some detail the extent of asbestos exposure which had taken place in the Latrobe Valley over two or three generations. People in the Latrobe Valley have plenty of right to be concerned about asbestos exposure and these men, who were in Yallourn power station on the day when they received advice that there had been an explosion in unit 2 boiler, had every right to be concerned about being exposed to asbestos as a result of that. Despite their genuine concerns, they were directed under threat of legal action—intimidation, in my view—to go back into that power station. The concern which they had for their families, their wellbeing and their workmates' wellbeing would have been horrendous. It is a horrendous thing to be sent back into work under those circumstances. I have received an account of these matters and of the way that incident played out on 27 February and I intend to read to the House part of that account. It is from someone who was close to the matters relating to that incident. This is the account which I have:

At about 4 in the morning—

of 27 February this year—

a huge slab of clinker fell inside the unit 2 boiler combustion chamber. Clinker is the molten ash and other residue combustion products left on the inside of the boiler. It builds up in thickness and eventually can cause the boiler to be taken out of service for a boiler clean. Now and then pieces of the clinker break off and fall into the ash hopper at the base of the boiler. The ash hopper is usually full of water and it is flushed out two or three times a day.

When a large slab of hot clinker fails into the ash hopper's water it rapidly heats the water, which flashes off as an explosion of steam. The steam expands so fast that it can cause damage, as it did in this case. Added to this the large mass can cause mechanical damage in itself. The result is what can only be described as a boiler explosion.

In this instance the explosion caused high pressure boiler tubes filled with high temperature water—

to—

tear from the lower waterwall header and thereby causing even more flashing off of steam and dust. Obviously the boiler was then quickly forced to shutdown.

The explosion of steam and hot combustion gases caused lagging and cladding to be blown off the lower section of the boiler. Lagging is a fibrous compound applied to insulate high temperature components against heat loss. The cladding is sheetmetal which is affixed to protect and hold the lagging in place. In the past lagging was asbestos based though its use has all but ceased. Parts of boilers are however still lagged in asbestos material. Power companies are required to maintain a detailed register of where the asbestos is located.

The force of the explosion sent some cladding flying some 50 metres away, dislodged lagging and raised clouds of dust and steam. Asbestos dust when disturbed can float in the air and is able to drift with the breeze. It does not stop at barricades or signs.

However, initial reports from Yallourn Energy failed to mention the possibility of the site being contaminated with the deadly substance, asbestos or its less dangerous substitute synthetic mineral fibres (SMFs). In fact even when the company had set up an exclusion zone and was warning employees to remain clear they did not use the word asbestos and simply mentioned environmental monitoring rather than air monitoring. The exclusion zone was blamed on what they simply described as a "tube leak". Tube leaks are not uncommon with boilers and in itself this would not raise much concern with employees. In fact given the fact that the boiler had been shut down and depressurised, a tube leak posed no threat.

The company called in Hazcon, an environmental monitoring laboratory to conduct tests. Throughout the day Yallourn Energy continued to down play the incident and whilst it maintained an exclusion zone it would not accept that an asbestos contamination was possible let alone likely. The company endeavoured to prevent a number of union organisers site access to investigate the incident and it was not until Workcover became involved that this was achieved. The company did not correspond or contact the CFMEU Mining and Energy office (the major union on site) or its senior officer during the days events.

During the day, power station operators where required to continue working in the control room wearing breathing apparatus. Despite a potential threat to their health and safety, the company placed production above the welfare of its employees.

Coincidentally, the previous evening's ABC 4 Corners program was devoted to a story on asbestos in the Latrobe Valley power industry including Yallourn. The program highlighted how the health risks associated with the product had been known about well before its use was restricted or ceased. The program also showed that many Latrobe Valley people had died as a result of their exposure to the substance.

Fearing that not enough was being done to protect their members, the CFMEU's Luke van der Meulen and the ASU's Mike Rizzo issued a joint recommendation that afternoon that all employees should expeditiously shutdown the remaining boilers and evacuate the site after being decontaminated. This recommendation saw the company correspond for the first time since the incident. The company rejected any risk to the employees and implied that any such recommendation would be construed as illegal industrial action. A combination of threats and assurances by the company saw the shutdown and evacuation process cease.

Mr DEPUTY SPEAKER (Mr Hawker)—Order! I know the member feels very passionately about this, but I would hope that he might just come back to the bill before he runs out of time.

Mr ZAHRA—Yes, I will, Mr Deputy Speaker. I know that was a rather long quote to read, but I am almost at the conclusion of it. It continues:

The company declared the site ... clear and free of asbestos later the next day though adding it had taken all necessary precautions. Embarrassingly for the company, official test results on a lump of lagging found around the base of the boiler on the day of the incident was days later proved to be asbestos.

The point that I am trying to make is that today in the year 2001 asbestos is still a live problem for us in the Latrobe Valley. In my view, it is shamelessly irresponsible of Yallourn Energy, on behalf of its parent company, China Light and Power, to be directing workers back into work situations where there are still some risks of asbestos exposure. I intend to investigate whether or not there have been breaches of federal occupational health and safety legislation or of state based occupational health and safety regimes. The truth of this matter needs to be known because it represents a massive risk to the safety and wellbeing of these workers. *(Time expired)*

Mrs GALLUS (Hindmarsh—Parliamentary Secretary to the Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (5.29 p.m.)—I would simply like to thank honourable members for their contribution to this debate on the Health Legislation Amendment Bill (No. 2) 2001 and specially commend Dr Southcott for his comments on this bill. I commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Leave granted for third reading to be moved forthwith.

Bill (on motion by **Mrs Gallus**) read a third time.

COPYRIGHT AMENDMENT (PARALLEL IMPORTATION) BILL 2001

Second Reading

Debate resumed from 28 February, on motion by **Mr Williams**:

That the bill be now read a second time.

Mr McMULLAN (Fraser) (5.31 p.m.)—It is a great pity that the Copyright Amendment

(Parallel Importation) Bill 2001 is being called on at this time in this way. It rather suggests that the government does not regard this bill and the matters with which it deals as very important—rather, it seems to be just something that might fill in the remaining half-hour of the parliamentary day. This does not enable a sustained debate on the matters and it will not allow a serious consideration of the bill. Indeed, it is unclear when the debate will be resumed. But it is an important matter, and it is a matter that requires serious consideration by this chamber. I am fairly confident that we will get serious consideration in the Senate. It is a bill which the opposition will be opposing, and I want to make the grounds for that opposition very clear. It is a matter that I have spoken on in this House before, both when a related bill involving the music industry was considered and on this matter on a previous occasion.

The purpose of the bill is to amend the Copyright Act 1968 to extend the unrestricted parallel importation regime which now applies for music CDs to computer software and computer games and to books, periodicals and sheet music in both electronic and print form. It strikes a serious chord with me as a resonating problem about this government's attitude towards the future of this country, because it is part of a pattern of initiatives which undermine the strength of our copyright protection and the protection of the intellectual property of creative artists and innovators in this country. I am concerned about that for the individuals involved—in a moment I will refer to that issue and to some of the very compelling evidence that some individuals gave to the Senate committee looking into this matter—but first I want to put on record my concern from a national perspective. Proper copyright protection laws are fundamental to the success of a modern economy. They protect the interests of creators and protect their capacity to generate income from their innovation; they therefore encourage innovative activity. The existence of copyright and the continuing enforcement of rigorous copyright protection regimes allow creators to generate an income from their creativity through royalties or other payments, and they foster investment in creative works by businesses in Australia.

If you wonder what the core, fundamental heart of the knowledge nation is, it is the capacity of individuals successfully to create, to innovate, to benefit from that innovation and to capture those benefits within Australia. Australians will still be creating, whatever happens to this legislation, but whether they will be able to be commercially successful as a result of their innovation, whether they will be able to remain in Australia or whether the economic benefits from their activity will flow to Australians and Australian businesses will be significantly influenced by what happens to this bill.

The idea of parallel importation, with which this bill deals, refers to the importation of works that have been legitimately purchased overseas—that is, purchased without infringing the creator's copyright in the overseas country—by someone other than the authorised importer. We have already had two major changes to the basic, rigorous regime that says you cannot import copyright material into a country without the agreement of the copyright owner. One was made in 1991. It was controversial at the time and was opposed by many in the book industry, but I think it struck a correct balance between the interests of the copyright owner and those of the consumer. The old regime was aimed 100 per cent at protecting the interests of the copyright owner, and it created in the book industry the potential for either price or availability problems for consumers. In 1991 there were amendments, which are now sections 44A and 112A of the act. The legislation introduced what I would call, for a rule of thumb, the 'use it or lose it' regime into Australian copyright as it related to books. Even in half an hour, the number of issues that I want to deal with probably will not allow me to explain the fundamentals of a 'use it or lose it' regime, but those involved in the debate know what it is and we have expressed it in the House before. If time permits, I will talk about it in more detail.

That was controversial at the time—not everyone in the industry welcomed it—but I think it has been successful. Those arrangements are also referred to as the 30- and 90-day rules because those are the rules that require the availability of publications under various categories. If the copyright owner's rights are to be retained, they have to make books available within 30 or, in some circumstances, 90 days. The second major amendment related to sound recordings—in effect, CDs. It was introduced in 1998 and removed the prohibitions on parallel importation of sound recordings. It became law only because it was rorted through the Senate with the complicity of Senator Colston at the time. I regret very profoundly that that took place—though whether he was willingly duped in that or whether it was a mistake is not something I know or, in hindsight, care about, but it was a great pity.

That legislation removed the prohibitions on parallel importation of sound recordings. Consequently, copyright is no longer infringed by importing into Australia what is called the non-infringing copy of a sound recording. That has caused significant problems in the music industry. The argument at the time that legislation was introduced was between those who said that there would be great benefits to consumers and tried to argue that there would be no problems for the industry and those at the other extreme who sought to argue that there would be enormous problems for the industry and no possibility of benefit to consumers. My position was that the balance between the interests of producers of copyright material and consumers was tilting—was getting out of balance. I contend that the 'use it or lose it' approach will achieve that balance much more appropriately. But I did argue that the claims that there would be great falls in CD prices was an absolute furphy—and, sadly, history has proved that to be correct.

The most enthusiastic advocates of the policy, in hindsight, sometimes claim that the prices of CDs might have fallen by a dollar. It is pretty hard to prove that, but it might be right. But there are certainly significant problems for a number of participants in the music industry. They sought the opportunity to come before the Senate committee, even though not covered by this bill—because parallel importation had already been applied to them—so they could articulate their concerns about what that policy was doing to them. They did not have a vested interest in doing that, because they are not affected by this bill—whether this bill passes or fails, their circumstances remain the same. They were concerned that what had happened to them should not happen to others. It should not happen to creators of books, computer games and computer equipment. There are many fine creators of those various items in Australia operating successfully and many others battling—because this industry, as most of us know, is not renowned for its great returns in the case of most of these authors, although some do well.

Those in the music industry have been concerned, as have people in the book industry and the computer software industry, since 27 June last year when the government announced its intention to lift restrictions on parallel importation of books, periodicals, printed music and computer software products, including computer based games. I, as the then shadow minister for industry, and my colleague the then shadow minister for arts, the member for Denison, made it clear on 24 August last year that our party's policy would remain—that we would not support the complete removal of parallel importation restrictions but that we would move to a comprehensive 'use it or lose it' policy by extending to other areas, music and computer software, the regime that applies to the book industry. That is, I think, an important argument for striking the balance. We argue that this approach would place pressure on importers to make products available to Australian consumers faster and at a better price. I will refer, if time permits, to evidence which suggests that it certainly has, because of the 30- and 90-day rule, prevented book publishers extracting monopoly profit. This approach would also make the material available faster and at a better price, while protecting the interest of Australian copyright owners. It is that balance that I wish to

argue for and which I contend this bill undermines.

There have been some serious problems of process with regard to this bill and there are serious problems with the nature of the research on which it is based. I have spoken about that in this House before. I think the material which the ACCC put forward in an attempt to justify this legislation and the way in which they publicly presented it—in what I considered to be a most misleading manner—were a scandal. I am appalled that the ACCC would have engaged in such misleading conduct. They would not have accepted such conduct from people subject to their scrutiny.

Almost all of the bodies representing the industries concerned with the proposed changes have made it clear, mainly in evidence to the Senate committee but also publicly, that they were not consulted in the preparation of the current bill by either the Attorney-General's Department or the ACCC, whose research the Attorney-General's Department has blindly accepted. Neither the department responsible for the arts nor the department responsible for industry made any submissions to the inquiry—they did not appear before any of the public hearings—and, on the face of it, they have not been involved in the development of this policy.

Obviously, the industry is not entitled to determine the government's policy. In a democracy that is what governments do. They listen to people, and they say, 'Sorry, I don't agree with you; I am going to go in a different direction.' But you do have an obligation when you are making decisions that affect the very viability of an industry and affect very profoundly the very viability of some communities to listen to them. I have never been able to understand what this government has against, for example, the community of Maryborough in Victoria in the seat of my colleague the member for Bendigo—a community very significantly dependent on the book industry. Why they consistently and persistently attack the viability of the industry upon which that community depends is beyond me. Sometimes people in Australia feel that if you do not live in a marginal seat you tend to get ignored. These people live in a marginal seat and they still get ignored. I suppose all you can give the government points for is consistency.

I am also baffled as to why in the preparation of this bill to extend parallel importation to industries other than the music industry no research was conducted into some of the areas that are going to be affected, such as sheet music, electronic books or periodicals. No research was done about the impact of the previous changes on the music industry. We are proposing to extend those changes to other industries without any serious research about the impact of these changes on that industry, and I am concerned about the nature of the research as it related to the book industry. It is a flawed process. One of the witnesses before the Legal and Constitutional Legislation Committee, Mr Fisher from the printing industry, said that the only way he felt anybody could have come to the conclusions that they did on the evidence available was to let their ideology draw them to a conclusion and then work back to try to find some evidence to justify the conclusion to which they had already come—and I think that gentleman essentially got the point right.

The Attorney-General's Department and the ACCC stated during the hearings that they were acting on instructions from the government in relation to the proposed changes. That is fine; I do not object to government agencies doing that. The policy is drawn up in our democracy by elected governments and implemented by agencies which it appoints. That is the nature of the Westminster system. But, if that is the case, you cannot use the same people who are your agents as your independent sources of research, and that is what took place in this circumstance.

The Australian Consumers Association, which came before the committee, declared that they were basing their decision to support the bill almost solely on the research of the ACCC and they had done little or no independent research. Given the nature of that

research, I think that is not an appropriate manner for the ACA—which is an organisation which in many ways I have a lot of sympathy with and with which I have worked closely over a number of years on many matters—to discharge their obligations in dealing with a bill like this.

