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Wednesday, 5 April 2000

The **PRESIDENT (Senator the Hon. Margaret Reid)** took the chair at 9.30 a.m., and read prayers.

A NEW TAX SYSTEM (TAX ADMINISTRATION) BILL (NO. 1) 2000

Second Reading

Debate resumed from 4 April, on motion by **Senator Alston**:

That this bill be now read a second time.

upon which **Senator Quirke** had moved by way of amendment:

At the end of the motion, add:

“but the Senate expresses its concern with the fundamental unfairness of the Government’s approach to taxation reform generally, including:

(a) the fundamental unfairness of a goods and services tax (GST);

(b) the enormous compliance burden faced by small business from the GST; and

(c) the further increase in the compliance burden arising from the new Pay As You Go measures and other tax related changes such as those under the business tax reform process which will inevitably fall disproportionately heavily on small business”.

Senator KEMP (Victoria—Assistant Treasurer) (9.31 a.m.)—Madam President, as mentioned previously, this government will certainly not be supporting the second reading amendment. Just to bring to an end my comments yesterday, I would even be surprised if the Labor Party could support the second reading amendment. It talks about the GST being unfair. It may not be well known out there in voterland and it may not be well known amongst people who even more closely observe the parliamentary scene, but the truth of the matter is that the Labor Party will now incorporate the GST as part of their next election platform.

Senator Conroy—And you just go on believing that.

Senator KEMP—That is what your people say, Senator Conroy. I know that you are a shadow junior minister and that there are certain frustrations in being a shadow junior minister. I understand that: I have been there and done that, Senator Conroy, so I well un-

derstand that you may not be in the loop. In fact, I do not think a great many senators are in the loop of what the Labor Party has decided.

I am an observer of the public scene and an observer of public policy, and it is very clear to me that the Labor Party will now incorporate the GST as part of their election platform. Therefore, to be suggesting that the GST is an unfair tax just seems to be quite absurd. It is part of what I have described in the past as the politics of deceit: you are either going to support a GST or you are not. The truth of the matter is that, despite the 72 hours of long and incredibly tedious debate in this place, the Labor Party has decided to support a GST.

Where the Labor Party’s policy differs, Madam President, is that the Labor Party says there will be some roll-back. What we need to know is exactly what is in the Labor Party roll-back. Some issues were raised by Labor senators in their debates, but the truth of the matter is the Labor Party is unwilling to specify whether its concerns will form part of the roll-back or not, and that is causing a degree of uncertainty. The sooner the Labor Party can get its act together, the better.

The other issue which is worrying people is the Labor Party’s attitude to tax cuts. If you are going to have a roll-back, you are going to have to find the money from somewhere. You are not going to take it off the states: that is a guarantee you have already given to the Labor states. Therefore, you have to take it from somewhere and the truth of the matter is that it will probably come off the income tax cuts which this government will be delivering in full on 1 July, which are the largest tax cuts in Australian history.

A number of issues were raised by the Labor Party—issues of compliance. Probably to deal with those particular matters, I should draw the attention of the chamber to a very interesting article prepared by Mr Chris Jordan, Chairman of the New Tax System Advisory Board.

Senator Conroy—A paid flunkey of yours.

Senator KEMP—Senator Conroy, I do not think it helps public debate when every-

one who expresses a view that does not agree with yours is described in the most disparaging terms possible. I never feel that helps public debate. I know that you have got a bit of a reputation in this area and I know this might sound good in Labor Party circles, but in terms of wanting to have a more edifying public debate, frankly it does not sound good. People are entitled to express a view which may not concur with yours without being subjected to personal attacks and vilification.

Senator Conroy—Bring him to estimates.

Senator KEMP—I think he would be absolutely petrified about facing up to you, Senator Conroy! That would really worry him!

Senator Sherry—*Hansard* does not record sarcasm, so I am glad that is on the record. It doesn't read so well.

Senator KEMP—The fact of the matter is that Senator Conroy and Senator Sherry are probably well known for their personal attacks. It is not my style, actually. Senators have noted that that is not my style in this chamber. I play it straight. I play the ball.

Senator Conroy—You ought to be in the ruck for Carlton this weekend if that is the case.

Senator KEMP—I do not know why Senator Conroy's obsession with Carlton seems to have so marked this debate. I have no idea what it has to do with the bill before this chamber.

This article on the issue of compliance was the substance of quite a number of matters which were raised by opposition senators. As I said, I draw their attention to Mr Chris Jordan's article, which was published in the *Sun Herald* on 13 February. I will just quote some extracts, which are worth putting on record. He said:

In fact, compliance costs relating to the introduction of the GST for most small businesses will be negligible and many can expect to enjoy substantial long-term benefits.

Senator Conroy—Have you ever met with any small businesses?

Senator KEMP—Senator, I know that you probably have as a union boss. You have

probably gone around and tried to intimidate many small businesses.

Senator Conroy interjecting—

Senator KEMP—Yes, I am. Madam President, the fact of the matter is that if Senator Conroy had met any people in small business, he would know how concerned they are about union power and the impact that unions have. Mr Jordan went on:

For companies that are already computerised, the cost of updating record-keeping and meeting compliance requirements will be very low.

Then there was an attack on Mr Langford-Brown, which I thought was most unfortunate. I know Senator Sherry would not wish to associate himself with Senator Conroy's comments; nonetheless, there was an unfortunate attack. Let me indicate again a part of the article which deals with the issues that were raised in evidence before the taxation committee. Mr Chris Jordan went on to say:

No-one using paper-based systems needs to spend money on computer hardware or software to meet compliance requirements. They will still be able to comply at very little cost.

A record-keeping booklet has been released containing details about the sorts of records that you will need to keep under the new system. It gives examples of cash payments and cash receipt books, and also includes sample sheets, which can be photocopied and used by businesses.

Then he went on very sensibly to say:

However, many businesses will take advantage of the practical guidance and financial assistance on offer to carry out a more substantial upgrade of their record-keeping ... systems.

His comments are certainly worth recording and worth noting. It may assist the Senate and those who wish to read the debates if I seek to incorporate his article in the *Hansard*.

Leave granted.

The article read as follows—

THE SUN HERALD

13 February 2000, page 61

BURDEN OF COMPLYING IS NO MORE THAN A MYTH.

By Chris Jordan, chairman of The New Tax System Advisory Board *

Some media have carried exaggerated reports on the cost of compliance to small businesses with the introduction of the new tax system.

In fact, compliance costs relating to the introduction of the GST for most small businesses will be negligible and many can expect to enjoy substantial long-term benefits.

A recent Ernst & Young report found that it was a misconception that the cost of compliance would be high.

The report stated that some longer term benefits for business are not inconsiderable and include fiscal benefits and learning the importance of cashflow, updating of book-keeping systems and allowing better management reporting and increased knowledge.

For companies that are already computerised, the cost of updating record-keeping and meeting compliance requirements will be very low.

The Ernst Young report noted that two of four specific companies studied will not face additional costs in becoming GST compliant because the software upgrade was included in an existing licence.

No-one using paper-based systems needs to spend money on computer hardware, or software to meet compliance requirements. They will still be able to comply at very little cost.

A record-keeping booklet, has been released containing details about the sorts of records that you will need keep under the new system. It gives examples of cash payments and cash receipt books, and also includes sample sheets, which can be photocopied and used by businesses.

However, many businesses will take advantage of the practical guidance and Financial assistance on offer to carry out a more substantial upgrade of their record-keeping and financial systems. The Ernst & Young report said many small businesses in New Zealand enjoyed many benefits from similar GST-prompted upgrades when a new tax system was introduced in that country.

The Government is developing useful tools and services to help companies upgrade, but the biggest incentive is an immediate tax write-off for GST-related plant and software for businesses with an annual turnover of less than \$10 million

Businesses with an annual turnover of under \$10 million will also receive a voucher with a face value of \$200 when they register for an Australian Business Number (ABN) and GST.

This voucher can be used to help meet any expenditure related to the implementation of the GST in their business. It can be put towards purchasing, training or even upgrading software or accounting systems from registered suppliers.

Businesses can gain access to the list of registered suppliers offering discounts on equipment and services in several ways.

With the \$200 certificate, businesses can gain access to discount suppliers through the GST start-up website (www.gststartup.gov.au) or when they receive their certificates they will also receive a booklet which lists all registered suppliers of equipment advice and training.

There are more than 1,000 registered suppliers offering in excess of 6,000 products, with more being added all the time. Many are offering discounts which average about 20 per cent. Larger discounts of up to 80pc apply on some other items.

At the same time, the Tax Office is preparing free, simple record-keeping software to help businesses meet minimum record-keeping standards. Tax agents received pre-production copies of the software in December, with the final version due for release to the public later this month.

Management of small businesses after July 1 will also be easier because complex wholesale taxes will be abolished and businesses will have a single tax reporting form - the Business Activity Statement. This means fewer tax forms, less reporting to the ATO and quicker and easier ways of dealing with the ATO, including via the Internet.

* The New Tax: System Advisory or Board provides independent advice to Government on the implementation of the new tax system.

Senator KEMP—I think that deals with many of the issues which were raised on the compliance front.

A number of questions were raised by Senator Sherry, in particular, which I plan to deal with in the committee stage of the bill as I am actually waiting for my advisers on this issue. Mr Blair Comley is now coming in. Mr Blair Comley is always welcome in this chamber and has made many valuable contributions to the debate. As we get into the committee stage I will deal with some of the issues that Senator Sherry raised. I know Senator Sherry was very anxious to receive some response.

I will conclude my remarks by saying that we will not be supporting the second reading amendment, and I am amazed that the Labor Party, which now supports the GST, will be supporting it as well. There will be a day of reckoning for the Labor Party when the public start to wake up to the fact that the Labor

Party will not be repealing the GST; the Labor Party will be sticking with the GST in the next election. Mr Gary Gray has a different view to Senator Conroy. Senator Conroy attempted to discuss the electoral consequences of the GST. He discussed those before the last election, and we are on this side and Senator Conroy is on that side. I noticed Mr Gary Gray has a different view to Senator Conroy on the electoral consequences. Senator Conroy, I think there will be a heavy price to be paid by a party that is not fully frank with the public about what its policies are. There will be a very heavy price to pay. People will look very closely at the debates we have had on the GST and particularly closely at the Labor Party contributions. (*Time expired*)

Amendment not agreed to.

Original question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator SHERRY (Tasmania) (9.41 a.m.)—The minister, Senator Kemp, did indicate that he would respond. I think he was waiting for his adviser at that stage. I did raise two issues yesterday that I was concerned to receive an answer to. One was about the treatment of ice and why it was not defined as a food. I had had correspondence from the Packaged Ice Association of Australasia. The second issue related to water cartage matters.

Senator KEMP (Victoria—Assistant Treasurer) (9.42 a.m.)—A number of issues were raised, and I think the Senate noted that one of the important advisers on the new tax package came into the chamber. As usually, in a very efficient matter—he listens very carefully to the debates and takes great interest—he has now provided some responses which will be of interest to Senator Sherry. On the issue of water, the supply of water for human consumption is GST free. It does not matter whether the water is supplied in a container. The only time water is subject to the GST is when it is not for human consumption and is in a container of less than 100 litres capacity. A rare example of this—I

do not know if this would actually happened in practice—would be if water were purchased for irrigation purposes in a small container. However, in this case a registered farmer would be entitled to an input tax credit, so there would be no net GST on water.

On the issue of ice, I am advised that ice is not considered a food and therefore will be subject to GST. As many of the examples given by Senator Sherry indicated, ice is often used as a refrigeration product, that is, it is not used as food. It would not be practical to treat ice differently to its intended use by a consumer.

Senator Crowley—How long since you drank a good margarita?

Senator KEMP—I do not propose to discuss your drinking habits in this debate, Senator Crowley.

The CHAIRMAN—Order! Minister, address the chair, please. I am sure Senator Crowley will cease interjecting as well.

Senator KEMP—Senator Crowley started to intrude her own drinking habits to this debate, and I do not think that is necessary. Senator Sherry gave a couple of examples of use of ice by business, for example, to enhance broccoli. Senator Sherry failed to mention that registered businesses will be entitled to input tax credits when they purchased taxable ice. Therefore, there will be no net GST on ice for the business.

On alcohol rates, the government has made a number of commitments related to changes in excise and the associated price impact for particular alcoholic beverages. The government will announce these rates closer to 1 July in order to allow all available market information to be considered in setting the new excise rates. The government believes that this will ensure that the rates set will deliver the government's commitments.

I was asked about the pricing policies of a particular machinery hire company. It is not appropriate for me to comment on the pricing policies of a particular company. However, if the senator has permission of the company to bring their issues to my attention, I will look closely at that and provide a written response.

There were a number of issues raised in relation to compliance matters. As I said, I think the Chris Jordan article, which is now incorporated in the *Hansard*, provides a totally different perspective.

Senator Conroy—He would be on your payroll.

The CHAIRMAN—Order!

Senator Conroy—We want you to give us definitive answers.

Senator KEMP—I think the fact that I have decided to incorporate Mr Chris Jordan's comments in the *Hansard* shows my strong views and which views I support on this. I do not support the Senator Conroy position, which is, as usual, exaggerated, over the top, ill-informed and, frankly, in so many areas, wrong.

Senator Conroy—Ridiculing small business again.

Senator KEMP—Dream in hope, Senator Conroy, if you think that small business will vote for you. I can tell you they have been down that route before, and been burned.

Senator Conroy—In 1993, 2001—

Senator KEMP—Believe me, the 17 per cent interest rates are seared in their collective memory. I think that deals with the matters that were raised.

Senator SHERRY (Tasmania) (9.47 a.m.)—I will be brief because I know we want to get onto yet another tax bill that deals with more changes to the tax system. With respect to ice, it seems to me that logically food is necessary to sustain life, and so is water. What recognition did the government give to the various state food codes which define food to include ice?

Senator KEMP (Victoria—Assistant Treasurer) (9.47 a.m.)—I will check with the tax office to see the precise nature of their detailed considerations, but I would think that the tax office took into account a wide range of factors and came down on the side that ice is used in many areas for refrigeration purposes. I think it is probably worth noting, Senator Sherry—and I do not say this to score a political point, although some may unwisely interpret my next remarks as doing

that—that the Labor Party voted against the motion to make food GST free.

Senator Conroy—We voted against the GST.

Senator KEMP—You voted against making food GST free, and I think now you are concerned that what you consider is something which may fit into the category of food is not GST free. I record that point really to back up my previous remarks that I think there is some policy confusion here. Once you move to the area that certain goods will be GST free, certainly boundary lines have to be drawn. There will inevitably be some argument on those boundaries. In a number of the debates we have had, not only in relation to food but also in relation to certain health products and education issues, there has always been the issue of where the boundary is drawn. That debate, I am sure, will continue. I think the Labor Party have indicated that they will see some roll-back in these areas. We are waiting breathlessly to see what the Labor Party will do in this area. Senator, I think the substantive issue is that when a boundary is drawn there is no doubt there will always be debates about where that boundary should precisely be. The tax office made a ruling on this matter. It took into account a variety of factors and, in the end, came down on the side that it will be subject to GST.

Senator SHERRY (Tasmania) (9.50 a.m.)—My point is not with the tax office because my understanding is that the tax office have given a ruling based on the definition of food contained within the schedule of exemptions for food. My question is to you, Minister, as a matter of government policy, rather than the tax office's interpretation. Why didn't the government include ice as a food, given the circumstances that I have outlined, in its definitions of food when it listed the various categories of food to be exempted from the GST?

Senator KEMP (Victoria—Assistant Treasurer) (9.51 a.m.)—In the end I am not sure I can add a great deal to what has already been said in this area. As I said, there is an issue of boundary lines. These issues were widely discussed, as you know, as to where that boundary would be drawn. They were

discussed with the Democrats; they were debated in this chamber. In the end the tax office had to make a ruling on these issues and, as I said, the balance of the argument came down essentially to the fact that they looked at ice and gave considerable weight to the refrigeration aspects of ice. I am not sure I can add anything further to it. I well recognise that in drawing boundary lines there will always be an argument over those matters. We have had this debate in the chamber. As I said, I think the Labor Party opposed making any food GST free; it voted against the motion that was put up. In the end we negotiated with the Democrats, who were very keen to ensure that food was GST free. I am unable to add anything further, except to say that this matter has been looked at by the tax office and they have given a ruling on it.

Senator SHERRY (Tasmania) (9.52 a.m.)—I reiterate: I do not blame the tax office. I believe they have made a ruling consistent with the listing in the schedule. I do not think we can blame the tax office for that. It seems to me that a failure to recognise that ice should be GST free as a matter of policy has arisen from the discussions and the deal that took place between the Australian Democrats and the Liberal-National Party in government. I also say for the record that we voted against the GST—full stop. One last point on ice, Minister, if you could seek some clarification: in hospitals some patients are required to eat only ice because of the nature of their medical condition. How will ice be treated in terms of the GST where it is provided in hospitals for those medical purposes?

Senator KEMP (Victoria—Assistant Treasurer) (9.53 a.m.)—The advice I have received is that where it is used in order to treat a medical condition in the hospital it would be GST free.

Senator SHERRY (Tasmania) (9.54 a.m.)—Finally, on the issue of water, I want to be absolutely clear on the answer you gave. Does your answer mean that in the case of a water cartage contractor who purchases water from a supplier, loads up their tank, and takes the tank to retail customers for human consumption—it is a very common practice—when they charge that customer for

the water and the cost of delivery of the water, the service charge or fee, the delivery fee, there is no GST payable on either the cost of the water or the service charge, the service fee, made to deliver the water?

Senator KEMP (Victoria—Assistant Treasurer) (9.55 a.m.)—The water itself is not subject to tax. I think you are asking me to give a taxation ruling here. I would prefer to get some formal advice and supply that to you. These are issues where a ruling will be required from the tax office. I can supply that to you in a short period of time.

Senator SHERRY (Tasmania) (9.55 a.m.)—Thank you. Water cartage is a very major business in rural and regional Australia. I find it odd that your advisers are not in a position to give you and us some advice on the treatment of the cost of delivery of water in such circumstances because it is quite common.

Senator Kemp—It is very common in my area at the moment.

Senator SHERRY—It is very common all over Tasmania, as we know, given the drought conditions, and in other parts of Australia. I conclude on this point. It would seem to me logical that, if water is to be GST free, people living in mainly urban circumstances who are connected to water mains should not have to pay GST on water or the delivery of that water through the pipe, the water mains. It would be absurd in the case of a person living in rural and regional Australia who is not attached to water mains, if water is exempt, that the cost of delivery of water by a cartage contractor were also not exempt from the GST. That would seem to be fundamentally absurd and fundamentally unfair. I look forward to your response on this matter. I do not have any further questions.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Bill (on motion by **Senator Kemp**) read a third time.

**TAXATION LAWS AMENDMENT BILL
(No. 5) 2000****Second Reading**

Debate resumed from 15 March, on motion by **Senator Ian Campbell**:

That this bill be now read a second time.

Senator CONROY (Victoria) (9.58 a.m.)—The Taxation Laws Amendment Bill (No. 5) 2000 covers three areas of tax law: an anomaly in the sales tax legislation which would have imposed sales tax on the value of modifications to motor vehicles made for disabled access; secondly, a more beneficial and certain valuation method for certain types of employee share ownership schemes which involve a public offer to overcome a potential anomaly where employees can face tax on a larger discount than they actually receive; and, thirdly, technical amendments to the ultimate beneficiary provisions which are anti-avoidance provisions dealing with change of trusts.

The sales tax law will be amended to ensure that the part of the value of a motor vehicle that represents the additional cost of making the vehicle suitable to be driven by or used to transport a person suffering from a physical impairment will be free of sales tax. The amendment will overcome an inconsistency in the current sales tax legislation. Currently, under item 98 of schedule 1 of the Sales Tax (Exemptions and Classifications) Act 1992, there is an exemption which frees from tax any goods, that is to say, parts, used in the modification of vehicles for disabled persons' access or use. However, in some cases this benefit is effectively removed as modifications represent the process of manufacture that renders the value of the modification as being subject to sales tax. The amendments fix this unintended anomaly and are particularly necessary to meet the transport needs of the Paralympics. These changes were announced last November and are to apply retrospectively from 26 June 1998. Labor supports these amendments.

The second group of amendments deals with employee share schemes. It is proposed to insert an alternative method, that is to say, public offer price, for determining the market value of shares acquired under an employee

share scheme. This method will be used when a public offer is made in a listed public company and an offer of shares or unlisted rights to acquire shares under an employee share scheme is made in association with that public offer.

Currently, market value of a listed share or right is determined by reference to the weighted average of the prices at which the shares were traded during the one week period up to and including the day of acquisition. If there is no trading during that period, the price is determined by the tax commissioner, usually by the public offer price. Under the new rules, the price will be determined by reference to the public offer price. Under these changes, it is claimed to be fairer to employees as it will eliminate the artificial discounts which can arise under the current rules and which are subject to tax. If a company makes a public offer of shares for, say, \$8 and offers those shares to employees at a modest discount of, say, \$7.80 and if those shares trade at above \$8 during the week before the issue of the shares for, say, \$8.30, then the employee will face tax on the amount of \$8.30 minus \$7.80 which is 50c, even though the real discount they have received is only 20c. The proposals avoid that anomaly. They are of benefit to employees. Labor will support them.

The third area of amendment concerns what are known as the ultimate beneficiary provisions involving trusts. They are anti-avoidance provisions which deal with the problem of income being avoided or evaded by it being distributed through a chain of trusts and the ultimate beneficiaries not complying with their obligations. In response to that problem, the government introduced the ultimate beneficiary provisions which impose tax at the maximum marginal rate on trustees who fail to identify the ultimate beneficiaries of the moneys which they distribute from their trusts. These rules were strongly supported by Labor when they were introduced last year.

This bill contains a number of proposed technical amendments. These amendments aim to improve the administration of the ultimate beneficiary provisions. The major proposals are, firstly, to allow trustees to re-

cover from beneficiaries any tax paid by trustees on their behalf when their distributions from the trust did not have the tax taken out; secondly, to allow corrections of statements from trustees concerning ultimate beneficiaries. Labor supports these amendments.

With regard to trusts, we know members of the other side of this chamber have a love affair with their use of trusts in order to avoid tax. Trusts to members of this government are their preferred tax avoidance vehicle. Just as people have a favourite football or rugby team, members of the government have a favourite tax avoidance vehicle—trusts.

The interesting thing about the changes to the ultimate beneficiary provisions is that a number of Liberal members have multiple trusts. In particular, Senator Heffernan has interests in no less than seven separate trusts, of which a couple, from memory, are unit trusts. One can therefore see Senator Heffernan spending a bit more time doing his tax returns this year as he sits down to work out the ultimate beneficiaries of all those trusts through his complex web of trust arrangements. This indeed could be bad news as it may mean Senator Heffernan has to spend less time stalking the press gallery on behalf of the Prime Minister and more time filling in all those ultimate beneficiary disclosures. We know why Senator Heffernan is such an avid user of trusts to avoid tax, because he has stated as much. On 11 March 1998, Senator Heffernan was reported in the *Herald and Weekly Times* as saying:

The use of trusts by farmers to reduce tax was essential to keep family farms operating and to enable farmers to pass their properties to their children.

Added to this, who did the Queensland National Party send with their hired legal gun, Mr Cleary from Cleary Hoare, to try to noble the government's policy to tax trusts as companies? None other than Senator Heffernan.

Senator Ian Campbell—On a point of order, Madam Acting Deputy President: I just heard Senator Conroy quite explicitly call Senator Heffernan a tax avoider. He was then going to explain why he could make that accusation. I regard calling any senator a tax

avoider—which is what Senator Conroy has just done—as entirely unparliamentary and a clear reflection on that senator. Senator Conroy should be required to immediately and without any warranties withdraw.

Senator CONROY—Madam Deputy President, on the point of order: 'tax avoider' is not an accusation of illegality. 'Tax evader' would be an accusation of illegality. I know it is hard for members of the Liberal Party to differentiate. Alan Mitchell did a particularly interesting column this week in which he pointed out that it is just a polite way to describe tax evaders and crooks. But tax avoidance is not—last time I checked the dictionary—an accusation of illegality.

The ACTING DEPUTY PRESIDENT (Senator Crowley)—I think the point is that the description that is ascribed to Senator Heffernan is not a matter of illegality. There is strictly no point of order. It is perhaps less than graceful, but it is not strictly a point of order.

Senator Ian Campbell—It is unparliamentary to call a senator a tax avoider. That is a disgrace.

Senator CONROY—What is a disgrace is your lot's use of trusts and tax avoidance, and not paying your tax—you have done this for years. You are a disgrace!

Senator Ian Campbell—You did nothing about trusts for 13 years. You are a hypocrite.

Senator CONROY—Oh, dear oh dear. You are a shocker.

Senator Quirke—Madam Acting Deputy President, I rise on a point of order. Senator Campbell certainly knows that calling someone a hypocrite is definitely unparliamentary, because he corrected me in this respect last week. So I suggest that he does withdraw, again without any conditions.

The ACTING DEPUTY PRESIDENT—Senator Campbell, would you withdraw.

Senator Ian Campbell—Withdraw what, Madam Acting Deputy President?

Senator Quirke—I will tell him what he has to withdraw, Madam Acting Deputy President—that he called Senator Conroy a hypocrite. He knows very well what he has to

stand in this place to do. He is showing disregard for the chair.

Senator Ian Campbell—I said the Labor Party are hypocrites for doing nothing for 13 years. I did not call him a hypocrite.

The ACTING DEPUTY PRESIDENT—Senator Quirke, the chair appreciates your assistance, but it is not necessary.

Senator Ian Campbell—I will not withdraw calling the Labor Party hypocrites, because they are.

The ACTING DEPUTY PRESIDENT—Senator Campbell, if you call a person a hypocrite, you must withdraw that.

Senator Ian Campbell—I did not. And I won't—I called the Labor Party hypocrites. They are hypocrites, and I will not withdraw it.

The ACTING DEPUTY PRESIDENT—As I understand it, that is not a matter that requires a withdrawal. I call Senator Conroy.

Senator CONROY—It is always interesting to watch how sensitive the government senators are. We know that so many of them have to stand up and declare their interests in this issue so regularly because they have all been engaged in using trusts in this manner for years. It is no surprise to see you so sensitive, all of you over there, as you get exposed continually on this issue.

Senator Ian Campbell—You go and call me a tax avoider out there, you gutless wonder.

Senator CONROY—'Tax avoider' is not an accusation of illegality.

Senator Ian Campbell—You go and defame me outside this place. Walk out there and—

Senator CONROY—You know the tax law as well as I do, Senator Campbell.

The ACTING DEPUTY PRESIDENT—Senator Campbell, I ask you to withdraw that expression of 'gutless wonder'.

Senator Ian Campbell—Madam Acting Deputy President, 'gutless wonder' cannot be regarded as unparliamentary if 'tax avoider' is not. I refuse to withdraw that. I would ask you to reconsider your ruling.

The ACTING DEPUTY PRESIDENT—It is unparliamentary, Senator Campbell. Would you please withdraw it.

Senator Ian Campbell—Madam Acting Deputy President, you have now ruled that to call a senator 'tax avoider' is parliamentary but to call this gutless wonder a gutless wonder is not. I will withdraw that in deference to your position as Acting Deputy President, but I say to this person opposite that he should walk 10 yards out there and call a senator a tax avoider, and let us see who is acting illegally.

The ACTING DEPUTY PRESIDENT—Senator Campbell, we would be assisted if you would do just what you were asked.

Senator Quirke—Madam Acting Deputy President, I rise on a point of order.

The ACTING DEPUTY PRESIDENT—On what point, Senator?

Senator Quirke—On the point of order. I believe that that was not an unconditional withdrawal.

The ACTING DEPUTY PRESIDENT—There is no point of order.

Senator Quirke—Well, I am making one. It was not an unconditional withdrawal, and I believe that is what the senator was asked to give.

The ACTING DEPUTY PRESIDENT—I think that Senator Campbell has withdrawn.

Senator CONROY—As I said, it is no surprise to see the spivs on the other side taking this so personally, because it goes directly—

The ACTING DEPUTY PRESIDENT—Senator Conroy, please withdraw the word 'spivs'.

Senator CONROY—I was not referring to any individual. I said, 'spivs on the other side'.

The ACTING DEPUTY PRESIDENT—If you wish to spend your debating time asking the chair to rule on these finer points of order, please feel free. I am advised that calling the other senators in this chamber 'spivs' is not parliamentary. Please withdraw.

Senator CONROY—I withdraw.

Senator Ian Campbell—Madam Acting Deputy President, I rise on a point of order. I do think there is a serious matter in relation to calling a senator a tax avoider. I respect your ruling. But I would like you to refer it to the President for a further discussion. I am not reflecting on the ruling at all.

The ACTING DEPUTY PRESIDENT—Senator, I shall see that that is done.

Senator Ian Campbell—Tax avoidance may or may not be legal. I regard tax avoidance as immoral, as does the government. I think accusing a senator of being a tax avoider is a very serious accusation and an imputation. Regardless of precedent, if previous Presidents have said that ‘tax avoider’ is parliamentary, I consider the standard is too low. I think that we should be about raising standards. I know that you, Madam Acting Deputy President, would agree with me in that quest.

Senator CONROY—I am glad that you view tax avoidance as such a heinous crime. I am looking forward to the whole string of resignations off your front bench.

I was just saying how the National Party hired their legal gun, Mr Cleary from Cleary Hoare, to see if they could try and nobble the government’s policy to tax trusts as companies. Who did they send? None other than Senator Heffernan. And why wouldn’t they? A man with seven separate trusts obviously knows the benefit of using trusts to avoid tax and the threat his government proposes to tax them as companies poses to this most lucrative of Liberal Party pastimes—tax avoidance. The amendments in this bill, although generally minor, are just another testament to the incompetence of the minister responsible for tax administration, the Assistant Treasurer, Senator Kemp. He could not even get something as simple as the ultimate beneficiary disclosure provisions right the first time round. And this is the minister responsible for the detailed design and implementation of the GST.

In regards to GST implementation, I would like to bring to the attention of the Senate another looming GST problem in regards to its impact on retail grocers. These matters were brought to the attention of the

House of Representatives by my colleague, Mr Kelvin Thomson, but they are worth repeating here. As many senators are no doubt aware, the National Association of Retail Grocers of Australia have been campaigning for some time on what they see as discrimination under the wholesale sales tax regime as it applies to independent grocers. Their point is that, unlike the major supermarket chains, the independent grocers bear the burden of sales tax on their wholesaler’s warehousing and distribution costs before the tax is levied on the last wholesale sale. They had been pressing the government to reform the wholesale sales tax system to end that discrimination and to level the playing field. Of course, the government’s response has been to say that the introduction of the GST is going to solve all of that because we will not have wholesale sales tax any more—everything will be all right. Indeed, the National Association of Retail Grocers of Australia have even said that on that basis they were prepared to support the introduction of the GST. But the issue they raise now is that the major supermarket chains are endeavouring to perpetuate the present discrimination under the GST. The major chains have commenced negotiations to amend their trading terms with all vendors so that from 1 July 2000 they can maintain the same dollar takings they currently receive from trading terms, including rebates, promotional allowances and settlement discounts which are now paid on a tax inclusive basis. This government claims to be the government of small business!

My colleague was provided with an edited extract from a document that had been sent by a major chain to its vendors, explaining how their trading terms will need to change under the GST. In the document, the chain indicated that, consistent with the ACCC guidelines, it will maintain its net dollar margin in its gross margin—that is, the mark-up between cost and selling price in relation to goods acquired from the vendors and any services supplied by its vendors. What does this mean? The concern that the retail grocers have is that the trading terms are now being set in a way that will perpetuate the current sales tax discrimination. Far from the GST being a means by which the discrimination

could be ended, it effectively means that it will be perpetuated. The association are quite right in saying that this should not be allowed to happen.

One reason why it might go on is that the government house rejected the findings of the parliamentary committee that examined this area of retailing. The parliamentary committee came up with a recommendation for a mandatory code of conduct which embraced the general principle of like terms for like customers and disclosure of terms by suppliers on a confidential basis to the ACCC. If we had an arrangement like that, you would expect that the ACCC would be able to identify any kind of continuation of unsatisfactory supply arrangements for those independent grocers and stamp it out. Unless the government is prepared to act to adopt some of those recommendations concerning like terms for like customers and is prepared to require disclosure of terms by suppliers on a confidential basis to the ACCC, we will have the unfortunate prospect that independent grocers will continue to find that they are being supplied products on a less satisfactory basis than large retail chains.

The next thing that I want to bring to the attention of the Senate concerns the application of the GST to guide-dogs.

Senator Quirke—Oh, no!

Senator CONROY—That is right. They are beating up on guide-dogs now. The Guide Dog Association of Victoria in particular are concerned, having received a ruling from the Australian Taxation Office on the provision of pet food and veterinary expenses for guide-dogs. This GST private ruling on food for guide-dogs which was issued in January indicates that the purchase of food for a guide-dog or the payment of veterinary expenses will be subject to the GST.

Senator Ian Campbell interjecting—

Senator CONROY—The wholesale sales tax was not applied to the purchase of pet food for the guide-dogs, you idiot! It had a sales tax exemption. At the retail outlet where they purchased the pet food, they fill in certificates, and so on.

Senator Coonan—Madam Acting Deputy President, I rise on a point of order. It appears

that Senator Conroy described Senator Campbell directly, as opposed to anyone on this side, as an idiot. I ask that Senator Conroy withdraw it.

The ACTING DEPUTY PRESIDENT (Senator Crowley)—Senator Conroy, it is unparliamentary to call a colleague an idiot.

Senator CONROY—I withdraw.

Senator Ian Campbell—I take no offence from a lowlander.

Senator CONROY—The display of ignorance from the senator from Western Australia as he again tries to misrepresent the position with the wholesale sales tax is part of the government's propaganda to prop up their ever drowning GST, and it again needs to be highlighted. I repeat: the purchase of pet food for guide-dogs had a sales tax exemption—just so you do not get it wrong and embarrass yourself again. At the retail outlet where they purchased the pet food, they filled in certificates and so on and they were able to have the 22 per cent sales tax deducted at that point. They did not have to pay the sales tax, whereas now they are subject to GST on dog food and on veterinary services. The association points out that guide-dogs are worth in excess of \$18,000 each but are provided free of charge to people with a vision impairment.

Senator Ian Campbell interjecting—

Senator CONROY—I am glad you are on the big ticket issues. We want to talk about guide-dogs; he wants to talk about sideburns. That is typical of the ridicule, and that is exactly why the Australian public are so opposed to a GST and to what this government is doing. The public were misled before the last election. Anybody who has raised any issue at all about the inconsistencies between what they were told and what is happening today are being ridiculed and demeaned. That is how the guide-dog associations are being treated, and that is how small business is being treated. It is being displayed time and again in this chamber, particularly by the likes of Senator Campbell.