It seems, on the evidence available, that the government is pursuing the extension of parallel importation based not on the evidence but on the ideological preconception that it must be good and, therefore, it should be applied in other places. Ironically, they are not, however, going as far as the previous New Zealand government did and applying it universally. I think they fear the reaction from the United States if they sought to extend it to the film industry. So this is a principle of selective application.

I cannot support the proposed bill. It extends what I thought was a deeply flawed decision to allow parallel importation in the music industry to other industries without any evidence to underpin it, in a manner which I think undermines the proper copyright and intellectual property regime, without any evidence that there would be sufficient or compensating benefits to consumers. It does not even attempt to strike a balance between the interests of the industry and the consumer—and that is government's obligation: to look at the interests and weigh them in the balance and determine some balanced position.

I come back to my fundamental concern. There is nothing in the government's advocacy of this position, nothing in the evidence they presented to the committee and nothing in their public position—those of the Attorney-General, the Minister for Communications, Information Technology and the Arts or the poor old Minister for the Arts and the Centenary of Federation here, who I have never heard speak about this matter. As far as I can tell, he does not have any understanding about it at all. The senior minister in the portfolio, Senator Alston, has been whingeing away about this for years and continues to seek to parrot the ACCC's line without any consideration of its cultural significance and, as a lawyer, I am amazed, with an apparent lack of understanding of the importance of intellectual property rights for Australia's cultural industry, Australian industry in general, if we are going to succeed in the 21st century. On the evidence put to the committee it is also obvious that the government in preparing the bill has not sought or been provided with information in relation to the impact on the relevant industries, on employment, on cultural identity or on investment in Australia's cultural industries.

The opposition's decision to oppose the bill is based on the fact that it was bad policy when it was introduced in relation to CDs and that attempts to extend it to other industries just continue that bad policy. As shadow minister for the arts, my particular concern relates to the book industry, but the principle applies—and the evidence before the committee seems to reinforce the view—that the problem for business software and computer games, the visual software distributors' industry, seems to be similar.

The ACCC's evidence seemed to be of very limited unrepresentative samples, all conveniently pointing in a direction contrary to the evidence from the independent analysts. Access Economics presented a report. I realise the industry association have come forward and argued their case, and in a sense you would expect them to, and you have to weigh their evidence in that light—that they are coming along arguing a particular brief. It does not make them wrong, but it does not make them right, and you have to assess their evidence in that light. I regret to say that in matters to do with parallel importation you have to take the ACCC in the same way: they are partisan participants in the debate, not objective observers. It does not make them wrong, but it does not make them right; you have to weigh it in the balance. Although Access Economics were presenting evidence on a report commissioned by the Visual Software Distributors Association, I am not aware that anybody has established that they in any way had a vested interest. None of the evidence seemed to challenge the legitimacy of their report.

Their report showed that prices for games software were 32 per cent higher in the UK than in Australia and only seven per cent lower than in the United States. They questioned the validity of the ACCC report, which stated that computer games were 'on average 33 per cent higher than in the US'. The Australian Competition and Consumer Commission's comprehensive analysis of this was based, would you believe, on nine titles. You would be expelled from any statistics course for pretending that you could present a representative source on that basis. Allan Fels, when he was a professor, would have failed any student who came before him who purported to put that evidence forward and pretend that it made a case. It is a continuing disgrace that this body, which is designed to be an independent agency of the government, has become so partisan. Perhaps we should pretend that it is not independent and stop using its evidence and commission other people to do it. It looked at nine titles.

It is not as though the evidence is not available. There is independent—that is, not from the Australian industry—analysis from people like PC Data in the United States and Chartrack in the UK, who do not have a vested interest in saying how much better Australian prices are than UK or American prices. Their information—at least on the evidence that I have seen—appears to be more representative than that from the ACCC and shows that Australia is competitive, that the material is much cheaper in Australia than in the UK and, in most instances, in the US. Of course, that is influenced by the value of the dollar—it always is. But, on the evidence, or the evidence I have seen with regard to CDs and books, a price difference does not seem to have originated during the last 12 months since the dollar collapsed. There is nothing that I have seen to suggest that; in fact, most of these figures go back before that period.

So I am particularly concerned about the nature of the evidence and the arguments about price benefit. There was compelling, concerning evidence—entirely unsurprising—about the risk of piracy. The government continually argues—it did with regard to CDs—that piracy is a separate issue that should be pursued by the law enforcement agencies. It blithely ignored the fact that it knew—and we all know—that the only way that Customs can effectively pursue piracy is on the basis of the evidence from the copyright holder who says 'No, this material wasn't introduced by me so it must be pirated.' Once you introduce parallel importation, that evidence is not available. So the capacity, effectively, to enforce piracy is significantly reduced. That is a problem that the music industry raised before parallel importation and has reiterated since, including before the Senate committee. The software industry is seriously concerned about it. Because it does not suit the government's predetermined position, they reject it. They say, 'No, it's not a problem.' But nobody in the industry believes them. No law enforcement agencies have been able to convince anyone in the industry, before this happened or, in the case of the music industry, since, that the piracy issue is not serious. It undermines in practice even more fundamentally our intellectual property regime, as parallel importation in the way the government outlines it does in principle.

I was most concerned, however—and I will not reiterate it all because I spoke about it in the House before—about the manner in which the evidence has been argued about the book industry. As shadow minister for the arts, this is where my most direct concern arises. There was argument put forward by the ACCC on the basis of their assessment that books were up to 44 per cent more expensive in Australia than in the UK and in the US. What I found, to my amazement and horror, was that they had doctored the figures—that, in fact, the most recent figures show that books were cheaper in Australia, but they had used a 12½-year average to come to that figure. Everybody knows that, if you are averaging a downward trend, the average will be higher than the current amount. The ACCC would not accept an advertisement that claimed, 'We'll sell it to you cheaper, when it's actually more expensive, on the basis that, on average over the last 12½ years, it would have been cheaper

but actually now it is more expensive.' They would prosecute you for saying that, but they have said it to this parliament, and I consider it a scandal. So that is my most serious concern—that the evidence for price benefit has been doctored.

But I am concerned about the impact on the copyright owners, and I want in the brief time available to refer to that as it relates to authors and to the cultural significance of this. I have about three minutes left in which to do it. If I do not seek leave to continue my remarks, I am going to cause a bit of a problem for the continuation of the parliament.

Mr DEPUTY SPEAKER (Mr Nehl)—The chair is prepared to let you finish your time.

Mr McMULLAN—Thank you. I appreciate that, Mr Deputy Speaker. If the House is willing, it might facilitate the whole proceedings. In its submission, the Australian Society of Authors stated:

> Any move that weakens the positions of copyright owners now will be seen as incredibly short sighted in a few years time. At a time when Australia is being criticised for being out of step with the burgeoning knowledge-based economies of the world, it will be seen as remarkable that we should even contemplate undermining our home grown copyright creating industries.

Three successful authors came before the committee. Garth Nix said that the proposed changes would reduce the income of authors and drive established authors to be published in London and New York. One of our most successful contemporary authors, Frank Moorhouse, spoke very passionately before the committee about the importance of maintaining Australia's cultural identity and the way it is threatened under this legislation. But I want, in particular, to quote the evidence by Shane Maloney, an Australian author who stated that he did not understand why the government felt it had the right to take the result of his work and take away his right to sell it on a contractual basis to earn an income. He said:

> My work is the result of my intellectual activity; it is my intellectual property. It might not be much, but it is all I have got to sell. If I can find a buyer for it and establish a contractual basis on which I sell it to that buyer, I am really at a loss to understand why the Australian government would see it as its right to intervene in that contractual relationship. If this legislation advances, it means that a writer in Castro's Cuba would have more control over their intellectual property rights than a writer in Australia. So it is quite unusual to find an Australian Liberal government pursuing a line like this.

That is the core of the argument. He is a writer; he has a flair for prose. But the core argument is: the intellectual property is the property of the creator. If it were physical property, we could all tell straightaway that no-one else but the person who owned it had the right to sell it. But under this legislation other people can sell your property and take away your right to benefit from it. That is why we are opposed to it. That is why we do not believe this legislation strikes the right balance. It undermines what is so fundamental to the future of the knowledge nation, which is the capacity of creators to benefit from their creation, from their innovation, and therefore it undermines the encouragement of innovation, and in the 21st century we will regret that. The only way that the government can justify the argument is to doctor the case on prices. I thank you for your courtesy, Mr Deputy Speaker. *(Time expired)*

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

Sitting suspended from 6.02 p.m. to 7.30 p.m.

APPROPRIATION BILL (No. 1) 2001-02

Second Reading

Debate resumed from 22 May, on motion by **Mr Costello**:

> That the bill be now read a second time.

Mr BEAZLEY (Brand—Leader of the Opposition) (7.31 p.m.)—Budgets are about choices. They are about a government's values and the priorities the government sets for them. You can tell everything about this government not so much by what is in these budget papers but by what is not. There is nothing in this budget to help ordinary Australian families. There is no relief from the GST for families facing financial hardship

and nothing for small business badly hurt by this tax. There is nothing in health and education to attempt to repair our public hospital system or help our struggling poorer schools. There is little to help the jobless in the year that unemployment is expected to rise—in fact, this budget opens an even bigger divide between rich and poor. And this budget proves that the government is determined to go ahead with the sale of Telstra, against the wishes of Australians all around this country—it is right there in the budget papers.

This budget shows once again that the Howard government has stopped listening to people, that it is out of touch with what ordinary families want. You cannot blame people for thinking this budget is just a cynical exercise to buy votes from the elderly—from our older Australians who have been absolutely flattened by the goods and services tax. Soon, most Australians watching this speech will be called on to vote in a federal election. We in the Labor Party are going to give people a real choice: a choice between a Labor government that wants to help people, that is on the side of Australian families, and an increasingly out of touch government only interested in trying to buy its way back into office. We will return to Australian values—decent standards in public hospitals, looking after our elderly in their need, making sure every Australian child gets a good education, and maintaining living standards in the country as well as the cities. And, most importantly, we will look at ways to ensure a good future for our children in the knowledge nation.

There is no reason why this country cannot be a place that invents and produces the best products in the world. Yet there is nothing in this budget to help Australia build a strong future, to give our talented young people the best education and training so they will want to stay here and develop ideas to make this country prosper. Instead, this budget confirms what Australians have long known: whatever John Howard gives people, he will take away—with the GST—in the blink of an eye. We all know that he has broken the promise that the GST would result in a simpler, fairer tax system. We all know that his claim that Australian people and the national economy would be better off under the GST is proved by these budget papers to be a fraud. And we can now see very clearly that the government is panicking. All the billions of dollars of backflips revealed in this budget are spent merely to try to shore up the government's vote.

Tonight I am going to lay out the choices between the two major parties in Australia very clearly. The most important promise I can make is this: the Labor Party in government will put jobs, health and education—wherever you live—right back at the top of the priority list. The greatest cause of this year's economic slide, as revealed in this budget, is the goods and services tax. People were told it would be good for their families, good for business, and good for the overall economy. The Howard government has failed on all three counts, and Australians know it. The GST is the Howard government's answer to all Australia's challenges. But it is the wrong answer. The Labor Party is going to give you a very clear choice. The government believes in slugging everybody with this unfair GST. The Labor Party pledges to roll it back. The government believes in selling the rest of its stake in Australia's biggest company, Telstra. No government I lead will ever sell this great national company, Telstra. And that is a rock solid guarantee; not the wishy-washy dancing about that you get from the Prime Minister and the Deputy Prime Minister on that matter now—and it is there in the budget.

This government spends hundreds of millions a year on wasteful advertising and consultancies. Last year the federal government spent more on advertising than Toyota, McDonald's or Coca Cola. In fact, it has achieved one distinction: it is Australia's No. 1 advertiser. This government wasted more than $200 million on advertising for the GST alone. That is 20 times as much as they spent on the carer payment for those looking after profoundly disabled children. That is not right, and everybody knows it.

Tonight I am going to do something unusual in a budget reply speech. I am going to give some even more concrete examples of

the stark choices at the next election. I am going to give you several fully costed, fully funded policies as an example of the choices facing Australians. But first let me say this: this is the biggest spending, biggest taxing government in Australian history. They have left the Hawke and Keating governments behind in the dust on the spending front and, despite all that, they have left a set of low surpluses in the years to come. At the same time, bad priorities have left serious holes in the services Australians value most—health and aged care, jobs and education. This combination of high spending and inadequate services poses a challenge to both this government and any incoming one.

Labor's response to this challenge is threefold. First and foremost, Labor is about reducing, not increasing, the burden of tax on Australian families. That is what roll-back means. Families will benefit from GST roll-back, while Labor will not increase personal income tax rates. That is an absolute guarantee. Secondly, the Howard government's bad priorities clearly provide opportunities for cutting waste, extravagance and unfairness and investing in services that help all Australians. With my policy announcements tonight, I am giving a concrete demonstration of how this can be done. Most importantly, Labor's plans are not just quick fixes from one budget to the next. We have a long-term plan to make this nation a fairer and better place to live. This plan will be carried out at a pace and on a scale determined by what the budget can afford.

Labor already has a total of 70 policies publicly announced and available on our web site or through our members' offices—that is, as the papers pointed out this week, 70 more than the Liberal and National parties. We have pledged to give costings of all our policies—that is, what we will do and how we will pay for it—as soon as the government reveals the true state of the economy in the Charter of Budget Honesty delivered during the election campaign. There will be no 'non-core' promises from us. You will go to the polls knowing exactly what we will do, unlike the fraudulent behaviour of our opponents when they first ran for office.

Tonight I thought I would give you a clear insight, with more detail, into how our policies match a Labor government's values. Tonight I announce that we will cut wasteful spending on advertising and consultancies by $195 million over three years in order to fund a national fight against cancer and to ensure that all Australians can get medical help outside working hours. This government has given the richest category 1 private schools an extra $1 million a year each. Tonight I announce that Labor will redirect these funds away from these wealthy schools to improve the quality of our government schools, as well as the quality of teaching in the nation's classrooms.

This government wants to give a tax deduction to wealthy donors, to people who can afford to give big donations to political parties.

Mrs Draper interjecting—

Mr SPEAKER—I warn the member for Makin.

Mr BEAZLEY—Tonight I announce a plan that will use this money—$45 million over three years—to start rolling the GST back from charities that care for the most disadvantaged in our community. These are the sorts of priorities which the government should have announced in this week's budget.

As I have said, the Howard government has spent huge and unprecedented amounts of public money on consultancies and government advertising. Spending on consultants amounted to a staggering $1 billion over the three years to 30 June 2000. In that year, the government spent $368 million, an increase of $119 million over the previous year. The advertising bill alone blew out to $210 million as the government tried desperately to convert people to its GST. We all know that the 'Unchain my heart' GST ads were nothing more than political propaganda and every cent of them should have been funded by the Liberal Party. Labor, in government, will reduce this spending on advertising and consultancies by at least $65 million per annum—a 15 per cent cut—and we will introduce strict guidelines to cut this

blatant political advertising. This money will be used to tackle an area of health which I want to make one of Labor's high priorities—the fight against cancer.

Each year, over 70,000 Australians are diagnosed with cancer. We all know someone who has struggled with and survived the disease and most of us know someone who has died from it. In our hearts we also know that no-one is immune. I want to help control cancer and I want to make sure that cancer patients receive the highest quality treatment.

Tonight I am announcing that Labor will commit $90 million over the next three years to mount a fight against cancer. We will also redesign the government's cervical cancer screening program and combine this with other unspent cancer money so that $148 million will be available over three years for the fight against cancer. We will build a new national cancer alliance to link our scientists with cancer specialists. We will create comprehensive cancer centres to improve treatment services. We will boost public health programs on tobacco and fund screening programs for other cancers.

Labor will rebuild Medicare. Unlike the government, public hospitals are our highest priority. Last August, I announced Labor's Medicare after-hours policy that will fix the shortage of GP services at night and on weekends. This policy has two parts: after-hours GP services working with local hospital emergency departments and a 24-hour medical advice line staffed by trained nurses under the supervision of doctors.

Tonight I am able to announce that Labor will spend $55 million over its first three years to establish the 24-hour medical phone service. When a parent is confronted with a medical emergency or is anxious about a child's health, they need immediate medical advice. Labor's 24-hour phone line will give them basic advice and direct callers to the best place to get more help. In this budget the government has tried to steal Labor's policy by announcing $43 million over the next four years to establish services that imitate Medicare After Hours. But it is a very weak imitation. It includes no 24-hour advice line and it is not a national program. Like much of what the Howard government has done, its attempt to copy Medicare After Hours is a case of too little too late. A service like this is way overdue, and Labor will deliver.

Our small population gives us a challenge and an opportunity. If we are to be world leaders in new industries and new developments in biotechnology, medical research, environmental management and IT, we need better education and training for more of our people. Our greatest assets are the 250,000 new children born every year. We have to give all of them the best education we can—all of them. But this government believes in giving a good start in life only to a chosen elite. The Howard government believes in giving millions of dollars extra per year to wealthy category 1 private schools, like the King's School and Geelong Grammar, that already have the best of everything. These schools, I might say, are attended by less than two per cent of Australians but count about 60 per cent of this cabinet among their old boys and girls.

More broadly in education, since coming to office John Howard has cut spending on universities and R&D by $5 billion. And, for the first time in many years, university enrolments fell last year. In 1995-96, Commonwealth support for science and innovation was 0.75 per cent of GDP—too low, but it was going up. In the coming year, it is estimated to fall to 0.65 per cent of GDP. The research and development tax concession in Labor's last year of office was worth $800 million to industry. Next year it is only $470 million—so much for their much touted innovation statement; so much for their much touted tax concession, which they found themselves altering on day one of the budget.

There are no Australians more important than our teachers. There would be nobody watching tonight who could not recall their best teacher. A good teacher changes lives, and I am very proud indeed that one of my daughters is now a teacher. Every parent knows that the best way to improve their child's chances of staying at school and go-

ing on to university is to make sure their children's teachers are experts in their subjects. And yet, under the Howard government, up to 40 per cent of junior secondary students are taught maths by a teacher without specialist training to teach that subject. Many rural and regional schools cannot even fill vacancies for maths and science teachers.

I am tonight announcing the funding for three initiatives to tackle these problems. Firstly, under Labor $100 million will be spent over three years to improve the classrooms, libraries and laboratories of our government schools—all the things that will bring pride back in the basic school system that has given us so many leaders in this country. Half of this money will come from the Commonwealth, and it will be matched by the states. Secondly, Labor will award 1,000 prestigious new scholarships each year to high achieving graduates who enter teaching, especially in the key disciplines of maths and science. These teacher excellence scholarships will pay the HECS debt of graduates for every year they remain in teaching. This measure will mean a new generation of committed and idealistic teachers in our classrooms. Thirdly, Labor will update the skills of Australia's existing teachers through a new program we call Teacher Development Partnerships, costing $50 million over three years. The Commonwealth will pay the course costs for 10,000 teachers to undertake refresher retraining, and will pay them $2,000 on completion of their training.

So this is the choice I offer the Australian people—million dollar increases for the wealthiest private schools or $100 million to improve government schools, 1,000 scholarships a year to recruit the best and brightest into teaching and professional development courses for 10,000 existing teachers

Labor will also invest in university education and research to give regional Australians the skills to create their own destiny. We will provide an additional $10 million over three years to help regional universities and campuses meet the costs of communications which they need to access the world of knowledge and to provide quality distance education over the Internet. And we will spend a further $15 million to create 400 new postgraduate research positions at regional campuses, increasing research on fisheries, agriculture, mining and tourism. Those universities need that communications assistance because basically it costs them three times as much to access broadband as it costs their brethren in the cities. Their situation must be equalised. And the government's slashing of new postgraduate research positions in the bush, at regional campuses, has to be reversed.

The Howard government has introduced legislation to increase the maximum tax deductibility threshold for donations to political parties from $100 to $1,500. In other words, the cap on the amount you can claim from the tax office for political donations has been lifted substantially, no doubt aimed at collecting more from groups like the HIH company. The government estimates this will cost a total of $45 million over three years. The legislation is currently before the Senate. We do not believe the taxpayer should be required to subsidise such donations. Labor opposes this legislation and in government will maintain the threshold at its current level of $100. And we will spend the $45 million instead in starting—starting—to roll back the GST on charities. When this government launched its GST, it promised to free the charities and catch the tax cheats. Now we know the truth: this Howard government has freed the tax cheats and mugged the charities.

Let me give you an illustration of just how unfair this GST is. When a big company gets a million dollar electricity bill, it can claim back nearly 10 per cent of the bill from the tax office as a tax credit. But, if a charity moves in to help a needy family in a crisis and pays the family's overdue electricity bill, the charity is slugged a full 10 per cent in GST—and they cannot claim a cent back. This is a clear double standard. Worse than that, it is just plain unfair.

Government members interjecting—

Mr BEAZLEY—Oh, we understand: 'It's all right. Don't you worry.' We know you. Well, that might be acceptable to the Prime Minister—indeed, it obviously is—but it is not acceptable to me. And Labor will start the process of rolling back this GST by helping Australian charities get on with the great work they do in our communities.

The government's GST has hit, and hit hard, Australian families—particularly those who are struggling to meet the increased pressures of work and family life, and the high costs of child care. It has severely hurt small business people trying to come to grips with the BAS forms, which have not been improved, in spite of all the government's promises. The GST has harmed businesses, cost jobs and hurt the economy. Remember who said this in 1998:

> The combination of higher growth and improved work incentives will deliver more jobs and lower unemployment.

It was the author of the budget papers, Treasurer Peter Costello. The budget itself shows how wrong those predictions were. They show 'slower than expected growth' in the economy as a result of the GST. The budget says residential construction industries were particularly hard hit:

> The downturn in this sector had flow-on effects to other parts of the economy through its impact on employment, consumer spending and business sentiment.

Only last November, we can all remember Peter Costello on unemployment going down to five per cent: 'You could see a figure with a five in front of it,' he told the *7.30 Report*. He now has to admit that unemployment will soon rise to at least seven per cent. By the end of its second term, this government will only have been able to get unemployment down by around one percentage point, and the majority of new jobs are part-time.

This budget shows that John Howard and Peter Costello think the vote of the elderly people of this country is worth a mere $300. Well, the Labor Party has a lot more respect for those who took us through the Depression and several wars, building the sinews of this country. They all know they were promised $1,000. It always pays to check the fine print with this government. By no means all pensioners are getting the $300. Our offices—and I expect it is the same with those opposite—have been logging literally hundreds of calls a day from disability pensioners and others who have discovered they do not get a cent. Many of these people are struggling to pay for expensive medicines. Many were injured at work. They have simply been cut adrift. Our offices are also taking calls from self-funded retirees between the ages of 55 and 65 who feel duped. They thought they were getting tax relief but in fact, far from all self-funded retirees benefiting from the extra budget measures announced on Tuesday, about 350,000 will miss out.

I want to remind you of Peter Costello's budget speech on Tuesday night when he quoted from the first Commonwealth budget brought in by George Turner. Mr Costello quoted Turner telling the parliament that Australia 'in the early stages of our career' should avoid 'extravagance'—and we agree that it should. But it says a lot about the values and the lack of imagination of this government that the Treasurer skipped right over a far better quote from George Turner, only a sentence or two earlier in his speech. The first Australian Treasurer said this:

> I feel that in dealing with the finances we all fully realize the great responsibility which rests upon our shoulders, and I am certain that, whatever our opinions on the fiscal question may be, we shall give each other credit for being animated by but one desire—to do that which is best for Australia, and fair, just and equitable for all States, and to all classes and sections of our community.

That is the missing part of the Treasurer's speech of 2001: a commitment to justice and fairness for all—for struggling Australian families, not just the people this government feels it needs to get itself re-elected.

At the next election—only months away—the people of this country will be faced with a very stark choice. They will have on offer a stale, five-year-old government that has stopped listening and has run out of ideas, a government whose only vision

for Australia was to introduce a new tax: the botched, unfair and badly administered GST.

We have a stronger vision. We look to a future of greater prosperity for all Australians—those who live in cities, and those who choose the quieter roads. We want to create a future where the protection of our beautiful environment is an integral part of our growth and development as a nation. We want a future in which our people's health care is provided by virtue of citizenship, not wealth. We will work for a future in which quality education is there for all, not just the privileged. We will work to make Australia one of the world's leading knowledge nations, harnessing the new age of communications for the benefit of all our people.

These things will put bread and butter onto our tables and ensure our people survive and prosper. But we need food for the soul as well. We need to be a unified nation, reconciled with the country's first inhabitants. And we need to bring home our Constitution, and make an Australian our head of state. These reflect the values Australians have discovered in themselves as they have built this great nation over the past 100 years. And let me assure all of you tonight that these are the values that will inspire and govern Australia under a Beazley Labor government.

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

House adjourned at 8.01 p.m. until Monday, 4 June 2001, at 12.30 p.m., in accordance with the resolution agreed to this day.

NOTICES

The following notice was given:

Mr Baird—to move:

That this House:

(1) notes that 28 May 2001 was the 40th anniversary of the formation of Amnesty International;

(2) notes the large membership and total cross-party support for the Australian Parliamentary Group of Amnesty International;

(3) congratulates Amnesty International on its continuing vital work on behalf of political prisoners around the world; and

(4) notes with regret that the work of Amnesty International remains indispensible because of continuing worldwide human rights abuses, including torture and summary execution of political prisoners.

Thursday, 24 May 2001

Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Racing Industry

Mr SWAN (Lilley) (9.40 a.m.)—This morning I want to make some remarks about the racing industry, as we are at the height of the winter racing carnival in Brisbane, and the racing industry is concentrated particularly in the area of Brisbane that I represent—around the racing tracks at Eagle Farm, Doomben, Albion Park and the training track at Deagon. The racing industry is going through a rough trot at the moment, caused by some changes in habits and by the impact of the GST. The GST has had a significant impact on racing and breeding, and that is bad news for the industry. The Queensland Principal Club has undertaken an extensive study to examine the impact of the GST on the racing industry in Queensland. In terms of racing and breeding, it is estimated that the total cost impact of the GST in Queensland is about $13 million per annum. The GST has added about $4 million annually to the cost of purchasing yearlings—

Government members interjecting—

Mr SWAN—I am sure members opposite know something about this—in Queensland by owners who are not GST registered. This is a very significant point. Professional breeders are required to add GST to the sale price of yearlings to protect their margins. This additional cost is lost to the industry for non-registered buyers who are unable to claim back their input credits. Therefore, the GST has added between $1,300 and $1,400 to the annual cost of racing a horse for those 70 per cent of owners who are not GST registered, excluding indirect costs such as insurance, personal transport and communication expenses. This additional cost means that about $9 million a year is leaking out of the industry. So the GST impact on the Queensland racing industry comes on top of the unwelcome impact of the high cost of fuel and other cost increases.

The racing industry is one of the biggest direct and indirect employers in the Lilley electorate. I am deeply concerned that jobs are being lost. When I met with the racing industry last week, they indicated to me that they had probably lost around one-third of their business, and this was largely due to the impact of the GST generally on small business people who were racing horses, and then their subsequent inability to claim back their input credits.

We as a community, particularly in the northern suburbs, need a plan for racing. We need all tiers of government, including both federal and state, the local community, the clubs, the Queensland Principal Club, the clubs at Eagle Farm and Doomben, the trainers, the owners and the workers to come together, because this is a very important employer of labour. It also adds a significant dimension to the cultural outlook of the community. If the racing industry keeps going the way it is going, that will be lost forever. The jobs will go with it, and our community will be changed forever. In the northern suburbs of Brisbane, we need a coordinated approach to the future of the racing industry so that we can protect those jobs and protect the future of this vital industry, including all of those who depend on it, not just in the northern suburbs but in country Queensland and country Australia. *(Time expired)*

Herbert Electorate: Infrastructure Projects

Mr LINDSAY (Herbert) (9.43 a.m.)—I am totally fed up with the 'can't do' attitude of the Beattie Labor government in Queensland. In relation to the electorate of Herbert, Mr Deputy Speaker, I want you to know, and I want the people of Herbert to know, what the Beattie government is simply not doing and could be doing. Look at the Douglas arterial road project. Here we have the Commonwealth government standing ready to deliver something like $33

million for that project, and the Beattie Labor government will not get on with getting the road built. It needs to be built; it is vital for our community. Yet we have the state government saying, 'No, we're not going to do it.' The Commonwealth money is there; we are ready to go; but with respect to the state government it is a case of 'no go'.

It is the same with the new port access road, the eastern port corridor for the city. It is really important to keep the traffic out of Railway Estate and South Townsville. It is really important to attract new industry and new jobs to the Stuart area. But what is the attitude of the Beattie Labor government? They will not even ask the federal government to declare it as a road of national importance. If that was declared as a road of national importance, I guarantee that tomorrow the federal government would come up with the money and deliver the money for that project. The Beattie Labor government is putting the project on hold for another three years, even though the city really needs that project. It is a project of major significance.