Back to the guide-dogs, because we are not going to be distracted by spurious comments about sideburns by Senator Campbell's spurious attempts to distract from the debate about the impact of the GST on the guide-

dog associations. The association points out that guide-dogs are worth in excess of \$18,000 each but are provided free of charge to people with vision impairment. Guide-dog associations around Australia receive some government funding but rely primarily upon corporate sponsorship and community donations. This significant level of community support reflects, in its view, a public perception that guide-dogs should be provided free of charge to enable vision impaired people to move freely and safely around their communities. Guide-dogs provide an equal opportunity for guide-dog users to live independently.

The association makes a fair point that people with a physical disability who require a wheelchair will not be required to pay a GST on the wheelchair designed to improve their mobility—indeed, the express provisions of the bill before the Senate are designed to improve the ability of disabled motorists. But there is a different situation for those who are guide-dog users. The association makes the point that most guide-dog users are on a fixed income such as a blind pension. There is a risk that users may need to compromise the nutritional quality of their guide-dog's food ration to the detriment of the dog's guiding ability over the longer term. The association is also concerned that guide-dog users may be reluctant to attend their veterinarian for their guide-dog's six-monthly routine veterinary examination. These are matters of real concern to the owners of guide-dogs, and I think they are entitled to be concerned about the tax office's private ruling concerning this issue. On this basis, I hope the government is able to take into its consideration the representations that have been made to government. The government should be reviewing the tax office ruling concerning guide-dog food and veterinary services.

The question has to be asked: why is the government discriminating against blind people with guide-dogs as compared with other people with a physical disability? Why have blind people been singled out for this callous, uncaring and heartless treatment by the government? This government is led by a Prime Minister who promised to govern for

us all—except he failed to qualify: providing you are not part of a minority group, disabled in some way, unemployed, a single mother or on a disability pension.

In conclusion, the opposition supports this omnibus bill but notes once again that the Senate is being asked to clean up just another mess as a result of the incompetence of the Assistant Treasurer. Will he present to this chamber a bill that does not need further amending? This applies particularly with respect to the changes required to the ultimate beneficiary trust provisions. I say to Senator Kemp and those opposite: when are you going to get it right? How many more times will the Senate be called upon to clean up your mistakes brought about by your incompetence and your abysmal administration of both the taxation laws of this country and the ATO in general. Recent events show that the ATO has serious systemic problems that have arisen under the stewardship of Senator Kemp. Morale is at an all time low, the implementation of the GST is one disaster after another, and now we have the Petroulias fraud case. If this is how Senator Kemp keeps on top of his brief, I would hate to see what would happen to tax administration in Australia if he ever took his eye off the ball.

In finishing, there is a very interesting article in today's *Financial Review* which talks about the private binding rulings. We have been trying to get from the government some sort of answer on this, and it has been hiding behind the fact that there is a legal case. That is not good enough. Morale in the tax office has clearly been affected by this. It affects all Australians when private binding rulings are of concern. There are revenue implications. The government will not be able to run and hide by using the line that it is a court case. We will be seeking and pressing for answers to when this first arose, when did people first become aware and why the government will not give us the answers on this.

Senator MURRAY (Western Australia) (10.22 a.m.)—The **Taxation Laws Amendment Bill (No. 5) 2000** deals with three unrelated matters—two of which are largely uncontroversial and improve tax law but the other raises a number of issues. The bill alters the calculation of the market value of shares

for calculations under provisions dealing with the taxation of employee share ownership schemes where an employee share offer is made in conjunction with a public share offer by a listed company. Those amendments do not appear to raise any issues for us, but I will wait for the committee stage to see if there are any further points to be raised in the debate. The bill also exempts from sales tax the additional cost of manufacturing motor vehicles for use by or in relation to disabled persons. That is obviously an amendment to be welcomed. It will improve facilities for those persons. That amendment does not raise any issues of concern.

The section of the bill that does raise a number of issues is the section covering the amendments which deal with the provision of ultimate beneficiary statements by certain trustees. Ultimate beneficiaries within trusts have long needed greater exposure and transparency from a tax perspective. The Australian Taxation Office has moved over time to improve that area. I recall some years back actually successfully getting an amendment passed to the [Export Market Development Grants Act 1997](#) which introduced far better disclosure of trust backgrounds where applications for government assistance were being made. It appears to me that the ultimate resolution of these issues concerning ultimate beneficiaries and matters related to closely held trusts should be the focus of government and Treasury attention when the final drafting of the legislation which is intended to tax trusts as companies is before us. Australia is relatively unique internationally in using trusts to excess for the purposes of operating businesses and making sure that tax issues are addressed to the benefit of beneficiaries rather than to the benefit of tax revenue.

From our point of view, the issues relating to these provisions do not go far enough to address the surrounding difficulties with having trusts fully taxed appropriately. But there is also another side to it. The way in which the legislation has developed and the way in which the tax office have to carry out their investigation of closely held trusts result in a very high compliance cost, and that high compliance cost can affect innocent taxpayers. We support the view that ultimate bene-

fiary statements should be maintained to curb blatant tax avoidance. That is a laudable objective and it is an objective supported by the Senate. However, the Taxation Institute of Australia has raised with Treasury, the government, the opposition and us a number of problems. I am given to understand that the Labor Party will be addressing some questions to the government with regard to those problems during the committee stage, and obviously the minister's answers will be of interest.

The legislation concerning ultimate beneficiary statements is already in place. Therefore, this bill is just an amendment bill and does not address the fundamental premise surrounding those statements and the treatment of closely held trusts in existing tax law. As I have already indicated in my remarks, it is my belief that when the legislation covering taxing trusts as companies comes before the Senate we will be able to take a fresh broom to the whole area and from the Treasury perspective, the government perspective and, hopefully, the Senate perspective really clean up an area which has worried, as far as I am aware, all political parties. I will restrict myself to those remarks. I think we will develop these issues far more in the committee stage.

Senator SHERRY (Tasmania) (10.28 a.m.)—The legislation that we are considering—the [Taxation Laws Amendment Bill \(No. 5\) 2000](#)—is yet another tax bill. I find it quite amazing that the Liberal and National parties have continued to claim that they are about simplifying the tax system when we are dealing with yet another piece of legislation with regard to the taxation system which adds to the thousands of pages of legislation. Goodness knows how many bills there are. I will have to at some stage calculate that. But we are adding yet again to the complexity.

Senator Murray—About 45 a year.

Senator SHERRY—About 45 a year—and this is the coalition government that argued that this so-called taxation reform would simplify the system. This legislation has a number of elements to it that deal with the Sales Tax Assessment Act 1992, employee share schemes and closely held trusts. To follow on from some of the comments that Senator Murray made, it is my

Senator Murray made, it is my intention to ask a number of specific and detailed questions in the committee stage about ultimate beneficiary statements, but I will leave that to the committee stage.

In my speech in this second reading debate, I want to make some comments about the wholesale sales tax system, which this bill does go to in a number of areas of its operation. The Australian wholesale sales tax, I contend, is an effective and flexible way of taxing a range of targeted goods at the point of wholesale rather than at the retail sales point. We have had in the last year or so, and particularly in the run-up to the last election, the Prime Minister, Mr Howard, the Treasurer, Mr Costello, and the Liberal-National Party generally making a series of criticisms about the existing wholesale sales tax system. Most of these criticisms, I would contend, were unjustified.

I want to deal with a number of the statements made in what I would describe as the government's propaganda document, *Tax reform: not a new tax, a new tax system*. For example, under the heading 'An unfair system', it says:

The tax mix in the Australian economy has been moving over the past two decades towards a higher share of direct taxation and a lower share of indirect taxation. Over the 1980s, indirect tax (comprising principally excise and wholesale sales taxes on goods) represented 7.2 per cent of Gross Domestic Product (GDP) compared with 5.8 per cent of GDP over the 1990s.

It goes on to make the point:

The share of indirect tax as a proportion of revenue to the Commonwealth Budget has fallen from 27 per cent in the 1980s to 24 per cent in the 1990s ...

It makes a further series of statements, for example:

The current tax system is ineffective. It provides a crumbling base from which to derive the necessary revenue to fund essential government services.

I will just make this side point about 'necessary revenue to fund essential government services'. It is somewhat hypocritical of the Liberal-National Party to claim that a GST is all about providing revenue for essential government services when the same government

has spent the last four years cutting essential government services in a whole range of areas, including health and education. But I will put that aside.

The document goes on to talk about a complex system. It says:

The current tax system is unnecessarily complex. Income tax legislation has grown from about 120 pages to more than 7,000 as a result of 60 years of patching and filling.

That is what we are doing at the moment with the so-called new tax system: we are patching and filling. And we will continue to do that because, frankly—I think very honestly—every government in the world is continually patching and filling its tax system for a whole lot of very necessary reasons. It goes on:

A new and properly structured tax system can fix the problems of unfairness, uncompetitiveness, ineffectiveness and complexity that plague the existing system.

Those are just a few of the claims—false claims, I believe—that were made and are still made by the current government, particularly about the wholesale sales tax system. It was the Howard government which legislated for two new WST rates to apply to beer, spirits and wine, with the additional Commonwealth revenue being handed to the states and the territories to make up for the abolished state franchise taxes.

The type of GST that the Liberal-National Party is now putting in place will not have the flexibility of Australia's WST system to handle the state franchise tax crises if they occur again. It is interesting to note that the WST was introduced in 1930. That is about the time, certainly it is the era, when the GST/VAT was invented by the French. So the WST is not an old tax in comparison with VATs. Since then, the tax has been significantly improved to give effect to various government policies, including concessions and provisions for measures preventing the double taxation of goods. These policies led to the introduction of multiple rates of tax in 1940 to put more of the revenue raising effort onto luxury goods. I think that is a good thing. I think it is a good thing that an indirect tax taxes luxury goods at a higher rate than the so-called necessities of life—unlike a GST.

There is a wide range of miscellaneous exemptions for goods used by particular persons or particular organisations, such as schools and charities, and there are exemptions or reduced rates of tax on goods used as inputs in goods-producing industries. The WST is a single stage tax on goods manufactured in or imported into Australia for use in Australia. It applies only to goods but it is not limited to sales of goods. For example, as is well known, the WST does not apply to most services, fresh food, water or energy—in other words, most essential goods. The tax applies at the wholesale level. This means that the standard 22 per cent WST rate would usually be less of a tax burden than, for instance, a 15 per cent GST on the full retail price. The concessional WST rate of 12 per cent would certainly be less of a tax burden than the current 10 per cent GST that the Liberal-National Party is proposing. Why is that? Because the WST applies at the wholesale point, and the 10 per cent GST applies at the retail point. So the final impact on price to the consumer under a 10 per cent GST is actually greater than a 12 per cent wholesale sales tax. Manufacturers and wholesalers register and quote their certificate numbers to buy goods tax free. Generally only manufacturers and wholesalers are liable to pay the tax, not retailers, and this is an essential and critical difference between a wholesale sales tax and a goods and services tax.

I will turn to the rates of tax. As I have mentioned, most essential goods are exempt from the WST. Some of the exemptions, including food and clothing, apply unconditionally. There are other exemptions, and I will not go through the full list now. If you set aside the two special wholesale sales tax rates introduced by the Howard government in 1997 for alcoholic drinks, there are five main rates of tax that can apply to goods: the zero rate, which applies to most necessities; the concessional rate of 12 per cent, which, as I have explained, effectively is a lesser tax burden than a 10 per cent GST; the rate of 22 per cent, which applies to passenger motor vehicles up to the luxury car tax threshold; the higher rate of 32 per cent; and a special rate of 45 per cent, which applies only to that part of the value of a luxury car which is

above the luxury car threshold. In 1997-98 it was \$57,721.

Certainly the wholesale sales tax was not perfect, but then no tax ever is perfect. There is a range of claims that were made about the wholesale sales tax, and I have alluded earlier to some of those claims in the Liberal-National Party propaganda document that was produced for the election. There is a number of claims that I think are false. And there is a number of reasons why I think a wholesale sales tax is an efficient instrument of taxation. The wholesale sales tax, as I have mentioned, is collected by wholesalers and manufacturers. There are very few retailers who collect the wholesale sales tax. I do not know the precise number but I think it is close to 200,000 businesses that collect wholesale sales tax. By comparison, with the GST we will have well over two million businesses of various sorts collecting the GST. That is clearly more inefficient. That is a clear example of inefficiency in terms of its collection. What we are going to have, of course, is a whole new group of mainly small businesses which will be brought into the tax system and forced to become tax collectors for the GST, and that does not happen with the wholesale sales tax.

I have also mentioned the different rates which apply to a wholesale sales tax. I think that is a good thing. It is a good thing, certainly from a Labor Party perspective and from my own personal perspective, that we tax goods progressively, if you can do it practically—and a WST can and does do it practically. It is a good thing that luxury cars, the BMWs and Mercedes, are taxed at a higher rate than cars used more generally in the community. A GST certainly does not do that. A GST applies the same tax rate, 10 per cent, to all goods and services. So, in terms of efficiency, a WST is an efficient tax. There is a much smaller number of collectors, it is easier to administer and it is easier to supervise. I think the total cost to revenue of the administration of the WST is slightly less than 0.5 per cent of revenue collected. On efficiency grounds, I believe there are very strong arguments for a WST over a GST.

There was one other area where the WST was severely criticised—again, I think un-

fairly. That was with respect to revenue collected. The point was often made, and incorrectly made, that a WST did not tax services. It is true that a WST did not directly tax services, but indirectly it did tax at least part of the services economy. A good example of the taxation of the services economy is electronic goods. Electronic goods are a function of a growing services economy and therefore the WST did at least in some part tap into the growing services economy. This issue of the revenue collection from a WST was dealt with in the Senate Select Committee on a New Tax System chaired by my colleague Senator Cook, and my other colleague Senator Conroy and I were members of this committee. We did receive some evidence about the revenue trends from a wholesale sales tax. This was prepared by Mr Dixon and Ms Rimmer from the Centre of Policy Studies at Monash University. There are some remarks, I believe accurate remarks, made by them in that first Senate report. It was a very good report. Mr Acting Deputy President Ferguson, you were also a member of that committee and we had our differences, but I think the material and the documentation in the report that was put together are an excellent example of the processes of the Senate. On page 199 their study refers to revenue in the absence of the GST. It says:

ANTS (e.g. p. 8) implies that a major change in indirect taxation is necessary because, without increases in tax rates, the present array of indirect taxes will raise insufficient revenue in relation to Australia's future public sector requirements.

As I have said, that claim is a bit rich and somewhat hypocritical coming from the Liberal-National Party when they have been cutting public sector expenditure in areas like health and education. It goes on:

However, ANTS includes no explicit revenue forecasts.

I would say to the Senate that, if the Liberal-National Party is making out a case that the wholesale sales tax is crumbling, why were no revenue forecasts included in their document? The authors go on to say:

We find no evidence to support the ANTS proposition. As shown in Chart 10.1, in our basecase forecasts, indirect taxes collected by the whole of the public sector grow slightly faster than GDP.

These forecasts were made with no changes in ad valorem tax rates.

The bulk of indirect taxes are collected on consumption and intermediate usage of goods and services. In our basecase forecasts, collection of consumption taxes is projected to grow at about the same rate as GDP. Among the main contributors to these taxes are some fast-growing consumption items ...

And I said earlier that it is a function of a services economy—

... (e.g. Electronic equipment, Scientific equipment, Cars, and Entertainment) ... Collection of taxes on intermediate inputs is projected to grow faster than GDP. The main contributors are intermediate sales of Petrol, Oil and gas, Commercial printing, Banking services, Insurance, Electronic equipment and Motor vehicles. Intermediate sales of all these commodities and associated tax collections are projected to grow faster than GDP over the next eight years.

Underlying our forecasts of tax collections are forecasts of GDP growth averaging 6 per cent a year ...

To go back to the government's propaganda document, the *Tax Reform: not a new tax, a new tax system* package that was released in the lead-up to the last election, how did the government get it so wrong? I would contend that they were deliberately misleading. They have really fudged the true picture in relation to indirect taxes. Nowhere is this better exemplified than in the quote from page 6 that I referred to earlier about excise and wholesale sales tax and in some of the other material that I provided to the Senate today. It is certainly true that indirect taxation in the area of imported goods and tariffs has been declining significantly, and that has been the result of a significant reduction in tariffs in this country over the last 20 years. That is one area of the indirect tax system that I would contend has been declining in revenue not because of the changing nature of the economy but as a direct result of a policy to reduce tariffs in this country.

To conclude my remarks, the wholesale sales tax system is an efficient way of collecting revenue. It is certainly a lot more efficient to have up to 200,000 businesses collecting a wholesale sales tax than well over two million collecting a GST. It is also very efficient in terms of the cost to government

of collecting that revenue. The cost to the well over two million new tax collectors—mainly small business—of compliance with a GST will be significant. A variety of figures have been used in the debate, but we do know that it will be significant. It will be an additional burden to small business. The WST does not do that. The wholesale sales tax is not crumbling and is not in significant decline; it is still a substantial revenue earner for this country. My final point is that it is a progressive tax. It is a good thing to have a progressive, indirect tax that can be applied efficiently at higher rates for classes of goods that would certainly be classified as luxury goods.

Senator QUIRKE (South Australia) (10.48 a.m.)—On behalf of the opposition, I wish to move a second reading amendment in relation to the Taxation Laws Amendment Bill (No. 5) 2000. I move:

At the end of the motion, add:

“but the Senate expresses its concern with the fundamental unfairness of the Government’s approach to taxation reform generally, including:

- (a) the fundamental unfairness of a goods and services tax (GST);
- (b) the enormous compliance burden faced by small business from the GST; and
- (c) the failure of the Assistant Treasurer (Senator Kemp) to ensure the competent administration of the taxation system, as evidenced by the number of taxation laws amendment bills presented to the Parliament.”

I think it is appropriate to make only a couple of quick remarks on this small change in relation to the bill. The amendment is very similar in nature to the second reading amendment with respect to the A New Tax System (Tax Administration) Bill (No. 1) 2000 which was moved earlier this week. In fact, the arguments for these amendments are largely the same—that is, that the system that the government is about to inflict on the people of Australia is basically an unfair system. My colleagues here have argued the merits of the existing system and, with those remarks, I will hand over to Senator Conroy.

Senator CONROY (Victoria) (10.50 a.m.)—In my brief comments on this second reading amendment in relation to the Taxation Laws Amendment Bill (No. 5) 2000, I

want to further emphasise the problems that are taking place with this government’s GST. We have seen a cave-in from the government under pressure from business. A headline from the *Age* on 30 March reads ‘ATO bows to GST backlash’. The article says:

The Australian Taxation Office has bowed to pressure from the business community and will make sweeping changes to the centrepiece of the tax revolution, the business activity statement.

We are seeing, yet again, this government trying to find ways to reduce the impact of the GST. It knows that the GST is slowly, debilitatingly draining its electoral support. It knows that the Australian public has caught up to the government and knows that it was misled, and misled terribly, in the lead-up to the last election. Senator Kemp has frequently spoken in this chamber—as recently as this morning—and said that the Australian public passed its judgment on the GST. What the Australian public passed its judgment on was not what the government is now foisting upon it. The public cannot trust the promises that were made and the propaganda it was subjected to—propaganda that the government is again subjecting it to, with millions of Australian taxpayers’ dollars being used to pay for this government’s outrageous mis-handling and misrepresentation of its GST package.

The business community are saying, ‘We don’t want to pay the cost. We’re the ones who demanded that the government introduce the GST. We’re the ones who forced the government to introduce the GST,’ and once again the government is rolling over to the pressures from business. As the *Age* reported, business will not have to answer the majority of the 20 questions on the GST calculation sheet included in the two-page form, and the tax office will also accept reasonable estimates for the remaining answers. The tax office issued a 147-page book to explain the form. That is 147 extra pages on top of—I think somebody has actually done the calculation—five million new words in the tax act. This is the new simple tax! This is the tax which this government claimed is going to make the tax act simpler.

At the end of the day, Senator Murray, you will also be held accountable. The Democrats

cannot escape the fact that they have been a party to one of the worst travesties and to some of the worst misleading of the Australian public that we have been witness to in many years. You are the ones who are saying, 'We have to have this advertising campaign.' At the end of the day, Senator Murray, you will be held accountable as well.

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Senator Conroy, address your remarks through the chair.

Senator CONROY—Thank you, Mr Acting Deputy President. The Australian public will hold the Democrats responsible, just as it will hold the government responsible. The tax office has issued a 147-page book to explain the form. Under the new rules, though, a business will be required to disclose only its sales, exports and GST-free sales and purchases—the basic data to calculate its tax bill. One senior accountant described the questions previously as 'a cavity search on every business'. That is what this government is subjecting the Australian business community and small business to—a cavity search on every business.

Mr Ian Langford-Brown, who has been an apologist for this act, appeared before the Senate committee—as I said yesterday—and Senator Murray, Senator Ferguson and a number of other senators in this chamber were present. They witnessed Mr Langford-Brown telling us how this was going to be the simplest of taxes. His own colleagues have described this simplest of taxes as 'a cavity search on every business'. Once again, I reiterate that this tax is a dog's breakfast. We have not yet seen the conurbations. It has now been nine months since the government and the Democrats did their dirty deal about the GST and petrol prices and we have seen more red tape and more intrusiveness from this government with its fuel rebate debate.

Welcome back, Senator Kemp. We have almost completed the debate. In your summing up, you might want to tell us where the conurbations are. Where have they gone? We even had the extraordinary claim last week in relation to the government's planned fuel rebate that we might have the South Australian conurbations system. We might have a transitory system, it is claimed by the Demo-

crats. We may even have service stations getting coupons. We would like to know. The Australian public would like to know. Senator Kemp, it does not wash to say that we have to keep it secret right to the last minute just in case the oil companies work out how to rot it. How dumb do you think they are? If they can rot it in a month's time, they can rot it in two months time. Any system that you design along these lines is going to be nothing more than a fraud because anyone who has studied the economics of taxation knows that tax incidence means that in the end the tax will be passed on to the consumer. So any pathetic attempt by this government to hide who will actually end up paying this tax will not succeed. In South Australia, the oil companies are accused of pocketing the money. Of course, they deny it, but they would say that, wouldn't they? And how on earth are you going to present to the oil companies the voucher system, the conurbations or any other of these ludicrous propositions? How will you try to hide the onerous impact of this tax on ordinary Australians? How are you going to do it? Tell us today, Senator Kemp. You have the chance. You do not need to go the 10 steps to courage out there; you can do it right here at the microphone.

Senator Kemp—I can see that you are stung.

Senator CONROY—I am absolutely stung! What has really stung the Australian public is the con job that you have put on them and they want to know the answers to these questions. They are the people who have really been stung and they are the ones who are going to sting you at the next election.

Senator KEMP (Victoria—Assistant Treasurer) (10.58 a.m.)—Senators will know that I was not in the chamber for much of the debate. I suspect my advisers will tell me that I have missed nothing and, if that is what they advise me, they will probably be right. I did manage to get the elements of the speeches and, following a briefing from my colleague Senator Campbell, it is a bit hard to believe that we have had yet another wide-ranging debate in the second reading stage, none of which seems to deal too much with

what is before the chamber. We always welcome Senator Hogg back into the chamber, after his contributions.

Let me make a number of observations. Again, I do not want to keep on knocking the quality of the speeches in the second reading debate. I was able to draw attention to that yesterday and I think my remarks yesterday befit the quality today. We will not be supporting the second reading amendment moved by Senator Quirke because it happens to be wrong in every respect. There is also a personal reason why I will not be supporting it: it makes a rather ungracious comment about me, which is a bit of a pity. After the debate yesterday, particularly the contribution by Senator Quirke, I thought there was a wider appreciation of the role I am playing in this chamber, but I can see that there has been a hit-back in the second reading amendment. For a variety of reasons, the government will certainly not be supporting the second reading amendment which has been moved.

Apart from anything else, it does draw attention—and I think Senator Murray would agree with this—to the hypocrisy of the Labor Party. We have got the ‘fundamental unfairness of a goods and services tax’. That is not the view of the shadow cabinet. The shadow cabinet has now signed on to a goods and services tax. I know that is not the image or the impression the Labor Party is seeking to create out there, but I do want Labor Party members of parliament to understand that every time they raise the issue of a goods and services tax I shall be raising with them their hypocrisy and their deceit. I will be seeking to explain to the public exactly what the Labor Party is doing. The Labor Party will now be going to the next election with a goods and services tax. It has mentioned that there will be a roll-back but it has never indicated just what the roll-back will be. It has refused to guarantee the very substantial tax cuts.

Rather than reaping any bitter harvest from its tax reforms, the coalition is a reforming government and has carried out wide-ranging reforms in the national interest in this country. Tax reform is one of those very important reforms. The Labor Party has refused to accept this, except to recognise in its own platform, as it goes to the next election, that there

will be a goods and services tax. I invite anyone in this chamber in the Labor Party to stand up and deny that that is the case. The answer is that they will not be able to do it.

This bill contains three measures. As I said, this has not been apparent from the debate so far, except in the contribution from Senator Murray. His contribution, as I said yesterday, is always interesting. It is not always that I agree with Senator Murray, but he brings a standing to this chamber with the dignity with which he approaches his duties. He never plays the man, Senator Sherry. You would be well advised to note the demeanour of Senator Murray, who never plays the man in this chamber. He just plays the issues, and that is certainly how it should be.

The bill contains three measures, all of which are good news for taxpayers. The sales tax measures ensure that the extra cost of making a car suitable for use by the disabled will not be subject to sales tax. The amendment will apply to dealings on or after 26 June 1998, that being the date the New South Wales government announced the release of 400 additional wheelchair accessible taxi licences. The amendment will therefore assist to ensure that the transportation needs of disabled participants at the Sydney Paralympic Games in 2000 are met.

The employee share scheme recognises that the market value of shares and unlisted rights to acquire shares under an employee share scheme, often in association with a secondary or subsequent public offer of shares, is more equitably reflected in the public offer price of the share. The final measure relates to the closely held trust provisions. These provisions require trustees to give details of the ultimate beneficiaries to whom the income is distributed where the distributions are made through a chain of trusts. The bill will maintain the integrity and nature of these provisions whilst easing the compliance burden on trustees. I commend the bill to the house.

Amendment not agreed to.

Original question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator SHERRY (Tasmania) (11.04 a.m.)—I do not think Senator Kemp was in the chamber, but I did indicate to Senator Campbell that I thought my contributions had been reasoned and measured in the debates we have had over the last two days.

Senator Abetz—That would be a first.

Senator SHERRY—A first? Come on.

Senator Abetz—Let others judge that.

Senator SHERRY—I will let others judge that but I think Senator Kemp was being unduly critical. I do note in the context of the tax bill we are considering that there was an announcement about a further rise in interest rates this morning, Senator Kemp, by 0.25 per cent. I will be interested to see whether that is the subject of a dorothy dixer in question time today. You can boast about the increase in interest rates. Every time we have had a decrease in interest rates you do a dorothy dixer and I will be interested to see the justification for the increase in interest rates.

Senator Kemp—It seems to work the other way, doesn't it? I never get a question from you about reductions.

Senator SHERRY—You get them from your own side. It will be interesting to see whether you get them from your own side when the interest rates go up. I just want to make the very fundamental point that the reason interest rates are going up is the GST. The Reserve is concerned about inflationary pressures in the economy—and won't that GST give us a big whack in terms of inflation.

To come to the further detail in this legislation in committee, I had some questions about the ultimate beneficiary statements that I would like to deal with, Senator Kemp. My first question goes to the consultation process and the drafting of the provisions. There are a number of concerns that I will go through. Is it correct that the Taxation Institute of Australia and the professional accounting and law bodies made representations to the ATO and to the government, pointing out what

they consider to be numerous and serious flaws in the UBS legislation?

Senator KEMP (Victoria—Assistant Treasurer) (11.07 a.m.)—Senator, you did raise a number of questions. I have got some responses. I do not know whether that will ensure that we can speed the journey. If it does, I can take on board some of the comments you made earlier on. I have said it before and I will say it again. We are a consultative government; we talk to people. When professional associations bring particular issues to our attention, we look at them closely and we see whether there is any particular merit in their concerns. If there is any merit, this government will see what can be done to address those concerns. I have not got a full list of the representations here, but we did have consultations with professional associations, and we make no apology for that. In fact, I hope I have a reputation for having an open door. If professional associations wish to see me, my door is open to them. I spend time paying visits to them to make sure that we can discuss matters of mutual interest. The answer to your question, Senator, is yes. We consulted with the industry, we listened to their concerns and we were able to make some proposals and some amendments, which are now before the chamber. We are at all times particularly concerned to maintain the integrity of the measure. We recognise that in some areas this may lead to additional compliance. We always seek to minimise that, but we recognise that there may be some additional compliance issues. The fact of the matter is that where we could make some changes we did, and that is the substance of the amendments that we are now considering. I commend those to the chamber. Senator Sherry might nod just to make sure I have got the issues that he has raised. Amongst the concerns you raised—

Senator Sherry—I have not raised them.

Senator KEMP—You have not raised them? I have got some other issues that I will deal with later on, then. I thought they were yours, Senator.

Senator SHERRY (Tasmania) (11.09 a.m.)—My speech at the second reading stage was devoted to the strength of the wholesale sales tax system. I did flag that I would be

asking some specific questions about the ultimate beneficiary statements. In terms of your response, Minister, consultation is fine and visiting, listening to or receiving professional organisations and various representative bodies is fine—and we would certainly share some of their concerns—but there has been very limited acting in this case and the government has made very limited change in response to the concerns that they have expressed. To go to the specifics, I understand the suggestion was made that the Australian business number be accepted as a substitute for a tax file number for charities and other entities that do not have tax file numbers. Why did the government not adopt that suggestion?

Senator KEMP (Victoria—Assistant Treasurer) (11.10 a.m.)—I am a reasonable person. If you are unhappy with what we have done in this bill and you think it is too limited, it is always open to you to move amendments. In a sense the Labor Party has got to put its policies where its rhetoric is. If you are unhappy with what is in this bill—my understanding was that all measures in this bill were signed on to—it was perfectly open to the Labor Party to move amendments. You chose not to. It is perfectly valid to ask questions, and we will respond to those. But, Senator, I would not want you to mislead the professional associations and pretend that you, too, were unhappy with these matters. You did not move any amendments to deal with these concerns. In public policy you have to make decisions. You have to come down on one side or the other. I do not say that all these decisions are easy, and often they are on-balance decisions. I think we made the correct on-balance decisions. Others will have different views. I notice that the Labor Party did not move any amendments to pick up any further concerns that these professional bodies may have.

The nub of the question was: why do ultimate beneficiaries who do not have TFNs need to get one because of this measure? I will make a couple of observations on that. The ultimate beneficiaries who do not have TFNs are typically minors. I will just check a word here. The advice I have received is that the ultimate beneficiaries that do not have

TFNs, typically minors, can engage in the type of mischief that this measure is intended to apply to. Therefore, it is appropriate that all beneficiaries to whom the measures apply state their TFN, even if this means obtaining one from the tax office.

We are very keen to cut down tax avoidance, and we make no apology for that. We do not often receive the help that we would expect from the Labor Party in this area. We are very concerned to protect the integrity of this measure, and this is one element of the ultimate beneficiary measures that we have brought before this parliament. To do otherwise would prevent the tax office from using its various data matching systems—if there was no TFN. Without TFNs, it may be difficult for the tax office to correlate the information provided in UB statements with the information provided by taxpayers in other UB statements and their returns.

Senator MURRAY (Western Australia) (11.13 a.m.)—I will follow on with this issue, because I think Senator Sherry is in the right direction. The notes I have got from discussing these matters with tax professionals sound slightly emotive. They say charities, children and the elderly are required to get a tax file number for no other purpose than this legislation. Charities sometimes claim to be charities and are not. They do not have the official classifications.

Children of high wealth individuals are very much tied into the problem, the mischief, which is trying to be corrected. I do not regard elderly people as being in the same range as children. Elderly people are competent, capable people. If they are involved in taxable activities obviously they should carry a tax file number. The question I really want to pose to you is this: are we talking about large numbers of charities, children and the elderly affected by this legislation? My impression is that it is relatively few. I think that is the issue Senator Sherry is interested in—whether taxpayers are unnecessarily or unfairly being roped into the legislation and whether the numbers involved are significant.

Senator KEMP (Victoria—Assistant Treasurer) (11.16 a.m.)—We do not have any figures on the numbers. If my advisers can pick up that question you have asked I feel—

Senator Murray—An approximation will do.

Senator KEMP—They are listening very carefully to you, Senator, but I shall continue to press them to see whether we can provide you with any further information. To add a bit of perspective—and I welcome the comments you have made about the mischief—I think the debate that occurred between myself and the professional associations was to make sure that we minimised compliance difficulties. I think the measures we have taken in this bill are important in achieving that goal. We listened to their concerns and we felt we were able to move in quite a number of the areas which they identified for us. I do not pretend in every area we were able to do it because we were particularly concerned to protect the integrity of the issue. This is an important anti-avoidance measure. It deals with a mischief which, to use a phrase which has been thrown around in this debate, has been of great concern to this government. As I said, I thought those discussions were very constructive, to be quite frank. I know at the end of the day a number of the professional associations were concerned we did not go sufficiently far, but I think in the cool light of day this will be seen to be an important series of measures to address their compliance concerns while at the same time maintaining the integrity of the measure.

To get to the other part of Senator Murray's question, it is not difficult to get a TFN. We do not want to overstate the problem of obtaining a TFN. You have to fill in a form and then the TFN is issued. The truth of the matter is that I do not think it is a particularly large task. We need TFNs in this context to protect the integrity of the measure, for the reasons I have recently explained to Senator Sherry. Charities will have to get their ABNs by 7 July, and to maintain their charitable status they will need to have a TFN by 1 July.

Senator SHERRY (Tasmania) (11.18 a.m.)—Cutting through all the rhetoric which took up the vast majority of your answer, Senator Kemp, we are anxious to get the bill dealt with—we are in the committee stage—so I am keeping the questions as tight as possible. And I know Senator Murray shares

some of the concerns and questions I have. That is the approach I am adopting.

Here we have the introduction of the Australian business number. It would seem to me more logical with the ABN system which is being set up at the moment, where an individual or an organisation—whether it be a charity, the elderly or children—obviously will not have an ABN, that the TFN is a logical approach. But why not use the ABN for the vast majority of those businesses that are being established, as the identification?

Senator KEMP (Victoria—Assistant Treasurer) (11.20 a.m.)—When you obtain an ABN, the advice I have received is that you get a TFN automatically. So I do not think it is one or the other. I think that one leads to the other. So I do not think the dilemma you are postulating is one which has real substance.

Senator SHERRY (Tasmania) (11.20 a.m.)—It is a relatively minor point, but what if you were a person under the age of 18 conducting a business?

Senator KEMP (Victoria—Assistant Treasurer) (11.21 a.m.)—If you are conducting a business, and if it is a successful business and you are making over \$50,000, you will have to have an ABN anyway. If it is an unsuccessful business you may not need to get an ABN but if you did not have a TFN you will find there will be various withholding arrangements on the interest on bank accounts. As I said, we try to minimise compliance but, in order to make sure people pay their fair share of taxes, the TFN is one of the mechanisms that we use. Frankly, if someone is carrying on a business, even at a comparatively low level, they need a TFN so there will not be withholding arrangements on interest on their bank accounts.