What about the tourist industry? The state minister came to Townsville and declared that Townsville is a wonderful tourist industry—which it is. But when you look at the state government's track record, again it is a case of 'can't do'. What about the Cromaty wetlands—the Kakadu of North Queensland? In fact, it is better than Kakadu, Mr Deputy Speaker. I know that we all support and applaud the government for delivering another $1 billion by way of a five-year rolling program under the Natural Heritage Trust. We stand ready to deliver $1.7 million to allow the Cromaty wetlands project to be developed. What do we need from the state government? A one-third share, $800,000. And do you know what the answer is? 'No, can't do.' 'Can't do, can't do, can't do in Townsville-Thuringowa.' It is not acceptable.

We can look at the provision of a new baseload power station in Townsville. It is the most important industry development that we could have, to make sure that our industry gets cheap, affordable power. Again, what does this Beattie Labor government do? Can you guess? Nothing. They have put it off for another several years. I am very disappointed. I want the people of Townsville-Thuringowa, in the electorate of Herbert, to know that the frustration that I feel as a federal member is that the state government simply says 'no' to Townsville-Thuringowa all the time.

Reynolds, Mr Tom

Ms HOARE (Charlton) (9.46 a.m.)—On 4 May this year, I mourned the death and celebrated the life of Tom Reynolds. Tom died on 30 April, in his 97th year. Tom Reynolds was a long-time member of the West Wallsend branch of the Australian Labor Party and he was a good friend to my family and me. Tom was born at Holmesville on 10 October 1904. He spent his school days at Barnsley public school. In his early 20s, he commenced duties as a lampman at Seaham No. 2 colliery, working alongside his father and uncle. Over the next 60 years he worked in finance, insurance and real estate.

Tom married Quen Keen in 1927 at Scots Kirk in Hamilton. Their only child, Lisle, was born at West Wallsend. Tom and Quen lived for most of their lives in the Holmesville-West Wallsend area. When Quen died in 1983, Tom lived alone. His last five months were spent as a resident of the Carey Bay Nursing Home, where he expressed to Lisle that he was being very well cared for but that he did miss 'Westy'.

Tom had been an energetic worker for the community. He helped establish the Mount Sugarloaf Recreational Trust, of which he was the foundation secretary, holding office for 16 years from 1971. Tom was an all-time and long-time advocate for Mount Sugarloaf. Although at the age of 70 he was required to retire as a trust member, Tom remained secretary. When he was 83 he decided to relinquish the active secretary's role. Up until 1995 Tom rarely missed a meeting of the trust as an observer. Tom Reynolds was also a local historian. When he was 85 years old he published a book entitled *Early West Wallsend (Westy): its people and places*.

I had the honour of presenting Tom Reynolds with his life membership certificate of the Australian Labor Party, which he was awarded in 1995. For anyone to retain continuity of membership of any organisation for at least 40 years reflects great credit on their personal loyalty and commitment. When that commitment is to the social aspirations of the Labor Party and the labour movement that credit is greater.

Tom had always earned the respect and affection of people throughout our region. His vision for the development of the area was reflected in his strong attachment to it. I have no doubt many of his ideas will ultimately be achieved. Tom's contribution to the historic record of our area has been of outstanding value. I wish to knowledge Tom's son Lisle for contributing much of the information on Tom's early life. Vale, Tom Reynolds.

Foot-and-Mouth Disease: Funding Package

Mr St CLAIR (New England) (9.49 a.m.)—I rise today to discuss something very important to the people of New England and Australia generally—that is, foot-and-mouth disease and the fact that we must do all that we can to prevent this disease coming across our borders. I take this opportunity to congratulate the Howard-Anderson government on making Australia a fortress against such diseases as foot-and-mouth. The $596 million package to strengthen Australia's border agencies in their work to counter threats from exotic pests and diseases is certainly welcome in my electorate of New England and is certainly something we now look forward to seeing put in place to keep out these sorts of diseases.

I raise specifically some of the initiatives in the package, particularly for those in my electorate who contact me regularly and ask what we are doing. I want to put on the record that there is $5.7 million for AQIS until 30 June 2001 to fund extra measures that we introduced back in February due to the UK and European FMD outbreaks; there is $281.4 million from 2001-02 to 2004-05 for AQIS border operations; there is $238.8 million from 2001-02 to 2004-05 for the Australian Customs Service to support AQIS quarantine service—and it is certainly good to see the two agencies working very closely together—and there is $68.8 million for new infrastructure at international airports and international mail centres, and ongoing costs for Australia Post, to allow greater scrutiny of incoming mail, passengers and goods. I have been contacted by people in my electorate who have flown into Australia and have been held up as they have come through customs. I must say it was positive for them. They felt it was important that people coming into this country via the airways and their baggage be given appropriate inspection.

There is also $1.2 million over four years to strengthen risk management and preparedness arrangements for FMD—that is absolutely vital in this country—as well as for BSE, being coordinated by a high-level industry and government management group. There is $500,000 for the purchase of reagents to allow the rapid testing of suspected FMD cases as part of Australia's program. It is a great program. I commend the government for it and I commend the minister Warren Truss, my National Party colleague for Wide Bay. *(Time expired)*

Diversional Therapy

Ms O'BYRNE (Bass) (9.52 a.m.)—I rise today to record my congratulations for a valuable group of professionals in our community—diversional therapists. I was fortunate to be able to attend the Diversional Therapy Association's national conference in Launceston last weekend and I want to congratulate all of the organisers, especially Sue and Lee. This was the 23rd conference and it was from all accounts a great success.

Diversional therapists contribute greatly to our society. They are focused on providing recreational opportunities for people who face barriers in recreation. Although only recognised comparatively recently as an occupation, it is in fact a profession with a very long tradition. One of the most well-known historical proponents of diversional therapy practised during the Crimean War. Florence Nightingale was dubbed the mother of recreation for her efforts to

provide recreation to war casualties. Today we know that diversional therapy is much broader than a hospital program. Diversional therapists recognise that leisure and recreational experiences are the right of every individual in our community and make an important contribution to our quality of life.

There are many people in our community who for a variety of reasons do not get to contribute to society in a way that they would truly like to. They may be people with disabilities, aged people, people in hospitals or people in residential care, and they may be of any age. The one factor that these extremely diverse groups have in common is that they are for a variety of reasons disadvantaged. Some of these people may be physically, intellectually or socially disadvantaged or they may be disadvantaged by their age or their living situation. I believe that many of the reasons for this disadvantage are structural—that is, the way that our society is structured marginalises certain groups of people.

We all know what an impact leisure can have on a person's self-esteem and sense of well-being. I know the wonderful feeling I get when I get to spend time doing an activity that I enjoy. Having access to this kind of leisure is something that the wider community takes for granted as an everyday part of life. Many people would not be aware of the barriers faced when participating. It is an exciting time to see such a high demand for experts in the area of health and leisure. This demand sees diversional therapists working in a wide variety of health care and community settings, implementing and evaluating client centred programs.

It is important to recognise how far beyond leisure this field goes. We see therapists working in all areas of aged care services, special schools, public and private hospitals and even community centres in rural settings. The Diversional Therapy Association of Tasmania provides a wonderful service for practitioners in Tasmania. The value of support and networking with colleagues cannot be overstated. A body that provides information on the latest national and international developments is an extremely useful resource.

The conference had an interesting and varied program, and I believe it was of great professional benefit to those who attended. The session I remained for was on dementia diagnosis and care and was of particular interest to the attendants. I congratulate Dr George Razay on his presentation. I want to record my thanks to Australia's diversional therapists, particularly those in Tasmania who are doing an amazing job.

In the few seconds left I would like to pass on my condolences to Jo Hopwood, a life member of the ALP who lost another life member of the ALP, Mr Lance 'Punter' Hopwood, earlier this year. He was called Punter not because of any great betting fever but because of his great love of football. *(Time expired)*

Retirees: Budget Initiatives

Mr NAIRN (Eden-Monaro) (9.55 a.m.)—Yesterday in the House I spoke on the four bills before the parliament following on from the excellent budget on Tuesday night. They were the Compensation (Japanese Internment) Bill 2001 and those relating to the one-off payment to the aged and assistance to self-funded retirees. I spoke about aspects of those four bills and the benefit they gave to older Australians, to whom we are able to give assistance now that, as the federal government, we have been able to get the budget into a situation where we actually can reward those various groups. It is very proper that we can.

In the time that I have this morning, I want to reinforce some of those points and make some observations on the assistance that they will provide for many of my constituents in the electorate of Eden-Monaro. I will start with the Japanese internment bill. My investigations since I spoke yesterday on that bill have shown that there are approximately 26 surviving POWs in Eden-Monaro who will benefit from the $25,000 one-off tax-free payment. As we all know, the payment is also for the widows and widowers. That will mean that about three times that number of people will come into that category. So, all up, we are talking about

close to 100 people just in my electorate who will benefit from that. It is such a good thing that we have been able to do this. It should be reinforced that we are able to do it. People have said, 'Why haven't previous governments done it?' It is pretty obvious why it was not done in the previous Labor government years. Basically there was no way they would ever be able to afford it when they were running deficit budgets year after year after year.

That is also the case with the assistance for self-funded retirees and pensioners. I certainly have a larger than average number of those in my region. People find the coast a very lovely place to retire. The people that have saved for their retirement and are living off their retirement income, right along the coast and in the various parts of Eden-Monaro, will benefit from it. I also have a very large number of pensioners and part pensioners who will also say thank you for that assistance that we are providing at this time.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A the time for members' statements has concluded.

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (CUSTOMS) CHARGE) VALIDATION BILL 2001

Cognate bill:

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (EXCISE) LEVY) VALIDATION BILL 2001

Second Reading

Debate resumed from 29 March, on motion by **Mr Truss**:

That the bill be now read a second time.

Mr O'CONNOR (Corio) (9.58 a.m.)—The purpose of the Dried Vine Fruits (Rate of Primary Industry (Customs) Charge) Validation Bill 2001 and the Dried Vine Fruits (Rate of Primary Industry (Excise) Levy) Validation Bill 2001 is to retrospectively validate regulations made on 29 August 2000 to reduce the rate of the levy and export charge on dried vine fruits from $10 to $7 per tonne as of 1 January 2000. This legislation has become necessary because the Attorney-General's Department has advised the government that the regulation may be invalid. Subsection 48(2) of the Acts Interpretation Act 1901 provides that a regulation will have no effect if it takes effect before the date of notification and has had an adverse impact on a person other than the Commonwealth.

In the second reading speech, the minister claimed that the Attorney-General's Department had originally advised that the regulation would be valid and that new legislation would be unnecessary. But of course that advice has subsequently changed and that is the reason for this legislation being debated at this time in this House. It is a legitimate question to ask what is really going on in the government at this point in time. We know the Howard government is disintegrating and in a terminal state of decay. Despite that situation there is really no reason why we should be debating this sort of legislation today. If the advice and scrutiny had been provided by the government in the first place I suspect the tidying up legislation that we now have before us here would not be necessary. This is not the first time that this tardy government has come into this House to backtrack and cover its tardiness.

Having said that, in the context of the House debate on these bills today I would like to make some comment on this industry, which has undergone significant changes in recent years. It is an industry of real importance to the economies of the Sunraysia and Riverland regions of Australia. The issues affecting the dried fruits industry are similar to those that affect all rural industries around Australia—both smaller and larger ones. Market access, the returns to growers, the way in which quality assessment and assurance procedures are instituted within the industry, the considerations of food safety and the structural relationships between industry bodies are all important issues facing the industry today.

I do not think the Australian community really has an appreciation of the complexities of the production environment for many rural producers, and I want to take the opportunity in this debate today to comment on some of the skills that producers require to produce a quality product and get it into a demanding domestic and international marketplace. The management of a vineyard requires a range of quite sophisticated skills that are also mirrored in the dried fruits value adding chain.

Producers in this industry grow a sensitive product in a variable climate that can play havoc with its production. For example, heavy rain storms in mid-February 1999 and in the year 2000 season caused significant damage to crops and losses in production. In the growing task in this industry, growing grapes with particular skin strength and quality is important in reducing damage in the storage, handling and processing stages of production. Producers also need considerable skill in the use of new mechanical and computer technologies. They need skill in the application of chemicals to the production process and in the control of contaminants. They need skills to understand grading systems and to ensure that quality products make it to ever demanding markets, and also in implementing best practice when it comes to the management of wastes and producing in a sustainable manner. There are other skills typically displayed by producers that I will not elucidate here, but I mention this whole skill issue because I do not believe the wider community really appreciates the sophisticated nature of rural production today. Dried fruit producers along with farmers in other industries are faced daily in their enterprises with challenges that require this impressive array of skills.

The consumer in a typical Australian household today demands a quality food product, free from contamination, that is reasonably priced and can be accommodated within limited and constrained household budgets. With the GST putting significant strain on household budgets and the government failing to adequately compensate households for its impact, the above issues are even more important today than they have been before. Indeed, the commercial environment faced by producers in this industry puts demands upon them to reap greater cost savings, to improve fruit quality, to better target the research effort, to develop new products and processes, to put a continuing emphasis on the skilling of producers and, of course, on the more rapid adoption of new technologies. So even in a relatively small industry such as this one in the rural sector these demands on producers are quite significant. I pay tribute today to those producers in this industry for their persistence and their commitment to the further development of their industry. It is really only through their direct efforts at self-improvement that the industry has been able to survive in an increasingly difficult commercial environment.

The dried fruits industry in Australia has quite an interesting history and has undergone significant adjustment over time as a result of many commercial pressures. The industry became established in Australia in the 1890s from vines that were grown in England and South Africa. The origins of the industry indeed can be traced back to Iran over 1,000 years ago. There were two areas in Australia, for climatic reasons, that became the focal point for plantings: the Sunraysia district around Mildura and the Riverland district in New South Wales. Output in this industry is dominated by dried sultanas but over the years we have seen important tonnages of raisins and currants produced as well.

As I have mentioned, the industry has undergone significant change in recent years as a result of direct commercial pressures, new innovations in plant varieties and handling systems as well as important changes to the industry's marketing environment. For example, in the 1990s producers switched their production to premium wine grape varieties as the market for Australian wine developed rapidly. Indeed, the growth of the wine industry has been quite spectacular. Australian wine exports, for example, edged into new records for both volumes and values in the year ended November 2000. The volume of wine exported in the last year grew 21 per cent over that of the previous year to reach 307 million litres, and the value grew 24 per cent to reach $1.46 billion. We have seen record amounts of red wines exported. With

the development of this particular industry has come an increase in the supply of sultanas for wine production.With falling prices, the diversion of produce back to dried fruit production has accelerated slightly because of the oversupply in grape production which is occurring at the moment.

Production in the early 1990s stood at around 95,000 tonnes. With the developments in the wine industry, production declined to around 22,000 tonnes in 1999. However, this year we have seen a slight recovery in production. It is estimated to be around 30,000 to 35,000 tonnes at the present time.

Innovation in this industry has been an important source of increased returns to growers. It demonstrates in a very specific way the importance of research and development and innovation to the whole of agriculture, including this important regionally based industry. It is clear to me, as it is to producers in this industry, that the future of the whole rural sector will only be secured if we maintain our investment in research and development, in innovation and in skills training in this sector.

In a recent speech to the National Farmers Federation in Canberra, I made specific reference to the necessity to create a knowledge agriculture; that is, advanced production and marketing systems that have innovation and sustainability at their core. It is a cause of some disappointment to me when I ponder the five wasted years of coalition governments in this country and the missed opportunity to sustain our position at the front of a pack of developed nations that are gathering pace in their quest to create knowledge based industries and societies.

Government member interjecting—

Mr O'CONNOR—I see the honourable member opposite me queries the statement that I have made, but it is a fact that investment in private research and development and in innovation, education and training has substantially declined since the coalition came to power.

Fran Bailey—That's nonsense.

Mr O'CONNOR—The honourable member for McEwen wants to dispute the statistics. She can ponder that on the beach in Queensland after the next election when we retire her from her seat. It is a statistical fact which you want to deny. We are quite happy on this side of the Main Committee to have you, in the language of the President of the Liberal Party, remain in a state of being out of touch with reality, because that is what you are on this issue. You deny the basic statistical facts of your own performance. That is why your Liberal president made the statement that he did. He said that you are members of a mean and tricky government—and I accept that—and, more importantly, he said that you are out of touch. Here the honourable members, disputing the points that I have made, demonstrate once again why the President of the Liberal Party, not the Labor Party, said you are out of touch.

The statistical fact is that you have squandered five years in office in failing to position this nation, along with other industrialised nations, at the forefront of the research and development effort as well as education and training and innovation. Most belatedly, having ripped $5 billion out of that particular task, you want to put back $3 billion and you want us to now congratulate you. You want us to congratulate you for taking out $5 billion, putting Australia behind the eight ball and then putting $3 billion back in to save your political skins. I find this quite an extraordinary position for you to adopt. I would prefer some of the breathtaking honesty the President of the Liberal Party gave you when he wrote that very accurate memo saying that you are out of touch. Your statements here today indicate simply how out of touch you are.

Even producers in this small industry—who live day to day with the task of producing a product in very difficult circumstances and getting it to the marketplace in a state of quality in order to extract a premium out of it—acknowledge the fact that their livelihoods depend on

research, development and innovation. These are things that you have squandered over the past five years.

The benefits of R&D and the adoption of new technologies and innovative practices are not new to the dried fruits industry. For example, we have seen the development and planting of new grape varieties which have produced important gains for growers. New handling and storage systems have improved productivity in this industry. The adoption of trellis drying systems is progressively being adopted and local innovations, such as the Shaw designed swing arm trellis, have been introduced to reduce harvesting costs. The important point to note in this case is the role of local innovation in improving production systems within this industry. I have long held the view that Australian agriculture is a powerhouse of innovative practice. There is a very important role to be played by government, in cooperation with producers and industry, in unlocking that innovative potential to ensure that the benefits of home-grown innovation are realised in each individual industry within the rural sector.

We have also seen dramatic changes to the marketing structures and institutional type frameworks that have been embraced by the industry over the past 10 to 15 years. I am proud of the role of previous Labor governments and ministers such as Kerin and Crean in opening up the industry and producers to market signals more directly. Of course, the process of institutional reform has been continued by the government. That has been a process that we in opposition have not obstructed at all.

The legislation that we are debating here today—while not substantial in the sense of many other pieces of legislation that might be considered by the House; basically it is a technical bill—does give us all the opportunity to say a few words about some of the industries in Australian agriculture that do not perhaps get the credit that they deserve. This is an important regionally based industry. The people who grow in it are innovative. They are very skilful. They do produce in difficult climatic and marketing circumstances. It is important for the Australian community to appreciate the skills and effort that are put in by primary producers in these and other industries. The opposition will be supporting the passage of this legislation through this Committee and the House.

FRAN BAILEY (McEwen) (10.19 a.m.)—Probably one of the few things that the member for Corio said that I would agree with related to the importance of some of our small agricultural industries like the dried vine fruits industry. One of the things that the member for Corio failed to do, in having a go at the government, was to face up to the legacy that his former government left many of these small rural based industries. When we came into government in 1996, we had a legacy of $80 billion worth of debt. These small rural based industries were lucky to hang on to the family farm when they were struggling with interest rates of 22 per cent.

The member for Corio talked about innovation. There was no innovation in those years prior to 1996. I refer to one simple fact. With respect to these small rural industries getting their product to market, one of the most important things they needed was access to a decent road from the farm gate out onto a highway. It has only been since this federal government put all of this money into the Roads to Recovery package, more than $1 billion worth, that these small rural industries have had the opportunity to get their product from the farm gate to a highway without the product being ruined because the roads were in such a deplorable state. It is all very well for the member for Corio to stand up in this place and have a go at the government, but the facts are there. In 1996 many small rural industries like the dried vine fruits industry were struggling because of lack of attention by the federal government. I am pleased to say that that has been corrected, and I will talk a little later about some of those measures.

The purpose of the Dried Vine Fruits (Rate of Primary Industry (Customs) Charge Validation Bill 2001 and the Dried Vine Fruits (Rate of Primary Industry (Excise) Levy Validation

Bill 2001 is to validate previous changes to the excise levy and customs charges for dried vine fruits. In late 1999 the Australian dried fruits industry requested reductions in both the rate of excise levy and the customs charge from $10 to $7 per tonne in both cases to prevent the excessive accumulation of funds. The government agreed with the industry's request. There is a point of difference that I must highlight. When small rural industries such as the dried vine fruits industry come to the government with a good idea, with good purpose and goodwill, this government listens. It does not impose the government's will on small industries; it actually listens to what industry has to say. In agreeing with the industry's request, it made the reductions retrospective to January 2001. Subsequent legal advice indicated that the retrospectivity of the regulation of the changes to the charges might be invalid. The bills that are being presented today are designed to correct this possible problem with retrospectivity and validate the excise levy and customs charge on dried vine fruit.

As the Minister for Agriculture, Fisheries and Forestry stated in his second reading speech, the monetary size of any refunds will be minimal. The bills do not create any new administrative burden for levy payers, and the only rights adversely affected are those of the Commonwealth. What a change that marks: there is a stark contrast between post-1996 and pre-1996. The dried vine fruits industry covers sultanas, currants and raisins. The Australian dried fruits industry started in the early 1900s in the Mildura region of Victoria and was made possible by the development of irrigation. There are also areas of production in the Riverland area of South Australia and there is a small presence in Western Australia. The focus of the production has been on sultanas, currants and raisins. Angas Park is probably recognised as the most successful dried fruit company in Australia. Angas markets 15,000 tonnes of dried fruit each year from the Barossa Valley and Riverland, Victoria's Sunraysia and New South Wales's Riverina. The sultanas, raisins and currants are mostly treated with drying oils, then dried in the sun. There are also grape varieties that are mechanically dehydrated without the use of drying oils.

Scientific methods have played a large part in the previous success of the industry. Research has been undertaken into soil, irrigation practices, drainage, viticultural techniques and drying processes—in stark contrast, I have to say, to what the member for Corio was asserting here earlier in this chamber. This has resulted in reduced labour input and lower costs. What was once done by an army of fruit pickers who painstakingly picked the grapes and then laid them out to dry is now accomplished by just one person by utilising the Shaw harvesting system.

The dried fruit industry has, unfortunately, been in decline. In 1992 growers produced more than 91,000 tonnes of sultanas; however, last year production dropped to around only 22,000 tonnes. Until recently, dried vine fruit was the highest value horticultural export, but it has been eclipsed now by wine. Export figures for dried vine fruits have been kept since 1925. Exports reached their peak in the seven-year period from 1960 to 1966, with total tonnage exported totalling 67,288 tonnes.

Unfortunately, since the 1980s there has been a steady decline in dried vine fruit exports. Exports have dropped from a seven-year average of 41,000 tonnes in 1988 to 1994 to a low of approximately 4,960 tonnes in 1999. Exports of season 2000-01 fruit are expected to be low again due to the poor season associated with unfavourable weather conditions in late 1999. The marketing outlook for 2000-01 continues to be challenging, with the American, Turkish and Iranian industries harvesting near record crops and placing supply pressure on world markets, including our domestic market.

It is unfortunate that Kelloggs recently gave Australian dried vine fruit producers an ultimatum to cut $300 to $400 a tonne off the price of sultanas or they would buy from overseas. It is disturbing to hear that Sultana Bran will soon contain fruit from Iran, not Australia. This

is purely an economic decision and is not indicative of the superior quality of Australia's dried vine fruits.

The federal government has acknowledged in the budget the importance of agricultural development and it will work to enhance and protect industries, such as the dried vine fruit industry that faces the ever present threat of disease and pest. A $596 million package has been announced to strengthen Australia's border agencies in their work to counter threats from exotic pests and diseases.

I repeat that this government is only able to put this level of funding into our agricultural industries because we have repaid $50 billion of the debt that we inherited in 1996 when we came into government. Further, $519 million will be provided in increased funding to support the Australian Quarantine and Inspection Service and the Customs Service, and $68.8 million will be provided for new infrastructure to assist international airports, seaports, mail centres and Australia Post achieve a target of 100 per cent screening of all mail and cargo entering Australia. These are very important measures.

Yesterday I was speaking with delegates from the European Union, who are in Australia, about the threat of disease and pests in their agricultural environment. They had nothing but praise for what we in this country are doing in prevention, and the minister at the table is to be congratulated for his commitment to that. As the delegates were saying to me yesterday, Australia is free from many of the pests and diseases found in other countries. It must be kept that way, and this government is doing everything in its power to do so.

Our clean and green reputation is largely responsible for $124 billion worth of agricultural exports every year. Major markets for Australian dried vine fruit exports include Germany, Canada, the United Kingdom and New Zealand. It is important that these markets be protected for the sustainable future of our region.

I have previously made mention of the fact that the industry was largely made possible in the Sunraysia area by irrigation, and to this day it draws heavily on the Murray. However, this has created a salinity problem. The National Action Plan for Salinity and Water Quality is part of a commitment from the Commonwealth of $700 million over seven years. In the 2001-02 budget the Commonwealth is committing $65 million to the initial stages of the national action plan. This plan represents the first concerted and targeted national strategy to address salinity and water quality problems—two of the most significant issues confronting Australia's rural industries and regional communities and its total environment.

The key objectives of the national action plan are to prevent, stabilise and reverse trends in salinity, particularly dryland salinity affecting agricultural production; conserve our unique environment and community assets; improve water quality; and secure reliable water supplies for human, agricultural and industrial uses with regard for our environment. The national action plan brings a combination of incentives, funding for on-ground action and access to technical assistance, information and policy settings to secure the long-term future of our land and water resources.

The federal government is also acknowledging the need for partnership in agricultural development—$26.4 million will be provided over the next four years for a new program to support government-industry partnerships in key agricultural regions. The agricultural development plan program will help to revitalise agriculture in regions under stress. Diversification, innovation and improved natural resource management will be the key elements of the program. The dried vine fruit industry will, of course, have access to this program.

None of this could have been presented to the Australian agricultural industry had this government not shown the will and the resolve to pay back $50 billion of the $80 billion debt that we inherited in 1996. None of it would have been possible. While this is a relatively small and technical piece of legislation, this small agricultural industry supports, importantly, regional

communities, and this government is totally committed to ensuring that regional communities get the very best of assistance. I commend this legislation to the House.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.33 a.m.)—in reply—I thank those members who have contributed to the debate on this legislation—other than the member for Corio, who did not really make much of a contribution to the debate. The member for McEwen gave a very comprehensive summary of the dried fruits industry and its importance, particularly in Victoria and South Australia. She obviously spoke from first-hand knowledge in that regard, and dealt comprehensively with some of the broader issues that are affecting this industry and others in the agricultural sector. The reference to the initiatives in the budget concerning quarantine and the importance of addressing salinity for water quality are certainly key issues for the dried fruit industry. Most of the dried fruit industry is dependent upon irrigation, and therefore water quality and salinity are key issues. In the areas where the industry has prospered over the years there has certainly been a keen focus on ensuring the skilful and careful use of available water supplies to preserve the industry for the future.

As speakers have mentioned, it is not a large industry and unfortunately it is an industry that has been in decline. However, there has been some significant new investment in the industry. I note that in 1999 Angus Park, a fruit processing company, announced a $5 million project for the Sunraysia. They are therefore expressing a vote of confidence in the future of the industry. These sorts of significant developments help to provide a focus for the future of the industry. It is vital for all Australian industries to have access to the kind of environment that enables them to invest with confidence. The dried fruit industry benefits, as other industries do, from lower interest rates, lower inflation, and also from the additional effort that will be put into protecting its disease free status, and that of others in Australia.

The Dried Vine Fruits (Rate of Primary Industry (Customs) Charge) Validation Bill 2001 and the Dried Vine Fruits (Rate of Primary Industry (Excise) Levy) Validation Bill 2001 are, as speakers have mentioned, relatively technical in nature and will not fundamentally change the future direction of the industry. However, the bills have provided the parliament with an opportunity to talk about an Australian industry which perhaps deserves more public attention than it actually receives. The bills seek to amend the Primary Industries Excise Levies Regulations 1999 and the Primary Industries Customs Charges Regulations 2000 to clarify the rate of excise levy on dried vine fruits that were processed between 1 January and 1 October 2000, and the rate of customs charge on dried vine fruits that were exported from 1 January 2000. The bills have the effect of retrospectively reducing the levy and charge paid by dried fruit processors for the purposes of marketing dried fruit both in Australia and internationally.

Up until 30 June 1999 there was an excise levy and customs charge imposed on dried vine fruits under the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987. These old acts were repealed on 1 July 1999 at the commencement of the Primary Industries (Excise) Levies Act 1999 and the Primary Industries (Customs) Charges Act 1999. The repeal of the earlier acts would normally mean that regulations made under them would cease to have effect. However, the regulations were kept in force by transitional arrangements under the new act. It was agreed to reduce the rate of levy and charge on dried vine fruits from $10 per tonne to $7 per tonne, and backdate it to 1 January 2000. The transitional regulations were repealed and the main regulations were amended to make the rate of levy and charge $7 per tonne. As the amendments were carried out after 1 January 2000 they were necessarily retrospective.

The regulations imposing the reduced levy and charge rate were later deemed invalid because of subsection 48(2) of the Acts Interpretation Act 1901, which invalidates any regulation that is expressed to take effect at a time before it is gazetted and operates to the disadvantage of any person other than the Commonwealth. This anomaly was noted after the various repeals and amendments were effected, and subsequent advice recommended that the

prudent course was to validate the reduction via the proposed bills. The bills do not create any new administrative or financial burden to levy payers. It is likely that a few small refunds will be payable to growers who paid the higher $10 per tonne rate, but the quantum is expected to be minimal. I thank the Committee for its consideration of this matter and commend the bill to the Committee.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

ADJOURNMENT

Motion (by **Mr Truss**) proposed:

That the Main Committee do now adjourn.