Senator SHERRY (Tasmania) (11.22 a.m.)—I want to explore a further issue that I know is of major concern to the Labor opposition. Minister, can you assure the Senate that, under the UB legislation, if higher income earners pay money, say, into trust A and then the money is transferred from trust A to trust B, and then trust B transfers it to a number of beneficiaries, if the individual who has put money into trust A is taxed at the

highest income tax rate and the trust is taxed at that rate, the ultimate beneficiaries who receive income through that trust structure that I outlined will have the income from trust B taken into account for the purposes of income in the calculation of Medicare surcharge, the income test for welfare payments and the superannuation surcharge? Will the legislation ensure that happens?

Senator KEMP (Victoria—Assistant Treasurer) (11.24 a.m.)—Senator, this was apparently raised with the tax office yesterday. They are looking at this issue. I would prefer to take that on notice. I will get back to you quickly. It is a bit difficult to give a tax ruling in the context of this debate. We want to consider the matters you have raised. I will get back to you quickly on this so that you will have a direct answer to your question. My advisers are listening. They have heard the assurance I have given you.

Senator SHERRY (Tasmania) (11.24 a.m.)—Thank you for at least acknowledging that there may be a problem in this area, because on the advice we had, there is a problem. As I understand it, if the beneficiaries do not provide a tax file number, then effectively they are able to collect the income through the trust structure and it is not taken into account for the purposes of the income tests for welfare payments, Medicare surcharge and superannuation surcharge. So in regard to the income that has been paid into the tax structure, which is subject to punitive tax and then ultimately flows through to beneficiaries through the trust structure, as I understand it, the legislation would still allow that income the beneficiaries received to be exempt income and therefore—

Senator Murray—Not taxed on distribution.

Senator SHERRY—Yes, not taxed on distribution. Therefore, effectively you could minimise or avoid obligations for the purposes of income tests for welfare payments, Medicare surcharge, superannuation surcharge.

Senator KEMP (Victoria—Assistant Treasurer) (11.25 a.m.)—On the advice that I have received from the tax office, the ATO's preliminary position is that they are not in

any way certain that there is any merit in the argument that is being put. I make that clear. This is their preliminary thinking on the matter. But they will examine the issue further, as I said. I will provide you with some advice on that.

Senator MURRAY (Western Australia) (11.26 a.m.)—In the debate the point Senator Sherry is moving towards, I think, is that this area of concern, and of some uncertainty, is the very area which the Ralph review and the government would be expected to deal with when taxing trusts as companies is introduced because the taxing trusts as companies approach very much alters the way in which distribution of any surplus within such entities is taxed. I just make that remark in passing.

Senator SHERRY (Tasmania) (11.27 a.m.)—Just on this issue, I am pleased to the extent that the government is having a look at the point that the Labor opposition has raised. There may be some problems. We believe there is a problem in this area. The beneficiaries could actually refuse to declare their tax file number, for example, effectively rebutting the law and, by doing that, obtain a benefit. The benefit is that that income they have received through the trust structure is excluded for the purposes of the various surcharges, taxes, and income tests. I am glad Senator Murray shares that concern because it is an issue that we believe should be dealt with. I do not want to persist with this matter much longer, but with the particular problems that I have touched on, our advice is that the government has not drafted the legislation so that these devices cannot be used in this way.

Senator KEMP (Victoria—Assistant Treasurer) (11.28 a.m.)—There is no-one keener in this parliament to make sure people pay their surcharges than me. It gladdens my heart. You are now worried about people avoiding their surcharges. I do not wish to canvass a highly sensitive issue, but I have not always felt I have enjoyed your support on this matter.

Senator Sherry—Now you are really opening it up.

Senator KEMP—Well, I will close it up. I say it politely. I have often felt that I have not

enjoyed strong support from you on this measure. The government does care about making sure that people pay their superannuation surcharge. Senator Sherry and I will be delighted with the recent announcement by the Victorian government on that issue. I am not sure who the credit goes to on this one but it was an interesting series of events. I underline the fact that we expect people to pay their various surcharges. The reportable fringe benefits measures are an important step in that direction.

Senator, as I said to you, the tax office's preliminary view is that they are not certain that there is any merit in the argument but they will look at it. I will make sure that you are informed, and Senator Murray obviously, because he has an interest in this matter. As I said, there should be no doubting the commitment of this government to cut down on tax avoidance and there should be no doubting the commitment of this government to make sure that people pay their fair surcharges.

Senator SHERRY (Tasmania) (11.30 a.m.)—I do not want to go into the details of the super tax debate. My comments are on the record; yours are on the record, and I will leave it at that. In relation to the possible problems that we have been discussing, Senator Kemp, this has been identified by what I think anyone would acknowledge are experts in the field—professional organisations, tax lawyers, accountants—as a problem area, and I am somewhat puzzled as to why the government has not taken their views into account. If the government is serious about minimising the particular problems with the sorts of payments and taxes and surcharges that we have been discussing, then why hasn't the government taken more notice of their suggestions? They are professional organisations; they are well informed; they are knowledgeable. I suspect that at least some people are involved in this area of various tax minimisation advice, so they would have a very sound knowledge of how to identify particular faults and problems which lead to abuse in the legislation. So I am just puzzled as to why the government has not taken notice of their concerns and positive suggestions in this regard.

Senator MURRAY (Western Australia) (11.32 a.m.)—One of the points made by professionals who have discussed the matter with me is that the nature of complex trust and entity structures where they are interposed sometimes results in a circular flow of distributions, especially when discretionary trusts are involved, and an inability within the structures to actually determine who is the ultimate beneficiary. Of course, by designating someone or 'someones' as the ultimate beneficiary, they might feel they have been unfairly pinned. However, if you fail to do so you end up never collecting the tax, which is the very purpose of the legislation which this bill amends and which the Senate as a whole supports. I wonder if the minister could indicate shortly, if possible, how you deal with that problem for them to determine the ultimate beneficiary, even in circumstances where that is not self-evident—even to the people involved—from the trust and entity structure.

Senator KEMP (Victoria—Assistant Treasurer) (11.33 a.m.)—It is up to the trustees to identify the ultimate beneficiaries. If the UB cannot be identified, then the tax is applied at that first level. In fact, I have had some representations concerning people who are finding it difficult to obtain a tax file number because of a personal reason such as a family breakdown or split, and some of the measures in this bill actually allow some of those issues to be dealt with. We were concerned to meet that. Nonetheless, in respect of not being able to identify the ultimate beneficiary, you have mentioned one problem, the circular trust; another one is the endless trust. This is an important measure to deal with tax avoidance arrangements. It has not—surprisingly—been wildly welcomed in certain areas. Nonetheless, this government is concerned to cut down on these issues and it is up to the trustee to indicate who is the ultimate beneficiary; and if they cannot, there are sanctions.

Senator MURRAY (Western Australia) (11.35 a.m.)—Which I gather leads to a fair bit of angst in some quarters. Frankly, I accord with your view, because if they cannot, then somebody should; otherwise, you cannot start the tax trail appropriately. I should make

it clear in my remarks that I support your decision. Nevertheless, there are people who feel that it is an unfair consequence, if you like, of legislation.

My last question concerns the domestic dispute problems. The wealthy have sometimes well-publicised divorces and domestic disputes, and the nature of the legislation, it is claimed, does sometimes require, in respect of entitlements within trust structures, resort to the courts which would otherwise not be necessary—it could be determined by trustees—and which they say is a further costly burden on innocent people. I do not know if this is true or whether it is a minor problem or whether it just affects a few people, but has that question been put to you by tax professionals and, as a statement of fairness, has it any merit?

Senator KEMP (Victoria—Assistant Treasurer) (11.36 a.m.)—In my remarks just before you rose to your feet, I indicated that in some areas there are difficulties which occur because of personal disputes or domestic disputes—people being unwilling to give TFNs, and such issues. It is a complex area and, frankly, you have got to be very careful. If a concession is given, it may well lead to opening up a loophole. We were very concerned to make sure that at all times the integrity of the measure was protected. Having taken this step in relation to identifying ultimate beneficiaries because it is an important way of dealing with the tax avoidance mischief, we were concerned not to compromise the integrity of the measure in trying to ease some of the compliance issues.

I think we have addressed this as far as we can in the measures that are before us. We are not unmindful of these issues. For example, the measure before the chamber gives the ability to recover tax from the person who has the money. I think that this was welcomed by the professionals. I listened to Senator Sherry and I have listened to you, Senator Murray, and I concede that some of these associations wanted us to go further. We looked very closely at their proposals and the Taxation Office looked very closely at their proposals. We had a number of meetings. At all times, we were anxious to ease compliance but not undermine integrity. That

is the point at which I think there is a debate. There is no magical science to this. It is an on-balance decision. As I said, we wanted to cut down on compliance burdens but we were not prepared to undermine the integrity of the measure.

Senator SHERRY (Tasmania) (11.39 a.m.)—The Labor Party's point—and I know Senator Murray also shares our concern—was improving the integrity. Our concern was improving the effectiveness of the legislation we are considering here in respect of ultimate beneficiary statements.

On another point, I want to return to that example I was talking about where an individual pays money into trust A and then it goes on to trust B and then it goes on to four beneficiaries. Where you have four beneficiaries, as an example, if three of them declare their tax file number but one of them refuses to declare their tax file number, are all the moneys that have flowed through the trust taxed at the highest rate or is it pro rataed based on a proportion of the number that declared their tax file numbers?

Senator KEMP (Victoria—Assistant Treasurer) (11.40 a.m.)—The advice I have received is that it is pro rataed.

Senator SHERRY (Tasmania) (11.41 a.m.)—I am aware of the time. I do not know what position Senator Murray has, but I do not want to continue the debate any further, because of the time factor. I will just run quickly through four or five questions that I ask you to respond to in due course.

Will the proposed amendment (2A) to clause 5 introducing section 102UK(2) allowing for the amendment of a UB statement for an unforeseen mistake apply to allow the correction of a simple, inadvertent transpositional typing error on a statement? Will this be the case even where such errors are common mistakes often made by secretarial staff under pressure? If the amendment will not cover these mistakes, what is the government's approach and justification for not covering what would be regarded as genuine errors when people are completing their UB statement?

Where a beneficiary statement refuses to give a trustee a TFN and the trustee has to

take court action to obtain this, will the commissioner grant an extension of time until the end of the court proceeding to allow the UB statement to be lodged? Will there be any time restrictions? If so, what would they be? Which TFN should a trustee use when an assessment is issued to the trustee for the income of a beneficiary under a legal disability?

There appears to be a problem with being able to amend an ultimate beneficiary statement at a later point in time if, having taken a reasonably arguable position in the relevant tax return, it is subsequently conceded that the reasonably argued position was incorrect. The legislation only allows for amendments of the UBS where the reason for the change could not have reasonably been foreseen by the trustee. The concern stated to us is that, where you had taken a reasonably argued position in the first instance, it could well be argued that you are not entitled to amend a UBS simply because the reason for the change could reasonably have been foreseen by the trustee. Is this an intended consequence of the legislation?

They are the further questions we would like a response to. I do not expect it now, because of the time. I just put that on the record. Could the minister respond at a later time.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Bill (on motion by **Senator Kemp**) read a third time.

APPROPRIATION BILL (No. 3) 1999-2000

APPROPRIATION BILL (No. 4) 1999-2000

Second Reading

Debate resumed from 15 March, on motion by **Senator Ian Campbell**:

That these bills be now read a second time.

Senator HOGG (Queensland) (11.44 a.m.)—I rise to speak on Appropriation Bill (No.3) 2000 and Appropriation Bill (No. 4) 2000, and to specifically look at the area of defence and what has happened recently. On

page 14 of the *Portfolio Additional Estimates Statements 1999-2000* for the defence portfolio, there is a statement:

In order to accommodate the increased price of outputs it has been necessary to defer capital expenditure. The more significant of these deferrals have occurred in the major capital equipment program which has meant alterations to 'White Book' programming.

The financial impact of the major capital equipment deferrals was set out in a table that appeared below. The significance of this was that an amount of some \$380 million was changed out of the budget from the traditional white book or capital budget expenditure of the Department of Defence and transferred to recurrent expenditure. I am reliably informed by those who have been around this place for a lot longer than I have that this is the first time in living memory that this has taken place. This is a very significant change within the defence portfolio because one of the key things for the operation of a successful defence force is the maintenance and the purchase of new equipment for our defence forces. So we had \$380 million being transferred out to meet recurrent expenses.

This should not happen, but it has happened under this government. It should not have happened because there is absolutely no reason to cut back the essential programs that were outlined and that were listed in the *Portfolio Additional Estimates Statements*. It has affected things such as the FFG upgrade implementation, the light tactical aircraft capability, the P3C update implementation, the Evolved Sea Sparrow Missile, the high frequency network modernisation, the new submarine and the FA18 Hornet upgrade.

Senator Abetz interjecting—

Senator HOGG—For Senator Abetz's information, this \$380 million was taken out of capital expenditure to meet recurrent expenditure. If one looks at the evidence that was given at the last estimates, Dr Ian Williams, who at that stage was the First Assistant Secretary, Resources and Financial Programs, said in the *Hansard*, on page 68:

Within the defence budget, there is also a fairly significant shift in which we have taken largely from the capital budget and put into the operating area. I can run you through, in broad terms, the

figures there. Essentially, you will see a shift in the capital budget in cash terms of about \$750 million. There is a reduction in the size of the capital budget.

On the same page, Dr Ian Williams said, 'There has been a real reduction in the expenditure planned for this year on major equipment, and that is about \$380 million, so that is a real effect.' What Dr Williams put to the defence estimates committee was that there was a real and substantial reduction in the capital expenditure at a time when it could be least afforded by Defence—at a time when there was a need not to cut into the capital budget but surely to boost the capital budget. This is a time when there is a need to ensure that those projects that are in the pipeline are being pursued as fast as can reasonably be expected. Of course, the \$380 million was taken from this vital area.

Dr Williams pointed out that the increase that he was referring to in additional money was essentially taken from the investment area and put into employees expenses. He drew to the attention of the committee that the money that was coming out of capital expenditure was in effect being placed into employee expenses. When that was pursued, and it was done so at some length, it was found that the employee expenses were mainly wages. So what we had was a real reduction in the expenditure on capital equipment being placed into the wages – to pay the wages of those people in the defence forces.

To clarify this, and it appears on page 72 of the *Hansard* of 9 February, I asked Dr Williams:

Are you able to identify where the major pressures are occurring currently in the defence budget? Are they in wages, capital equipment?

Dr Williams replied:

What you would see from here is a reflection that the increase in employee expenses and cash flow indicates that that is an area where there is pressure for increases. That can be seen largely in the fact that the personnel pay rises, for example, are not fully supplemented. We have supplementation around about the CPI—not quite—and any additional amount has to be borne by the defence budget. That is what you are seeing with the pressure there. Obviously, in removing some funds from the investment program to provide an offset,

that has provided a short-term pressure on the investment program in the current year.

I respect Dr Williams' answer, I would submit that it puts pressure on the outyears as well. But, as Dr Williams clearly explained, the money was taken out of the capital budget to pay for the conditions of employment of people within the Australian defence forces.

One would hope that the conditions of employment within the Australian defence forces would remain competitive with those out there in the private and public sectors. One of the difficulties that are facing our defence forces is the fact that they are worried about the retention of military personnel in the various arms of the Defence Force. When one reads a recently released report from the Australian National Audit Office on the retention of military personnel—report No. 35—one sees that one of the important issues related to retention is the rate of remuneration received by those people in the defence forces. It does not augur well for the future if, as Dr Williams indicated clearly at the additional estimates, the government will only supplement the increases in wages to Defence personnel by around about the CPI and, if there are increases that are in excess of the CPI, we are then going to see an ongoing pressure on the Defence budget into the future. So one would expect that we may well see in the future further difficulties arising with the transfer of money from the capital budget area into other recurrent expenses such as wages and those expenses that may occur from time to time.

One thing that Dr Williams did indicate to us at the estimates was that the pressure on the investment program would have been much worse had it not been for the reasonable cost savings that had been realised under the Defence Reform Program. On page 72 of the *Hansard* of 9 February, Dr Williams, in response to a question from me on the role that the Defence Reform Program played with respect to the savings and the impact on the investment program for the capital budget, indicated:

Had the DRP not been introduced, then the current investment program would have been lower by that amount than what we now have.

That is a cause for real concern because it indicates that had there not been the recurrent savings that had been realised out of the DRP—the Defence Reform Program—there would have been an even greater cut in the capital budget expenditure of our defence forces. This must loom as something of real concern because this picture had not been presented in either the estimates or the supplementary estimates that occurred prior to the release of the *Portfolio Additional Estimates Statement*. One then asks oneself: what are the difficulties that are confronting Defence? I will come to that in a few moments. But what is really going on in Defence and who knows what is happening are very important questions to ask. What is happening with the funds of the Department of Defence? An article in the *Australian* of 30 March under the headline ‘Army searches for ghosts in the ranks’ says:

A Melbourne-based Army Reserve regiment has been accused of containing 100 troops who had withdrawn from service but were being kept on the books to maintain funding.

If it is happening there, what other things are happening in Defence that we do not know about? What else is happening if that is but the tip of the iceberg?

I will now turn to an earlier Australian National Audit Office report which looked at the Army individual readiness notice. In that report, the ANAO said that, after a three-year program to look at the Army individual readiness notice, the Army were unable to identify the cost of the program on an annual basis and that the costing of the program was difficult to put on paper. So one asks oneself the question: just what else is unknown within the Department of Defence? The \$380 million that was transferred out of the capital budget area—the white book—not only could have been retained but should have been retained to complete projects which were already well in advance or in the pipeline, and the defence forces could have looked elsewhere to make savings to meet the recurrent expenditure that they have to meet.

One must put this in its complete perspective, because if one does not keep advancing those items in the white book and they keep slipping back further and further, the capital

budget expenditure slips as well. As that slips, one finds that we are heading into a period when the defence forces are going to suffer block obsolescence of major items, such as ships, planes and so on. When we reach the crunch period for block obsolescence in the defence forces, which will be in about 2007, there will be a need for Defence to spend somewhere between \$80 billion and \$106 billion to overcome the block obsolescence that is facing our defence forces. Of course, if this has been made worse by the deferral, and the ongoing deferral—and one would hope that that does not happen—of items in the white book, then we are going to have a real problem indeed within our defence forces.

There has been an amount of pain within the defence forces over a period of time with the implementation of the Defence Reform Program. That was designed to shift the resources from the blunt end, people sitting at desks, to the sharp end, the IT and equipment end. Of course that has not materialised to the extent that it was promised.

Senator McGauran—Your words.

Senator HOGG—No, they are not my words, Senator McGauran. They are the words of those I have spoken to in the defence forces—the people on the ground. They have not seen the manifestation of the so-called savings that came out of the Defence Reform Program, and that has caused a distinct morale problem within the defence forces. It has also caused retention problems, and it has not achieved the aims and the ends that it was meant to achieve.

We have had this dark picture painted for us of the transfer out of the very important equipment area—the white book—in Defence to recurrent expenditure, and if we accept that there may have been some problems at that time in the defence budget, my friend Senator Schacht, who always enjoys Defence estimates—

Senator Schacht—Twelve years of them.

Senator HOGG—Yes. He would, nonetheless, like myself, be surprised to find, no more than a week after the additional estimates of 9 February—on 17 February—that there was an address by Alan Hawke, the

Secretary to the Department of Defence, to the Defence Watch Seminar, titled 'What's the matter? A due diligence report'. It is interesting to look at some of the things that Alan Hawke had to say in that address. He said:

The current state of Defence's financial situation against the Forward Estimates might best be described as parlous.

This is something that is of grave concern, and I see Senator McGauran nodding and agreeing. It is of grave concern that, for the first time, we saw \$380 million taken out of the white book and transferred into recurrent expenditure. One week after we had various people from the Defence department before estimates trying to paint a not so bad picture of their position, we had Dr Alan Hawke confirming for us that Defence's position was parlous indeed. (*Time expired*)

Senator McGAURAN (Victoria) (12.04 p.m.)—As the Senate would be aware, the island of Taiwan completed its historic presidential election on 18 March. It is historic in the sense that, for the first time in some 50 years, the Nationalist party lost power or government over the island's 21 million people. The history of the Nationalist party is well documented. It had ruled mainland China since approximately the 1920s, interrupted during the Second World War by the invasion of the Japanese. It subsequently fled to the island of Formosa, now Taiwan, in 1949, following the communist takeover of the mainland.

The island, though prospering materially over the years of Nationalist rule, lived under strict militarist rule. Perhaps it can be said that, during the early development of the island, and in the midst of the Cold War, the people accepted a lack of democratic rule and restrictions to their personal freedoms as a trade-off for their security. However, once the Cold War ended, the move to democracy became inevitable, as it has for many nations post the Berlin Wall collapse.

Responding to domestic and international pressure, the Nationalist party, or the KMT Party, introduced direct elections for president. In 1996 the first elections were held, which the Nationalist party won—an obvious statement that the people were not yet willing

to break from their long-time protectors. However, with a better organised opposition, the people of Taiwan broke with the past and elected Mr Chen from the Democratic Progressive Party. Taiwan had finally established its democratic credentials, a peaceful transfer from one ruling party to another—from all that represented history to history anew.

Equally significant was the message the people sent via the ballot box to mainland communist China. The DPP candidate, Mr Chen, was not the favourite candidate of the communist government, principally for his and the DPP's past statements on an independent Taiwan. Though the DPP did not carry this policy into the election, supporting a One China policy, but with conditions, it was their past record that was enough to disturb the communists in Beijing—enough to threaten the island in none-too-cloaked terms with military action.

Post election, the message to mainland communist China from the people of Taiwan is clear: the people are now in charge of Taiwan, Taiwan is a democracy and public opinion greatly shapes what the government can and cannot do. Above all, the people's presidential choice shows that they cannot be intimidated by threats from the communists, and the people of Taiwan have clearly made the point through the ballot box that they do not want integration, Hong Kong style, with communist mainland China. No longer can world diplomatic judgments be made on simply the jousting of old foes, the communists and the Nationalists. A new force is on the diplomatic scene, and it is 21 million Taiwanese armed with the shield of democracy. Taiwan's greatest defence against mainland China may have once been its military strength or, more likely, its strategic alliances. Today its greatest defence is democracy. The ballot box is more forceful than the barrel of a gun—look at East Timor. Under serious threat its democratisation will rally the free world, should the Beijing threat intensify or materialise.

Equally, the serious objection of Beijing's Ambassador to Australia to the visit to Australia early last month of Taiwan's Vice-Foreign Minister and his subsequent dinner with several federal parliamentarians is ill-

founded in the sense of how the democratic processes work in this parliament. I do not doubt that many parliamentarians would attend a dinner for an equivalent dignitary from mainland China, and they are also entitled to do so for a Taiwanese dignitary, particularly given that Taiwan has one of the largest friendship groups in this parliament and moreover we embrace their move to full democracy. It is a matter of understanding democracy, Mr Ambassador.

Senator CROSSIN (Northern Territory) (12.10 p.m.)—I rise to make a few comments on various items listed under these bills, **Appropriation Bill (No. 3) 1999-2000** and **Appropriation Bill (No. 4) 1999-2000**, as there is a number of elements within these bills which refer to the Northern Territory. These two bills will see the total additional appropriation of \$2,541 million and they have been subject to the most recent round of the Senate estimates committee hearings.

First of all, I refer in particular to the Defence item under Appropriation Bill (No. 3). One of the major additional appropriations in this bill is the allocation of \$40 million to the Department of Defence to cover the government's decision to increase the readiness of a second brigade to 28 days notice to move, which is a change in the pace of the draw-down to 50,000 full-time ADF personnel. This announcement was made on 11 March last year and refers to the 1st Brigade, which is a mechanised unit based at Robertson Barracks, some 10 to 15 kilometres outside the city of Darwin. The ALP supported this move at the time in preparation for the possible East Timor peacekeeping operation. The 1st Brigade was originally moved from the outskirts of Sydney to Robertson Barracks in 1996 as part of our initiative to move the Army north. The presence in Darwin and Katherine of the defence forces has now become a major and welcome part of the landscape in the Northern Territory and in particular in Darwin, not only because of their contribution to the community but because of the economic benefits to businesses. The defence forces have worked tirelessly to involve the community and operate on the basis of being an integral part of our community.

In his press release of last year, the Minister for Defence outlined the amounts of money that had been allocated in achieving efficiency gains. I refer the Senate to that press release, which was headed 'Defence Reform Program delivers increased defence preparedness'. In it Minister John Moore says:

The Government's decision is a prudent and necessary measure which gives Australia maximum flexibility to respond to contingencies at short notice. The Defence Reform Program is ensuring that resources allocated to Defence are well managed and keenly focused on the delivery of Defence capability.

But, as my colleague Senator Hogg has just pointed out in this debate on these bills, it is disturbing to find that, by the end of the financial year last year, it was reported that Australia's military chiefs were forced to withdraw funding bids that would have blown out the Defence budget by a ridiculous \$900 million. It is no secret that the peak military body, the Defence Executive Committee, had to meet to deal with this budget blow-out, and such reports are extremely concerning. It would seem that Australia's future defence capability is being compromised through bad budget management. Cutting Defence's major capital equipment budget directly undermines our country's future military capability. It is irresponsible to use the capital budget simply as a contingency fund. The minister uses rhetoric about enhancing military capability and the Defence Reform Program delivering huge funds for the sharp end of defence. This has been completely exposed, of course, in the 1999-2000 Defence portfolio additional estimates document. In delivering his speech on this bill, Senator Hogg more than adequately outlined the relationship between a defence readiness policy and a possible overexpenditure in the budget and what that means for our defence forces.

This bill also provides for an appropriation of \$40.48 million to the Australian Federal Police, mainly for its participation in the United Nations Transitional Administration in East Timor. In September last year, the Northern Territory played a major role during the East Timor crisis and showed a spirit of generosity and humanity that I am proud to

say was second to none. The whole Territory community pitched in to help establish a safe haven in Darwin for almost 2,000 East Timorese evacuees who were fleeing the violent turn of events in their country following the independence referendum. It was a concerted effort by government, business, the defence forces, the Northern Territory police and the Australian Federal Police based in Darwin, the churches, community organisations and the local East Timorese. All Territorians united, volunteering their time and working tirelessly to make the East Timorese evacuees as comfortable and as welcome as possible. I welcome the opportunity in this appropriation bill to acknowledge that effort and to pay tribute not only to the Australian Federal Police but to all Territorians who were involved in that effort.

Finally, let me go to the Appropriation Bill (No. 4) 1999-2000, which seeks money from the consolidated revenue fund for purposes other than the ordinary annual services of government—purposes such as payments to states and spending on new programs. One of the main elements of this bill is the allocation of \$25 million to the Department of Transport and Regional Services to increase the Commonwealth's contribution to the construction of the proposed Alice Springs to Darwin rail link. This project has been a long time coming—since 1886, in fact, when work commenced on the Darwin to Pine Creek railway and the Northern Territory was still under South Australian control. Mind you, some people may still wish that were the case. Since then, the railway project has been on and off the agenda both federally and at a state and territory level. In fact, whether or not we are going to get a railway has virtually become a standard joke in the Territory because many Territorians do not believe that it is going to happen in their lifetimes. The NT is probably the only jurisdiction in this country that has a minister for railways when it does not have a railway.

Having said that, the railway project has bipartisan support in the Territory parliament, as it will benefit the Territory. It is a major infrastructure program estimated to cost \$1.2 billion, and it has the potential to create jobs, skills development for Territorians and pros-

perity for businesses. Construction is expected to commence in May 2000. That is right—we are less than six weeks away, so we are led to believe, from the first turn of the soil. It is expected to be completed by mid-2003, and it is going to be 1,410 kilometres long. But, unfortunately, the funding for the project falls heavily on the shoulders of the Northern Territory on a per capita basis. If you take a look at the per capita breakdown of funds that the Northern Territory, South Australia and the Commonwealth will contribute, you will see that the Prime Minister and the Chief Minister stand to be criticised. Territorians will be paying a very high price for this railway. If the Chief Minister were serious in his attempt to stand up for Territorians and in his continual harping to that effect, then he would have done something about this inequality. That is what he should have done, but he has failed to put an adequate case to the Prime Minister and to protect the positions of Territorians.

When you break down the figures of the funding that is allocated for the railway, the Northern Territory is paying a very heavy per capita cost. The contribution from the Northern Territory in rail funding is \$862 per head. In South Australia the contribution is \$101 per head, and the national contribution is \$9 per head. There is a vast difference between the national funding of \$9 per capita and the South Australian government commitment per capita of \$101, but in the Northern Territory we are expected to commit \$862 on a per capita basis. We know the former railway minister said that we needed \$300 million from the federal government, and Kim Beazley for the Labor Party promised up to \$300 million. We have been conned and misled, and the Chief Minister has done little to convince his Liberal mate that we need far in excess of \$100 million. The leader of the NT opposition, Clare Martin, is right when she says that, at a time when money is being allocated to the Federation Fund and to funds to celebrate the millennium, the Chief Minister could not even persuade the Prime Minister that this was a millennium project, that this was a project for the future of Australia and that it deserved a major commitment and investment by the federal government.

Late last year, Senator Tambling said in this chamber:

It is anticipated that, at the peak of the construction phase, there will be 7,000 new jobs generated in construction, associated areas and spin-off industries.

However, this remains to be seen, as I believe the Territory government has lost focus on the potential jobs growth for Territorians from this project. We are now told that only 960 jobs, of an anticipated 7,000, will go to Territorians. The rest will go to people who will come from interstate. This is of concern to Territorians, because claims of economic growth by the Territory government have not translated into jobs growth. Whilst the national trend for unemployment has been falling steadily since early 1997, unemployment in the Northern Territory has been increasing almost notably since September last year. Then, the number of jobs in the labour market was 98,400; in January this year, the figure was 87,300—a stunning reversal over four months of 11,100 jobs in the labour market. In September last year, the total labour force was estimated at 102,500, with a participation rate of 73.5 per cent—that is the number of people, in percentage terms, either working or seeking work. That combination left us with an unemployment rate of just four per cent. By January 2000, we had just 87,300 people employed of a work force estimated at 92,500. If we compare the data between September 1999 and January 2000, we see a shrinkage of 10,000 and, alarmingly, a participation rate of just 66.2 per cent. This is a collapse of 7.5 per cent in the participation rate and is an estimated 5.3 per cent rate of unemployment.

Territorians need jobs, and the message we get from the Northern Territory government is that the railway will bring jobs. But the Northern Territory government will not say what those jobs will be, nor will they say what skills or training are needed for Territorians to be able to compete for these jobs. There is no comprehensive plan by the Northern Territory government as to how this grand plan will translate into detail and benefit Territorians. There has not been a skills audit done. There is no proposal as to how these needed jobs will come to Territorians or

how people in remote communities can access these opportunities. What practical skills are needed in order to get a job in some aspect of this railway project? This is an important and very significant opportunity for Territorians to be able to build jobs for Territorians. Two major projects are coming off-line in the middle of this year around this country—that is, a motorway on the Gold Coast and, of course, the Sydney Olympics project. There will be skills available when those projects are finished, but if we do not have training and opportunities in place for Territorians, the skills that are needed for the jobs to build the railway will have to be imported and will leave the Territory after the railway is built.

Only last week, it was announced that the Northern Territory University signed a memorandum of understanding with a South Australia based company to provide training for the railway project. This will provide training to develop skills in laying rail and maintaining the rail. This project is due to start construction in May, but only now are training opportunities being signed off. Employment and training issues should have been sorted out by now. The railway has been a prime focus of the Territory government, especially in the last few years, but their silence has been deafening on the issue of jobs for Territorians. They have squandered the employment and training opportunities offered by this \$1.2 billion project. The call by Labor for a jobs strategy has been ignored. There is no basis for the figure of 7,000 as the number of jobs that will be generated by this project, and it will be most unfortunate if only 960 of these jobs go to Territorians. With proper planning and strategy, the government could have ensured that many more Territorians were job ready and ready to participate in training opportunities offered by the project.

In closing, I want to comment on the recent development regarding the possible employment conditions of people working on the railway. We are aware that the Territory Construction Association, with the encouragement, of course, and assistance, no doubt, of the Office of the Employment Advocate, has taken a roadshow around the Territory

promoting the use of Australian workplace agreements. This is neither with the involvement of the unions concerned nor in consultation with the Northern Territory Trades and Labour Council. We have very serious concerns about the role of AWAs in maintaining adequate standards in relation to wages and conditions. We have extreme concerns about the promotion of AWAs for prospective employees in the railway project. The secrecy associated with AWAs means that it is difficult to ascertain whether or not they lead to employees being worse off, although I suspect that there is evidence to show that in fact they are. For example, it is a fact that 43.2 per cent of all AWAs in Victoria demonstrated a link between individual agreements and a system of award regulation that is difficult to maintain. Similarly, the fact that almost 30 per cent of AWAs in the 1997-98 period were with new employees also demonstrates that AWAs are being used for the most vulnerable employees. We know there is a strong possibility that, with the promotion of AWAs, there is no role for the union movement in regulating wages and conditions of those employees. That is the area which is of utmost concern to the trade union movement in the Northern Territory.

We notice that Mr Houlihan has been in town of late and, with the push by the Territory Construction Association and the Office of the Employment Advocate to promote AWAs, one cannot help but be suspicious about the connection between the three. I am aware that there have been contracts signed with consortiums in other major projects around this country which make the use of AWAs a condition under that contract. I call upon the Northern Territory government to guarantee to the trade union movement in the Northern Territory, and to the potential employees of the consortium or subcontractors associated with the railway project, that they will consult, inform and involve the trade union movement and the unions concerned on the employment opportunities and the prospects for all workers. The Darwin to Alice Springs project will be of national significance in the next four years. Let us hope, with this unfortunate push towards AWAs and the current lack of consultation with the trade union movement in the Northern Terri-

tory, that it does not become the third most nationally significant industrial dispute that we have to entertain.

Senator CARR (Victoria) (12.27 p.m.)— Today I would like to congratulate the government. This is unusual for me. Occasionally in politics, the actions of foolish, naive and incompetent ministers can lead in time to the correction of their mistakes and possibly, hopefully, lead to an improvement in public policy. I am here to congratulate the government for its movement towards the establishment of a new form of quality assurance agency within universities. There is a long way to go, and maybe more needs to be said about the particular details of the quality assurance agency that MCEETYA considered at its meeting last Friday, but I do think the history of this matter ought to be examined in the proper context. The appropriation legislation is one means by which these things can be done.