Political Parties: Public Disclosure of Donations

Mr DANBY (Melbourne Ports) (10.40 a.m.)—In the last few weeks it has been revealed that $100,000 has been given by the failed insurance company HIH to the Free Enterprise Foundation. The general public will, of course, be outraged at the enormous salaries that HIH executives paid each other and the great waste involved in their moneys being paid over principally to one political party, the Liberal Party. I raise the matter of the Free Enterprise Foundation and the Greenfields Foundation because the Joint Standing Committee on Electoral Matters was to have held a public inquiry into these matters. Of course, this inquiry has been buried while the committee has chosen to pursue matters which probably are the most politically biased of any reference that has ever been made to a standing committee.

Apart from the issue of the $100,000 donation to the Free Enterprise Foundation, we need to consider what the issue is that parliamentarians should be concerned about with the Free Enterprise and Greenfields foundations. The issue that this parliament has long decided should be the main issue of public policy in these areas is that there should be public disclosure of political donations—that there should be transparency. These two organisations have been established in order to cover up these kinds of things—to prevent transparency and to prevent public disclosure. That is why, when this committee eventually revisits that inquiry into the disclosure of electoral funding. I am sure the opposition, with forensic interest, will attempt to see that these matters are brought to the public's attention and that matters of public disclosure regarding these two organisations are raised. A level playing field should exist in Australia on these kinds of issues.

What has happened in the meantime while this inquiry is not being considered by the Joint Standing Committee on Electoral Matters? Is it concerned with matters of great principle raised, say, by the former Prime Minister of Australia, Gough Whitlam, in his memorable speech to the Labor Party centenary dinner—four-year terms and issues like that? Of course not. The committee has been involved, as I said, in one of the most biased references in an attempt to be useful to the government in attacking the opposition. What has been its record in the last few weeks and months while it has been conducting its current inquiry into the integrity of the electoral roll? It has attempted to influence the Queensland elections at a time when there was a judicial inquiry—the Shepherdson inquiry into matters relating to the integrity of the electoral roll. It has run interference for the Minister for Sport and Tourism on a matter involving the Penrith City Council elections, so pithily explained by Senator Hutchins yesterday. The minister for sport, the Liberal campaign manager for the Penrith City Council elections, claimed that she did not know about front parties being run by people out of her office, she did not know about people living in her house at certain times; she did not know about them being registered in different telephone books at different addresses. She knows so little that she will eventually be known as the Sergeant Schultz of the Liberal Party.

The Chairman of the Joint Standing Committee on Electoral Matters, in complete defiance of what has normally happened under previous Liberal chairpersons who have been much fairer in their running of this committee, has repeatedly used his casting vote to prevent the minister for sport being called before the committee—in fact, to prevent any matter being considered in an even handed way. We have also had the disgraceful accusation raised by Mr Lynton Crosby, from the Liberal Party national office, that more than 130,000 innocent Queenslanders are guilty of electoral rorts because there were more than four people with different names registered at different houses. Of course, it would never have occurred to them that this could involve students, people with Asian surnames or people living in nursing homes. To accuse Queenslanders of this is an absolute disgrace.

I conclude by making this point: I am concerned about the Liberal Party's expressed interest and therefore this committee's possible continued interest in stopping younger people from registering to vote during the five days after the electoral roll is closed. This would disenfranchise more than 70,000 young Australians and it is something that this parliament should definitely oppose.

Caged Bears

Mr LLOYD (Robertson) (10.45 a.m.)—Today I wish to raise an issue that is of concern to many people in my electorate—an issue that should be of concern to all Australians. I refer to the treatment of caged bears in countries such as Cambodia and China. I want to highlight a group that has been established which has collected petitions, hoping to change the plight of many of these bears which have spent their entire lives being treated in a cruel and inhumane fashion. I refer to Free the Bears Inc. The New South Wales representative of that group is Mrs Lorraine Van Epen of Umina in my electorate. She has written to me seeking to table 8,000 signatures on 4,100 petitions to the government of Cambodia and almost 2,000 petitions to the governments of Cambodia and China, appealing to the governments of those countries to end the cruel practice of having caged bears and using them for research, and even using them on menus and that sort of thing. It is quite disgusting.

Unfortunately, the petitions that she offered to provide to me are petitions which are addressed to the governments of those countries. The wording, of course, would not suit the requirements of this House to be able to be tabled as an official petition. I wanted to talk today about the work that these people from all over Australia are doing in order to try to highlight the plight of some of these animals that are being caged for their entire lives. I have examples here of some of the issues. The petition which people have signed reads:

> We, the undersigned citizens of Australia respectfully request that the Cambodian Government takes urgent steps to protect Cambodian Bear species from poaching, exploitation, suffering & cruelty. We urge you to take note that these bears are an endangered species and are at an extremely critical and vulnerable stage.

As I have said, the organisation have collected some 4,000 signatures from Australian citizens. I commend them on the work they are doing in highlighting this terrible practice through a number of countries. I know that they are being successful in highlighting the issue. They are being successful in raising money to establish sanctuaries for some of the bears that have been released from cages. I also know that they have been successful in arranging for medical treatment for some of the bears that have been severely mistreated to the stage where many of them do not survive. With special medical and veterinary treatment, some have been able to survive. Most have been so badly mistreated that, even when they do survive, they cannot be returned to the wild and have to be cared for for the rest of their lives. I was given an article on this by the Free the Bears Inc. of New South Wales, and it shows a bear that has spent 10 years in a small cage without ever being allowed to roam free. It is a disgraceful practice. I will do anything I can to highlight this practice, my concerns, the concerns of some 8,000 people who have signed the petition and the concerns of the many people that have

joined the Free the Bears Inc. Fund. I commend their efforts. I will continue to highlight their efforts, and the plight of these bears, throughout the world.

Shipping: Oil Spills

Ms JANN McFARLANE (Stirling) (10.59 a.m.)—I commend the member for Robertson for drawing attention to the petition. I too have tabled petitions in the House for Free the Bears Inc., a group based in the electorate of Stirling. I acknowledge the energy and work of the group to highlight the plight of the bears and I commend their convenor, Mary Hutton.

I rise today to alert the House to the fact that this year commemorates the 10th anniversary of a major oil spill involving the *Kirki*. On 21 July 1991, the 97,000-tonne Greek tanker *Kirki*—owned by Kirki Shipping Corporation SA and managed by Mayamar Marine Enterprises of Liberia SA—lost its bow off the coast of Western Australia. During the incident and the subsequent tow of the tanker to a safe haven some 17,280 tonnes of light crude was lost.

To commemorate the anniversary of this disaster, the Maritime Union of Australia is sponsoring a surfing carnival under the theme Safer Ships, Cleaner Seas. The event will be held on the weekend of 14 and 15 July 2001 at the Cottesloe beach for long-board surfers who will compete for the inaugural Kirki Cup. In addition to being a fun weekend of surfing, the event will also be an opportunity for the Maritime Union of Australia to campaign to raise public awareness about the silent invasion of the Australian coast by substandard foreign shipping.

I congratulate the Maritime Union of Australia on their initiative and genuine concern for the safety of our maritime workers and marine environment. Sadly, this is a task that the government seems reluctant to do. Clearly, this government is asleep at the helm. The sad reality is that foreign ships with structural defects serious enough to endanger the lives of crew and threaten Australia's coastal environment—such as the *Kirki*—are regularly granted single voyage permits by this federal government to move cargo around the Australian coast.

I wish the surfers well and I trust that, in addition to being a successful event, the union will be successful in raising awareness for maritime safety issues in the minds of the public. For those across Australia who would like to go, there is a very simple way of getting involved in this event and being a competitor. The event has a number of categories. People can register their intention to compete with Whale Bone Classic, PO Box 123, Cottesloe, Western Australia 6011. This is going to be a wonderful day, a wonderful event. The two surf clubs in my electorate, the Scarborough Surf Lifesaving Club and the Trigg Island Surf Lifesaving Club, are both helping to promote and send teams to this event. As well, Surfing WA, which is the peak body for surf lifesaving clubs in Western Australia, is supporting and publicising the event.

The community loves events such as this because, as well as having an environmental aspect—a green aspect—to them, they also have a fun aspect. This event will also have wonderful prize money. That is not the main reason why people become involved, but it is very expensive, particularly if you travel, to participate in these events. The prize money is a way of compensating people who take the effort not just to participate but to publicise the issue of safe ships, cleaner seas. If we do not work on these issues and are not aware of them, the wonderful coastline of Australia—the marine life, the bird life, the seals, the mammals—will be devastated. It will be devastating if any of these ships carrying large loads of oil sink anywhere off our coastline. We are the largest island continent in the world. We have a very large coastline. Together, we can save it from the type of pollution that ships such as the *Kirki* have the potential to create. When that ship lost its tonnes of crude oil it did some damage to the environment, but the major potential threat was the heavier oil in some storage tanks. Had that ship gone down, the coastline along the beaches of Perth would have been devastated for many years. It would not have been easy to clean up. I am pleased to publicise this event. I

would invite everyone to go back to their electorates and encourage their surfers to book in, get involved and have fun, and also do something for our environment.

Trade: Japan

Mr ANDREW THOMSON (Wentworth) (10.54 a.m.)—In the last two weeks, the Australia Japan Business Cooperation Committee held a conference. That committee is the most important non-governmental group bringing the two nations together. In the context of this conference—which is a regular event; and this time it took place in Australia—there was some academic and other commentary concerning the relationship between our two countries. Two academics in particular said very stridently that the relationship is very stale. They said that nothing is happening, it is a fairly old-fashioned relationship and that, therefore, 'something needs to be done'. You often hear the phrase 'something needs to be done' in the corridors where public policy is made. In fact, we probably utter that phrase several times a week here in Canberra about a multitude of topics.

In the case of the relationship between Australia and Japan, I suggest that there are a couple of areas where we could pursue something slightly different in terms of cooperation and policy than has been thought of before. I speak in particular of the most difficult issue between the two countries—trade protectionism. For years the political system within Japan has been based on the protection of very inefficient agricultural practices—that is, Japan's farmers are operating on a scale that is far too small to compete. The notion has been brought into the argument that protecting Japanese agricultural production is buttressing a way of life—that it has some sort of social role in keeping Japan stable and so forth. It is very easy to say that, but the system of patronage and support within the dominant political group, the so-called Liberal Democratic Party in Japan—and it is less a party than a collection of various agricultural, industrial and, in some cases, bureaucratic interests—is built very strongly on protecting farmers. Likewise, there is quite a clear gerrymander in the weight given to votes in country versus urban electorates. That is astonishing in the modern world. However, the blunt reality is that this is not going to change soon, and so the interests of Australian agriculture and Japanese consumers are not going to be easily meshed in the future.

Some things are happening on the border of this, outside the politics. For example, in the eighties and nineties, large supermarket chains, fed by very cheap capital, lost their heads and went about establishing as many new branches of supermarkets as they possibly could. They bought land in the new suburbs, threw in their brand, erected supermarkets, extended their existing inefficient distribution systems to these supermarkets, and just sat back and thought, 'We'll try and compete with each other for as much market share as possible.' Now that there is a very severe credit squeeze in Japan—it has been on foot for years now—the supermarket chains are finally being forced to divest themselves of these hopeless new supermarkets on the edges of the cities, and so they are up for sale. The opportunity arises, therefore, for Australian investors—farmers or anyone else—to literally buy themselves a supermarket in Japan. Likewise, many other distressed assets—commercial buildings, golf courses, and so forth—are for sale. Surprisingly, there are no barriers to foreign investors buying them.

One thing that we should think about—and not necessarily as a government intervening to encourage it—is to see some purchases of shelf space, if you like, for Japanese consumers directly by Australian farmers, producers, intermediaries and so forth. Two large foreign retail chains have set up mega-stores in Japan—Carrefour, a French chain, and Costco, which I think is American—and they are revolutionising the distribution chain in terms of fresh food, often importing it, despite the difficulties at the border, and putting it on the shelves very attractively. In the past it was said that it was impossible for a foreigner to tempt the Japanese consumer, but that is being proved wrong. There is a lot of advantage there waiting for Australian farmers and food producers if capital can be mobilised and some decisions can be

made to acquire that sort of shelf space right in the face of the consumers whose favour we chase. *(Time expired)*

Calwell Electorate: Aircraft Noise

Dr THEOPHANOUS (Calwell) (10.59 a.m.)—I wish to raise a matter which is of critical importance in my electorate of Calwell. It concerns the increasing noise levels arising from the operations of Melbourne's Tullamarine airport. The airport is in my electorate, and about 20 suburbs surrounding the airport are also in my electorate. In recent times, especially in the area of my electorate covered by the city of Brimbank, there has been a dramatic increase in the number of flights over homes. This has affected the living conditions of many people in the city of Brimbank and in my electorate.

I have received many complaints about this matter. A meeting was held on 11 April at Keilor in my electorate to discuss this issue. I initiated that meeting and it was attended by more than 30 residents. They discussed the issue and the impact that the flights were having. As you are aware, Mr Deputy Speaker, Melbourne's Tullamarine airport does not have a night curfew. I am not pressing for a night curfew, but I am saying that between 11 p.m. and 6 a.m. every effort should be made for flights to be directed into paths which do not fly over people's homes. That seems to me to be an eminently reasonable request, and it is possible at Melbourne airport because there are other routes that are over green fields not homes.

When I raised this issue, more residents began contacting me and telling me about their circumstances and some of the things that were happening. I have had discussions with the Melbourne Airport Authority and Airservices Australia about what the actual situation is. Both of those organisations have confirmed that, in the last 18 months, there has been a very significant increase in the number of flights over the Keilor/Brimbank city area and over people's homes. The explanations that were given for this varied from authority to authority. Part of the reason is that there has been an increase in traffic into Melbourne airport in general, and that increase is expected to continue quite dramatically in the next few years. In fact, the traffic is expected to more than double. If that is going to be the case, then the issue of the protection of people's rights in terms of aircraft noise, especially between the hours of 11.00 p.m. and 6 a.m., is very important.

I should point out that, in the middle of last year, the state government of Victoria declared certain rezoning. Well, they do not call it rezoning, they call it overlays, but effectively it is rezoning. It is a declaration of new areas which are now overlays which aeroplanes are going to fly over and where they will create noise. These new areas had been suggested earlier and there had been some public discussion, but the public discussions had not been concluded before the state government actually made a determination and decided to impose this strategy. I am going to need to do more research on this matter because some aspects of it are very disturbing and need to be discussed. I hope to raise them again in the parliament.