Specifically, what I am referring to today is the foolish action of the minister for territories, Senator Ian Macdonald, in accepting the assurances of some dubious persons with regard to the establishment of Greenwich University on Norfolk Island. In 1998 it was Senator Macdonald who accepted the claim that the establishment of Greenwich University on Norfolk Island was for the purpose of education on the island itself. This is despite the fact that the prospectus of the Greenwich University referred to their claim that they were, in practice, a global university. This is despite the fact that Greenwich University had a long history of abusing its reputation with regard to its actions in a number of states in the United States. In fact, the New Zealand government, from recollection, had rejected its overtures to seek to establish itself as a cuckoo in the nest in New Zealand. The Victorian government had said, 'No, we are not going to have a bodgie outfit like this.' But this was not enough for this minister, the minister for territories, Senator Ian Macdonald, well-known expert on educational issues as he is. He says, 'Of course they can establish it. There is no difficulty in that whatsoever. Hang the consequences as far as our international reputation is concerned.'

Senator Ellison—He did not say that; it was subject to approval, Senator Carr.

Senator CARR—It was subject to approval? What occurred was that the minister got advice, presumably from somebody: it is not quite clear from whom, but it would appear that it was a great educationalist like Senator Macdonald. He understood that the establishment of a global university of such dubious reputation on Norfolk Island was not going to have any consequences for the rest of our educational institutions. What a naive fool he is to accept such a proposition.

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Order! Senator Carr, you will withdraw that, thank you.

Senator CARR—I withdraw it. What I do say, though, is that one has to question the competence of this minister with regard to his administration of his responsibilities in respect of the issues that he embarked upon regarding the establishment of the Norfolk Island university.

What has come to be understood is that our international reputation for excellence in education is of critical importance to the success of the industry in this country as a whole. Increasingly, higher education operates within an international environment. This is a government that says to workers in this country, 'Think of yourselves in terms of the international market. Accept second best, accept reductions in wages and conditions, and accept reductions in your standards of living because you have to operate as part of the great global economy. Don't worry too much about what the consequences are for your living standards or your family's.' But when it comes to international education, he says, 'Any group of hillbillies can move in. We don't particularly mind so long as we get an assurance from those people that they will operate only on the island of Norfolk.' What an extraordinary proposition. That was the case that was put to us by the minister for territories at the Senate estimates. I am going to go into some detail on the question of his behaviour at the Senate estimates later on in this debate.

What is established now is that the reputation of Australian educational institutions

internationally is critical to the maintenance of the value of Australian qualifications in terms of the people who will pass through those institutions, to the marketing of Australia internationally as a source of quality education, to it having the capacity to operate on the basis of attracting fee paying students and, in terms of it being what is now our fourth largest export industry, to the maintenance of its place within the international community. We are up against pretty stiff competition in the world. What has become increasingly apparent is that, throughout the world, other governments are prepared to actually get behind their educational industries to make sure that there is a proper quality assurance mechanism and to make sure that the people who engage in education in countries that we have to directly compete with on the global market are producing a quality product. But that is not the case in this country under the sort of incompetence we have seen from Senator Macdonald, who interposes himself—

Senator Ellison—Mr Acting Deputy Speaker, I raise a point of order. Senator Carr is misleading the Senate. He knows that that approval is not in the portfolio responsibilities of Senator Macdonald.

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—There is no point of order, Minister.

Senator CARR—The minister is very sensitive about this issue because he knows that Senator Macdonald gave the direction to the Administrator at Norfolk and sought his direction to do so. He did that in December 1998.

What we do have in this process is a clear example of where one minister, who is unable to fulfil his responsibilities to the rest of the government, let alone to the rest of the country, engages in this matter in such a way as to see this university established at Norfolk, which then directly threatens the reputation of the rest of the university system in this country. We are now seeing the direct result in a whole series. This was the great bridgehead that was established in terms of undermining our reputation. There were, of course, others that followed. Senator Macdonald was the unfortunate minister who did

not seek effective advice and did not seek to establish the bona fides of this crowd out at Norfolk.

Senator Ellison—He does not have to register universities; he is the minister for territories.

Senator CARR—The minister for territories, as you well know, Senator, said that under the Norfolk Island Act, which is an act of the Australian parliament, a bill was established with regard to the Greenwich University and was presented to the responsible minister, Senator Macdonald, who then gave formal approval to the bill which duly established the university on Norfolk. That approval was given before the approval of the AQF. His actions led to the establishment of that university and let that university be able to claim throughout the world that it was a properly established university.

What we have had since that time is other universities being run up the flagpole such as the University of Asia. The Department of the Treasury was quite happy to allow that so-called university to seek registration. We have seen other examples of service agreements being established by various universities to operate with a range of bodgie colleges in the private college market to the point where we are now seeing our international reputation further undermined. We are seeing examples of unethical behaviour and serious breaches with regard to the administration of our visa regime in this country. This is the behaviour of a government that is, frankly, not able to cope with the changed circumstances.

I come back to my main point, which is that the incompetence of Senator Macdonald in giving a direction to the Administrator of Norfolk Island to sign off on that piece of legislation, establishing the university on Norfolk Island, in the longer term has actually done us a favour. His incompetence, his naivety and his gullibility have led to the establishment—after serious complaints in this chamber, I might say, and by a number of the states—through the MCEETYA processes, of a new accreditation framework. Despite the fact that Minister Kemp has sought to preempt the process, we now see that some action has been taken by MCEETYA to seek to

clean up the actions of this incompetent minister. These measures were demonstrably necessary as a result of the activities of a number of universities. I have drawn them to the attention of the Senate in the past. One university was operating out of a grog shop in Adelaide—claiming to be a university but operating out of a grog shop in Adelaide.

Senator Ellison—What was the name of the accredited university?

Senator CARR—St Clements University was seeking to claim to the rest of the country that it was a university, and the Australian Competition and Consumer Commission was used in this way to seek to give it registration under the Trade Practices Act. As I understand it, this action taken through—

Senator Ellison—You can't register a university under the Australian Trade Practices Act.

Senator CARR—That is exactly the point. You can claim, up to this point, to be a university under the Australian Trade Practices Act, and that is exactly what was happening and why it was necessary, under the Treasury rulings, to ensure that the actions of any private company seeking to claim to the world that they were a private university have to be regulated. We have the example of The Australasian Institute, TAI, which is claiming on its web site to have formal links to Australian universities such as the University of Ballarat. Action was taken in that case to force TAI to desist from its action. We have the example of the Business Institute of Victoria, which was registered in that state. It eventually went into liquidation, but it did enormous damage to our reputation in the process of its activities. It was registered to offer courses in training, cleaning and security but was offering university courses in MBAs. What action was taken by this government on that matter? Up to this point, it would appear, very little. All we hear is that the mirror has been taken out and the government is taking a good look into it. There are numerous examples of changes occurring in the international education industry, and this government has failed to respond to those unless it is pressured to do so by bad publicity. We need to maintain the quality of Australian qualifications for our graduates,

and we need to develop within the international market a clear reputation for quality on all occasions. We do not have that at the moment. That is why the action is so desperately needed.

What strikes me about these circumstances, however, is that Greenwich has yet to be resolved in a complete sense. I understand there is a committee examining whether or not that university will meet the requirements of the AQF. It is important—since Senator Ellison has been so concerned about the issues that I have pursued—to go through some of the history of this matter. The mistakes of the government and the misjudgment, mistiming and misapprehension of this minister have clearly demonstrated just how pathetic a bungler he is. We note the way in which he was clearly misled about the nature of that university and failed to take the necessary action to ensure that this government's reputation internationally, and for that matter this country's reputation, was protected. We saw how the actions of Senator Macdonald, in his imprudent approval of that university and his direction to the Administrator of Norfolk Island, indeed placed in question our reputation internationally.

In 1972 the International Institute of Advanced Studies was founded in Missouri. It changed its name in 1989 to Greenwich University. In 1990 Greenwich University established its administrative offices in Hawaii. It then sought to infiltrate New Zealand and establish a presence in that country and was rebuffed. In 1993 Greenwich University approached the Victorian government to establish itself in that state. It was rebuffed there. It then moved on to Norfolk Island and the sorry saga of this minister began. In 1998 Greenwich University was established under Norfolk Island company law. In December 1998, Greenwich University regulations were made subject to Norfolk Island law, and on 9 December 1998 the Greenwich University Act was passed by the Norfolk Island Assembly establishing Greenwich University under Australian law. It sought the approval of the minister, Senator Ian Macdonald. Senator Macdonald gave that approval to the bill, which duly established the university as,

at that time, a new entry on the Australian education scene.

Senator Ellison—It had to be subject to AQF—

Senator CARR—That was not the case at the time. I want to be clear about that, Senator Ellison. Are you then claiming that it does not exist under Australian law? You would be terribly mistaken if you were. Just recently, the Acting Chief Minister of Norfolk Island requested MCEETYA to place Greenwich University on the higher education institution self-accrediting list. On 21 January 1999 Senator Macdonald did that and recognised Greenwich University courses under the Australian Qualifications Framework. That was well after the horse had bolted and well after this government had approved the establishment under law of this university. We are told that, when the committee report comes down on the question of the bona fides of the university, the Norfolk Island Assembly will re-evaluate its legislative standing. I look forward with interest to see whether or not that occurs. We find a quite serious legal issue arising here: the extent to which the incompetence of this minister has jeopardised the reputation of our international universities and the framework of this new Australian quality assurance measure.

I will come back to the point of this, given that this matter is about to close for matters of public interest to be brought on, which is that the incompetence and the foolish gullibility of this minister may well in the longer term produce some positive outcome—

Senator Ellison—Mr Acting Deputy President, on a point of order: I wish the word 'foolish' to be withdrawn. It is totally inappropriate.

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Minister, I do not think that it is unparliamentary language, and I think I will allow it to stand.

Debate interrupted.

MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Order! It being 12.45 p.m., I call on matters of public interest.

Medical Defence Organisation Premiums

Senator EGGLESTON (Western Australia) (12.45 p.m.)—Today I would like to say a little more about the impact of high medical defence organisation premium levels on procedural medical practice and to suggest a solution to this problem, namely, the use of structured settlements in awards. Under structured settlements, rather than receiving a lump sum award, plaintiffs or awardees, as they might be called, would receive a guaranteed stream of income for life by way of an annuity. I believe, for reasons that I shall later outline, that this measure would have a significant impact in reducing the cost push pressure on medical defence organisation insurance premiums associated with the future care component of damages awards.

When I last spoke about this matter I pointed out that there were three main reasons for the increase in medical defence insurance premiums. These were: large damages awards for future care of plaintiffs in medical negligence cases; the decline in cross-subsidisation of medical defence organisation premiums; and a long-term underfunding of liabilities by medical defence organisations. It is difficult to estimate the effect that the increases in premiums has had, with the evidence to a large extent being anecdotal. But there are undoubtedly fewer GPs doing surgery, anaesthetics or particularly obstetrics as a result of high medical defence organisation premiums. In specialist medicine, particularly in obstetrics, the number of doctors practising in high risk areas has diminished. More specifically, a 1997 study conducted by the University of Adelaide found that 26.3 per cent of South Australian rural GPs who practised obstetrics in 1994 had since abandoned their practices. Of these, almost 57 per cent cited rising indemnity insurance as the reason, 34 per cent cited poor remuneration, and 29.5 per cent said they feared litigation. In 1993, there were six GPs practising obstetrics in Newcastle, New South Wales. However, as the *Australian Doctor* reports, by 1999 this figure had declined to just three, and by June of the same year the three remaining GP obstetricians formally ended their work in this field.

The problem is compounded in rural areas throughout the country as the number of deliveries is relatively limited when compared with urban areas, where there is a higher population. The average rural GP in obstetrics does 36 confinements a year. Clearly, the lower the number of confinements the less financially viable obstetrics practice becomes because no distinction is made between the number of confinements annually and the medical indemnity insurance premiums paid by obstetricians either in the city or the country. The same subscription fee is paid also regardless of the number of babies the doctor delivers, whether it is 10 or 200 per year. The difficulty in attracting specialist and GP obstetricians to regional areas is only further compounded when there is little or no financial incentive for them to enter, practise and remain in such areas.

Dr David Mildenhall, President of the Rural Doctors Association of Australia, has acknowledged this source of concern. He has said:

We are aware that decreasing numbers of obstetrics-trained doctors are going to rural areas.

This view is confirmed by the National Association of Specialist Obstetricians and Gynaecologists, which believes:

The end result will be significant reduction or absence of private specialist obstetric practice in some areas.

This is particularly referring to rural areas of Australia. Similar considerations apply to both surgery and anaesthetics performed by specialists and GPs in rural areas.

In answer to this problem, governments across the country have recognised the implications for doctors and have taken various measures to alleviate the very high insurance premiums that procedural doctors are having to pay. In New South Wales, specialist obstetrician gynaecologists have successfully lobbied the New South Wales government to get liability for negligence actions relating to public patient births to be covered by the New South Wales government's professional indemnity arrangements rather than through private medical defence organisation coverage. The New South Wales Rural Doctors Association has also negotiated with the department of health to implement a grants

system for obstetrics and anaesthetics in rural areas, and similar arrangements are now in place in Victoria, Queensland and South Australia. In Western Australia, an arrangement has been made between the WA health department and the Western Australian Centre for Rural and Remote Medicine whereby rural proceduralist medical practitioners have their insurance premiums subsidised by WACRRM, which is given a grant for this purpose by the Western Australian government.

But the subsidising of premiums is only a stopgap measure and does not address the key causes of the burgeoning levels of medical defence organisation subscription fees. The most important cause of rising medical defence organisation premiums is of course the significant increase in the future care component of quantum damages. A so far untapped possibility in dealing with this problem is the use of structured settlements as a means of bringing the ever growing cost of the future care component of damages under control. The introduction of structured settlements is a measure supported by all stakeholders, including the Australian Medical Association, the medical defence organisations themselves, claimants and lawyers who work in this field.

There are various models which could be adopted for structured settlements in these medical cases. One possibility outlined by the Structural Settlement Group is for plaintiffs to receive one-third of their damages in the form of a lump sum, with the remainder being used to purchase an annuity from a life insurance company, thereby guaranteeing the plaintiff a flow of income for life by way of periodic payments which would be indexed to inflation.

One of the difficulties with the present lump sum situation is that damages are awarded on the basis of an assumed life expectancy and on an estimation of future care needs. This means that often damages awards will be either too excessive or insufficient, neither of which is desirable. Some awardees spend their lump sum awards irresponsibly and others, no matter how frugal, will simply find that the award was not enough to meet their needs for the rest of their lives. Struc-

ured settlements, by contrast, are about shifting the risk from plaintiffs to established life insurers who are in a better position to bear this burden. Structured settlements also have the advantage of reducing the burden on the social security system, as presently those who have been injured and are unable to work, and who have exhausted their damages, have no option but to take up social security benefits of one kind or another.

The argument some people use about the level of awards given for future life care needs is that judges take plaintiffs' inexperience in handling large sums of money into consideration when awarding damages and sometimes award more than they should in order to compensate for this. It is then the medical defence organisations who have to wear this extra cost. Because many plaintiffs are inexperienced in investing large sums of money they are sometimes unable to maximise investment income. This is taken into consideration by judges when discounting the final award based on projection for future investment earnings, which tends to be conservative. However, under structured settlements, damages awards would be in the hands of insurance agencies who have a long history of responsibly managing money and will be able to maximise investment returns. This will in turn have a direct impact on the overall quantum of damages awarded in such medical cases. Dr Richard Tjong, Chairman of the United Medical Protection Society, which is the largest medical defence organisation in this country, supports structured settlements and believes that they will result in smaller damages awards. Dr Tjong has said:

For those people who don't believe in what structured settlements will do for us, it's simply to do with the way courts project investment income in the hands of inexperienced plaintiffs, inexperienced in managing large sums for a lifetime. The courts allow for a very conservative discount rate for each investment income. The AMPs of this world are in the best position to manage these patients' trusts. Therefore, the up-front lump sum [of damages] would be smaller.

He means 'were structured settlements introduced'. Currently there is no incentive for plaintiffs to take the damages in the form of periodic payments as these are subject to

taxation. Conversely, damages taken in the form of a lump sum are not. To encourage plaintiffs to take their damages in this form, there needs to be legislative change so that structured settlements are tax exempt. I hope that the government will give favourable consideration to implementing tax exemption of awards made under structured settlements, not only in medical cases but in a variety of other damages cases.

In conclusion, anecdotal evidence suggests that the rapid rise in medical defence organisation subscription fees has had a clearly detrimental impact on medical practice, especially on both specialist and general practitioner obstetricians and gynaecologists. A key factor in the level of insurance premiums has been the trend towards very large payments to cover the life needs of awardees. The message I want to convey today is that structured settlements would have the effect of relieving this cost push pressure on medical defence insurance premiums in the manner I have outlined.

Finally, given the serious impact on medical practice of the high insurance premiums, I would urge governments to legislate to establish structured settlements. This measure would go a considerable way to providing a solution to the high cost of medical defence organisation insurance premiums and, significantly, assist in the preservation of medical services, such as obstetrics and anaesthetics, in regional areas.

Trust Bank of Tasmania

Senator MURPHY (Tasmania) (12.58 p.m.)—Over some period of time now, both publicly and in this place, I have raised issues relating to the management of Trust Bank, or rather the former Trust Bank because as of last year the bank was sold to Colonial. But that action of itself should not remove the burden of responsibility that was associated with the management of the former bank. One of the main reasons I say that is that the price that was realised by the bank—having now been identified as, we hope, \$144 million—is essentially less than the bank's net asset value. This would make this bank the only financial institution in recent times to have been sold for less than its net asset value. For instance, the Bank of Melbourne,

bought by Westpac, saw Westpac pay 2.3 times that bank's net asset value. If you applied that formula to Trust Bank, Trust Bank would have been worth \$345 million. In the case of St George, when it bought Advance Bank the multiplying factor was much higher than 2.3. It begs the question why this bank was sold for such a ridiculously low price.

There is only one answer to this question, and it is incompetence—incompetence in negotiation and incompetence in management of the bank. Frankly, in my view, the board of this bank and some of its management have been grossly negligent in the course of their duty. As I have said before, some management people have been involved in activity that could, if investigated, prove to be of a criminal nature. I will just digress to explain why I say 'incompetence'. I will put it in the words of the Chairman of the Board himself, on 1 April 2000. Mr Loughran said:

There was overwhelming evidence that Trust Bank could not have continued trading had it not been sold, according to former Chairman Gerald Loughran. Mr Loughran told yesterday's Parliament Public Accounts Committee hearing that the bank faced a credit downgrading, which would have made access to capital even harder. The bank already had the lowest credit rating of all Australian banks and agencies...

Why? You really have to ask yourself why that is the case. In a time of unprecedented world growth and national growth and of banks throughout the country recording record profits—every regional bank in this country has recorded huge profit increases—this one is going against the national trend. It is not only going against it; it is swimming against it at the greatest possible rate.

I now want to run through a few things that cause me to say this. I have previously raised the issue of the managing director selling his personal car into the bank's car pool for at least \$16,000 more than it was worth. I raised the issue of the managing director racing a repossessed car in Targa, in complete breach of the Banking Act, and smashing the car to the tune of \$44,000. It is alleged that the car was not even insured prior to and/or during the event and that he used his influence in the bank to get the insurance backdated to cover him. I have raised

the matter of the bank giving a \$100,000 sponsorship to a person who was twice convicted of deception. But these are just the tip of the iceberg.

Other matters that are deserving of attention and that must be investigated are: allegations that the managing director sold more than one car into the bank's car pool; allegations that another senior officer of the bank, Mr Phillip Spinks, bought a repossessed car for significantly less than it was worth; allegations about the purchase of a property in Launceston for the managing director and the furnishings that went with it; whether Trust Bank sold a building in 160 Collins Street, Hobart, to its own external auditors, Wise, Lord and Ferguson, for a sum of money believed to be below market value; whether that sale caused a loss to the Tasmanian government, as the building was held as security for a loan that was covered by a Tasmanian government guarantee; whether the sale was conducted at arm's length, ethically and in the best interests of the Tasmanian government, given the close relationship between the bank and its external auditors; whether the sale of 160 Collins Street, Hobart, by Trust Bank to its own external auditors placed the auditors in such a compromising situation that they were no longer able to discharge their responsibilities objectively and without fear or favour. If this has occurred, would this not constitute malpractice or a possible fraud on the state?

As I said, there are many issues, and I have outlined just a few. I now want to move to more recent events. Trust Bank had a life of almost nine years. It was formed by the sale of the state owned Tasmania Bank to the Hobart Bank for Savings, trading as SBT, or Savings Bank of Tasmania, for \$55 million. As then Premier Michael Field said:

. . . the rationalisation of this State's Banks through the creation of a single financial institution, free of government involvement or backing, and run entirely by the private sector.

The relevance of this statement will be borne out as I go through this sorry saga. The relevance of the fact that the entire \$55 million sale proceeds at that time were put back into the new bank will, again, be borne out later. In addition, as part of the process, the gov-

ernment was to have a seat on the new board of Trust Bank. To quote the former Premier:

A seat will also be provided on the new board for a government representative in order to protect the Government's specific interest in the management of Tasmania Bank's wholesale loans portfolio.

On the basis of the issue relating to the building at 160 Collins Street, it is doubtful that the government's representative carried out its role with due diligence. Another area deserving of mention relates to the computer system of both the former banks and Trust Bank. Just before the formation of Trust Bank, SBT, the purchaser of Tasmania Bank, spent some \$7½ million on a new computer system. During the sale process, SBT was extremely critical of the then Tasmania Bank's computer system. Shortly after the takeover, SBT scrapped its new \$7.5 million system. So what is the relevance of that? The management of SBT became the management of Trust Bank. In 1996 the same management and the board approved some \$14 million for a new core technology for Trust Bank. It has now been revealed that the total cost for this computer system was somewhere between \$23 million and \$30 million, depending on whom you believe.

Now we learn that the new owner, Colonial, will scrap this whole system, which probably was not even completed, because it is not GST compatible. Bear in mind that these decisions were taken by directors who were paid somewhere between \$30,000 and \$60,000 a year, and in the case of senior management in excess of \$300,000 a year. But, of course, that was only until Mr Airey came on the scene. Then, the MD's salary went up to \$425,000 a year. He was there for only a very short period.

The GST, in this, case had been on the agenda since August 1998. Yet it would seem that none of these people had the foresight or the initiative to check to see whether their new computer system was GST compatible. Surely this is a failure of their obligation of duty of care and due diligence. What makes this and so many other things an insult to the Tasmanian people is the payouts these people received. David Airey gets top billing here—\$2.7 million for just seven months work. He

makes Trumbull look like a midget. As part of that \$2.7 million, \$1.2 million was for shares if a share float occurred, which makes this all the more interesting because the board had decided that the share float would not occur even before Mr Airey was employed.

That is borne out by Mr Airey himself. He said that when he arrived 'the share float was not an option'. He arrived in April. Of course, that begs the questions: when was Mr Airey's agreement finalised and why would it be finalised containing a payment for something that they knew and had decided would never occur and did not occur? The reality is that both the equity partner and the share float options were dead in the water even before David Airey was appointed. The board should have known it. Indeed, I believe they did know it.

It is worth noting that, in the 1998 annual report—this is before David Airey—it was noted that the bank had carried out a research and review of strategic partners and that it had appointed an international investment bank to advise on various options. Who was the international investment bank? What advice did it provide? When did the board receive the advice? How much did it cost? David Airey was appointed, as I said, in April 1999 and, according to him, he was brought in to find a 49 per cent partner. He also said that when he got there the float was not on. In June he, Airey, and consultants, whoever they were, advised the board that the 49 per cent option was not on and that they should proceed to a 100 per cent sale. So at least by June this board knew there would be no share float. How much did these other consultants cost? In fact, if we had to have other consultants, why did we need David Airey? Why? These questions must surely be answered.

This train of events clearly demonstrates that something is amiss here. Indeed, it is my view that something very shonky is afoot, which brings forward the question of the board's negligence in its duty. If as David Airey says, 'When I got there the float was not on,' why did the board ever discuss a share option with him? I could continue with a range of other matters and raise questions

that must be answered, but time probably will not permit that.

However, there is one matter that cannot go unnoticed, and that is the legislation that enabled the sale of Trust Bank. In that legislation, at clause 20, a provision of unbelievable consequence occurs, and I would just like to read it. It says:

No actions against officers of the Bank or TB No. 1.

20 (1) To the maximum extent permitted by law, the Crown is to indemnify and keep indemnified all officers from and against all actions, claims, demands, losses, damages, proceedings, costs, charges and expenses which may be suffered, sustained or incurred by the officers as a result of, in respect of or in connection with, whether directly or indirectly—

the performance of or non-performance of their duties as officers and

the operation and management of the Bank.

It is all right to indemnify them, but what is even more interesting is that at point 2 it says:

No action in any court may be commenced.

Therefore, nobody can even take an action. This indemnification is even greater than the bank itself ever provided. If you read the bank's annual report in terms of indemnification of directors, it says simply:

During or since the financial year the Bank has paid premiums in respect of a contract insuring all the directors against the liability incurred in their role as directors of the Bank and its controlled entities except where—

(a) the liability arises out of conduct involving a wilful breach of duty, or

(b) there has been a contravention of sections 232 (5) or (6) of the Corporations Law.

This new indemnification denies people the right to pursue these people, even under the Corporations Law, and it is just not on.

Can I say further that this bank has been sold for less than its real value and the state has been left holding the indemnification baby. It is a sad and sorry saga. It is a slight on the Tasmanian people. It should never have been allowed to occur. The people of Tasmania at least, including those who both work for and have worked for the bank, deserve an explanation as to why what was a

great Tasmanian financial institution was destroyed in such a short period of time. It only points to malpractice, even in the words of the chairman himself.

I have been accused of not seeking to go through due process or various avenues to raise these issues. Let me tell you, I have. Over a long period of time, commencing in 1995, I started to raise these issues with my state colleagues. I went to meet with the Reserve Bank Governor in February of 1996. I wrote to the then Premier in 1997. As I said, I also sought to meet with the then chairman in 1996. I called for an inquiry in October 1996. I wrote to the Premier of Tasmania, Mr Rundle, in 1997. I wrote to the Treasurer in July 1999. I got a response back in August 1999. I wrote to the Chairman of Trust Bank in October 1999 and got a response back. I wrote to the Treasurer again on 28 October 1999, and I got a response back in January 2000. It is simply not acceptable to try to slag me off, because I have followed this in great detail for a long period of time. There is a thing that must come through here—that is, a fair go for the Tasmanian public and for the government and the parliament of the state to deliver it. *(Time expired)*

Genetically Modified Crops

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (1.13 p.m.)—On a number of occasions the Australian Democrats have sought to have the issues of genetic technology and the implications for agriculture debated in this place. So far, every attempt by the Democrats has been opposed by the old parties voting together, whether it is voting against select committee proposals or other committee proposals designed to look into some of these pressing issues.

Regulation of genetic manipulation operations is a political decision based on value judgments which can only be successfully determined through a broad understanding of these issues and of participation in the decision making processes outside, of course, of the realms of the experts. We have sought to have not only a legislative debate, a parliamentary debate, on these issues but also a debate that involves the community and empowers the community through information

about these burgeoning technologies. I certainly welcome any discussion of these issues in the parliament, but in particular of gene technology issues.

I do not consider that the scope of current debate is broad enough or inclusive enough when it comes to all sections of the Australian community involved in this new technology and responsible for dealing with outcomes of this technology. Certainly the Democrats have set out many times our concerns regarding this technology not only in this chamber but also to various inquiries, various committees that have been held within the parliament and, of course, outside it—whether to the rather narrowly focused House of Representatives primary producers access to gene technology inquiry, or many others. We have considered this issue, and as science and technology spokesperson for the Democrats I have considered this issue on a number of occasions. I have considered it broadly, recognising that the debate includes not only issues of technology but also its application in the community, including social, consumer, ethical and environmental aspects of the debate. At the end of the day it is not simply a technical science issue. It is not the science that is in contention. It is the manner in which it is being applied and how it has been introduced which is at issue. Therefore, it is a community issue.

The Democrats have also put on record the fact that we are sceptical of the promises of biotechnology. We are told that it will solve world hunger, among various claims, despite the fact that the overwhelming majority of commercially available GM crops are designed for North American conditions. Most of these are First World crops, so it is easy to be sceptical about some of those spurious claims. But there are clearly benefits to the technology—amazing medical treatments and potential solutions to some of the world's most pressing problems. However, we know from our past experiences of a solution-for-everything technology that the promises fail the expectations and the significant damage cannot always be reversed.

The Democrats do not—and I certainly do not—oppose every aspect of gene technology, although I think we probably need to be

convinced of the overall benefits of this technology. The Democrats are sceptical of the speed with which this technology has been imposed on the Australian community, and mostly without our knowledge, as the latest incidences of GM crop trial mismanagement are proving. I talk specifically about incidences that have been reported in the paper in the last couple of days in my home state of South Australia, in particular in the Mount Gambier region.

On Monday night this week the local Mount Gambier community participated in a public forum about GM trial activities in their local communities. The lack of community consultation or notification of the trial operation was obviously the focus for the discussion on that night. Mr Nic Kentish, a potato farmer who leased land to Aventis for GM trials, expressed concern at the way the GM trial crops were described to him. I certainly agree with Mr Kentish about his concerns regarding the various use of terminology that the company used in describing to him as a leasing farmer the manner and matter of its GM crop trials. And I think Mr Nic Kentish has described very well the concerns surrounding this new technology.

It is very misleading, at least, not to use the words 'genetically modified organisms'—or GMOs—due to negative public reactions or possible backlash; that is, companies choosing not to utilise that terminology to keep it secret or to minimise the public backlash as a consequence of the work they are doing. Clearly that is outrageous, and potato farmers and farmers generally, especially those who are providing or leasing their properties for the purpose of these trials, deserve more information, as do the community.

I would like to quote from an article in the *Advertiser* by Katherine Hockley, entitled 'The seeds of doubt' where Mr Kentish says: Do we really want to be part of producing genetically modified foods?

Mr Kentish does have an interest in the issue. After almost three seasons of leasing out part of his land he discovered genetically modified canola was being grown on it. He says:

I was unwittingly involved in this issue for the past three years.

It is absolutely scandalous, and no wonder the people of Mount Gambier and a lot of people around Australia, but indeed South Australia, are outraged by the secrecy. The public are sceptical, and with good reason. Agricultural biotechnology companies cannot avoid the GM debate by simply calling crops something else. It is irresponsible and, as it has turned out, pretty bad public relations practice in this day and age to keep the public in the dark. This is the message the federal government must heed. They have to be doing more than simply being seen to be listening. They have to be actively involved in this debate.

I recognise that the gene tech 2000 bill soon to be introduced into the other place has been drafted with increased public consultation. I certainly commend the minister for health for his role in that process, although I do not see the bill as a done deal with all interested parties adequately satisfied. Certainly the Democrats have many concerns regarding many aspects of the proposed legislation in its current form. This is not the time to discuss these concerns in detail, although the failure of the bill to address the current problems of having six separate Commonwealth regulatory agencies, the five current bodies plus the proposed Office of Gene Technology, as plugging the gaps and regulating any aspect of the application of the technology or its products which are not currently covered by existing bodies is clearly cumbersome, is cost ineffective and is confusing regulatory practice for producers, manufacturers and consumers alike. That is certainly a problem with the bill.

In addition, it does not address the current practice of the Genetic Manipulation Advisory Committee, GMAC, or other regulatory bodies or Commonwealth agencies regarding gene technology. There are current inadequacies of the GMAC regulation. They will remain under that bill as it is currently proposed.

These are the two main areas of concern for the Australian Democrats. As the party that has been pushing for a review of Australia's regulation, or indeed lack of regulation, of genetically modified organisms since they were first introduced to our shores in 1996—they seeped through as a result of a lack of

hey seeped through as a result of a lack of regulation by this government—we will be pursuing these issues over the coming weeks. We know that the Australian public will not accept this technology literally being forced down their throats.

GMAC's failure to notify farmers of GM trials in the Mount Gambier region to the level which local farmers deemed appropriate is of grave concern. I note that Moorak farmer Steve Mullan stated at the Grant District Council public meeting on Monday night:

I did not know what was going on, I knew something was happening because it was all foreign to me. I just feel that you should have been obliged to notify nearby neighbours.

Hear, hear! That is exactly the answer to this debate and the answer to this current public outcry—information. It is not the case that the public would be for GM crops if only they understood. It is not an issue of lack of scientific understanding but more a distrust of non-consultative government regulation, secrecy and use of alternative technologies. This is interpreted by people, by consumers and by community members as trying to pull one over the local community. That is certainly the message that seems to have come out at the Mount Gambier meeting on Monday night. If there is nothing to fear from these trials and the agricultural applications of genetic manipulation, then let the public know. Make information about the trials and safety measures available and ensure that you have safety measures to contain those crops.

At present GMAC assesses each trial application individually. Currently in Australia there are refuge and buffer zones but they are not defined in the GMAC guidelines. Instead, these individual conditions are assessed and established on an individual basis, a case-by-case basis. GMAC regulates such activities by the issue of non-statutory guidelines which specify the procedures to be followed by institutions and researchers intending to undertake manipulation work, and detail requirement for containment facilities. Proposals for genetic manipulation work are assessed on a case-by-case basis, giving, of course, varying conditions under which organisms are to be modified and released.

A 400-metre buffer zone was reportedly specified by GMAC to exist between the GM crops and the neighbouring properties in Mount Gambier region. Four hundred metres is an inadequate distance considering scientific reports which indicate that pollen carrying vectors, obviously bees in this case, can travel up to six kilometres and therefore transfer modified genetic material over this distance. Indeed, reports from Aventis crop representatives indicate that pollen will flow for several miles in certain conditions, further questioning the usefulness of a 400-metre buffer zone around a crop for containing it.

The *Age and Border Mail* reports incidents where genetically modified plant material was dumped at the local tip after sitting in a skip bin for one or two days before being disposed of or dumped by the side of the road—hardly responsible disposal or risk minimisation which will instil public confidence in this new technological application. Furthermore, in the latest Mount Gambier case, GMAC took two years, according to reports, to notify the local council, the Grant District Council, of the activities in the region it was regulating. We need to overhaul the current regulation of genetic manipulation operations and testing practices before Australians will not see all these modified products as inherently bad and dangerous. Inevitably people will be sceptical and have negative perceptions. There is great potential for using these scientific techniques in the future for fantastic bioremediation purposes—bacteria that can eat up oil slicks or even concrete. We should not limit these potentially fantastic outcomes that this technology can possibly provide, but we should not stuff that up by hasty application and adoptions at this early stage of the process.

I do not think an indefinite broad-based moratorium is the answer, for the reason that we should not inhibit the potentially good future applications of GM organisms. The Democrats are very strong supporters of research and development for the purposes of innovation. However, if current practice under GMAC continues, we might have to explore such options, at least as an interim measure, to ensure we do not sabotage our health and our environment in the way this

technology is perceived for environmentally sympathetic and sustainable applications for the future. A moratorium may be the answer if we do not do something about current guidelines and regulations.

The Democrats support as a minimum the British Medical Association Board of Science and Education's recommendations on GMOs:

(i) the application of the precautionary principle in developing GM crops or foodstuffs, including comprehensive cost-benefit, health and environmental impact assessments;

(ii) the segregation at source of GM foodstuffs to enable identification and traceability of GM products;

(iii) further research on the possible health risks of GM food consumption, particularly on the mechanisms of allergenic reaction to GM products and the health risks of antibiotic resistance;

(iv) long-term research into the impact into the environmental effects of GMOs, particularly the fate of metabolic transgenic DNA in animals and human beings;

(v) the application of comprehensive health and environmental impact assessments to all GM crop site applications which are open to public scrutiny and evidence of safety should be openly presented and subject to critical scientific peer review rather than being held under commercial-in-confidence clauses; and

(vi) breaches of crop site regulations be met with appropriate fiscal measures and that fines should be a sufficient amount to act as an effective deterrent to biotechnology operators.

The Democrats support the establishment of a centralised register of all products marketed in Australia that are genetically modified or contain genetically modified materials so that any adverse health or environmental effects can be tracked and monitored.

I note that the opposition has now called for an urgent rethink on the environmental impact of GMOs. They are recognising—and I note Senator Bolkus's comments on this in the last day—that these products could cause irreversible damage, and indeed he is right. He is right in his statement: 'In many respects the horse has bolted.'

The Democrats, and I in particular, have been trying very hard to get responsible regulation of genetically modified crops and foods for years. Every attempt to get the

health and environmental impacts surrounding genetically modified crops debated has been thwarted, not only by the government but by the opposition in this place. I am glad of that change of heart. I hope that these comments from Senator Bolkus are indicative of an about-face in attitudes by not only the opposition but also, hopefully, others in this place and the beginning of a wider debate about more appropriate regulation, which the Democrats have outlined previously and have been calling for.

I place on record at the end of this speech my disgust at the recent comments by Senator Herron. I think that the stolen generation put a name to the suffering of indigenous communities in Australia and it is only a heartless and cruel government that would attempt to take that away.

Senator MURPHY (Tasmania) (1.28 p.m.)—During my speech, I was going to seek leave to table some documents relative to correspondence that I referred to. I now seek leave to table those documents.

Leave granted.

Online Gambling

Senator TIERNEY (New South Wales) (1.28 p.m.)—Today I wish to make the first of a series of speeches relating to the problems of gambling in this country, which have come into the spotlight in terms of some of the events in New South Wales but also in terms of what has come out of the Productivity Commission report, which has highlighted the extent of this problem in Australia.

The Senate has formed an inquiry and has reported recently on one aspect of gambling—that is, online gambling. That is what I wanted to focus on today. Because of time constraints, I could not speak at the time of the tabling of the report. I wish to take the opportunity today to put my comments on the record as a member of that committee and as someone who took part in the hearings and observed what was happening in terms of the online gaming industry and also to talk about what we heard from a range of witnesses, from the gambling companies themselves through to evidence from Tim Costello, who in particular focused on the social impact of gambling in this country.

Australia has always been a country of gamblers. We would be perhaps ahead of the rest of the world. If two flies were crawling up the wall, Australians would bet on which fly would get to the top first. To a large extent this sort of activity has been enjoyable and fairly harmless. Indeed, the average gambler in Australia loses about \$600 a year, so that is neither here nor there. But we do have a growing group of problem gamblers who, on average, according to the Productivity Commission report, lose about \$12,000 a year. These are people who are often from poorer socioeconomic groups, and the effects are quite devastating.

What is happening and what governments have to keep a very careful eye on at the moment in relation to this area is the way in which new technologies are driving the expansion of gambling in this country. For example, without particularly sophisticated technology, the state governments managed to expand gambling by moving the poker machines from clubs into pubs. This one move increased gambling expenditure in the country in a four-year period, from 1995 to 1999, from \$7.6 billion to \$11 billion. Over a period of four years, gambling revenues went up by 50 per cent.

The reason why that happened was because poker machine access increased dramatically by the movement into the corner pub. Formerly, you had to go to a club, and that has been the situation, particularly in New South Wales, for 40 or 50 years. Once it got out into the streets, once it was in your local shopping centre, the amount of gambling on this sort of machine went up absolutely dramatically, and with it the number of problem gamblers.

One of the most disturbing statistics that came out of the Productivity Commission report was the proportion of women who are problem gamblers. Before this expansion into the suburbs, about two per cent of problem gamblers were women. That has now gone up to 50 per cent. The number of problem gamblers in the country is 2.1 per cent of the population. That is 290,000 people, the equivalent of the population of Canberra. If you add to that the people in the families affected by problem gambling, we are well

over one million and we are up to a city the size of Adelaide.

During the inquiry, some of the gambling operators tried to downplay the significance of the size of problem gambling in this country. But figures like something equivalent to the population of the city of Adelaide should pull us up with a start and make governments at all levels—state and federal—take particular care when framing regulations and laws in relation to this industry.

The report of the Senate committee, which came down on 16 March, has some very useful information, coming off the back of the Productivity Commission report, and also some very interesting recommendations, which I fully support. It did take a harm minimisation measure. I would like to run through some of those key points because harm minimisation is obviously a first strategy that is needed. The committee recommended that, until these harm minimisation measures are put in place, there be a freeze on all online gambling licenses. From a federal point of view, we cannot do a great deal about the poker machine problem but, because of the telecommunication head of power, we can do a fair bit about online gambling.

At the moment Lasseters, run out of the Northern Territory, is the only legal up and running operation, and that has been there for a few years. Before we expand beyond Lasseters for online gambling, the committee recommends a freeze on online gambling licences until these measures are put in place. I do not think that any reasonable person would object to the fact that these consumer protection measures should be put in place. What is recommended is the outlawing of direct credit card online gambling. If you have a facility of, maybe, up to \$20,000 and have direct access through to your credit card, when you are gambling you can obviously go through the lot very quickly. At Lasseters they have limits on that, and that sort of protection needs to be put in place in the other states as well.

Self- and third party exclusion was another recommendation. People often reflect on the amount of money they have lost. Certainly their families reflect upon that and those pro-

visions—for the self and for the family to voluntarily put in their own exclusions—should be available. Predetermined betting amounts should be allowed so that people cannot just endlessly run through their money. Limited gambling times on the Internet, with cooling off periods, is also recommended, as is the outlawing of game manipulation, such as near miss signals. This is where the machine indicates that the jackpot has just been missed and, of course, people keep gambling, hoping that they will get it next time.

Also the new electronic age allows the possibility of security passwords, challenge questions and PIN numbers. We believe that that should be involved in the system. Also, in terms of privacy, the protection of consumers' financial details should be part of that. Winnings for online gaming should be paid by non-negotiable cheque rather than being paid out as part of the process of gambling at the particular point in time. There are a number of other key recommendations which I think are quite important, particularly the availability of telephone counselling and that the gambling companies contribute a levy to improve education on gambling and to assist the rehabilitation of problem gamblers. When the poker machine arrangements in New South Wales were changed, legislation was actually brought in to do this. We are recommending a similar situation for the online gaming industry.

I was rather disappointed when we received evidence in Victoria from Crown and Tattersall's. We asked why they as an industry do not contribute to the education of people and also contribute to the rehabilitation of problem gamblers. They just dismissed that. They did not think they should put in any extra money. These people are going to make billions out of this. They said, 'We pay our taxes.' Of course they pay their taxes, but if we take money from that tax revenue for problem gamblers, that is competing with what we do with roads, schools, police and other public services. It is the belief of the committee that the gambling industry should contribute to education and rehabilitation.

Those are the main findings of the committee and the majority view of the commit-

tee. They are based on a view that we should try to implement a strategy of harm minimisation. I do not disagree with that. But the committee did take the view that perhaps going any further was just a bit too hard. Any idea of phasing in this type of gambling was just all a bit too difficult, but Senator Harradine and I took a very different view. We took the view that, given that Australia has the biggest gambling problem of any nation in the world, we should not lead the charge worldwide on hastily introducing or allowing this sort of technology and, in particular, we should not be at the leading edge with something that is changing incredibly rapidly. One of the problems with new technology is it takes our society a lot of time to adjust to new technologies that suddenly come upon us, and governments in particular take some time to adjust and to create the right regulatory system, because everything comes about so quickly.

So the view that we took in the minority was that perhaps we should just take this a little more carefully, slow it down, have a look at what is happening in other parts of the world and have a look at what is happening in our own case study here in the Northern Territory where this has been operating for about five or six months. We took the view that, before we extend the system to the rest of Australia, we should perhaps sit back and watch what happens in the Northern Territory first, because the system there is that anyone in the world can come and gamble on Lasseters online facility. Territorians can also, but other Australians cannot. The only way you can access Lasseters if you are an Australian is to turn up in the Northern Territory and gamble there.

So we are recommending: an extension of the Northern Territory system; that we create a moratorium of five years duration for online gambling; that during that five years we should require a very comprehensive social impact statement on what is happening in online gambling facilities, taking examples from the Northern Territory and also from around the world; and that we then introduce this technology a little more slowly. There is a race around Australia at the moment between companies in the various states to get

this up and running very quickly. We fear that, if it is up and running very quickly, a lot of the safeguards and protection measures will not be in place properly. Not only will problem gamblers be damaged but also their families will be damaged if we do not take care in the way in which this technology is introduced.

The Americans have certainly taken a very cautious approach to it. In the United States there is something called the Kyl bill which is going through the United States Congress right now; it has cleared the Senate. That bill actually bans online gambling in the United States. It is now going to the lower house of Congress. We will have to see what happens to it there. But they are very concerned about the potential for social damage to be done by this new technology. Break-Even Western Problem Gambling Services has calculated that, for every problem gambler in Australia, at least another seven to 10 people are affected in some way—obviously spouses, children, employees, employers and consumers, and the list goes on. So we should sit back and, like the United States, take a far more cautious approach to this introduction. The introduction that we are proposing would allow continuation of online gambling from international visitors to a site such as Lasseters, as is happening in the Northern Territory now. I cannot see why that would not happen. So other companies can set up in other parts of Australia and make money. But in terms of actually allowing Australians online, we think we should take a cautious approach.

We tend to take a cautious approach in a number of other areas. If someone wants to set up a new industry which might have some impact on the environment, we put them through a range of environment impact procedures before they can set up. There just might be some problem of pollution and we look at that very carefully. When pharmaceutical companies want to bring a new drug into the country we do not let them do that willy-nilly. They have to go through a rigorous testing procedure and prove that that particular drug will not have a deleterious effect on the people who are going to take it. So when we have a totally new technology like online gambling, why do we not sit back, be

a little more cautious, do some studies, see what the effects are and introduce it far more gradually. That is why I recommend this pause for this new technology. (*Time expired*)

Western Sydney Orbital Road System

Senator HUTCHINS (New South Wales)
(1.43 p.m.)—I want to bring to the Senate's attention an issue of great importance to motorists, consumers, transport workers and residents right across New South Wales. It is an issue that has received considerable levels of attention over the past few years, but unfortunately it has slipped from the government's list of priorities in recent times. Several years ago the concept of joining the F3 and the Hume Highway with a Western Sydney orbital road was conceived. It was hailed as a possible solution to Western Sydney's debilitating transport problems. It would take a massive amount of freight transport off suburban roads, dramatically cut north-south cross-Sydney travel times and make Western Sydney roads considerably safer.

Over subsequent years the orbital concept has emerged as a substantial infrastructure project. It would provide for the construction of a dual carriageway linking Prestons in the south-west of Sydney to the M2 at West Baulkham Hills via Cecil Park and Rooty Hill. In supporting the realisation of the orbital, selected lands in the vicinity of the proposed new road have been retained by the government. The Roads and Traffic Authority of New South Wales has also commenced an environmental impact statement into the proposed orbital corridor. Its anticipated construction has also led to the orbital becoming the designated replacement for the inadequate Cumberland Highway and Pennant Hills Road that currently serve as the national highway route across Sydney.

However, it is with regret that I have to advise the Senate that the orbital remains only a concept. Despite the best intentions of successive state and federal governments, the orbital has not progressed beyond the planning stages. The congestion on Western Sydney's roads, particularly on the Cumberland Highway and Pennant Hills Road, has increased. Cross-Sydney travel times are becoming increasingly slower and the conse-

quential costs to motorists, business, communities, commuters and families are rapidly growing. A conservative estimate of the time costs of congestion in urban areas at current total kilometres travelled is roughly about 2.9c per car per kilometre. This would be higher in Sydney.

The inadequacies of the existing national highway route of the Cumberland Highway and the Pennant Hills Road were recently laid bare in a survey conducted by the NRMA. The survey showed that the north-south travel times across Sydney are inordinately long, with trends indicating no prospect for improvement. The NRMA survey found that the average speed for motorists travelling south along the existing national highway route in morning peak hour traffic was less than 30 kilometres per hour, while the average speed going north was only 34.4 kilometres per hour. In the afternoon peak periods, these average speeds only improved by 6.2 kilometres an hour and 4.3 kilometres an hour respectively. While travel along the entire route was horrendously slow, in a few areas traffic came to a virtual standstill. These included sections in Liverpool, Merrylands, Wentworthville, North Parramatta and Carlingford. The survey found that the predominant reasons for the slowness of journeys were congestion and stoppages at intersections.

The Cumberland Highway and Pennant Hills Road were simply not designed to facilitate the timely movement of the amount of traffic being forced on to them due to the lack of an alternative route. Coupled with the 75 sets of traffic lights between The Crossroads at Prestons and the F3 at Newcastle, the national highway system is providing an inadequate service to commercial users and private motorists who use these roads. These travel times are unacceptable in their own right, but they are even more deplorable when they are considered in conjunction with the amount of freight that is carried through Western Sydney. Forty per cent of the freight generated in Western Sydney is destined for locations outside the region. Of that, 75 per cent of it is moved by road. The strain this situation is placing on the Cumberland Highway and Pennant Hills Road is becoming increasingly

greater with the establishment of more and more freight terminals across Western Sydney. But the existing national highway does not allow it to be moved within the transport delivery time frames that are required by business. As a consequence, the additional fuel, labour and other costs being incurred by transport and other business operators are being added to the prices consumers are paying for their goods and services.

These time and financial costs would be significantly reduced if the orbital were to become operational. It has been predicted by the RTA that north-south crossings of Sydney would be reduced by over one hour, generating substantial time and cost savings for all road users. The orbital would also allow for the faster movement of freight as it would link Australia's major freight route, the Hume Highway, with the pre-eminent major freight generation area in Australia, Western Sydney. This in turn would facilitate cost savings to consumers right across New South Wales and in other states.

The delivery of goods to the west would also be more efficient as the orbital would serve as the transport corridor for over 40 million tonnes of freight that is generated and transported within Western Sydney each year. The savings the orbital would deliver to transport operators and, subsequently, to consumers should not be underestimated. In 1995, the then Federal Minister for Transport, Laurie Brereton, predicted that once the orbital was operational, it could cut transport costs by up to \$870 million annually. Moreover, it would actually stimulate economic activity estimated to be worth \$1.2 billion each year and industries served by the new road would create something like 2,400 new jobs as a consequence of its construction.

Time and financial savings derived from the orbital would also be appreciated by transport workers. The current proposed route for the orbital would allow cross-Sydney drivers to bypass 56 sets of traffic lights. If the orbital were extended all the way to the F3, a total of 75 sets of lights would be avoided. Eliminating the need to stop at so many intersections would curtail the effects of braking, tyre wear and other strains on trucks and light commercial vehi-

cles. Service repair and replacement costs to operators would be reduced, allowing them to spend more time on the road, earning money, rather than being stuck on those mobile parking lots. By being able to travel at the permissible speed of 90 to 110 kilometres per hour and avoid endless sets of traffic lights, fuel consumption would also become more efficient.

The postponement of constructing the orbital has probably had the harshest effect on Western Sydney residents. Apart from enduring higher consumer goods costs, they have had to contend with their suburban streets being clogged with freight vehicles that have added to congestion problems and generated air and noise pollution. It is estimated that the cost of air pollution could be up to 4.2c per kilometre per car and 6.8c per kilometre for articulated vehicles. For noise pollution in urban areas, it could cost 1.15c per kilometre per car, 2.15c per kilometre for rigid vehicles and 8.22c per kilometre for articulated vehicles.

The construction of the orbital would severely reduce the amount of freight vehicles on the Cumberland Highway, Pennant Hills Road and connecting streets. Cross-Sydney trips would drop by about an hour and motorists would not have to contend with semi-trailers sharing their suburban roads. By providing an alternative route for freight transport, congestion around the hot spots of Liverpool, Merrylands, Wentworthville, North Parramatta and Carlingford would be significantly reduced, allowing for more efficient traffic flow. Fewer freight vehicles on suburban roads would also curtail the levels of emissions that are produced by large and heavy transport vehicles in residential areas. Avoiding numerous traffic lights would also reduce the heavy pollutants that are emitted when freight vehicles commence movement from stationary positions. This would have the obvious beneficial effect of reducing the levels of air pollution in Western Sydney. Currently Western Sydney is amongst the worst regions for air quality in Australia, with local residents experiencing exceedingly high levels of asthma and respiratory problems.

Residents near the Cumberland Highway, Pennant Hills Road and other arterial roads will no longer have to put up with the trailers and B-doubles generating excessive noise through heavy braking every time they have to stop at those sets of traffic lights. The NRMA has also predicted that Western Sydney streets will be safer if the orbital is constructed. It has stated that there will be an immediate reduction in crashes by more than 200 per year. By the year 2016, it claims that the orbital will be preventing over 530 crashes per year. In 1992 the Bureau of Transport Economics concluded that in metropolitan areas total accident costs, including damage, insurance and medical costs, were \$1.7 billion a year. Averaged out, that is 1.6c per kilometre. The orbital corridor has also been designed to accommodate cross-regional bus travel. Not only will it take a substantial proportion of commercial and freight vehicles off suburban roads; the orbital will also provide attractive public transport options that would further discourage private car usage.

Postponement of the decision has been extended by the federal government's reluctance to make a decision on Sydney's second airport. The government is probably holding back on any announcement of the orbital in order to alleviate the anger that will be generated in Western Sydney when it decides to proceed with an airport at Badgerys Creek. Regardless of whether an airport is built at Badgerys Creek or not, the orbital should be proceeded with. Its benefits to residents, transport industry workers, business people and consumers are too great to ignore. The orbital will improve travel times, reduce congestion and crashes, provide better freight movements, boost employment, provide relief for many of Sydney's roads from unnecessary traffic and contribute to the economic development of Western Sydney and New South Wales. Construction of the orbital would also put into place the final link in Sydney's road network. By 2002, the south-east of Sydney will be fully connected with the extension of the M5 to General Holmes Drive, and work is progressing on the Gore Hill link to Sydney's north-west. Without the orbital, Sydney's road network will be incomplete and the current cross-Sydney traffic

chaos will continue. I urge all members of this parliament to campaign for the orbital's construction because, in the end, it just makes good, sound economic sense.

Sitting suspended from 1.57 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE

Nursing Homes: Riverside

Senator WEST (2.00 p.m.)—My question is to the Minister representing the Minister for Aged Care. Can the minister confirm that, four weeks after evacuating 57 residents from the Riverside Nursing Home, the only alternative accommodation that the government has offered residents is a meagre 30 places in a low-care facility? Can the minister confirm that this facility will need significant alterations to make it suitable for the Riverside residents and that it will not be available for another three to five weeks? Isn't it a fact that almost none of the former residents have been able to find a nursing home bed in four weeks?

Senator HERRON—What Senator West asked in relation to the Riverside Nursing Home contains, as usual, some factual material—as one would expect from Senator West—and some of it appears to be a little distorted. It is true that a new age care service was approved for former residents of the Riverside Nursing Home. On 28 March, the Department of Health and Aged Care allocated 30 residential high-care places to Supported Residential Services Pty Ltd for Ripplebrook Village.

Senator Schacht—Are you sure you have got the right one?

Senator HERRON—Senator Schacht won't be here much longer, Madam President. I should take that interjection and tell him, yes, it is from the correct brief. Ripplebrook Village is a newly built 30-place facility close to the Riverside Nursing Home. A small amount of work is necessary to ensure that the building passes the Commonwealth's stringent certification standards. The provider will complete this work within 14 days of the allocation of places. Proposals were also received from two other providers. One was from the former landlord of the Riverside Nursing Home, which involved a large-scale

refurbishment of the original building. All the proposals were closely considered by the department. The most important factor was the need to create a high standard facility close to the former Riverside Nursing Home, as quickly as possible. After due consideration of matters required by the Aged Care Act 1997, the department decided that the Ripplebrook proposal was the best option for meeting the needs of former Riverside residents. The other proposals, including the one from the former landlord of the Riverside Nursing Home, were not able to demonstrate that they could open a facility of the same quality as Ripplebrook within the same time frame.

An open day was held at Ripplebrook Village on 30 March, and the feedback is that most relatives were impressed with the high standard of the facility. A number of families have expressed interest in the service, and it is expected that former residents of the Riverside Nursing Home will begin to move into their new permanent home next week. The department is actively working closely with the remaining residents and their families to help them find services that best meet their needs. Those residents remaining at St Vincent's will continue to receive high quality care. Although Ripplebrook was built originally for supported accommodation, experts' advice confirms that it is easily adaptable to fully meet the needs of high-care residents. The necessary changes include installation of fire compartmentation and provision of high-care furniture, for example, high and low beds. Former Riverside residents will not be entering Ripplebrook until it has been fully certified as meeting necessary standards.

Senator WEST—Madam President, I ask a supplementary question. Is the minister aware that the health of former residents is suffering because of the continuing uncertainty over if and when they will ever be given a nursing home bed? Given that we know 30 beds are on offer, that still leaves 17 residents without certainty. Can he also confirm or advise how many letters have been sent to the families of the residents, apart from the one on 6 March? Is it true that they have received no further advice from the de-

partment on that matter, since that particular day?

Senator HERRON—As Senator West knows, it is the responsibility of the state government to provide acute health care. The responsibility is theirs in the sense of providing the care for any residents whose health may be affected one way or another in the provision of public hospital care. I am sure that the private doctors who are available will provide private care where that is necessary. If somebody is suffering some ill effect, as implied by Senator West's question, I am sure that that will be taken care of by the department, by ministerial action if necessary—if what she has alleged or what is implicit in her allegation is correct. In regard to the number of letters, I do not have that in the brief. I will have to get back to Senator West when I can get a response from the minister, if one is available.

Economy: Tax Reform

Senator MASON (2.05 p.m.)—My question is to the Assistant Treasurer, Senator Kemp. Will the minister outline why tax reform is an essential element in ensuring the continuing prosperity of the Australian economy? Is he aware of any alternative policies to the government's landmark reform of the Australian taxation system?

Senator KEMP—I thank Senator Mason for that very important question. As we would expect with Senator Mason, he is always on the ball. Senator Mason, I am able to provide some information to your question without notice. Let me make it clear that the Howard government over the last four years has presided over an economy which is the envy of the world. Australia is very near the top of the growth league with its performance and, of course, this has flowed through to the economy in terms of rising real wages and falling rates of unemployment.

We welcome that, but the government recognises that there is still more work to be done. That is why the government is committed to reforms across a wide area, and particularly tax reform. Tax reform is essential to ensure the continuing prosperity of the Australian economy. Tax reform will reward Australian workers who have endured high

rates of personal income tax for too long. It will encourage Australian exporters to take on the world without the burden of the wholesale sales tax. It will provide more choice for families about how they raise their children. From 1 July, Australia will have a modern and fairer tax system. In our country today we have one side of politics which is determined to deliver reforms, to pursue reforms, with vigour and on the other side we have a negative, carping Labor Party.

I was asked whether there are alternative policies. If most Australians had sat through the tedious long hours of debate in this chamber, as I have—72 hours of debate on the tax reform bill—it would come as a surprise to them to find out that the GST will form part of the Labor Party's platform in the next election. That will come as a surprise to most of the public, particularly in view of the carping complaints we have here. The Labor Party has indicated, as it goes out to seek support from interest groups—as it always does—that there will be a roll-back in some areas. But the Labor Party refused to indicate where that roll-back will occur and refused to say how that will be funded. One of the major concerns that the Australian public have with the Labor Party's position is not only a refusal to say where the detail of their roll-back is. Many senators on the other side have gone on record as saying that—

Senator Sherry—No-one is listening to you.

Senator KEMP—Let me make it clear that you are listening, Senator Sherry, and you are the person I am speaking to. The Labor Party senators have gone on record in a range of areas in relation to tax and roll-back. We will be monitoring and I am sure my colleagues will be watching very closely to see what areas of roll-back the Labor Party are talking about, and undoubtedly we will look closely to see what the costs of that roll-back will be.

Let me refer to one of the things which I think is causing very widespread concern in the Australian community. All of us are looking forward to the very substantial tax cuts which will be delivered on 1 July. Many Australian families will benefit in the order of \$40 to \$50 per week. In terms of the Labor

Party policy—the alternative policy—the Labor Party has refused to guarantee these tax cuts. We know from previous experience the Labor Party is a high tax party. (*Time expired*)

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President's gallery of a delegation from the National Assembly of Vietnam, led by Mr Tran Ngoc Duong. We welcome you to the chamber and trust that your visit will be both informative and enjoyable.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Aboriginals: Family Separations

Senator MARK BISHOP (2.10 p.m.)—My question is to the Minister for Aboriginal and Torres Strait Islander Affairs, Senator Herron. How does the minister explain that, according to the report he tabled on Monday, of the \$11.25 million committed in 1997 to the government's flagship program to assist separated Aboriginal families to reunite, only \$3.7 million has been spent? How does he explain that, of the \$16 million committed in 1997 to fund specialist indigenous counselors, only \$1.7 million has been spent? Do the same excuses for this abysmal underperformance also apply to the government's record on the emotional and social wellbeing regional training centres, for which program the minister's report reveals an expenditure over the past two years of only \$865,000 of a total commitment of \$17 million?

Senator HERRON—I thank Senator Bishop for the question. It is quite a valid question and warrants a valid answer. This was the reason I tabled the documents in the Senate the other day. The expenditure of that funding was handed to ATSIC as it was obviously their responsibility to handle it and it was their right to do so because of their background and knowledge in relation to indigenous affairs and the structure of their bureaucracy. After calling for submissions, a consultancy was let. A good six months elapsed before it was determined that that outcome was not satisfactory, and so another consultancy was let. There has been a considerable delay in the expenditure of those

funds, as Senator Bishop correctly pointed out.

It is in contradistinction to the Labor Party's 13 years of wasted opportunity where they did nothing about that. What is even more significant—and I would particularly like my own colleagues to hear this—is in relation to a doorstep that Mr Beazley gave today. Senator Bishop asked me a question about my portfolio responsibilities. You will recall that within that report there was a statement that we, the government, believe that cash compensation should not be provided for those people affected by this report. Mr Beazley, when asked about this at a doorstep this morning, said:

I've said it before. I think you need a fund to do that. Now I would not put dollar amounts on that fund.

No dollar amounts at all! I might ask my colleague: what was the second most famous Cook quote? He is not here so I will not quote it, but it was something along the lines of 'We are a high taxing party.' I will repeat for my colleagues' benefit as well as for the benefit of the Labor Party what Mr Beazley said today:

I've said it before. I think you need a fund to do that. Now I would not put dollar amounts on that fund.

Senator Bishop is talking about dollars—their expenditure on the *Bringing them home* report, the \$63 million that we have allocated towards that and the lack of expenditure to this date.

Senator Bolkus—You can't even get a consultancy right. What a buffoon.

Senator HERRON—Senator Bolkus called out, 'You couldn't get a consultancy right.' It was ATSIC's responsibility, which was established by the Labor Party and opposed at the time by the coalition. It is the Labor Party's creation for which I stand now. I am working cooperatively with ATSIC. I believe that if local government, state government, federal government and ATSIC, despite the fact that it is a Labor Party creation, all work together and cooperatively, as they are doing in Albany in Western Australia, which I visited last week—the most extraordinary cooperation between Aboriginal

organisations and all levels of government—then we can get somewhere in relation to handling the problems of Aboriginal affairs in this country.

Senator MARK BISHOP—Madam President, I ask a supplementary question. It appears that the minister's excuse is blame and deflection—an excuse, not reason. The appropriate department is the Department of Health and Aged Care. So in that context, I ask the minister: isn't it the minister's responsibility to cut through the red tape and to drive these programs so that the money gets through to the people it is directed at? How many years does the minister need to spend the money that has been allocated by the parliament? Is it any wonder that the term 'Minister for Aboriginal Affairs' is becoming a rhetorical phrase?

Senator HERRON—I am very grateful for that question. I have been waiting for the opportunity to put this on the record. For my sins between Christmas and New Year, I read Neal Blewett's book. It really was a problem reading it. Neal Blewett, in that book, had lunch with Gerry Hand. He said to Gerry Hand, 'Why is it that when you were minister we had all these problems, but when we had Robert Tickner there it was all plain sailing?' Gerry Hand said, 'Because I did things.' Why do you think things are happening now in Aboriginal affairs? My predecessor was there for six years. It is on the record that Mr Keating called him 'Boofhead'. I am delighted because for the last four years I have been doing things. I have been cutting through red tape. I am going to get there. I thank Senator Bishop for the supplementary question because I have been wanting to quote Dr Blewett for some time. (*Time expired*)

Petrol Prices: Competition

Senator CRANE (2.17 p.m.)—My question is to the Minister for Industry, Science and Resources, Senator Minchin. Will the minister inform the Senate how the government's policy on petrol pricing will encourage more competition? At the same time, is he aware of any alternative policy approaches, and what would be the impact if these were implemented?

Senator MINCHIN—I am pleased to receive this question from Senator Crane. It is a fact that since 1998 the government has had a very clear policy that would increase price competition in retail petrol marketing and put downward pressure on petrol prices, something that does not seem to interest our opponents. That policy includes the abolition of the sites act, an act that restricts the ability of oil companies to cut the cost of selling petrol. That policy also includes repealing the franchise act and replacing it with a mandatory oil code under the Trade Practices Act. That oil code would give service station owners much better protection than they currently get under the old Labor policy. Our policy is about benefiting drivers, service station owners and oil companies, and about reducing the city-country price gap.

Senator Quirke had the temerity to ask me a question on Monday, referring to what Professor Fels had had to say on this matter last month. What Senator Quirke did not tell the Senate was that Professor Fels said that the ACCC supports replacing the franchise act with the oil code, and that the ACCC supports repealing the sites act. In other words, he supports the government's policy on country petrol prices. Senator Quirke did not tell us that Professor Fels had said, 'We think there is something in the argument by oil companies that they might reorganise themselves in the absence of the sites act on a bigger scale and be more competitive on pricing in rural areas.' Professor Fels is saying exactly what the government is saying: get rid of the sites act, replace the franchise act with an oil code, and then we will see some reduction in the city-country price gap as a result.

If Senator Quirke and the Labor Party want to endorse Professor Fels—and I am pleased that they should do so—they should also accept his advice and stop opposing our reforms to petrol price retailing. As the Royal Automobile Club of Victoria said last year, the Democrats and Labor have bowed to pressure from small sectional self-interest groups to the detriment of the vast majority of the population, who will now not see an easing of the difference in petrol prices between country and city. Instead, what do we

have from the ALP? They oppose our reforms, and they oppose what Professor Fels said should be done. They want to have a situation where franchisees can tear up their franchise agreements, a policy they never proposed in their 13 years of office. If this new ALP policy is so great, why did they never do it when they had the chance in government?

Professor Fels made some other comments about the ALP's policy that Senator Quirke did not reveal to the Senate. Professor Fels said that there were obvious practical problems with this ALP proposal, and that it represented even more regulation of this industry. The Service Station Association, the very people Labor purport to be wanting to help in this case, stated in their submission to the Senate inquiry that they doubt whether franchisees in the petrol industry would derive any real benefit from the provisions of a Fitzgibbon bill. Caltex has publicly stated that enactment of the bill would lead to Caltex withdrawing from franchising. So I wonder if Senator Quirke can reveal to us how that will help franchisees in the petrol retail industry. I do urge the Labor Party to take Professor Fels's advice and support the government's reforms to petrol retailing.

Aboriginals: Stolen Generation

Senator SCHACHT (2.22 p.m.)—My question is to Senator Herron, the Minister for Aboriginal and Torres Strait Islander Affairs. Minister, if it is acceptable to refer to the 14 per cent of our forces who lost their lives in the First World War, as we have been doing for decades, as the 'lost generation of our nation's youth', why is it unacceptable to refer to the many thousands of Aboriginal children who were removed from their families as the 'stolen generations'.

Senator HERRON—I do not believe this is a debate about semantics. Senator Schacht does a disservice—and it is not my part to save the Labor Party; they are doing it to themselves. If ever you want to shoot yourself in the foot, you carry on with the tactics that the Labor Party are carrying on with now. They have raised this issue. They established a Senate inquiry through the constitutional and legal affairs committee last year thinking that they would politically embar-

rass me. That is what it was about. It was only about politics. How many of them on that side know anything at all about Aboriginal affairs? They have no concept at all. They established that committee of inquiry with the deliberate intent to milk it for all the politics that it could get for them. It was not opposed by me and not opposed by the government because we believed that it was time for material to be put on the table. I was happy for that inquiry to go ahead and I will cooperate fully with them. That committee asked for a submission from me, from the government, to go before it—that is on the record. That submission was supplied. It contained fact. I dug out one of my quotations, because if there is one thing about the Labor Party it is that they are pretty predictable and I was pretty certain that this was going to occur today. I would like the Labor Party to take the significance of this. I put the facts on the table—

Senator Murphy—Come on, give us your quote. Dig it out.

Senator HERRON—There are 55 pages in that submission, and 50 pages—give or take one or two—

Mr Murphy—Come on, get your foot out of your mouth.

The PRESIDENT—Order! There are some senators on my left persistently interjecting, and I would draw their attention to the provisions of the standing orders.

Senator Abetz—There are 55.

Senator HERRON—Senator Abetz assures me that there are 55—my memory is correct—plus appendices of 50 or so pages, give or take one or two. So it is over 100 pages. The Labor Party tactic is to try to get a semantic explanation. My quotation—which I would give to Senator Schacht, as he asked the question—is from Arthur Schopenhauer, a philosopher well before all our time. I would like this on the record.

Senator Hogg interjecting—

Senator HERRON—I know Senator Hogg is an honourable man, and he tells the truth, as I do. My quote is:

All truth passes through three stages. First it is ridiculed, second it is violently opposed, and third, it is accepted as self-evident.

I am looking forward, and it will probably take a few years—

Opposition senators interjecting—

The PRESIDENT—Order! There are far too many interjections.

Senator HERRON—But somewhere along the track when I am looking back fondly—I have another two years to go, hopefully, God willing, in this chamber—

Senator Hogg—No, not that long!

Senator HERRON—Senator Hogg, my term expires on 30 June 2002.

The PRESIDENT—Order! There are far too many senators interjecting and the behaviour of the Senate is unacceptable. Senator Herron, address your remarks to the chair.

Senator Murphy—You'll be certified before then.

The PRESIDENT—Senator Murphy, I have just drawn your attention to the standing orders!