Ballarat Electorate: Steve Moneghetti

Mr RONALDSON (Ballarat) (11.04 a.m.)—I will read to the House a quote from the Ballarat *Courier*:

> A good bloke. A fine sportsman. A devoted family man. More Ballarat than Bertie. This is the man who is Steve Moneghetti—and he deserves all the praise he receives.

Honourable members would have heard me talk about Steve in the past, and I do that quite rightly because I am so proud of this Ballarat man. He signed off on 2 May at a celebration dinner held at the Ballarat Sportsmens Club, and I give a big congratulations to Steve Smith and the organising committee. It was a terrific night and I had the honour to be there. A rare honour was given when the City of Ballarat gave Mona the keys to the city. The scroll accompanying those keys said:

The City of Ballarat proudly recognises the sporting and personal contributions of Steve Moneghetti to the promotion of Ballarat as a place of sporting excellence.

Ballarat City Council and its citizens thank him for his continued support of Ballarat, particularly in the areas of tourism, sport and lifestyle.

Steve Moneghetti is undoubtedly one of our greatest ambassadors and we are deeply proud that he and his family call Ballarat home.

That was signed by Councillor David Vendy, the Mayor.

While I have spoken a lot about Steve in this House over the years, I actually want to pay tribute to someone who in my view is equally special, and that is his wife, Tanya. Tanya has been an absolutely fantastic support to Steve since they married. They are now raising a family and a lot of that responsibility has fallen on to Tanya's shoulders. So in some respects, Steve's successes have very much been Tanya's successes as well, and I am sure the House will want me to acknowledge the fantastic role that she has played. A celebration dinner was held in Melbourne prior to the one in Ballarat on 2 May, but the Ballarat night was really Ballarat's way of thanking Steve Moneghetti for his contribution.

This will horrify some members, but Mona has calculated that he ran something like 150,000 kilometres over a 20-year sporting career. You and I, Mr Deputy Speaker Quick—I should not speak for you, I suppose—would be battling to do a couple of those 150,000 kilometres. So he has put an enormous amount of work into his life, which of course has been his running.

We had a terrific group of people at the night in Ballarat. The Victorian Governor, John Landy, was there and he spoke at some lengths. Steve received messages from the Prime Minister and from Steve Bracks, the Victorian premier. This was the Prime Minister's message to Steve:

You're a great sporting figure for our country and I know you've been a great son of Ballarat. Thanks Steve for what you've done for Australian sport.

Steve Bracks said:

You're a fantastic ambassador for Australia and your promotion of Ballarat is unparalleled. What a fantastic career you've had.

There were some terrific views from a large range of people, and I know that those opposite also support me in thanking Steve Moneghetti for his contribution. Cathy Freeman was there, and she said to Steve:

Mona, thank you so much for all the memories. You have always been there for everybody and you will be greatly missed.

Ron Clarke also said to Steve:

You reach legend status when you make a difference. Steve's made a huge difference. He's a great sportsman and he's a really great bloke.

Also speaking about Steve were Chris Wardlaw; Lee Troop, another Olympic marathoner; Jim Murphy, a former sportswriter for the *Courier*; and Ian Cover, a media personality and fellow parliamentary colleague. I should also say that Garry Lyon—whose footy I have certainly admired—was in attendance. Mr Deputy Speaker, you will personally know the name Garry Lyon and will be aware of his fantastic contribution. Another fellow who was really close to Steve was Peter Howley, his physiotherapist, and he said:

We know he's a great athlete. He's a good bloke and a man of the highest character. Thanks for the memories.

Rex Hollioake was another one who spoke at the dinner. Everyone spoke very, very highly of Steve's contribution. I have 32 seconds left and I will finish with Steve's signature statement. I want to thank Steve Moneghetti and again thank the Ballarat Sportsmen's Club for allowing

the Ballarat community to contribute. To borrow Steve's signature, which he always used and which I think gave everyone a great deal of pride: 'Ballarat, Victoria, Australia—Steve Moneghetti, over and out.'

Main Committee adjourned at 11.09 a.m.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Sydney (Kingsford Smith) Airport: Noise Insulation
(Question No. 2309)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 6 February 2001:

(1) In terms of compliance with Australian aircraft noise standard AS 2021, has the Sydney (Kingsford-Smith) Airport (KSA) aircraft noise insulation project fallen behind relative to the increase in aircraft noise impact.

(2) Can he provide details of anticipated future aircraft noise and traffic congestion at KSA for 2010.

(3) Is it a fact that the KSA noise insulation project was supposed to have by now insulated residences against 2010 levels of noise to the AS 2021 standard; if not, at what standard is noise insulation supposed to be afforded to Sydney residents.

(4) Did the November 1995 Senate Select Committee on Aircraft Noise in Sydney recommend that a new authorised maximum capacity contour map for KSA be prepared to apply both to the acquisition and noise insulation scheme (p.264) and that the noise insulation scheme be extended to all residences within the 25 ANEF contour as included on the maximum capacity map (p265); if so, (a) has the new authorised maximum capacity contour map for KSA has been prepared and (b) will he provide (i) a copy of the map and accompanying working documents and (ii) details of how and when the noise insulation will be implemented.

(5) Did the November 1995 Senate Select Committee on Aircraft Noise in Sydney recommend that noise monitoring at Australian airports should be independently supervised by the Commonwealth Environment Protection Agency (p.274); if so, has the recommendation been, or will it be implemented; if not, why not.

(6) How many residences in the Sydney metropolitan area are located within the Year 2000 25 ANEF contour.

(7) How many residences in the Sydney metropolitan area have thus far been insulated within the noise insulation scheme.

(8) Have all these residences been insulated in compliance with the Australian Standard for Aircraft Noise in Residences (AS 2021).

(9) Will he guarantee that there will be no watering down of the existing AS 2021.

(10) Will he never permit the entry into Australian airspace any of the American hush-kitted jets that the European Union is to ban from European airports in the near future; if not, why not.

Mr Anderson—The answer to the honourable member's question is as follows:

(1) It would be appreciated if the Honourable Member could clarify his question.

(2) The Final Environmental Impact Statement for the proposed second Sydney airport at Badgerys Creek forecast that total aircraft movements into and out of the Sydney basin (excluding traffic at secondary airports such as Bankstown) was expected to grow to about 380,000 by 2009-10. These forecasts assumed continuation of prevailing industry trends, including aircraft size and loadings.

Actual growth in aircraft movements at Sydney Airport in the period through to 2010 will be affected by the cap of 80 movements per hour established under the Sydney Airport Demand Management Act 1997, by the proposed changes to the Slot Management Scheme published on 27 March 2001 and by the commercial response of the airlines, including decisions about fleet utilisation and scheduling.

(3) No. The Sydney Airport Noise Amelioration Program was announced in November 1994 as a ten year program to insulate and voluntarily acquire residences and certain public buildings in areas of high aircraft noise exposure around Sydney Airport. In December 1994, the timeframe for completion of the program was set as three years. Boundaries for residential insulation at the time were set on the basis of an Australian Noise Exposure Forecast map for the year 2010. That map is not relevant to the operations of the Airport under the Long Term Operating Plan which was in-

troduced in 1997. Residential insulation boundaries have been varied on a number of occasions to reflect experience in implementation of the Plan. Because the insulation program involves the insulation of existing building stock of variable construction it is not possible to meet the internal design noise levels recommended in AS2021-2000 in all cases.

(4) Yes. Senate Select Committee on Aircraft Noise in Sydney did make these recommendations. The Government has no current proposal to extend the scope of the residential insulation program beyond the 30 ANEI contour.

(5) The Government's response to that recommendation was that responsibility for noise monitoring should remain with the Transport and Regional Services portfolio.

Airservices Australia produces and widely disseminates detailed summary reports using information from the Airport's noise and flight path monitoring system. These documents are open to full public scrutiny.

The Government does not consider that an additional supervisory role by Environment Australia is necessary.

(6) An Australian Noise Exposure Index for the Year 2000 is currently being finalised by Airservices Australia. I am advised that this will be provided to members of the Sydney Airport Community Forum, including the Honourable Member, in the near future and will contain information on the population within different noise exposure zones.

(7) 3,384 (as at 20 February 2001)

(8) No. Because the insulation program involves the insulation of existing building stock of variable construction it is not practicable to meet the internal design noise levels recommended in AS2021-2000 in all cases.

(9) I am not in a position to give such a guarantee as the production of Australian Standards is the responsibility of Standards Australia which is a body independent of Government.

(10) The Government's policy position on hush kitted aircraft is still being developed. My Department issued a Discussion Paper last year about concerns relating to the potential influx of recertificated (hush kitted) jet aircraft into Australia. The issue is of concern to the Government.

These concerns were the basis of the position Australia took at the recent International Civil Aviation Organization's (ICAO) Committee on Aviation Environmental Protection (CAEP) meeting held in Montreal in January this year. CAEP is tasked with establishing standards and practices to apply to international aviation. Australia's proposal included an early ban on recertificated jet aircraft.

While agreement was not reached within CAEP on this proposal, the matter is to be addressed further in the ICAO context during the year.

It is proposed to await the outcome of the ICAO process after which my Department will be developing a proposal on the issue of recertificated jet aircraft for my consideration.

In the meantime, the Discussion Paper issued by my Department and subsequent discussions held with industry and other interested parties have sent a clear message about the concerns held by the Government over these types of aircraft.

Defence Integrated Distribution System

(Question No. 2411)

Dr Martin asked the Minister for Defence, upon notice, on 1 March 2001:

(1) Who are the companies that have submitted tenders for the Defence Integrated Distribution Scheme (DIDS).

(2) How many of those companies are Australian or have Australian partners, and who are those partners.

(3) What sum has each tenderer spent in support of their bids.

(4) When will an announcement be made about the successful tenderer.

(5) Which electoral divisions are affected by the DIDS program.

Mr Reith—The answer to the honourable member's question is as follows:

(1) The companies that have submitted tenders for the Defence Integrated Distribution System (DIDS) are:

- NexGen Logistics Pty Ltd;
- Integrated Defence Logistics (IDL) Pty Ltd;
- Defence In House Option (IHO);
- ADI-Linfox;
- Force Logistics; and
- TenixToll Defence Logistics.

(2) All of the joint venture consortia are Australian owned. The consortia and their partners are:

- NexGen Logistics Pty Ltd is a joint venture company between BAE Systems, Honeywell, and Caterpillar Logistic Services;
- Integrated Defence Logistics (IDL) Pty Ltd is a joint venture company between Transfield Pty Ltd and TNT Australia Pty Ltd;
- Defence In House Option (IHO) and ARN Logistics Pty Ltd;
- ADI-Linfox is a joint venture company between ADI Limited and Linfox Transport Pty Ltd;
- Force Logistics is a joint venture between Mayne Nickless Ltd (MPG Logistics) and Serco Australia Pty Ltd; and
- TenixToll Defence Logistics is a joint venture between Tenix Pty Ltd and Toll Holdings Ltd.

(3) The Defence Department has neither requested nor been provided with details of the sum each tenderer has spent in support of their bids.

(4) An announcement on the successful tenderer will be made when consideration by Government has been completed.

(5) Effects on electoral divisions will not be known until the outcome of the tender process.

Civil Aviation Safety Authority: Air 2000 Flight

(Question No. 2417)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 1 March 2001:

(1) Did the Civil Aviation Safety Authority (CASA) approve an international flight from Ayers Rock to Jakarta on 17 January 2001.

(2) Was the flight operated by Air 2000 and was it a Boeing 757 aircraft carrying passengers; if so, how many passengers.

(3) Was the flight approved by CASA with no recognised aviation fire and rescue services available; if so, is such an approval a breach of CASA's policy and the international regulations set by the International Civil Aviation Organisation.

(4) What is the nature of the fire service vehicle available at Ayers Rock and do the local volunteer fire officers and firefighters have the aviation experience or recognised aviation ability in line with the standards and competencies required by the Australasian Fire Authorities Council and CASA.

Mr Anderson—The answer to the honourable member's question is as follows:

The Civil Aviation Safety Authority (CASA) has advised the following:

(1) No. However, a flight from Ayers Rock to Jakarta was approved on 30 January 2001.

(2) The flight was operated in a B757 by Air 2000. CASA is not aware of the number of passengers that were on board at the time of the flight.

(3) The flight was approved by CASA. On a previous occasion Air 2000 had been advised that no suitable fire fighting facilities are available at Ayers Rock. On this particular occasion Air 2000 requested contact details to enable them to arrange both fire cover and customs and immigration facilities. This information was provided. The approval was issued in accordance with CASA policy for an international charter operation.

The international standards for the provision of aerodrome rescue and fire fighting services are found in Aerodromes, Annex 14 to the Convention on International Civil Aviation, Chapter 9, dated 4 November 1999, as 'International Standards and Recommended Practices'. The responsibility for arranging these services rests with the aerodrome operator and/or the operator of the flight.

Australian Rescue and Fire Fighting Service regulations are currently being developed, to be administered by CASA.

(4) There is a local fire fighting service at Ayers Rock, however, this does not have appropriate training or equipment to provide aviation fire fighting services.

Second Sydney Airport: Sydney West

(Question No. 2458)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 27 March 2001:

(1) Has his attention been drawn to an item titled Singapore to bid for Sydney airport that appeared in the 14 March 2001 edition of the Sydney Morning Herald.

(2) Has the proposal known as Badgerys Creek formally been withdrawn by him as proponent of that proposal.

(3) Was Badgerys Creek ruled out earlier this year and was it expected that the sale would be handled quickly; if so, by what administrative process did this ruling take place.

(4) Pursuant to the provisions of the Environmental Protection (Impact of Proposals) Act 1974, has the proposal known as Sydney West Airport at Badgerys Creek been formally withdrawn as a proposal under that Act.

(5) Must the named proposed purchaser of the lease for Sydney Airport, namely either Changi Airport or its subsidiary Changi Airport Enterprises, under the provisions of section 18 of the Airports Act 1996, be the lessee or owner of Sydney West Airport.

(6) Where will Sydney West Airport be located.

(7) Is it a fact that, if the sale of Sydney Airport is to occur before a decision on the location of Sydney West Airport is made, the lease for Sydney Airport will be sold without having solved Sydneys aircraft noise problems nor having resolved the location of Sydney West Airport.

(8) What clauses will need to be present in the lease between the Government and the lessee of Sydney Airport to ensure that the statutory integrity of the Airports Act is preserved, in particular section 18.

(9) What clauses will need to be present in the lease between the Government and the lessee of Sydney Airport to accommodate the intention of the Airports Act, as explained by the then Minister for Transport in his second reading speech in the House of Representatives on the Airports Bill 1996 in which he declared that Sydney Airport would not be sold until Sydneys aircraft noise problems were solved.