Senator HERRON—I will look back with a great deal of fondness in a few years time about my time in this chamber and my occupancy of this portfolio, because I am doing things. We are achieving great things in Aboriginal affairs in this country. I look forward to the time when I can look back fondly and say, 'First it was ridiculed, second it was violently opposed and, third, it was accepted as self-evident.' I will smile fondly to myself as I look back on the time that I occupied this wonderful position as Minister for Aboriginal and Torres Strait Islander Affairs.

Senator SCHACHT—Madam President, I ask a supplementary question. After listening to the minister's four-minute response—a rambling incoherence—I just want to refer him back to the question, which was: if it was acceptable to refer to the 14 per cent of Australia's youth who died in the First World War as the 'lost generation of the nation's youth', why can't you accept that the term 'stolen generation' is a reasonable description of what happened to those Aboriginal children who were taken from their parents over many decades?

Senator HERRON—Madam President, I will accept the question, but the reason it

should be ignored is that, once more, we are trying to bog down into a semantic argument about it. It is not my argument.

Opposition senators interjecting—

Senator HERRON—That was a submission that I made.

Senator Schacht—You're the one who is bogged down.

Senator HERRON—I am cognisant of the fact that Senator Schacht will not be here much longer, and I respect him for that because it is a privilege for all of us to be here. But that sort of question does no justice to him nor his tactics committee. He obviously does not understand the English of it in the sense that a generation means all people born around that same time. That is what a generation is. If it is accepted in other terminology, it is anybody's right to have it accepted in any other terminology. Do you follow that?

Senator Faulkner—John, no-one followed that.

Senator Hill—We did.

The PRESIDENT—Order! I am waiting to call Senator Ridgeway to ask a question. Senators should come to order.

Aboriginals: Health and Welfare

Senator RIDGEWAY (2.29 p.m.)—My question is to the Minister representing the Minister for Health and Aged Care, Senator Herron. Minister, in response to questions as to why this government continues to refuse to recognise the stolen generations, you have pointed out the amount the government is spending on indigenous people in areas such as health. Minister, is it not the case that for every Medicare dollar spent on non-indigenous Australians only 27c is spent on indigenous people? Is it not the case that even with all indigenous health spending, the Commonwealth is still spending an average of \$276 less per head per year on health services for indigenous Australians than for non-indigenous Australians and that this constitutes a massive failure on the government on behalf of indigenous Australians?

Senator HERRON—Madam President—

Senator Schacht—Where is that in the file?

Senator HERRON—I do not need a file to answer, Senator Schacht. I actually gave an oration on this particular subject last year, and it was awarded the Bancroft Medal by the Australian Medical Association. So, Senator Schacht, I do not need a file on it.

Senator Schacht interjecting—

The PRESIDENT—Senator Schacht, your behaviour is unacceptable. You have no right to keep shouting. There is an appropriate time to debate answers.

Senator HERRON—Senator Ridgeway would like to hear the answer but the constant sledging from the other side makes it difficult for him to hear. It does not worry me, but I am sure that Senator Ridgeway is interested in the answer.

An enormous amount of work has been done in this field. Some of those on the other side might remember that Dr Scotton and Dr Deeble were the architects of Medicare. My colleagues behind me acknowledge that. The relevance is that Dr Deeble was employed by the health department to look into the very question that Senator Ridgeway has just asked. Dr Deeble came up with the answer that, in dollar terms, the amount of funding that went to indigenous communities was greater. Senator Ridgeway, I refer Dr Deeble's report to you. One of the Democrats is shaking her head. Because I thought the Democrats were honest brokers, and some of them probably are, I actually delivered copies of my Bancroft Oration to the Democrats' party room yesterday, so they are aware of this. I referred to the Deeble paper in that oration. The reality is that you cannot draw those comparisons in relation to things, because obviously there is no cardiac transplant hospital in Alice Springs.

Opposition senators interjecting—

The PRESIDENT—Order! Senators will stop shouting.

Senator HERRON—I was hoping to educate them, because they do not know.

The PRESIDENT—Senator, your role is to answer the question.

Senator HERRON—I have been under good training by my colleague on my right. Two-thirds of health expenditure is on hos-

pital care, and there are no major hospitals away from the eastern seaboard. The majority of the Aboriginal population, as Senator Ridgeway well knows, is in capital cities, but a third are in remote areas, where there is very little provision of health care. The other side would be interested to know that I am attacking the AMA. I do not see the AMA providing doctors to go into those remote Aboriginal communities. There is a desperate shortage of doctors out there, there is a desperate shortage of nurses, and there is a desperate shortage of health care. There are Medicare benefits, which are allowed in the Aboriginal medical services. There is a desperate shortage of those things, so the expenditure does not occur to the same degree in remote areas. On the other hand, transportation costs are a lot greater, with the Royal Flying Doctor Service and all the other things. So you cannot get up with a facile question like that, Senator Ridgeway, with respect, unless you know your facts. I am sorry that you did not read that oration. (*Time expired*)

Senator RIDGEWAY—Madam President, I ask a supplementary question. I thank the minister for his oration on the numeracy program, but I do not believe I need it. Will the government acknowledge that indigenous Australians, who die an average of 15 to 20 years earlier than non-indigenous Australians and experience more illness and disability than non-indigenous Australians, still are not getting their fair share of the federal health dollar? Will you acknowledge that the health system is failing indigenous Australians? Will you acknowledge that a vast number of them are members of the stolen generation?

Senator HERRON—Again, one should get one's facts correct, and again they are not correct. What is the famous phrase? Lies, damned lies and statistics.

Opposition senators interjecting—

The PRESIDENT—The constant shouting is absolutely unacceptable, and senators know that they are behaving in a manner that is in breach of the standing orders.

Senator Schacht interjecting—

The PRESIDENT—Senator Schacht, I have just drawn the attention of senators to

their behaviour, and you immediately started shouting. I have noted your behaviour.

Senator HERRON—For everybody in this chamber, two-thirds of health care problems are lifestyle related. They are related to alcohol, cigarette smoking—

Senator Ferris—Diabetes.

Senator HERRON—diabetes and lack of exercise. Thank you, Senator. Two-thirds of health care problems are lifestyle related. In other words, they are in your own hands. I acknowledge Senator Ridgeway's supplementary question, and there is an enormous problem with diabetes in Aboriginal communities. If you ally alcohol, cigarettes and diabetes, you have got a lethal combination. *(Time expired)*

DISTINGUISHED VISITORS

The PRESIDENT—I draw the attention of honourable senators to the presence in the President's gallery of former NSW senator Mr Tom Wheelwright. On behalf of senators, I welcome you to the chamber.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Aboriginals: Stolen Generation

Senator FAULKNER (2.36 p.m.)—My question is directed to Senator Herron, the Minister for Aboriginal and Torres Strait Islander Affairs. Given the obvious pain and suffering that the minister's refusal to recognise the term 'stolen generations' has caused to the indigenous community, does he now acknowledge that the term 'stolen generations' has a significance far beyond rhetoric and semantics?

Senator HERRON—There is no question about that: it does have a connotation for a number of people. There is no question about that. That was the question. I do not dispute that. Senator Faulkner said, 'Does it have a meaning beyond rhetoric and semantics?' It is accepted by the majority of the media. It is accepted by the overwhelming majority of people because it has become ingrained in the media and accepted by it. But it was never, as I mentioned yesterday, in the Human Rights and Equal Opportunity Commission report, which is what the Senate Legal and Consti-

tutional References Committee is inquiring into. It just is not there.

My brief was to provide a submission to the Legal and Constitutional References Committee on the Human Rights and Equal Opportunity Commission report, and we are very proud of what we are doing in that regard—albeit, as Senator Bishop said, with a bit of a delay in instituting some of those programs. We are devoting \$63 million towards fixing the problems of the separated children. We would not have committed \$63 million if anybody thought it was a myth. I have said previously, and in the debate yesterday, that it is a very serious problem. We recognise that. We accept the Human Rights and Equal Opportunity Commission separated children report and the recommendation to facilitate family reunion and to assist those affected. As I mentioned, it does not mention the stolen generation, it does not mention the term—

Senator Bolkus—You have not read the report, you buffoon.

Senator HERRON—Madam President, I would ask him to withdraw that, on two bases. I have been called an unparliamentary term—

The PRESIDENT—I would ask you to withdraw that, Senator Bolkus. Names like that should not be used.

Senator Bolkus—I will withdraw 'buffoon', but I do not withdraw the assertion that he has not read the report.

The PRESIDENT—That is not what you were asked to withdraw.

Senator HERRON—On the point of order, Madam President, how would he know whether I have read the report or not? I have read it a number of times.

Senator Bolkus—Because of your answer.

The PRESIDENT—The Senate will come to order. Senator Bolkus, you were asked to withdraw the word that you used by way of calling the minister names.

Senator Bolkus—I have withdrawn 'buffoon'. On the further point of order, I assert that that term appears in the report on a num-

ber of occasions. The minister has not read the report.

The PRESIDENT—That is not a point of order.

Senator HERRON—The answer to that is for Senator Bolkus to provide the evidence.

Senator Conroy—Why don't you put your hand up?

The PRESIDENT—Order! Senator Conroy, stop shouting.

Senator HERRON—We are quite proud of what we are doing to ameliorate those problems of the past that are a legacy of all previous governments. Those problems were all there, as I mentioned yesterday. The real problem in Aboriginal communities is family violence; there is no question about that. We are ameliorating and we are trying to do it as quickly as possible, but of course it cannot occur overnight. There are a lot of problems to fix up. We are doing the best that is humanly possible to fix the problems in relation to the separated children. It is going to take time. But give us time. We are doing it. It will take years, and I am sure that the next Howard government will continue the tradition that has been put into place by the current government that we can achieve amelioration of a lot of those problems.

Senator FAULKNER—Madam President, I ask a supplementary question. Minister, given that debate in this parliament for the last three days has been dominated by the fact that you as Minister for Aboriginal and Torres Strait Islander Affairs have not been willing to accept that the term 'stolen generations' is anything other than rhetorical and now you have said in answer to my question that you do not dispute the question I asked, you do not dispute this issue, will you now apologise—

The PRESIDENT—Senator, you should address the question to the chair.

Senator FAULKNER—Madam President, will the minister now apologise for his insensitivity in asserting that the term 'stolen generations' is merely a rhetorical phrase?

Senator HERRON—We will need to check the *Hansard* on the first question, because the question that I understood I was

asked is whether I believe that term has been accepted. I said yes, it has been accepted, particularly by the media and so on. The submission that I made to the Senate Legal and Constitutional References Committee contained the facts. I do not resile from any of those. An enormous amount of work was put into it. It was over 100 pages. We have given all the historical background to it. I have got nothing further to add to that submission. I am happy to appear before the committee at the appropriate time when they call witnesses, and hopefully they will call witnesses not just on one side of politics.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the chamber of a parliamentary delegation from the Republic of Estonia, led by the President of that parliament, His Excellency Mr Toomas Savi. On behalf of honourable senators, I have pleasure in welcoming the delegation to the Senate and trust that your visit to this country will be both informative and enjoyable. With the concurrence of senators, I invite the President to take a seat on the floor of the chamber.

Honourable senators—Hear, hear!

Mr Savi was thereupon seated accordingly.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Livestock

Senator HARRIS (2.43 p.m.)—My question is to the senator representing the Treasurer. Is it correct that the GST is applicable on the sale of livestock? Is it correct that after 90 days the purchaser of that livestock may apply to the ATO for reimbursement of the GST increment? Is it correct that, when the livestock is purchased from a source and is processed through an abattoir, at the point it is hung on the hook it is declared food and the purchaser of the livestock can then apply for reimbursement of the GST? Is GST paid on the sale of livestock revenue neutral to the Treasury? Do producers of livestock currently have a primary producers' sales tax exemption number, and is production of fruit and vegetables GST free?

Senator KEMP—That is some question, I would have to say. I do not know whether I

can persuade the Senate to allow me to continue on past the allotted four minutes! Senator, as always with your questions, I listened particularly carefully because one needs to—they are so detailed. Let me answer the points as far as I am able to in the sequence in which I think you raised them. Live animals will be subject to GST, while meat for human consumption will be GST free. For example, where primary producers sell live animals to processors who produce meat for human consumption, the sale of live animals will be subject to GST even though the processors' sale of the meat will be GST free. The pricing method will have no bearing on the taxable status of the live animals. In respect of cattle, sheep, pigs and other matters you raised, a carcass is considered food for human consumption once an authorised person has inspected it and either stamped it or passed it as food for human consumption. The GST status of a livestock sale will be determined at the time of supply—that is, at the point at which the transfer of ownership takes place. If the change of ownership takes place before the carcass has been dressed and becomes identifiable as food for human consumption, then the sale will be subject to GST even if the animal is dead. If the change of ownership takes place after the carcass has been dressed and it becomes identifiable as food for human consumption, the sale of the carcass will be GST free. On the other issue that was raised, the sales of hides and non-edible by-products will be subject to GST. As I said, this has been answered in some detail before in this chamber, Senator, but I will look very closely at the other aspects of your question, and if there is any additional information that you need, I would be delighted to give it you.

Senator HARRIS—Madam President, I ask a supplementary question. Given the fact that no GST applies to live exports of cattle under export conditions, what is the difference between a steer destined for slaughter and a steer destined for Indonesia? Will the senator request on behalf of livestock producers that the government consider enacting an amendment to the goods and services tax to allow the existing primary producers' sales tax exemption number to be used as an ex-

emption number to exclude the GST in relation to the sale of livestock?

Senator KEMP—Senator Harris has a great interest in the GST—

Honourable senators interjecting—

The PRESIDENT—Order! There are far too many interventions in the chamber, and senators know that that is disorderly.

Senator KEMP—Senator Harris, I think you have raised some interesting issues. If you go to the history of the GST, you will see that the farming sector was very keen to bring in a GST. We have had extensive discussions with the farming sector to make sure that the application of the GST to farming produce is one which not only is of great benefit to farmers but also is practical and effectively minimises compliance issues. I would like to look more closely at some of the detail in that question and, as always, I will get back to you as quickly as practicable.

Aboriginals: Community Funding

Senator O'BRIEN (2.49 p.m.)—My question is to the Minister for Aboriginal and Torres Strait Islander Affairs, Senator Herron. Didn't the Howard government direct the Commonwealth Grants Commission to inquire into the distribution of funds for indigenous programs because it was so important that the inquiry be seen by all parties to be independent and credible? In the light of this, can the minister inform the Senate whether he removed, or caused the removal of, the names of two indigenous candidates from a list put forward to cabinet by the Commonwealth Grants Commission for appointment as part-time commissioners to oversee this inquiry?

Senator HERRON—Yes, part of that question is true. The part that is true is that, yes, the Commonwealth government did instigate a mechanism whereby the Commonwealth Grants Commission could inquire into the distribution of funds to Aboriginal communities. In the 13 years that the Labor Party were in government, they never addressed the problem constructively in any shape or form. It never happened in the six years under my predecessor. He went out, he tried to get preselection and he did not even stand up to that—the seat was lost, et cetera. That is the

history of that side of it. The Labor Party had 13 years to do something about the problem of the distribution of funds to Aboriginal communities. Madam President, do you know what they did? Nothing. Even more important than the past, what are they doing today? What is their Aboriginal affairs policy today? What have we heard? We have spent the last few days discussing a Human Rights and Equal Opportunity Commission report and the submission that I made, which I stand by. The facts speak for themselves.

The Commonwealth Grants Commission has been commissioned to inquire into the distribution of funding. It is very difficult to get people with a sufficient level of training in the field who have the ability to get across that field, because they need expertise. Senator Ray is completely aware of that, and I am sure he will support me in that. You have to get people who can produce an adequate report. I certainly have not looked at the politics of anybody that I put forward. I have not looked at whether they are on my side of politics, on your side of politics or whatever. It is something that is going to take a period of time. I want it to be accepted as a fair and justified mechanism for the distribution of funds to Aboriginal communities. It is something that will take time. One of the difficulties with that is getting the people for it. It has to be a part-time occupation—and this is one of the major difficulties that has occurred. You have got to have people who have a very great ability to do these things but are prepared to do it for a short period of time, because it may take 12 months, as initially estimated, or 18 months.

It has always been my criterion that, irrespective of who we get on those inquiries, they must be people who are accepted and capable, are prepared to do it and can produce an outcome that would be acceptable to both sides of politics. Throughout my occupancy of this position, I have tried to promote Aboriginal people into positions of influence and to give them the opportunity of training within Aboriginal affairs. It is on the public record that I tried to get an Aboriginal person to be head of ATSIC and two people were vetoed by the ATSIC board. I was trying to get Aboriginal people appointed. I have

struck that problem in relation to the appointment to the Commonwealth Grants Commission. A number of names have gone forward at one stage or another. One has withdrawn in one case. We have two people appointed. We are close to getting the final two appointees, who I believe are going through the process at the moment which involves giving statements that they have no financial problems in relation to accepting such an appointment. It has been a difficult process from which to get a final outcome. *(Time expired)*

Senator O'BRIEN—Madam President, I ask a supplementary question. Obviously, from his answer, the minister concedes that he did remove the names of two indigenous candidates from the list. What I want to know is: what criteria did the minister apply that led him to replace those two independently assessed and selected candidates on the short list to be presented to cabinet, a selection process conducted by Kathleen Townsend Executive Solutions Pty Ltd which cost the Grants Commission approximately \$50,000? Didn't the minister replace these two indigenous candidates with two former Liberal Party politicians in need of a sinecure after leaving parliament after the last election, one of whom cabinet appointed to this inquiry? Just how can this government expect the indigenous community to see this inquiry as truly independent when the two specialist commissioners have turned out to be a former Liberal Party member of parliament with little, if any, background in services to indigenous people and the former deputy CEO of ATSIC? *(Time expired)*

Senator HERRON—You can always depend on the Labor Party for their questions to be either totally incorrect or half right. This supplementary question is another example of that. The criterion used is ability. I have been trying to push for Aboriginal people in particular. I have said previously that it is difficult to get appropriate people with that level of expertise—somebody who could otherwise be employed in another organisation—to occupy part-time positions for a fairly long period of time. We are going through that process. I will be very happy to announce to the Senate when the final four

have come through all those processes and I will report back to the Senate when finality has been achieved. (*Time expired*)

Drugs: Penalties

Senator TCHEN (2.56 p.m.)—My question is to the Minister for Justice and Customs, Senator Vanstone. The minister has regularly informed honourable senators of the government's excellent record in the seizure of illicit drugs entering Australia. Will the minister inform the Senate of the outcome of court cases over the past year in terms of sentences?

Senator VANSTONE—I thank Senator Tchen for this question. It is a very important question because it highlights a fact that is not often brought to the public's attention. The government's message to drug traffickers and to people traffickers is very loud and clear: when we catch you, you will spend a significant period of time in jail, nearly a decade of your life behind bars. The public see evidence all the time of record drug seizures. They are almost becoming commonplace under this government, given the money and effort we have put into it and the resources that are given to the agencies. Also, the public see the boats that bring in the illegal immigrants, but they do not necessarily see the outcome at the end of trial proceedings. It takes time for the investigation to be completed, for the committals to be undertaken and for the trials to take place.

From July last year until February this year—that is, for this financial year—the Australian Federal Police have succeeded in prosecuting 63 serious drug traffickers and people smugglers. They have been sentenced by the courts to a cumulative period of 390 years and 10 months in prison. To give some further detail, 13 people convicted of heroin importation offences were sentenced to a total of 132 years and five months. That was an average head sentence of over 10 years for each offender. So it is a fairly clear message: if you get caught bringing heroin into the country, you are probably looking at about 10 years in jail. Three of those offenders convicted of heroin importation were sentenced to over 15 years imprisonment. Sixteen people were convicted of cocaine importation and/or supply offences and were sentenced to

a total of 132 years and eight months. That is an average head sentence of over eight years. The clear message there is: if you get caught bringing cocaine into the country, there is a fair chance that you will spend about eight years of your life behind bars.

Twelve people were convicted of ecstasy importation offences and were sentenced to a total of 89 years and six months, an average head sentence of over seven years. So people who think that ecstasy is somehow a lesser drug, which it is not, need not think that they will get off lightly if they bring that drug into the country because an average head sentence means seven years of someone's life behind bars. Twenty-two people were convicted of people smuggling offences and they were sentenced to a total of 36 years and three months, an average head sentence of some 19 months.

Non-parole periods are obviously shorter than head sentences, but are still very significant nonetheless. It is a long period out of someone's life, and we do not tend to hear about it because the trials are completed and sentences are handed down quite often many months, even years, after the investigation took place.

What does all this mean, Madam President? It means that the Federal Police have been putting serious drug criminals away for long stretches at the rate of about two a week. So if there is anybody flying into Australia now, or bringing some cargo into Australia by sea and thinking of picking it up, they ought to bear in mind that about two a week end up behind bars for eight or more years. What that means in practice is that criminal syndicates are broken up, these members are jailed and they are out of the picture permanently or for a long period of time. Recently, Madam President, this parliament passed legislation that has massively increased the financial penalties, in addition to long prison terms, for drug dealers up to a maximum of \$750,000. So the bottom line is that, if you bring illicit drugs into the country, your life will be ruined for just as long as the lives of those people who are ruined by the drugs you have brought in. (*Time expired*)

Goods and Services Tax: Australian Business Number

Senator MURPHY (3.00 p.m.)—Madam President, my question is to Senator Kemp, the Assistant Treasurer. Can the minister confirm that the tax office is issuing interim ABNs? Is it true that interim ABNs are issued without the applicants necessarily having provided all of the information required and without the accuracy of the information being checked? Can the minister also inform the Senate how many of the ABNs which have been issued are in fact interim ABNs? Does this mean the ATO will need to revisit all of the interim ABNs before they can issue permanent ABNs? What will this mean for the tax office and Australian businesses?

Senator KEMP—Senator, what will this mean for the Australian Taxation Office and Australian businesses? We are very anxious to complete the process whereby businesses that seek to register for an ABN receive an ABN. The Commissioner of Taxation recently announced a streamlined process which involves interim ABN advices where some non-essential information has not been provided by the applicants. I think the question was: what sort of follow-up will be done? The information will be followed up after the ABN has been issued rather than holding up the issue number until all the information has been checked. This has been welcomed by the business community. It means, as I said, that businesses which do not supply non-essential information on their form can be provided with an interim ABN. Madam President, I said this has been widely welcomed by the business community and I am surprised to find it being criticised by Senator Murphy.

Senator MURPHY—Madam President, I ask a supplementary question. I would ask the minister to take on notice my request for the number of interim ABNs which have been issued. I further ask: is the government's resort to interim ABNs due to the critical understaffing situation in the ATO? Is it due to the fact that the ATO is currently behind its June 2000 recruitment target by between 1,800 and 2,000 persons? Can the minister inform the Senate how the tax office is going to fill the 2,000 vacancies in eight

weeks and what sort of advice the public can expect from people recruited and trained in that period of time?

Senator KEMP—Let me assure you, Senator, that the tax office will ensure that the new tax system is brought in on time and effectively. We have had those assurances before from the Commissioner of Taxation, Senator. The tax office is, at present, undertaking some recruitment. If there are any particular statistics that I can supply you with, I certainly will. But can I assure you, Senator, that the tax office is not drowning. There is a major challenge which the tax office is meeting, Senator, to bring in this new tax system.

Senator Hill—Madam President, I ask that further questions be placed on the *Notice Paper*.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Aboriginals: Stolen Generation

Senator BOLKUS (South Australia) (3.04 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Aboriginal and Torres Strait Islander Affairs (Senator Herron), to questions without notice asked today.

Madam President, we have seen today another abysmal performance from a minister who should be performing better. This minister has dragged this country into a social policy crisis and, in doing so, he has proven that he is not up to the job. Unfortunately, his performance again today reinforces the perception that the Australian public has. Unfortunately, what this minister has done hurts Australia's reputation. It provokes reaction; it divides. It divides our people from a position where he, as Minister for Aboriginal and Torres Strait Islander Affairs, should have a higher responsibility than many other ministers. His portfolio is about trying to conciliate the problems and the divisions in our society, not exacerbate those problems. What he did on the weekend, what he has done continually in this portfolio and what he has done again today has basically been to exacerbate those divisions. In doing so, what he has given us today is more evidence of his incompetence, his lack of appreciation of the

job and his lack of appreciation of that high responsibility to help unite Australia, not divide it.

Today we had a minister who told us that the term 'stolen generation' was mere rhetoric, but then proceeded to tell us that it was more than rhetoric. We had a minister who tried to tell us that 'generation' in one context means something else in another. This minister claims that everyone else is invoking semantics when he himself over the weekend used the biggest semantic argument of the lot. This minister is not on top of the portfolio. This minister continues to state that the term 'stolen generation' does not emanate from the HREOC report when all you have to do is to flick the report over to page 225 to find reference to the stolen generation. His response to questions from Senator Ridge-way in terms of health funding showed that he not only did not appreciate the degree of the problem but also did not appreciate how you could fix it.

In respect of the Grants Commission, we had more evidence of a minister who is bent on excluding Aboriginal Australians from the consultative participation process. He basically said today that he looked around but could not find an indigenous Australian good enough for that particular task. That, I think, is the greatest slur on these people. Let us understand one thing: these people are hurting from a continual barrage of abuse, neglect and snobbery from this particular government. It was epitomised this morning in the *Melbourne Age* by Michael Long of the Essendon Football Club in his letter to the editor. He says:

How do I tell my mother that Mr Howard said the stolen generation never took place? How does he explain to me why none of my grandparents are alive?

How do I explain to my mother, who was the most loved, trusting mother figure to all who knew her that Mr Howard is just the same as the people who were in power back then, cold-hearted pricks.

How do I tell my mother that her grandchildren were never affected by the stolen generation, that they don't know their aunties and uncles, their people?

Does Mr Howard understand how much trauma my grandmother suffered. It ripped her

heart out, what she went through. Even when she died, her baby was never returned home.

If you put yourself in their shoes—I have three children—and people come knocking at my door, grabbing my children, putting them in the back of a truck, yelling, screaming. Over my dead body, Mr Howard.

Back then my mother had no choice but to go. It was wrong. It did happen. It was Government policy.

My mother was taken when she was a baby, taken to Darwin and put on a boat—she had never seen the sea before—screaming and yelling, not knowing what was happening and then crying herself to sleep. I call that trauma and abuse. I am so angry anyone could do this to a child just because their skin was a different color.

Mr Howard, I can't tell my mother because she has been dead for 17 years. Who is going to tell her story, the trauma and lies associated with her people and their families? Mr Howard, if you just walked in their shoes you would understand.

I am all for reconciliation, Mr Howard. I am part of the stolen generation. It's like dropping a rock in a pool of water and it has a rippling effect, so don't tell me it affects only 10 per cent. No amount of money can replace what your Government has done to my family.

I have always respected Michael Long, and I think Australians owe him a debt of gratitude for the way he has put this on the record today. This person continues to hurt; his family continues to hurt. This is one of thousands of families that hurt because of this government's deliberate policy. Laurie Oakes also got it right this morning when he said: 'The government needs to be careful how it plays the wedge politics game.' He is so right. No responsible government would even contemplate it. It is worth remembering that. (*Time expired*)

Senator ABETZ (Tasmania—Parliamentary Secretary to the Minister for Defence) (3.09 p.m.)—The behaviour of the Labor Party over the past few days in relation to this issue has been nothing short of disgraceful. When the history of this period of Australia is written, the behaviour of the Labor Party and certain people within it will not be presented in a very good light at all. What Senator Herron did in his excellent submission to the Senate Legal and Constitutional Committee was detail some facts. I would

recommend it to anybody who is genuinely interested in the welfare of our indigenous community.

For an example of how Sir Ronald Wilson, in the *Bringing them home* report, got it so embarrassingly wrong, I would refer people to page 18 of Senator Herron's submission. In the *Bringing them home* report, a lady, Joy Williams, was cited as being a typical stolen child. Her case was used by the Human Rights and Equal Opportunity Commission as one of the examples of a stolen child. The whole criticism of the Human Rights and Equal Opportunity Commission's methodology was that none of the alleged evidence had, in fact, been tested. Were the stories that were being told in fact capable of substantiation?

Senator O'Brien—You don't want to cross-examine her, do you?

Senator ABETZ—And Senator O'Brien said, 'Did you want to cross-examine?' Well, isn't it interesting? Ms Joy Williams's case came before the Supreme Court of New South Wales and it recently found that Williams, who it was alleged had been taken from her mother, had in fact been voluntarily placed into care by her mother. That is the finding of the Supreme Court of New South Wales. Are we going to be told by the Labor Party that that judicial body is racist, that somehow it has deliberately turned and twisted the facts to come to this conclusion? Of course they cannot, because they rely on the same judiciary—as we do—that delivered the cases on Mabo, Wik and other issues. But this is just one example—albeit a very good and glaring one—of where a well-motivated and undoubtedly sincere Sir Ronald Wilson just accepted chapter and verse a tale which, when it was scrutinised, was found to be completely without foundation. Ms Williams is now referred to as one of the stolen generation; in fact, she was voluntarily handed over by her mother.

There are other cases. The Gunner case is another and the Cubillo case is another. The Wilson inquiry never sought to take evidence from people who were in charge of the policies of the time. They are still alive. Indeed, there are hundreds and thousands of children in this country whose parents were involved

in the policies of the time and who are now having their parents labelled as being akin to SS officers perpetrating the horrors of the Holocaust. I can tell you that not a single person involved in the SS would ever have said that the treatment of the Jews in the Holocaust was somehow designed for the benefit of the Jewish people. That would never have been asserted. Yet there are very genuine Australians whose parents were involved in the welfare policies of the time, which were accepted on a bipartisan basis and on the basis of the social views of the time, and they were genuine and well motivated. The Australian Labor Party seeks to tag all our fellow Australians who were involved in those policies—policies, might I add, that applied equally to white, unmarried single mothers. (*Time expired*)

Senator O'BRIEN (Tasmania) (3.15 p.m.)— In relation to many of Senator Herron's answers to questions today one could excuse the minister for simply being out of his depth. But in relation to the answer to the question that I asked Senator Herron, one can only come to the conclusion that the minister has misled this Senate. I asked whether the minister had been involved in the removal of the names of two indigenous candidates from a list put forward to cabinet by the Commonwealth Grants Commission for appointment to the inquiry into the distribution of funds for indigenous programs.

In answering the question, Senator Herron attempted to focus only on the first part of the question because he knew that the answer to the second part of the question was, 'Yes, I was responsible for removing those two names.' Then the minister sought to say, 'Well, people are removed from these lists because perhaps the selection process is not right, because they are not the right people, because they do not want the part-time position that they apparently have been proposed for.' When you look at the actuality of this matter—and in fact I have answers to questions on notice from the Minister for Finance and Administration on this very selection process—one finds that there was a consultancy set up through an independent tender process, selected by the Minister for Finance and Administration, to select the short list of

people to be put to cabinet and ultimately to the Governor-General for appointment to these positions. Kathleen Townsend Executive Solutions Pty Ltd was appointed according to Commonwealth procurement guidelines. In fact, they were one of five applicants for the consultancy. They were required to establish a list by 22 October 1999. They were given specific requirements for the selection of the commissioners by the government, by the Minister for Finance and Administration. An elaborate set of requirements was set down, and it was required that they be met. This consultancy was paid \$50,000.

A list of names was put forward as a result of that. Then Senator Herron tried to tell us that, 'You even had people who were put forward by these consultants who withdrew.' Yes, it is true in this case that there was a person who was on the list who withdrew, but I know for an absolute certainty that the person on the list who withdrew following Senator Herron's decision to remove the names of those two indigenous people from the list, and specifically because of that action by Senator Herron. That person did not want to lend any legitimacy to any appointment, given the corruption of the process that was effected by Senator Herron. And whom did Senator Herron seek to replace those two indigenous candidates with? Mr Bruce Reid, former member of the House of Representatives from Victoria, and Mr Miles, former member for Braddon in the state of Tasmania, neither of whom has a great connection or experience with or understanding of the background of services to indigenous people. Yet they were to be put on that list in place of two indigenous candidates independently selected by a consultant appointed by the government after a proper and extensive process of selecting the consultant and the selected consultant being armed with guidelines specified by the government. As far as I am aware, none of those guidelines were challenged by Senator Herron in his contribution today.

As I said earlier, one might say that the minister was simply out of his depth when answering the questions that were put to him in many respects. But in relation to the ques-

tion that I asked one can only say that the minister has misled the Senate. The minister knows that he was responsible for withdrawing the names of those two indigenous people. He knows that the process by which their names arrived on the list was a proper one. He knows that the withdrawal of the other candidate was down to his action in removing those names from the list. Frankly, he darned well better get into this chamber and correct the record quick smart because he is now on the record as having misled the Senate. Frankly, I know it is unparliamentary to say that he knowingly misled but—

The DEPUTY PRESIDENT—Just don't say it.

Senator O'BRIEN—I find it hard to find words which adequately express—(*Time expired*)

Senator MASON (Queensland) (3.20 p.m.)— I agree with Senator Bolkus that we have heard much rhetoric and semantics over the last few days. Every time in this place that I have had the opportunity to speak I have referred to the failure in this country of the Left's perception of history, their failure to celebrate the Australian national achievement, their failure to be relevant with respect to the economy, their failure in the Cold War, and their consistent failure on virtually every social, economic and cultural issue. However, I want to make a concession. On the issue of indigenous Australians, without doubt it is our greatest national blemish. This country has achieved so much in so many areas of endeavour but, with respect to indigenous Australians, we have failed in the past. What is important, however, is what we do in the future. There has been an enormous amount of rhetoric and a lot of emotion attached to this issue. But, as Senator Herron has said over the last few days, a job is worth a thousand tears and a tonne of rhetoric. What is important are outcomes for indigenous Australians.

Senator Abetz outlined the government's response to the HREOC report, and I will not address that any further. But I know that the Howard government is committed to improving the things that matter to all Australians and, in particular, to indigenous Australians. They are indigenous health, housing,

education and the sponsoring of economic development. As Senator Ferris said yesterday, there is also the subject of violence. As someone who used to teach criminology, I can attest to the fact that violence in Aboriginal communities is a cancer in those communities and is the most horrendous thing, particularly for Aboriginal women.

More broadly, what is extremely important—and this gets back again, I suppose, to misunderstanding by the Left in this country about where we are going—is that over the next 10 to 20 years in the area of welfare we will move increasingly to a philosophy of mutual obligation. That will be increasingly important also in Aboriginal affairs. In large measure, the livelihoods of Aboriginals and Torres Strait Islanders will be improved by promoting self-reliance and economic independence. We must break the shackles of welfare dependence. Senator Herron consistently has said—and the government agrees with him—that the only way Aboriginals in this society can move forward is to assume a culture of entrepreneurship and break the welfare cycle.

Noel Pearson himself has spoken about the 'poisonous welfare drip'. That is what poisons Aboriginal communities consistently. It is not a matter of money. Over 13 years in government the Labor Party spent \$16 billion on Aboriginal welfare. Yet despite all that expenditure, life expectancy for Aboriginal people was 15 to 20 years less than it was for the general population. The incidence of infectious diseases was 12 times higher than it was for the average Australian. I have been to those communities, and so many Aboriginal infants had compromised immune systems from the word go. Indigenous infant mortality was three to five times higher than for other Australian children. And only a third of Aboriginal and Torres Strait Islander kids completed schooling, compared to a national average of 77 per cent.