(10) Is he able to say what the sale price of Sydney Airport will be, which must, by law, include the sale of Sydney West Airport to the one-and-the-same lessee.

(11) When will the sale of Sydney West Airport occur.

(12) Is the Government aware that the intention to float the sale of Sydney Airport must therefore mean the float of Sydney West Airport to one-and-the-same lessee as prescribed in section 18 of the Airports Act.

(13) How is section 18 of the Act to be read in light of its two scoping studies to investment bank Salomon Smith Barney, the first study on the sale of Sydney Airport and the second study into the future development of Bankstown Airport as an overflow airport.

(14) Is Bankstown Airport Sydney West Airport; if not, what is Sydney West Airport.

(15) If no airport may now be described as Sydney West Airport, when will Sydney West Airport be declared.

(16) Has he instructed investment bank Salomon Smith Barney, when drafting the scoping study for the sale of Sydney Airport, to advise within that scoping study, the operation of section 18 in respect of legal rights in the hands of the proposed lessee of Sydney Airport, if that airport is sold prior to the announcement and construction of Sydney West Airport.

(17) Will he be briefed on the legal impacts arising from the rights of the lessee of Sydney Airport on the Governments freedom to announce a site that may not be in the commercial interests of the lessee, but may be a prudent environmental decision for the people of Sydney.

(18) Can he assure the public that the sale of a lease to the lessee of Sydney Airport will not constrain the Government contractually to a lease which may preclude the options for selecting a site for Sydney West Airport.

(19) Can he give assurances that, in the event of a decision on a site for Sydney West Airport being made, the lessee of Sydney Airport may seek contractual compensation against the Government and hence a payout to be borne by the Australian taxpayer.

(20) In light of the commercial and statutory difficulties that arise in the operation of the Airports Act in the proposed sale of Sydney Airport without the existence of Sydney West Airport, can he foreshadow any proposed amendments to the Airports Act that would be necessary to overcome these statutory obstacles.

(21) Will he amend the Airports Act to prescribe that the purchaser of the lease for Sydney Airport must also acquire a lease to build and construct an airport known as Sydney West Airport within a prescribed time.

(22) Was it the intention of the Airports Act that the purchaser of the lease for Sydney Airport would mandatorily require the lessee to build and construct Sydney West Airport.

Mr Anderson—The answer to the honourable member's question is as follows:

(1) Yes.

(2) to (4) The Government's position on the Second Sydney Airport Proposal at Badgerys Creek was made clear in its announcement of 13 December 2000 on Sydney's future airport needs.

(5) There is no preferred purchaser of Sydney Airport at this time. It is the intention of Section 18 of the Airports Act that the airport-lessee companies for Sydney (Kingsford Smith) Airport and Sydney West Airport must be wholly-owned subsidiaries of the same holding company.

(6) The Government has announced that it will retain ownership of the Badgerys Creek site and will legislate to protect the site from incompatible development in surrounding areas. There is no other site under consideration for construction of Sydney's second major airport.

(7) The Government has introduced the Long Term Operating Plan (LTOP) to address Sydney Airport's noise issues. The Plan has been very successful in sharing the noise generated by the Airport compared with the situation that existed immediately prior to March 1996. See also answer to (6).

(8) The lease for Sydney (Kingsford Smith) Airport was granted to the Sydney Airports Corporation Limited in 1998. It does not contain provisions relating to the development of the site for Sydney West Airport.

It is proposed that the sale arrangements for Sydney Airport will provide for the new owner to be given a first right of refusal by the Commonwealth to build and operate any second major airport within 100 kilometres of the Sydney Central Business District.

(9) The lease for Sydney Airport has already been granted to the Sydney Airports Corporation Limited. See also answer to

(10) No.

(11) The Government announced that it would be premature to build a second major airport in Sydney, and that it will further review Sydney's airport needs in 2005.

(12) While it is the intention of Section 18 of the Airports Act that the airport-lessee companies for Sydney (Kingsford Smith) Airport and Sydney West Airport must be wholly-owned subsidiaries of the same holding company, it is not a requirement that the two leases be granted at the same time.

(13) There was only one Scoping Study report into the sale of the Sydney airports. Section 18 of the Airports Act does not affect the proposal to upgrade Bankstown Airport as an overflow airport for Sydney Airport.

(14) Bankstown Airport is not Sydney West Airport. See also answer to (6).

(15) See answer to (11).

(16) The Government has announced that the sale arrangements for Sydney Airport will provide for the new owner to be given a first right of refusal by the Commonwealth to build and operate any second major airport within 100 kilometres of the Sydney Central Business District.

(17) See answer to (16).

(18) and (19) These matters will be taken into account in the preparation of the sale documentation.

(20) There is no intention at this time to amend any sections of the Airports Act dealing with Sydney West Airport.

(21) No. See also answer to (16).

(22) The lease for Sydney (Kingsford Smith) Airport has been granted to the Sydney Airports Corporation Limited in 1998. It does not contain provisions relating to the development of the site for Sydney West Airport.

Second Sydney Airport: Sydney West

(Question No. 2486)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 29 March 2001:

(1) Will the foreshadowed lease of Sydney (Kingsford-Smith) Airport contain clauses that (a) reserve in the hands of the Government a contractual right to decide (i) the location of Sydney West Airport and (ii) when Sydney West Airport is to be (A) built and (B) completed, (b) ensure that the lessee will be bound by the Long Term Operating Plan and (c) expressly waive any power of the lessee to hold rights that may prevent the Government declaring the commencement date and location of Sydney West Airport.

(2) Will the lease for Sydney West Airport be released for tender contemporaneously with the release of Sydney Airport; if not, why not.

Mr Anderson—The answer to the honourable member's question is as follows:

(1) (a) (b) and (c) The lease for Sydney (Kingsford Smith) Airport was granted to the Sydney Airports Corporation Limited in 1998. It does not contain provisions relating to the development of the site for Sydney West Airport, or provisions relating to the Long Term Operating Plan (LTOP).

It is proposed that a sale agreement for Sydney Airport will provide for the new owner to be given a first right of refusal by the Commonwealth to build and operate any second major airport within 100 kilometres of the Sydney Central Business District.

The Commonwealth will retain ownership of the Badgerys Creek airport site. A future Federal Government will therefore be able to decide when or if airport development on the site should proceed.

The implementation of LTOP is the responsibility of Airservices Australia and is not dependent on who the airport lessee might be.

(2) There is neither a requirement nor an intention to issue a lease under the Airports Act 1996 for Sydney West Airport at this time. The Government announced that it would be premature to build a second major airport in Sydney, and that it will further review Sydney's airport needs in 2005. It is therefore preferable to defer the leasing of Sydney West Airport until there is more certainty as to the need for a new airport.

Contracts for Defence Integrated Distribution System

(Question No. 2500)

Mr Ripoll asked the Minister for Defence, upon notice, on 3 April 2001:

(1) Has there been a delay in the awarding of contracts for the Defence Integrated Distribution Systems (DIDS): if so, (a) what are the reasons for the delay and (b) what is he doing to award the contract in line with the original timetable and in a fair and equitable manner.

(2) What has been the effect of the delay on the DIDS project and RAAF Base Amberley.

(3) What effect will the project have on the structure and personnel of RAAF Base Amberley.

Mr Reith—The answer to the honourable member's question is as follows:

(1) Yes.

(a) Due to the size, scope, and nature of the activity, the Government must carefully consider the impact this project may have on regional and rural Australia. Accordingly, the matter has been referred to the Government for consideration.

(b) Defence has advised Tenderers and Defence personnel affected by this activity that the Government is currently reviewing a number of options regarding this matter.

(2) There has been no significant impact on Defence's ability to support the combat forces due to the slippage of the DIDS project. The delay in implementing DIDS has had no significant impact on RAAF Base Amberley.

(3) The impact the project will have on RAAF Base Amberley will be minimal. It is expected that minor changes will take place administratively on the base but this will have little effect on the provision of warehousing support to the F111 fleet.

Aviation: Slot Management Scheme

(Question No. 2504)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 3 April 2001:

(1) Will the proposed amendments to the Slots System foreshadowed in the amendments to the Sydney Airport Demand Management Act result in amendments to the Airspace Management Plan; if so, will consequential amendments to the Airspace Management Plan (AMP) constitute an action as prescribed in the Environment Protection and Biodiversity Conservation Act (EPBA Act).

(2) Does an amendment to the AMP trigger the provisions of subsection 160(2) of the EPBA Act; if so, must the proposed amendments to the Slots Management Scheme 1998 (SMS) be brought to the attention of the Minister for the Environment for environmental assessment.

(3) Does the precautionary principle apply to the amendments of the SMS.

(4) Will the act of amending the SMS constitute severe and irreversible environmetal harm to the residents of Sydney through increased aircraft noise and fundamental compromising of air movement safety.

(5) In the act of amending the SMS, ought not the lack of full scientific certainty of irreversible environmental harm be used to postpone measures to mitigate against the harm, thus applying the precautionary principle.

Mr Anderson—The answer to the honourable member's question is as follows:

(1) It is not envisaged that the proposed amendments to the Slot Management Scheme will result in a change to airspace management at the airport.

(2) Under subsection 160(2) of the Environment Protection and Biodiversity Conservation Act 1999, the adoption or implementation of a plan for aviation airspace management involving aircraft operations that have, will have or are likely to have significant impact on the environment must be considered by the Minister for the Environment. See answer to (1).

(3) to (5) See answer to (1).

Foreign Aid: Social Services, Microfinance and Debt Relief

(Question No. 2506)

Ms Jann McFarlane asked the Minister for Foreign Affairs, upon notice, on 3 April 2001:

(1) What sum did Australia spend on foreign aid in (a) 1996-97, (b) 1997-98, (c) 1998-99 and (d) 1999-2000.

(2) What do the sums represent as a percentage of Gross National Product in each year.

(3) What were the categories of aid.

(4) What was the proportion of aid directed towards the provision of basic social services.

(5) What level of assistance was channelled into Micro Credit programs in the recipient countries.

(6) What level of assistance was given to countries who were prepared to support or fund Micro Credit initiatives.

(7) What percentage of aid was used in retiring debt in the recipient countries.

Mr Downer—The answer to the honourable member's question is as follows:

(1) Total Official Development Assistance was as follows ($m):

1996-97	1,432.0
1997-98	1,443.1
1998-99	1,528.6
1999-2000	1,748.7

(2) The percentage of Gross National Product was as follows (%):

1996-97	0.28
1997-98	0.27
1998-99	0.26
1999-2000	0.28

(3) Priority sectors for the aid program are governance, health, education , infrastructure and rural development. The aid program also focuses on gender equity and the environment, which cut across the development process.

(4) Basic social services are generally defined as activities in the areas of basic health, basic education, water and sanitation, nutrition and reproductive health. The proportion of aid directed towards the provision of basic social services was as follows (%):

1996-97	6.35
1997-98	7.82
1998-99	9.75
1999-2000	11.23

In 2000-01, it is estimated around 12 per cent of aid program funding will be focused on basic social services. Basic social services is a category within the broader area of social infrastructure and services. Social infrastructure and services includes education and training, health and population programs, water supply and sanitation, government and civil society, and other social infrastructure and services. In 2000-01, expenditure on social infrastructure and services is estimated to be around 40 per cent of total aid program expenditure.

(5) Amounts provided by Australia in support of microfinance for the period 1996-97 to 1999-2000, by recipient country and in total, are set out in Annex B.

The Australian Government has committed to doubling microfinance expenditure through the overseas aid program within the life of the current Parliament, consistent with ensuring a high quality portfolio of activities. The Government remains committed to achieving this outcome.

(6) See answer to question 5.

(7) Australia has a very small proportion of bilateral debt owed by heavily indebted poor countries.

The percentage of Official Development Assistance used for action relating to debt (including Australia's contribution to the Heavily Indebted Poor Countries initiative) is shown below (%). All debt relief and rescheduling costs were additional to the aid budget appropriation.

1996-97:	0.8

1997-98: 1.0

1998-99: 0.8

1999-2000: 1.5

Annex B

Total Australian Aid Expenditure on Microfinance by Country/Region ($A '000)

Country/Region	1996-97	1997-98	1998-99	1999-2000
Bangladesh	588	644	1,288	1,104
Cambodia	24	35	13	263
Chad	10			
China	1,113	564	352	896
East Timor				17
Eritrea	80			
Ethiopia	1,000			
Ghana	37			
India	332	375	296	69
Indonesia	220	380	171	166
Kenya				59
Laos	56	174	232	143
Malaysia	27		63	
Mongolia	71	33		
Mozambique		117	72	
Nepal			159	492
Pakistan	4		180	34
Palestinian Territory	27	396		
Papua New Guinea	133	105	158	656
Philippines	1,310	1,080	903	1,276
Solomon Islands	100		100	100
South Africa	500	28	200	
Sri Lanka	38	458	680	279
Tanzania	109	61	37	37
Thailand	111	267	150	12
Uganda	79			
Vietnam	200	198	150	637
Zimbabwe	480	463	427	119
Global		500	967	981
Regional-Middle East		354		
Regional - SE Asia	25	88	279	297
South America	48			139
South Pacific	105	90	10	114
TOTAL	6,790	6,410	6,786	7,890

Copyright: *Cracking Down on Copycats*
(Question No. 2513)

Mr McClelland asked the Attorney-General, upon notice, on 5 April 2001:

(1) What action is he taking with respect to the report of the House of Representatives Standing Committee on Legal and Constitutional Affairs entitled "Cracking Down on Copycats: A report on the enforcement of copyright in Australia", dated November 2000.

(2) When will he introduce legislation in response to the recommendations of the Committee.

Mr Williams—The answer to the honourable member's question is as follows:

The November 2000 report of the House of Representatives Standing Committee on Legal and Constitutional Affairs titled "Cracking Down on Copycats: enforcement of copyright in Australia" was published on 4 December 2000.

The report makes a sizeable number of recommendations. These recommendations cover a full range of enforcement issues including criminal sanctions, civil remedies for infringement, public awareness and education, and institutional arrangements for enforcement of copyright as well as matters of court practice.

The Government needs to examine the Committee's recommendations in the context of Commonwealth criminal law and civil justice policies, as well as copyright policy per se. The Committee's recommendations, for example, propose significant changes to the burden of proof imposed on accused persons and to the relative position of parties involved in civil proceedings, including limiting the privilege against self incrimination and the adoption of a new statutory formula for calculating damages. The recommendations also propose changes to the operations of Commonwealth law enforcement agencies.

Representations have been received from, and the Government has met with, a number of interested parties in relation to the matters of concern to them. Work has been progressing on the preparation of the Government response and the Government's response to the report will be provided as soon as possible.