This is not a matter of money. If it were simply a matter of money we would have progressed. It is not. It is a matter of inculcating a sense of responsibility and a sense of pride. When that comes, we will move forward in this debate and get above the rhetoric

of the opposition, which has nothing else to offer except that. (*Time expired*)

Senator McLUCAS (Queensland) (3.25 p.m.)—I was very fortunate in 1997 to be a delegate to the National Reconciliation Convention. I was there on the day when the report *Bringing them home* was presented to the convention. It was a momentous event. It was an event that started a process that was referred to by the minister—the process of peeling back and seeing the truth for what it really was. It was the culmination of an inquiry where hundreds of indigenous people had told their stories freely and honestly and told them not in an adversarial situation. These are very personal and hurtful events that have occurred to these people. To suggest, as Senator Abetz has done, that they should be examined in a court of law is atrocious.

Senator Faulkner—He is disgusting.

Senator McLUCAS—Yes, I agree. The receipt of the report was, as I said, a first major step in this nation dealing with a shocking part of our history. There is, I think, agreement amongst this chamber that that part of our history actually occurred. There is no doubt that thousands of children were taken from their mothers without their consent and often never seen again. That is fact and that is something that this nation needs to deal with and move on from.

I refer to the quote that Senator Herron referred to today. I did not write it down, so I do not know the exact words, but I think I have the intent. He talked of a philosopher, Arthur Schopenhauer, and the three stages of truth. He said that the first stage was ridicule; something like scepticism was the second stage; and the third stage was something like vindication and acceptance. The receipt of the *Bringing them home* report was the first major step that we took as a nation to accepting the history that we have, the history that we all accept occurred.

Subsequent to that, we have had the Sorry Day events, we have had the Sorry books, we have taken on a number of events as a nation to increase community understanding of our true history, of the truth that we experienced as a nation. But with the events of the last

week I believe that we have wound back the clock to the first stage, to the stage of ridicule. We have seen Senator Herron ridiculing the history, the truth, of our nation. Indigenous people who came to that inquiry and told their stories openly and honestly have had their experience questioned. The hurt and pain that these people are feeling now are obviously not registering with Senator Herron.

The other group of people who have been hurt in this last week are the non-indigenous people, including the churches, who have come to the reconciliation process and accepted our history, accepted that children were taken from their families. The events of the last week have said to those people: 'We do not value what you believe was our history. We do not value the apologies that you have given, the apologies the churches have given.' That is what Senator Herron is telling our nation. Senator Herron is showing no leadership on this issue. He is winding back the stages of truth that he himself quoted, to the stage of ridicule. He, as the representative of these issues in the government, is allowing our nation to step back in time so that we cannot accept our history and then move on. At the reconciliation convention that was one of the clear messages: we as a nation have to recognise our history. Senator Herron has done nothing towards that.

I want to quickly say that Senator Herron may have mislead the House today, and I refer him to page 225 of the report. The words 'stolen generation' are also recognised in the bibliography. One final point: yesterday Senator Herron said that no-one in the indigenous community had raised the issue of the stolen generation with him. Well, he has not spoken to the women under the tree at Napranum, has he?

Question resolved in the affirmative.

Goods and Services Tax: Livestock

Senator HARRIS (Queensland) (3.31 p.m.)—I move:

That the Senate take note of the answer given by the Assistant Treasurer (Senator Kemp), to a question without notice asked by Senator Harris today, relating to the goods and services tax and the sale of livestock.

In relation to Senator Kemp's reply to my question on livestock, I would like to place on record some figures that will clearly indicate the impost the GST is going to place on the livestock industry. When you analyse the situation you find, for instance, that if one abattoir processes 6,000 cattle per week at an average of \$450 per head, the total cost of cattle production is \$2,700,000. A GST added to that means an extra \$270,000 is required for payment of the cattle. That is only from one single abattoir.

Livestock slaughtered in New South Wales for the week ending 3 December saw 37,963 cattle and 184,643 sheep and lambs killed. Based on an average price of \$450 for cattle and \$25 for sheep and lambs, that is \$17,083,350 in cattle and \$4,016,075 in the value of sheep and lambs—a total of \$21,099,425 paid by the processors, giving a GST component of \$2,169,942. That is the amount of money that the industry has to find on a weekly basis with the implementation of GST. No calculation has been worked out for goats or pigs, nor do the figures take into account the purchase and sale of store cattle. If they were combined in that figure, the industry in New South Wales alone would have to find, with the implementation of the GST, in the vicinity of \$4 million per week. Such a figure will have a huge impact on everyone's cash flow, especially meat processors who are already slugged with exorbitant AQIS and government charges. Many rural towns depend on abattoirs. They are large employers who contribute grossly to the respective towns' livelihoods.

The figures are only for New South Wales. The GST becomes a multimillion dollar slug on the livestock industry right throughout Australia. The fact that the government will not actually earn any taxable income from a livestock GST shows how ludicrous the GST on livestock is. The meat processing industry has always been a volatile one, and the impost of a 10 per cent GST will only make it more difficult for many operators to remain viable. Cattle and lamb prices are relatively good at the moment, and the beef industry is probably the brightest light in rural Australia at the moment. The industry is concerned that a 10 per cent GST, which processors will

have to pay, may be offset in a 10 per cent reduction in returns to the producers.

The fact that there is no GST applicable on any live export of cattle or sheep shows another flaw in the GST package. What is the difference between a steer being slaughtered or a steer being sent to Indonesia? The industry has clearly indicated that its preference is for the government to roll over the primary producers' sales tax exemption number and, therefore, take livestock out of this ludicrous loop that the government has put it in with the GST.

Question resolved in the affirmative.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows:

Goods and Services Tax

To the Honourable the President and Members of the Senate in Parliament assembled.

This petition of the undersigned draws to the attention of the Senate that under current legislation the GST will not be included on dockets and that consumers will not know how much GST they are being charged, or whether they are being charged correctly.

Your petitioners therefore request the Senate that when a business provides a consumer with a receipt or docket issued in respect of a taxable supply the receipt or docket must separately include:

(a) the price of the goods or services excluding the GST;

the amount of the GST; and

the total price including the GST.

by **Senator Reid** (from 54 citizens).

Political Asylum

To the Speaker and Members of the Senate in Parliament assembled:

WHEREAS the 1998 Synod of the Anglican Diocese of Melbourne carried without dissent the following Motion:

That this Synod regrets the Government's adoption of procedures for certain people seeking political asylum in Australia which exclude them from all public income support while withholding permission to work, thereby creating a group of beggars dependent on the Churches and charities for food and the necessities of life;

and calls upon the Federal government to review such procedures immediately and remove all

practices which are manifestly inhumane and in some cases in contravention of our national obligations as a signatory of the UN Covenant on Civil and Political Rights.

We, therefore, the individual, undersigned Members of the Baptist Church, St Kilda, Victoria 3182, petition the Senate in support of the above-mentioned Motion.

AND we, as in duty bound, will ever pray.

by **Senator McGauran** (from 52 citizens).

Kalejs, Mr Konrad

To the Honourable the President and Members of the Senate in Parliament assembled:

The petition of the undersigned wish to draw the attention of the Senate to the inadequate investigations to date, regarding the activities of alleged Nazi war criminal, Konrad Kalejs during World War II.

Your Petitioners ask that the Senate should: ensure that the Australian Federal Police investigate to the full extent all available evidence pertaining to Konrad Kalejs' war time activities. And that, the Australian Government fully explains to the Latvian authorities Australia's new laws of extradition.

Further, that if the Latvian Government fails to apply to extradite Kalejs that the Parliament of Australia legislate to extend changes to the Citizenship Act facilitating a civil process to enable Kalejs' deportation.

by **Senator O'Brien** (from 434 citizens).

Petitions received.

NOTICES

Presentation

Senator Jacinta Collins—to move, on the next day of sitting:

That the time for the presentation of the report of the Employment, Workplace Relations, Small Business and Education References Committee on vocational education and training be extended to 12 October 2000.

Senator Hogg—to move, on the next day of sitting:

That the time for the presentation of the report of the Foreign Affairs, Defence and Trade References Committee on Australia in relation to Asia Pacific Economic Cooperation (APEC) be extended to 8 June 2000.

Senator Allison—to move, on the next day of sitting:

That the time for the presentation of the report of the Environment, Communications, Informa-

tion Technology and the Arts References Committee on the matters specified in paragraphs (a) and (b) of the terms of reference for the inquiry into online delivery of Australian Broadcasting Corporation material be extended to 11 April 2000.

Senator Stott Despoja—to move, on the next day of sitting:

That the Senate notes that:

(a) the week beginning 2 April 2000 is the inaugural National Youth Week, a Federal Government initiative designed to focus on the concerns of young people and showcase their skills and talents;

(b) the sum of \$400 000 has been allocated to achieve these aims, through individual and state grants; and

(c) these aims could be achieved at no cost if the Federal Government ceased its campaign of scapegoating and stereotyping young people as 'dole bludgers' and 'job snobs'.

Senator Allison—to move, on the next day of sitting:

That the time for the presentation of the report of the Environment, Communications, Information Technology and the Arts References Committee on the state of the environment of Gulf St Vincent be extended to 9 May 2000.

Senator Faulkner—to move, on the next day of sitting:

That a message be sent to the House of Representatives requesting that the House immediately consider the Human Rights (Mandatory Sentencing of Juvenile Offenders) Bill 1999.

Senator Allison—to move, on the next day of sitting:

That the Senate—

(a) notes:

(i) the imminent expiry of the current funding quadrennium for schools,

(ii) that the Federal Government's legislation for the new socio-economic status funding model for non-government schools has still not been introduced or circulated as a draft, and

(iii) that this funding model represents a comprehensive overhaul of the present arrangements and does not have stakeholder consensus;

(b) condemns the Federal Government:

(i) for its refusal to make the legislation publicly available in a timely fashion so that there can be a comprehensive debate about its impact on the

future of Australian schooling, both government and non-government, and

(ii) for exacerbating the uncertainty faced by non-government schools by delaying the introduction of the legislation; and

(c) urges the Federal Government to:

(i) introduce the legislation as soon as possible in order to allow thorough debate, while minimising the disruption to non-government school funding, and

(ii) observe the ideals of National Youth Week by ensuring that there is sufficient time for thorough public consultation and debate on schools legislation.

Senator Murray—to move, on the next day of sitting:

That the Senate—

(a) notes that:

(i) the week beginning 2 April 2000 is the inaugural National Youth Week, which aims to highlight the achievements and concerns of Australia's young people,

(ii) one particular area of concern for many young people is youth wage rates for young workers,

(iii) youth unemployment continues to rise across Australia despite the retention of lower wage rates for young workers, and

(iv) the Australian Democrats support adult rates for workers over the age of 18; and

(b) calls on the Government to put a ceiling on youth rates applying beyond workers' 21st birthdays.

Senator Bourne—to move, on the next day of sitting:

That the Senate—

(a) notes:

(i) that the week beginning 2 April 2000 is the first National Youth Week, and

(ii) that \$400 000 is being spent by the Federal Government on this week, with the aim of promoting young people's contributions and concerns;

(b) condemns the defunding of the former Australian youth peak body, the Australian Youth Policy and Action Coalition, which provided ongoing representation of young people's interest and concerns, with an annual budget of only \$225 000; and

(c) expresses its deep concern that Australia is one of the only developed nations to not have a youth peak body.

Senator Ridgeway—to move, on the next day of sitting:

That the Senate—

(a) notes that, in the week beginning 2 April 2000, Australia is celebrating National Youth Week, highlighting the talents and achievements of young Australians, recognising their diversity and taking the time to bring national attention to their concerns;

(b) condemns the Government for its ongoing marginalisation of indigenous youth as a result of:

(i) the limited access to quality schooling for indigenous children in remote communities, and the consequent poor state of literacy and numeracy skills in indigenous communities,

(ii) the fact that it will take another 40 years before indigenous participation in secondary education is equal to that of non-indigenous students,

(iii) the Government's silence on the Northern Territory Government's decision to progressively phase out bilingual education programs for indigenous students, thereby harming the transmission of indigenous languages and the cultures associated with them, and

(iv) the Government's failure to take action to break the cycle between poor access to education, poor literacy and numeracy skills, poor employment opportunities and disproportionate rates of juvenile crime and incarceration in indigenous communities; and

(c) calls on the Government to improve the funding and resources made available for indigenous youth education to ensure that there is genuine equality of opportunity between young indigenous and non-indigenous Australians.

Senator Woodley—to move, on the next day of sitting:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport References Committee on air safety be extended to 8 June 2000.

Senator Murray—to move, on the next day of sitting:

That the Economics References Committee be authorised to hold a public meeting during the sitting of the Senate on 12 April 2000, from 7.30 pm, to take evidence for the committee's inquiry into the provisions of the Fair Prices and Better Access for All (Petroleum) Bill 1999 and the practice of multi-site franchising by oil companies.

Senator Woodley—to move, on the next day of sitting:

That the Senate—

(a) notes:

(i) that the week beginning 2 April 2000 is the first National Youth Week, highlighting issues of concern to young people and their contributions to society,

(ii) the lack of access to educational opportunities for young people in rural and regional areas, and

(iii) that Government proposals to introduce a voucher system for higher education funding further threatens the opportunities for young country people to access education;

(b) recognises the vital role rural and regional university campuses and their student organisations play in providing education opportunities and services to country communities; and

(c) urges the Government to guarantee the continued funding of all regional and rural university campuses and immediately cease its efforts to shut down student representative organisations.

Senator Crane—to move, on the next day of sitting:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Legislation Committee on the provisions of the Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000 be extended to 11 April 2000.

Senator Greig—to move, on the next day of sitting:

That the Senate—

(a) notes the decision of the Prime Minister (Mr Howard) to meet with the Chief Minister of the Northern Territory (Mr Burke) to discuss alleviating the harsh impacts of mandatory sentencing laws; and

(b) calls on the Prime Minister to also seek talks with the Western Australian Premier (Mr Court) to discuss the equally urgent needs to alleviate the harsh impacts of that State's mandatory sentencing laws.

Senator Hogg—to move, on the next day of sitting:

That the Senate notes that:

(a) it is 56 days since former Senator Parer resigned as a senator for the State of Queensland;

(b) the Queensland Liberal Party has said that it will not select a replacement for Senator Parer until 30 April 2000, another 25 days (a total of 81 days since Senator Parer's resignation);

(c) at the Queensland Liberal Party's request, the Queensland State Parliament will not be asked to appoint a replacement for Senator Parer until 16 May 2000 (a total of 97 days since Senator Parer's resignation);

(d) the day of swearing-in of the successor to Senator Parer would be 5 June 2000 at the earliest (a total of 117 days since Senator Parer's resignation); and

(e) the people of the State of Queensland have been denied their full Senate representation by the lethargy of the Queensland Liberal Party in appointing a successor to Senator Parer.

Senator Stott Despoja—to move, on the next day of sitting:

That the Senate—

(a) notes that:

- (i) the second National Youth Roundtable will meet in Canberra in the week beginning 9 April 2000 to discuss issues relating to Australia's young people and to develop policy, and
- (ii) this is the first meeting of the 50 young delegates to the latest roundtable, a group responsible for representing Australian young people and providing policy advice to the Minister for Education, Training and Youth Affairs (Dr Kemp);

(b) expresses its concern that:

- (i) one of the recommendations, policy papers, statements, media releases or communiques of the 1999 National Youth Roundtable are displayed on the government youth website 'The Source', or on any other government website, and
- (ii) there is no evidence that any of the recommendations of the 1999 National Youth Roundtable have been considered or implemented by the Federal Government; and

(c) requests that the Federal Government undertake to publish all material from the latest roundtable and demonstrate that it takes those recommendations seriously, and that the roundtable is not regarded as a photo opportunity for ministers in need of credibility in youth affairs.

Senator Greig—to move, on the next day of sitting:

That the Senate—

(a) notes that the Federal Government has designated the week beginning 2 April 2000 as the inaugural National Youth Week;

(b) expresses its deep disappointment that, despite rhetoric about taking the concerns and interests of young people into consideration this week, the Government has not acted to improve the circumstances of young indigenous people in the Northern Territory and Western Australia, who are still subject to discriminatory mandatory sentencing laws; and

(c) condemns the Federal Government for once again failing to act in the interests of young Australians.

Senator Bartlett—to move, on the next day of sitting:

That the Senate notes that:

- (a) the week beginning 2 April 2000 is National Youth Week;
- (b) the Australian Institute of Health and Welfare has just released a report estimating that more than 116 000 homeless people were turned away from crisis shelters each year due to lack of emergency accommodation, with around one-third of those seeking housing assistance aged between 15 and 25; and
- (c) there is a clear and undeniable need for further government funding to be provided to the Supported Accommodation Assistance Program to address the continuing problem of homelessness in Australia.

COMMITTEES

Selection of Bills Committee

Report

Senator CALVERT (Tasmania) (3.40 p.m.)—I present the fourth report of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator CALVERT—I also seek leave to have the report incorporated in *Hansard*.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 4 OF 2000

1. The committee met on 4 April 2000.

2. The committee resolved to recommend—

That the following bill not be referred to a committee:

Fisheries Legislation Amendment Bill (No. 2) 1999

3. The Committee *deferred* consideration of the following bills to the next meeting:

(deferred from meeting of 19 October 1999)

Taxation Laws Amendment Bill (No. 10) 1999

(deferred from meeting of 23 November 1999)

Customs Amendment (Anti-Radioactive Waste Storage Dump) Bill 1999

(deferred from meeting of 30 November 1999)

Criminal Code Amendment (Theft, Fraud, Bribery and Related Offences) Bill 1999

(deferred from meeting of 15 February 2000)

A New Tax System (Tax Administration) Bill (No. 1) 2000

Health Legislation Amendment Bill (No. 4) 1999

Health Insurance (Approved Pathology Specimen Collection Centres) Tax Bill 1999

Medicare Levy Amendment (CPI Indexation) Bill 1999

Taxation Laws Amendment Bill (No. 11) 1999

Transport and Territories Legislation Amendment Bill 1999

(*deferred from meeting of 7 March 2000*)

Health Legislation Amendment (Gap Cover Schemes) Bill 2000

Medicare Levy Amendment (Defence—East Timor Levy) Bill 2000

Taxation Laws Amendment Bill (No. 5) 2000

(deferred from meeting of 14 March 2000)

A New Tax System (Fringe Benefits) Bill 2000

A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Amendment Bill 2000

A New Tax System (Family Assistance and Related Measures) Bill 2000

Aviation Legislation Amendment Bill (No. 1) 2000

Child Support Legislation Amendment Bill 2000

Family and Community Services Legislation Amendment Bill 2000

Jurisdiction of Courts Legislation Amendment Bill 2000

(deferred from meeting of 4 April 2000)

A New Tax System (Trade Practices Amendment) Bill 2000

Sex Discrimination Legislation Amendment (Pregnancy and Work) Bill 2000

Social Security and Veterans' Entitlements Legislation Amendment (Miscellaneous Matters) Bill 2000

(Paul Calvert)

Chair

5 April 2000

NOTICES

Postponement

Items of business were postponed as follows:

General business notice of motion no. 474 standing in the name of Senator Stott Despoja for today, relating to the Advertising Standards Board, postponed till 6 April 2000.

General business notice of motion no. 500 standing in the name of Senator Allison for today, relating to alternative fuel vehicle exports, postponed till 6 April 2000.

General business notice of motion no. 506 standing in the name of Senator Harris for today, proposing an order for the production of a document by the Minister representing the Minister for Transport and Regional Services (Senator Macdonald), postponed till 6 April 2000.

General business notice of motion no. 504 standing in the name of Senator Carr for today, relating to Australia's international education industry, postponed till 6 April 2000.

Business of the Senate notice of motion no. 2 standing in the name of Senator Evans for today, relating to the reference of matters to the Community Affairs References Committee, postponed till 10 April 2000.

Withdrawal

Senator CALVERT (Tasmania) (3.41 p.m.)—On behalf of Senator Gibson, I withdraw general business notice of motion No. 498 for today, standing in his name.

MANDATORY SENTENCING

Motion (by **Senator Faulkner**)—by leave—agreed to:

That a message be sent to the House of Representatives requesting that the House immediately consider the Human Rights (Mandatory Sentencing of Juvenile Offenders) Bill 1999.

BANKING SERVICES AND FEES

Motion (by **Senator Stott Despoja**)—by leave—agreed to:

That the Senate—

(a) notes:

- (i) the current edition of *Choice* magazine contains the 'Piggy Bank'

- awards, setting out consumer satisfaction ratings with financial institutions,
- (ii) that of the 5 670 readers who responded to the survey, only 10 per cent were satisfied with the service offered by the big four banks, despite those institutions recording a collective \$29 billion in profit over the past 5 years, and
 - (iii) that survey respondents tended to record higher levels of customer satisfaction for smaller banks and financial institutions;
- (b) urges the Government to consider the ramifications of further mergers between financial institutions, particularly with regard to these institutions' capacity to adequately service the needs of their customers; and
- (c) notes that:
- (i) the *Financial Sector (Shareholdings) Act 1998* requires that the Treasurer (Mr Costello) be satisfied that a proposed acquisition is in the national interest before approval can be given, and
 - (ii) the national interest is not served by reductions in services, less competition and Australians losing their jobs en masse.

NATIONAL YOUTH WEEK

Motion (by **Senator O'Brien**, at the request of **Senator Mackay**)—by leave—agreed to:

That the Senate—

- (a) notes that:
- (i) National Youth Week is being held in the week beginning 2 April 2000, and
 - (ii) the week is aimed at celebrating the talents and achievements of young Australians, recognising their diversity and bringing national attention to their concerns;
- (b) expresses its concern that:
- (i) young people are being condemned to lives of uncertainty and instability as a result of the increasing casualisation of the workforce,
 - (ii) the concerns and views of young people are not being heeded by government, and

- (iii) young people are receiving insufficient support in confronting the many serious challenges they are facing; and
- (c) condemns the Government for its continual marginalisation of young people through:
- (i) its failure to act on the recommendations of the 1999 National Youth Roundtable, including its unanimous support for the reinstatement of a peak youth body and the need for a formal apology to the stolen generation,
 - (ii) its contravention of Australia's international obligations under the Convention of the Rights of the Child through its continued support for mandatory sentencing, and
 - (iii) its labour market policies, which are devoid of any focus on employment outcomes.

COMMITTEES

Scrutiny of Bills Committee

Report

Senator O'BRIEN (Tasmania) (3.43 p.m.)—On behalf of Senator Cooney, I present the third report of 2000 of the Standing Committee for the Scrutiny of Bills. I also lay on the table *Scrutiny of bills alert digest No. 4* of 2000, dated 5 April 2000.

Ordered that the report be printed.

MINISTERIAL STATEMENTS

Australia's Trade Outcomes and Objectives Statement 2000

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (3.43 p.m.)—I table a statement by the Minister for Trade, Mr Vaile, together with a document entitled *Australia's trade outcomes and objectives statement 2000*, and seek leave to incorporate the minister's statement in *Hansard*.

Leave granted.

The statement read as follows—

TRADE OUTCOMES AND OBJECTIVES STATEMENT 2000

STATEMENT TO PARLIAMENT

5 April 2000

This year's *Statement* paints a promising picture for Australian exporters. Exports recovered through 1999 from the effects of the East Asian economic crisis with total exports rising, in trend terms, in each of the last eight months of the year. The February 2000 trade figures released last Thursday confirmed what is now a ten month trend, with exports 15 per cent above their level of February 1999.

One of the things that helped us through a tough trading environment last year was the diversified base of Australian exports. As the TOOS outlines, Australian exports are now divided fairly equally across agriculture, minerals, manufactures and services. And while low commodity prices and a stronger Australian dollar took the edge off our traditional commodity exports in 1999, exports of services and manufactures were each up by six per cent.

The international economic outlook described in this year's *Statement* is the best we've seen since the start of the East Asian economic crisis. Forecasters expect a more balanced level of growth among the major economic regions, and a global economic growth rate exceeding 3 per cent. Growth in world trade is forecast to strengthen to around 6 per cent in 2000, up by more than 2 percentage points on the previous two years.

All this is very good news for Australian exporters, particularly the boost from increasing demand in East Asia and recovery in the region's exports. Australia's exports to East Asia are now growing strongly, up 37 per cent on their level of a year ago. But to take advantage of these developments, Australia must maintain its competitive edge.

The very fact that Australia was able to outperform almost every other OECD country during the Asian economic crisis shows just how far the Government has moved our country towards the cutting edge of global competitiveness.

The Government will be looking to make Australia's competitive position even stronger through the introduction of the New Tax System on 1 July. Our total reform package, including the GST and reforms to the business tax system, will stimulate stronger investment and boost growth in key export sectors. The abolition of old wholesale and state taxes, as well as reform of fuel excises, will lift a \$3.5 billion burden from the shoulders of Australian exporters.

Our political opponents still have no policy alternative. For example, they have no alternative to offer the owner of Malibu Boats in Albury who told me in February that, with the implementation

of the GST on 1 July 2000, he will be able to sell his boats at 1997 prices.

Mr Speaker, *TOOS 2000* outlines how the Coalition Government will continue our highly successful, multi-pronged strategy of boosting sales of Australian goods and services on world markets.

The World Trade Organisation remains the primary vehicle for Australia to advance its broadly based and geographically diverse trade interests. The Government remains committed to launching a new market access-focused round of multilateral trade negotiations at the earliest opportunity. In the meantime, we are pushing ahead on the mandated WTO negotiations on services and agriculture, and will be working towards the incorporation of these negotiations in a broader WTO round.

Our WTO agenda also involves improvement of our capacity to utilise the dispute settlement process and our negotiations on bringing new members into the WTO.

Australia continues to actively pursue its rights and defend its interests in WTO dispute settlement. In 1999, complaints were initiated by Australia against US safeguard measures on lamb and Korean restrictions on imported beef. We now have a WTO panel established in the lamb case, and next month we will receive the panel report on the Korea beef case. And we continue to work for mutually satisfactory outcomes on cases relating to automotive leather and salmon.

Australia stands to reap big gains from the expanded membership of the WTO. Late last week, Australia reached an in-principle agreement on market access for Saudi Arabia's joining of the WTO. This deal provides the basis for export growth beyond the \$1 billion per year mark achieved for the first time in 1999. It builds on our success in concluding market access negotiations with nine trading partners last year, most importantly China.

Mr Speaker

Regionally, we also have a busy calendar in the coming year. APEC offers opportunities for rebuilding political momentum for a WTO round, and for advancing our business-oriented agenda on such issues as reducing compliance costs, improving the ease of business travel, improving access to information and developing sensible and transparent regulatory environments. Australia will have an important opportunity to advance our Asia-Pacific trade agenda this year when I host the APEC Trade Ministers' Meeting in Darwin in June.

The proposal for a free trade area by 2010 between the ASEAN countries and the Closer Eco-

conomic Relations (CER) partners – Australian and New Zealand – is a key priority this year. My predecessor, Tim Fischer, is doing an excellent job as Australia's representative on the AFTA-CER task force which will report its recommendations in October this year. I also welcome the enthusiastic endorsement this proposal has received from Australian business groups.

This year we will continue the bilateral strategies to increase Australian exports that have been the hallmark of our Government's trade policies. I've already led a successful visit by an Australian trade delegation to Bahrain, Kuwait, Saudi Arabia and the United Arab Emirates in the Middle East, and visits to other key markets are planned for later this year.

The Market Development Task Force will continue to coordinate a whole-of-Government approach to areas of significant export potential for Australia. And market access teams in the automotive, textile, clothing and footwear, information industries, processed foods and agriculture sectors will pursue new opportunities in 2000.

Austrade continues to play a major role in promoting Australian products abroad, and in helping Australian companies identify and take advantage of international opportunities. In particular, Austrade has broadened its operations into rural and regional Australia through the innovative *Trade-Start* and *Export Access* programmes, giving those outside metropolitan areas the chance to move their business into international markets. Austrade is also helping Australian firms position themselves for the growth of e-commerce.

The Export Finance and Insurance Corporation (EFIC) will continue to complement activities of the commercial market by providing exporters with a range of internationally competitive insurance and finance products.

Mr Speaker

The importance of international trade to regional Australia, and of exporters in regional Australia to our national trade effort, are key messages from this year's *TOOS*. Regional Australia has around one-third of Australia's workforce, and generates more than half of our exports. One in four jobs in regional Australia depends on exports, compared to a figure of around one in five jobs nationally.

To make this important information more widely known in our community, my Department will be issuing a series of brochures for individual regions across Australia this year, which will highlight a number of successful exporters in each region. They illustrate the importance of exporters in local economies, as well as how the Government's

efforts to open up overseas markets can benefit individual regions.

Mr Speaker, the *2000 Trade Outcomes and Objectives Statement* strongly reaffirms the Government's commitment to an outward looking and internationally competitive trading position for Australia. The effort put in by our exporters, in the cities and in the bush, demands the recognition and enthusiastic support of all Australians.

TOOS 2000 shows how our Government aims to boost export opportunities for Australia, and to win greater market access at every level – multilaterally, regionally and bilaterally. The *Statement* is an indispensable tool for anyone who wants to learn more about Australia's present and future trade environment.

I commend it to the House, and I table the document and my statement.

Senator O'BRIEN (Tasmania) (3.44 p.m.)—I seek leave on behalf of Senator Conroy to incorporate Labor's response to the *Trade outcomes and objectives statement 2000* in *Hansard*.

Leave granted.

The document read as follows—

Labor's Response to the Trade Outcomes and Objectives Statement

Statement to Parliament

Senator Stephen Conroy

5 April 2000

I would like to be able to stand up today and say that all was well with Australia's trade. Ideally, I wanted to note that the thousands of businesses that export, and the 1.7 million workers whose jobs depend on exports, had been well looked after by this government.

But I cannot. Australia's trade today is in a parlous state. Figures released earlier this year showed that we actually exported less in 1998-99 than in 1997-98. Exports dropped by 3 percent, or more than \$2 billion. This was the first fall in exports for at least 20 years. That is, the first fall in exports since the days when Malcolm Fraser was Prime Minister and John Howard was his Treasurer.

A record trade deficit

The result is a record trade deficit. In 1999, Australia recorded its biggest ever trade deficit, by a substantial margin. The gap between what we import and what we export has now grown to \$16 billion. When Labor left office, Australia had a trade surplus. We currently have a Trade Minister who last Thursday put out a press release headed

“Good trade figures” just because the monthly trade deficit had snuck below \$1 billion.

This is a government which prides itself in good economic management. Yet when it comes to trade, its record is so woeful that it has to resort to moving the goalposts. Once, “Good trade figures” meant a trade surplus. Under the Howard Government, apparently, it means anything less than a \$1 billion monthly trade deficit.

When we look at the detail, the problem becomes even more disturbing. In the case of our agricultural exports, processed food fell faster than unprocessed food. In manufactures, elaborately transformed manufactures fell faster than simply transformed manufactures. Under the Howard Government, our exports are being dumbed down.

The fall in Australia's clever exports is hardly surprising when two other statistics are taken into account:

under this Government, total Commonwealth spending on education decreased by more than \$500 million - down from 1.99% of GDP to 1.9 % of GDP; and

government and business expenditure on research and development have fallen in absolute terms since the Howard Government came to power - Australia's Chief Scientist predicts that without a change of policy, our overall expenditure on research and development will fall further - from 1.7% of GDP in 1998 to 1.4% in 2002, whilst that of Korea, Finland and the United States will remain at 3.2%, 3.0% and 2.8% respectively.

With diminishing spending on education, training, research and development, is it really any surprise that our smart exports are falling the fastest?

A record current account deficit

Turning to the current account, the numbers only set worse. Our current account deficit for 1999 was \$34.6 billion. You guessed it - another record. But our current account deficit isn't just a national record. This time, the Howard Government has gone one better. Each week, the Economist magazine publishes a table on its second-last page, listing the current account deficits for 15 developed countries. Australia's current account deficit, at 4.9% of GDP, puts us in last place. The Economist also includes a poll of its forecasters for 2001. Again, we are placed dead last. Thanks to the Howard Government, our current account deficit is officially the worst in the developed world.

APEC

The Howard Government's declining interest in APEC seems to have occurred largely because they have taken it for granted. A decade after La-

bor took the bold initiative to create it, the Howard Government seems to have forgotten that without APEC, Australia's economic and strategic future in the Asia-Pacific region would be profoundly different. APEC demonstrates Australia's commitment to our closest neighbours. It brings the region's leaders together each year, building the personal relationships that are so critical to creating a safer, more prosperous world. And perhaps most importantly, it commits APEC members to the path of openness.

A critical step for APEC was the 1994 Bogor Declaration, in which members committed to achieving free trade and investment by 2010 for developed economies and 2020 for developing economies. Under Labor, the countries of the Asia-Pacific committed to economic integration, not isolation. For the sceptics, it is always important to reiterate that integration is not inevitable. It was a choice that our region made six years ago, and one that can still be reversed. Sometimes, autarky can be closer than we think.

APEC's Bogor Declaration and annual leaders' meetings are now in jeopardy. Australia used to be one of the key driving forces behind APEC. Now, John Howard and Mark Vaile seem content to let it languish. Without new impetus from the nation that pushed for APEC's creation, the next few years may see member economies start to find excuses for not meeting the Bogor targets. Inaction by the Howard Government could also lead to the cessation of the annual leaders meetings. After the failures of recent years, leaders may soon ask themselves, why bother? Will the next US President - be he George W Bush or Al Gore - continue to devote two days every year to a forum that seems to have lost its way?

World Trade Organisation

The other trade body of critical importance to Australia is the World Trade Organisation. It is worth noting how little this Government did in the lead-up to last November's Seattle WTO meeting. Despite our key position as permanent chair of the Cairns Group, Mr Howard rebuffed calls from Bill Clinton to travel to Seattle to help make the meeting a success. In fact, Mr Howard was so disengaged from the process that he did not publicly mention the WTO once in the whole week leading up to the Seattle meeting. He and Mr Vaile are not responsible for the failure of Seattle to launch a new round. But had it succeeded, they certainly would not have deserved much of the credit.

Following the shambles at Seattle, negotiations on agriculture and services began in early February 2000. But any substantial boost for our exporters will clearly have to wait until a new WTO round

commences. When it comes to achieving this goal, Labor is again detecting a real sense of pessimism in the Howard Government. In public, they proudly proclaim that they are doing everything they can to initiate new negotiations. In private, they say that there is no point doing anything until after the US Presidential election in November 2000. As much is clear from today's *Trade Objectives and Outcomes Statement*, which provides commentary on Seattle, but no plan for the future.

This is a fundamental mistake. Whatever the complexion of the new President and his administration, they are likely to be favourably disposed to a new round. In reality, the biggest hurdle standing before a new round is coming to grips with the needs of the developing countries. They comprise around two-thirds of the WTO's 135 members, and their message at Seattle was clear: no round until we are satisfied it will be on terms that provide us with a greater expectation of growth than did the Uruguay Round.

The Howard Government needs to start urgently coming to terms with the developing country agenda if a new round is to be launched. This requires listening to leaders from Africa, Asia and Latin America. It means promoting plans like the one proposed in UNCTAD in February, to remove all tariffs on exports from the world's 48 least developed countries. And it means taking some serious steps to build the capacity of developing countries to conduct trade negotiations.

China and the WTO

Finally, the government should be doing more to speed up China's entry into the WTO. China's accession will bring direct economic benefits - as much as \$10 billion per year - to Australia. Industrial tariffs will come down from an average of 24 percent in 1997 to 10 percent in 2004. Agricultural tariffs will fall from 31 percent to 14 percent. We will gain better services access in areas such as banking, law, accounting, construction and telecommunications. But there are important intangible benefits too, as we increasingly integrate China with the rest of the world, strengthen the hand of the economic reformers, and make space for more democracy and individual freedoms for ordinary Chinese.

Today's statement suggests that Australia's responsibility for bringing China into the WTO ended when we concluded our bilateral negotiations. This is utterly myopic. As the Shadow Trade Minister, Senator Peter Cook, told a meeting at Chatham House, London last Friday, the Howard Government should be doing more to bring negotiations between the European Union and China back on track. Mr Howard and Mr

Vaile need to send a clear message to Europe through our diplomatic channels - bringing China into the WTO is too important to be left solely to the trade negotiators. We should be sensitive to the severe internal strains that China's domestic reforms are causing, and do all we can to bring the world's most populous nation into the WTO as speedily as possible.

Conclusion

Labor welcomes this year's *Trade Objectives and Outcomes Statement*. We hope that this will be the year when the government will get serious about turning around our record trade deficit and current account deficit. The best place to start would be with the key multilateral bodies - APEC and the WTO. Let's hope that 2000 will be the year when APEC is brought out of the doldrums and new WTO talks are launched, with China at the table. Perhaps then, Australia won't break too many more records before next year's TOOS.

ALBURY-WODONGA DEVELOPMENT AMENDMENT BILL 1999

Report of Rural and Regional Affairs and Transport Legislation Committee

Senator CALVERT (Tasmania) (3.44 p.m.)—On behalf of Senator Crane, I present the report of the Rural and Regional Affairs and Transport Legislation Committee on the Albury-Wodonga Development Amendment Bill 1999 together with the *Hansard* record of the committee's proceedings, submissions and documents presented to the committee.

Ordered that the report be printed.

COMMITTEES

Membership

The DEPUTY PRESIDENT—I have received a letter from a party leader seeking variations to the membership of certain committees.

Motion (by **Senator Campbell**)—by leave—agreed to:

That senators be appointed to and discharged from committees as follows—

Standing Committee on Appropriations and Staffing

Appointed: Senator Heffernan.

Environment, Communications, Information Technology and the Arts Legislation Committee

Discharged: Senator Tierney.

Appointed: Senator Tchen.

Discharged: Senator Payne.

Appointed: Senator Calvert.
 Foreign Affairs, Defence and Trade Legislation
 Committee
 Discharged: Senator Calvert.
 Appointed: Senator Ferguson.

TAXATION LAWS AMENDMENT BILL (NO. 8) 1999

Consideration of House of Representatives Message

Message received from the House of Representatives acquainting the Senate that the House has insisted on disagreeing to amendments Nos 8, 11 to 14, 17 to 18 insisted on by the Senate, and requesting the reconsideration of the amendments to which the House has insisted upon disagreeing.

Motion (by **Senator Campbell**) agreed to:

That consideration of the message in the committee of the whole be made an order of the day for the next day of sitting.

CHILD SUPPORT LEGISLATION AMENDMENT BILL 2000

First Reading

Bill received from the House of Representatives.

Motion (by **Senator Ian Campbell**) agreed to:

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (*Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts*) (3.45 p.m.)—I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The speech read as follows—

This Bill ensures that Australia is able to fulfil its international obligations in relation to child support and spousal maintenance. In 1994, the Joint Select Committee on Certain Family Law Issues made recommendations about the international

enforcement of child support liabilities. Existing international maintenance arrangements rely on slow and cumbersome procedures for the initiation and pursuit of proceedings in foreign courts.

Australia currently has arrangements with a variety of countries in respect of the recognition and enforcement of maintenance liabilities. However, existing international arrangements only provide for the recognition and enforcement of overseas court orders or agreements. That approach is now unsuitable as court orders are being replaced by administrative assessments in many countries. As a result of the proposed changes, administrative assessments of child support which have been issued by overseas authorities will also be enforceable.

By providing for Australia to become a party to three international agreements, new arrangements will be introduced and a number of the recommendations of the Joint Select Committee will be implemented. The agreements oblige each country to provide in its laws for the recognition and enforcement of child support and spousal maintenance liabilities. The amendments in this Bill provide for regulations to be made which prescribe for all matters relevant to the recognition and enforcement of such liabilities.

The relevant agreements are:

- (i) the agreement with New Zealand on child support and spousal maintenance;
- (ii) the Hague Convention on the Recognition and Enforcement of Maintenance Liabilities; and
- (iii) a new agreement with the USA on the enforcement of family maintenance (support) obligations.

The amendments made by this Bill provide for improved arrangements in respect of Australia's international maintenance obligations.

Debate (on motion by **Senator O'Brien**) adjourned.

NORTHERN PRAWN FISHERY AMENDMENT MANAGEMENT PLAN 1999

Senator HARRIS (*Queensland*) (3.47 p.m.)—I move:

That the Northern Prawn Fishery Amendment Management Plan 1999 (No. NPF 02), made under subsection 20(1) of the Fisheries Management Act 1991, be disallowed.

Having moved this motion, I will initially speak to the issue of the Australian Fishing Management Authority withdrawing, from

the initial portion of the season this year, the regulation that I am seeking to have disallowed. AFMA, in a letter to the operators within the Northern Prawn Fishery, initially asked for those operators to make certain changes to the net size for the impending season. Based on that advice, six or seven of the operators went ahead and made those changes. AFMA, on 23 December 1999, advised the operators that they were not going to implement the change from A-units to gear units in the first portion of the season.

I will turn to the Northern Prawn Fishery's assessment group's report for 1997-98. For the record, that the report was prepared by the Northern Prawn Fishery's Assessment Group during the meetings in 1997, 1998 and 1999. This report was not compiled by the operators within the industry but was in actuality compiled by the CSIRO, the Australian Bureau of Agricultural and Resource Economics, the Bureau of Rural Sciences, representatives from the fishing industry, from the Australian Fishing Management Authority, the Queensland Department of Primary Industries, and the Western Australian Department of Fisheries. The report sets out some of the catches in the years 1989-98. The report also says that the Northern Prawn Fishery is the most valuable Commonwealth fishery in Australia. The gross value of prawn catching during the financial year 1997-98 was \$116 million.

More than 90 per cent of the prawns were exported, with the major market being Japan and with the average catch being approximately 8,500 tonnes. But there is considerable change from year to year, largely due to the fluctuations of the banana prawn catch. The years 1989 and 1990 resulted in tiger prawn catches of 3,173 tonnes and 3,550 tonnes respectively, but in the fishery there were 211 vessels on average in those two years. Banana prawns returned 4,587 tonnes in 1997 and 3,613 tonnes in 1998. Tiger prawns returned 2,694 tonnes in 1997 and 3,250 tonnes in 1998.

The major difference, when you look at the figures between 1989 and 1990 and 1997 and 1998, is that in the latter years there were only 130 vessels participating in the fishery. The source of data in the report comes from

the daily fishing log which is completed by the skippers. For the past three years—from 1996 to 1998—a record of every fishing day from every trawler for the whole of the year was submitted. There was a 100 per cent return rate. Vessel owners have completed a seasonal landing return which is used to verify the log book data.

The NPF log book system was established in 1970 by the CSIRO and was subsequently taken over by the Commonwealth. Although the quality of the data has varied over the years, it is now regarded as being exceptionally high and the data is exclusively used in the management and advice decisions. So the data that is being used to assess the fishery is clearly coming from the operators who participate in the fishery. The daily log sheets are posted into or collected by AFMA staff, entered into the database and validated. The CSIRO also carries out much of the synthesis and analysis from the data. Log books are also used to record information about certain bycatch products, such as squid, fish and bugs. In 1996 log books included provision for recording the incidental catches of sea turtles. Economic data is also conducted on prawn prices, costs and returns from fishing and the economic structure of the NPF. Time series information on the costs and returns of the fishery is obtained through annual economic surveys conducted by ABARE.

I would like now to turn to some of the information that has been provided by various operators within the fishery. The first is from Mr Ian Hopkins, who has been involved in the industry for over 15 years. In the information he provided, he said:

I have been involved in all restructuring plans and movements to date—

that is in relation to the NPF—

and have travelled the world extensively placing new and second-hand redundant vessels in alternate fisheries. My concerns today are not about corporate against private or large against small or them against us, but of the overall protection and viability for all concerned within the framework we call the fishing industry.

In this rapidly changing world and the globalisation effect on all sectors of society, I have great difficulty with the concept of continual reduction, particularly in the NPF, at the expense to all asso-

ciated sections of the industry without a cap on the capacity of fishing effort. Surely the social impact of reducing the number of vessels without a cap should be weighed up against capping the fishery, which would allow a greater number of vessels to remain viable and, hence, the whole range of associated businesses.

The two areas to be addressed in capping the fishery would be the introduction of two 12-fathom nets as a maximum allowable to be towed by any vessel and to keep the current levy payments in place which would build into a fund to be used for voluntary buyout. The benefits of the measures are (1) restricting the risk of continual escalation in size and efficiency of large vessels entering the fishery, underwriting the value of the fishery and allowing operators to retire or leave at their timing not being forced out. These measures should be implemented along with all other existing management and environmental regulations that are in place today.

I know we must address the efficiency question and the very sensitive means of catching prawns by way of trawling, but surely it must be clear to our learned managers that without a cap on our fishery over a period of time the plan to keep reducing effort is going to transfer the owner-operator position now held to unit holders only. Unit holders will form alliances with multinational fishing companies where any vessel from any country can enter our fishery without restrictions other than providing the necessary units to allow for the gear to be towed.

As all world fisheries shrink due to the efficiency of factory ships, I foresee us not owning vessels domestically but having no ship building industry, factories or processing, fuel suppliers, maintenance and all other associated businesses would be affected. Is this a scenario we want for our families, communities or country?

Another issue that has been raised by the industry is the impact of the proposed amendments to the Wildlife Protection Act, and I quote:

Most relevant in my list of concerns about the detrimental impact of gear units is the implication it is likely to have once provisions within the Wildlife Protection Act, schedule 4 'Regulations of Exports and Imports', are amended as planned later this year. As you know, these provisions mean industry in future must prove their sustainability in order to retain export rights. The NPF currently has an export value of between \$100 and \$150 million a year and is widely regarded as being amongst the most stringently managed fisheries in the world. The unknown

effect of the removal of horsepower constraints could result in the industry no longer being in a position to be able to guarantee the sustainability of the resource and, as such, under the provisions of the act, could jeopardise the export rights of what is the most valuable Commonwealth fishery in Australia.

Serious concerns have been raised by the industry, not only by the small operators but also by some of the large operators, basically setting out that the plan to move to gear units is flawed because it will not achieve the main objective that is actually being put forward, and that is to protect the resource and the environment.

In one of NORMAC's meetings, the issues were raised in relation to the industry having imposed closures to protect the resource. The minutes of the annual general meeting of the Northern Prawn Fisheries Queensland Trawl Association Incorporated state:

The members were informed that at NORMAC 41 the majority of NORMAC members had agreed to a proposal to increase the 1997 end of season closure by three weeks so that the closure would commence on 7 November. The reason for this was to offset effort increases in 1997 so as to reduce any level of adjustment that would be required in 1999. Members were advised that NORMAC was also proposing an increase in the 1998 mid-year closure, with the closure to commence on 24 May. Members were advised that NORMAC had requested Peter Billam and Bill Fritty to seek views of their association members on the closure proposal and report to NORMAC by 31 July 1997. Les Lowe advised the NPTOA had met with a professional, Carl Walter, and requested Brian Jeffries to circulate correspondence relating to that meeting to all NORMAC members. Peter Billam read the correspondence to the meeting, at which time members considered what action should be taken. The chairman reiterated advice that the reasons for a purpose increase in the closure was to offset any effort increases that may occur in 1997 and 1998, therefore reducing the level of adjustment.

The reason I raise this is that in 1998 the industry took steps to reduce the amount of effort in the fishery as an industry promoted initiative. The references to self-regulation have been achieved, and I believe that they have been substantiated by a recent CSIRO scientific assessment of the prawn stocks within that fishery, which clearly shows that

there has been a considerable reduction in the effort within the industry.

I ask the Senate to apply the precautionary principle and allow the industry to adjust voluntarily. This can be achieved by continuing the latest levy, and the funds generated by that levy could be used to buy out a number of B-units, with each B-unit having an agreed number of A-units attached. This proposal, unlike the enforced change to gear units, would ensure that, as boats are withdrawn from the fishery, the owners would receive just compensation for the loss of a right to fish—which they have under the Australian Constitution—thus avoiding protracted legal arguments in courts against the fishery management.

I believe this win-win solution for better management of the Northern Prawn Fishery will result in a better outcome by allowing the seasons to be extended as the boats are removed as a result of continuing the levy. This will result in greater utilisation of the capital investment in the fishery and afford those who exit the fishery a financial basis to enter a new industry or retire, as the case may be. I recommend to the Senate this motion to disallow the regulation, and I ask for the Senate's support and vote.

Senator FORSHAW (New South Wales) (4.04 p.m.)—I rise to indicate that the opposition cannot support this motion. The sustainability of the Northern Prawn Fishery has been the subject of a very detailed inquiry by the Senate Rural and Regional Affairs and Transport Legislation Committee. The report of that committee was handed down in March of this year—just last month. There was a large number of recommendations contained in that report. The recommendations, in summary, were that the proposed management plan put forward by the Australian Fisheries Management Authority for the Northern Prawn Fishery be implemented and that sustainability of the prawn fishery is a matter requiring ongoing monitoring, research and, potentially, further changes in the future.

As the committee's report noted, there has been a significant amount of debate and disagreement amongst operators in the industry. The committee heard evidence from all sec-

tions of the industry—geographically as well as large and small operators—and from academic and industry experts. So the committee was well apprised of all of the arguments that have been mounted with respect to the proposed changes to the management plan to deal with what is recognised as a serious problem, particularly regarding the sustainability of tiger prawn stocks.

What Senator Harris has put forward in support of his motion for disallowance of the regulations which would implement the new management plan is very much a repeat of evidence put to the Senate committee. Indeed, he referred to Mr Ian Hopkins. Mr Hopkins appeared before the committee, and the arguments that have been advanced today really do not present any material which the committee was not apprised of when it was deliberating.

The committee, as I said, made a number of recommendations. In particular, the committee recommended as follows:

The Committee supports the Northern Prawn Fishery Amendment Management Plan 1999 as the most equitable and legally defensible means of achieving a long-term sustainable Northern Prawn Fishery. The Committee considers that limited evidence has been presented to support any alternative proposal over the AFMA plan.

It is important to note the words there. What the committee was faced with, and what the parliament is faced with, is a choice between leaving the current management plan in place or changing it to the plan that has been developed over quite a number of years by AFMA. Senator Harris's motion for disallowance would leave the current arrangements in place, but overwhelmingly the evidence to the committee was that, by doing that, the sustainability of the fishery is threatened even further. Therefore, something has to be done, and AFMA, in consultation with the industry, has developed a plan which is effectively to move to a management plan based on gear units as the best option available to halt the decline in stocks and improve the sustainability of the fishery. If those regulations are not to come into force, if Senator Harris's motion were to succeed, then we would be left in the current posi-

tion—that is, the sustainability of that fishery would continue to be threatened.

There have been parts of the industry that have argued that the proposed plan is not going to work for all sorts of reasons. There are those who have argued that there really is not a problem. There are those who have argued that this is all about the big operators trying to push the small operators out. Those arguments and those views are very strongly held by the people who put them forward. But I have to say that the committee heard all of that evidence in detail, and there have been plenty of opportunities available for all the material to be put forward. We arrived at our conclusions on the basis that, having heard the evidence, as the committee's report said, there is no better alternative than what is being proposed, and we cannot allow the current situation to continue. But we have recognised that this is an issue that is going to have to be monitored; that there is, for instance, a need to have funding and support available such as through the CSIRO for further research work to be done; and that AFMA has a responsibility to monitor the position on an ongoing basis so that, if this proposed method does have some deficiencies, they can be addressed in the future. We do not know if it will work completely, because we are dealing here with a very difficult issue, which is the sustainability of a natural resource. But what we do know, and what has been made very clear, is that if we do not do anything then the problem will get worse. That is the effect of Senator Harris's motion, to leave it as it is. We cannot just keep leaving this matter sitting on the table here in the parliament, as it has done now for some time.

I understand that the Democrats are intending to move a motion to adjourn this matter for another week because somebody in the next week might come up with a solution that nobody yet has been able to find, other than the one that has been put forward by AFMA. That is really to hold out false hope to the participants in the industry and it is really to put off the making of a very important decision: do we implement these regulations—which have been, as I said, brought about after a lot of detailed work

over a number of years by AFMA, the fish management authority—or do we just leave it as it is and threaten the sustainability of the fishery? We are not prepared to do the latter. We believe that the appropriate course is to allow the regulations to come into force, the new management plan to become operative and AFMA to continue its overriding responsibility to monitor the situation in the future. We are not prepared to just sit, wash our hands of a difficult issue and leave the current plan in place, and therefore we cannot support the disallowance motion, which would have that effect. Indeed, we cannot support the proposal of the Democrats that we adjourn it. Adjourning it for another week is not going to make this decision any easier for people. It is not going to change the position except to delay even further the implementation of what is a necessary management plan for the Northern Prawn Fishery.

Senator BARTLETT (Queensland) (4.14 p.m.)—As Senator Forshaw has indicated, and as I have indicated to senators in the chamber, I intend to move that debate on this matter be adjourned. I will briefly outline why. A lot of information did come out during the course of the Senate inquiry, I think some of it for the first time, and further information and analysis is still coming to light, including that the amended plan may result in a dramatic increase in by-catch—something that was not raised, to my recollection, during the inquiry.

A number of environmental groups, including the North Queensland Conservation Council and the World Wide Fund for Nature, which I have a lot of respect for, have asked for a postponement of a Senate decision on this issue. I have received, as has the opposition, a request to do so from WWF, which was the only environmental group to put in a submission to the inquiry—a submission which supported the new plan. That group has sent a fax requesting an adjournment of the debate about the proposed amendment as a result of their recent analysis of the Senate committee report. Their request comes in light of the new evidence presented within that report, responses to that, and information that has come to light since then. Because of that request, I move:

That the debate be adjourned.

Question resolved in the negative.

Senator BARTLETT—I regret that decision by the Senate, although it was not a surprise. Given that the Senate has decided not to adjourn the debate, I would like to speak to the substantive motion of Senator Harris to disallow the plan. As Senator Forshaw said, the Senate Rural and Regional Affairs and Transport Legislation Committee has conducted a fairly detailed inquiry into this proposed amendment plan. Indeed, the inquiry was initiated through a motion that I moved, following concerns that were raised with me about the plan's potential impact on the sustainability of this fishery. Not just as the Democrats environment spokesman but as a senator for Queensland, I obviously took a great deal of interest in the issue of the sustainability of that fishery. The environmental sustainability of that fishery, as with any fishery, is the key. Whilst there are other issues in this debate, if you do not ensure sustainability, then nothing else really matters that much because you will not have anything else—you will not have a fishery.

I spoke to the committee report when it was tabled in the Senate last month, and I will try not to repeat myself too much in relation to that. In my view, it is important to emphasise—and I will slightly contradict Senator Forshaw's statements in doing so—that new material was presented during the course of that inquiry, particularly by David Sterling and Steven Eayrs, about the potential environmental impact of this change. Whilst I agree there is a lot of evidence that indicated that the existing system is less than ideal in preventing overfishing, you do not necessarily make a change and go to another system that is going to increase overfishing, and that was the concern that I had. That is not to say that I am not cognisant of other concerns about the impact on certain operators and on businesses that rely on those operators, but, again, one has to re-emphasise that the environmental sustainability of the fishery is the key. That was my primary focus—and that of most senators—during the course of the inquiry into the potential impact of this change.

It is my view that there was a surprising lack of research into aspects of the change

and its impact, and a consequent lack of evidence, given that the matter has been going on for so long. I certainly acknowledge the argument and the frustration of those who say that this issue has been debated and considered for many years and that it is about time, now that a decision has been made, that we make the plan happen. I believe the recommendations that were made by the Senate committee about the need for further research and for a better performance by AFMA in relation to the fishery are very positive and that that would provide a way forward. I do not think I would be misrepresenting the situation if I said that all of the committee have had some doubts about how effective the new plan will be, and that is why a number of recommendations were put forward in the report. Rather than just saying that the inquiry supported the amendment plan, a number of other recommendations were put in the report because senators had doubts about exactly how effective it would be.

The issue Senator Harris raised about the anticipated amendments to the wildlife protection act requiring industries and fisheries to prove sustainability so that they can retain the right to export is also important to the future of the fishery. It is a change the Democrats strongly support, and it puts a very clear imperative on fisheries. It puts the onus on them to prove that they are sustainable. Clearly, if the changes which are going to be made to the plan increase effort, then that is going to decrease the viability and survival of the fishery not just through its sustainability but through retaining the right to export. It certainly puts a very strong onus on the Australian Fisheries Management Authority—I know they are listening to this debate, which I think is a good and desirable thing—to make sure that it can be clearly demonstrated that there will be a proper reduction in effort as a result of these changes. As I said in the Senate committee report, I am far from convinced that that is going to be the case, but I think the imperative now is for all of us and all interested parties to continue our scrutiny of the fishery, AFMA, NORMAC and the industry to make sure that that is delivered. If it appears that it is not being delivered, then swift action must be taken. Hopefully, swift action will be taken in a shorter period than

the seven or eight years it took to move to this change.

I would like to mention further information that I have received since the inquiry—and I think other senators have received it—from David Sterling, who has given more information in response to the Senate committee report about his assessment and research, which suggests that the impact of switching to gear units will be fairly minimal on fishing effort even before you take into account the removal of controls over horsepower and engine size. That is obviously of concern. It is a further elaboration of the evidence he gave during the Senate committee inquiry. I have also received evidence from Steven Eayrs of the Australian Maritime College, who anticipated a very significant increase in by-catch as a result of this change. As far as I recall, that information was not presented during the Senate hearings or, if it was, it was not highlighted a great deal. That is something that we will also need to pay close attention to. It is something that could easily fall by the wayside because the management authority and the industry are obviously focusing on the prawn catch and the effort in the fishery for the various species of prawn. But when you are looking more broadly at the sustainability of the marine environment, not just at the prawn fishery, then by-catch becomes very important.

Given that this change is clearly now going to go through, I urge AFMA and any other bodies that have a responsibility for monitoring these issues to pay close attention to the impact on by-catch. It is an area where the industry has made some effort, I believe, in recent times to make changes to reduce by-catch. It is certainly an area where environment groups have been calling very strongly for significant changes to reduce by-catch. It would be a tragedy indeed if that work was to go by the board because of unforeseen or unintended consequences as a result of this change. It is important to put on the record and to note that further information—or the finding, view or concern expressed by Mr Eayrs—about a potential increase in by-catch. It is certainly an area which I will continue to watch. Hopefully, the authority and other bodies will continue to watch it as well.

I would like to mention again briefly, as I did at the start of my contribution before moving to adjourn the debate, the views of environment groups in relation to this change. It is a matter of some regret to me that I did not make more effort at the time of initiating the Senate inquiry to bring it to the attention of some environment groups, seek their views and ask them to look at the matter. I had what was obviously an incorrect assessment given to me, at the very time I moved to establish the inquiry, that the environment movement were already aware of it and strongly behind the change. Because I had been given that impression, I did not put too much effort into seeking their views or making them aware of it. I had been given the understanding that they were aware of it. Obviously that was incorrect. I very much regret that it was only in the last few days that key environmentalists with an interest in this area had it drawn sufficiently to their attention. It is those groups which, over the last few days, have been wanting more time to have a look at the potential impact. This change will go through despite that, but I urge them to continue to assess the concerns that are raised and perhaps have a closer look at how the fishery will operate in the future. I know there is an environment representative on NORMAC, but clearly there are wider concerns than those of that particular representative. These concerns have been expressed to me.

As I said previously, the North Queensland Conservation Council is certainly not a body which can be seen as one which would take up the cudgels on behalf of the prawn trawling industry, because they are usually in mortal combat with them, particularly over prawn trawling on the Great Barrier Reef—as am I from time to time. It is certainly not a body that would be seen as automatically backing a request for review from Queensland based prawn trawlers. Similarly, the World Wildlife Fund for Nature in Australia have now expressed reservations about the potential impact of this change. They were the only environment group to make a submission to the inquiry—a fairly brief one. They did not appear at the public hearings and at the time were supportive of the change. I guess that is another reason why I

did not see a need to pursue environmentalist viewpoints further, which I was remiss in not doing. It is important to put on the record that those concerns are there. I am not saying that these environment groups are now opposing the change, but they are certainly expressing some strong concerns. I think it is important to put that on the record and to make AFMA aware of that and, if it is appropriate, to make NORMAC aware of that as well in terms of where things go from here. Clearly, it is an area where, if nothing else, those environment organisations need to be made aware and perhaps pulled into the process a bit more so that some of the arguments from all sides of this issue are given to them and their concerns are more readily able to be fed into the process. Clearly, those concerns are now there and it is appropriate that they be recognised.

I hope that one of the benefits of the process we have been through with the Senate inquiry is to draw wide attention to the importance of the fishery and to the importance of ensuring the sustainable management and environmental sustainability of that fishery. I would like to put on the record the very strong and extremely capable lobbying efforts of Therese Lowe from the Cairns based prawn trawling fishers. As I said before, some of the people who are trawling in the Northern Prawn Fishery are probably also trawling in the Great Barrier Reef Marine Park. I am frequently calling for a significant reduction in prawn trawling there—indeed, a phasing out. So, again, from my point of view, it is not necessarily usual for me to be speaking out on behalf of prawn trawlers in the Far North of Queensland, but I do think that that organisation, and Therese Lowe particularly, did a great job of making sure that more scrutiny was made of the claims that were being made and more information was put on the public record. A lot of the things that came to light during the course of the inquiry would not have done so without her efforts. Whilst I am sure that is of no consolation to her, seeing that she has not achieved the outcome she wanted and that her association wanted, sometimes there are longer term results from people's efforts. I hope, as a result of the process we have been through, that there will be a better perform-

ance on the part of the fishery as a whole in terms of environmental sustainability and hopefully a better performance by the various industry bodies—by NORMAC and by AFMA—in making sure that adequate research is done and that the need to know what we are doing when we make changes is worked through before the changes are made. I would say that, at the least, there is still room for improvement in that regard.

By virtue of all sides of this debate having to put their case more publicly and to defend and justify it to a reasonably objective and critical group of senators on the Senate committee, we have been provided with an opportunity for things to move forward in a more constructive direction than they have been able to in the last seven or eight years when, for whatever reasons, there has been a lot of disagreement and an inability to reach a common view on the part of the industry. That is a shame and I hope somehow or other, out of the process we have gone through, that we will have more success in getting common industry, environmental and AFMA viewpoints on the best way forward from here.

Senator McLUCAS (Queensland) (4.30 p.m.)—I was not going to make any contribution today but I just thought I needed to make a few comments given, in particular, the comments of Senator Harris. I do not want to make the same speech that I made on the receipt of the report because I think my comments about the process of the report and the inquiry are clearly on the record. I thought it was rather extraordinary that, after nine years and after an inquiry, in the last five minutes of Senator Harris's contribution to the chamber today he has come up with a management plan. I do not think that is appropriate and I do not think that is the way to behave with a multimillion dollar industry like the Northern Prawn Fishery. I understand, from Senator Harris's comments this afternoon, that he was suggesting that we have a voluntary buyback of B-units and A-units that would deliver fewer vessels in the fishery over a period of time and that, eventually, we would be able to extend the time in the fishery and have a viable and sustainable fishery.

I do not know whether Senator Harris was at the inquiry, but I think that is fairly offensive to all of those people who spent a lot of money and a lot of time going to that inquiry, for really the last nine years, trying to come up with a viable and sustainable fishery. It certainly comes from one operator in the fishery and I think that is wrong. That sort of management plan was not accepted by the inquiry, if you listened to the evidence given by a lot of people on all sides. To come up in the last five minutes of a speech and say that you have a great idea is, I think, wrong. That is all I need to say on that matter.

I do want to make some comments about the issue that Senator Bartlett raised as well. Yes, in the last week we all have received correspondence from Steve Eayrs, who is a very well respected fisheries technologist from the Australian Maritime College. I think it is unfortunate that in the last week this information has come to light in that it is information that we could not accommodate during the inquiry. But I would say to Steve Eayrs and to the Northern Prawn Fishery Queensland Trawlers Association that, if you look at the report, recommendation 9(a) says that AFMA will undertake thorough research to calculate the ability of the Northern Prawn Fishery Amendment Management Plan to deliver long-term sustainability of the fishery. I believe that that recommendation clearly tells AFMA that they have to make sure that the amendment management plan will work. That means it has to work in terms of by-catch as well. Given that the NPF is basically an export fishery, you cannot just discount by-catch and any growth in by-catch for the fishery to remain sustainable in modern times. I believe that that issue will be canvassed in the next 18 months or two years and, hopefully, we will be able to look at that information in a proper and methodical way so that we can really make an assessment of the impact of the plan on any potential growth in by-catch.

In conclusion, it has been a long process for me, although for me personally it has been nothing compared to what the industry has tried to do to bring this plan to fruition. I would also like to place on record my admiration for a number of the people who have

worked in bringing information to the Senate, especially during the inquiry, and I would like to put on record my appreciation of the work of Theresa Lowe, who is a very energetic and passionate campaigner on behalf of her association. She is a person who, because she is so passionate, sometimes ruffles feathers, but I think that she has done a fine job. That does not mean to say that I do not acknowledge the work of a whole range of other people as well.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (4.35 p.m.)—The government will not be supporting the motion that Senator Harris has put forward regarding the disallowance of the Northern Prawn Fishery Amendment Management Plan. It is important to recognise that these amendments have been under consideration for several years because of the need to control fishing effort more efficiently and effectively. The Northern Prawn Fishery CSIRO advice showed that the present level of fishing effort was excessive for sustainable utilisation. As several other speakers have remarked, sustainability of this area is of most importance.

It is also important to recognise that the Australian Fisheries Management Authority, AFMA, consulted extensively with industry in developing these new arrangements. Last year, in response to concerns that were raised regarding the impact of the change in management controls and the adequacy of consultation, the AFMA board established an independent allocation advisory panel to advise AFMA on the appropriate translation from A-class units to gear units. That involved port meetings and consideration of submissions from Northern Prawn Fishery operators and shore based supporting industries. Following consideration of that report by the panel, which concluded that the previously proposed allocation was the appropriate method of translation from A-class units to gear units, the managing director of AFMA submitted an amended Northern Prawn Fishery Management Plan 1995 to me, and Minister Truss accepted that on 4 November 1999.

No-one could claim that the decision to amend the management arrangements has received universal support across the fishery. But the fact remains that the current management arrangements have not been successful in controlling effort in the fishery, and the science supports this view. I welcome the unanimous support provided by the Senate committee to the Northern Prawn Fishery Management Plan 1999, which provides certainty for industry operatives in the management arrangements and enables stock concerns to be addressed. The committee, however, provided a list of nine recommendations. The government, after considering all the recommendations, will respond to parliament. With respect to several of the Senate recommendations such as those involving research, in particular into prawn trawling performance, Minister Truss has written to AFMA seeking urgent action. I understand that the minister has today received a response, which he will consider prior to responding to the Senate.

The commencement of the new arrangements is proposed for the second half of the year 2000 season, the fishery being open from 1 April to 27 May and 4 August to 8 November. Transitional provisions of the amended plan will continue class A units until the gear units take effect. AFMA has recently made provisional allocation decisions under the amended management plan to proceed with implementation, but it will not undertake the final grant of units under the amended plan until after the Senate disallowance period.

The belief that overfishing is occurring in the fishery was reaffirmed by the Northern Prawn Fishery Assessment Group in their report on the status of tiger prawns, released on 17 March 2000. AFMA has supplemented the interim measure of a cut to the Northern Prawn Fishery season of 34 days in 1999 with a further 12-day cut in the year 2000. Anecdotal reports suggest that catches in the current season, which has just begun, are down substantially on previous seasons. This will have given the Senate a good idea of why the government will not be supporting this motion.

Senator MURPHY (Tasmania) (4.40 p.m.)—I want to make a brief contribution to this proposal and deal with what I think is one of the most important issues—that is, the sustainability of the fishery. There is probably not a commercial wild fish fishery in this country that is actually at a sustainable level at this point in time. This should bring home to us the very tenuous nature of the wild fish stocks, be they in the ocean or in fresh water, and just how important it is for us to get it right.

Some years ago I worked on a fishing boat in the scallop industry in Tasmania. During that short period, it was the view amongst fishermen that scallops in Tasmanian waters would go on forever, regardless of effort. They clearly did not. After years of closure they are still trying to recover. There are other lessons of that nature that ought to bring home to us the importance of getting sustainability into commercial wild fish fisheries, if that is achievable. Personally, I am not sure that it is. Or, if it is, it will be at levels very much reduced from the levels all commercial wild fish fisheries currently operate at.

In addition to that, in particular in relation to inshore fisheries, it is also important to take note of the effect of by-catch. I had the experience—I do not know whether it was enjoyable—of following a prawn trawler in Queensland, and I could not believe the amount of by-catch that was coming out of what were supposed to be the escape hatches. The fish that come out of there are supposed to survive. I did not see too many survivors; I saw a lot of dead fish—thousands upon thousands of dead whiting and other species of fish.

I mean no disrespect to commercial fishers. They are there by virtue of the nature of the country we have grown up in. They operate to provide fish for food, and you cannot take that away from them. They do it to the best of their ability, so I would not want to reflect on them in any way. But, at the end of the day, we as a country have to come to grips with where we are heading in the future. It is simply not acceptable to allow circumstances to occur whereby you see kilometre after kilometre of dead fish down the

side of Bribie Island in Queensland. No fishery ought to be able to continue in that way. We look at the commercial value of the commercial fishery; rarely do we look at the commercial value of the recreational fishery in respect of inshore fishing and the impact that inshore trawling can often have.

Different countries around the world—not all of them and certainly a long way short of what it ought to be—are now starting to come to grips with these sorts of things. Indeed, many countries are taking steps to ensure that wild fish stocks will be sustained into the future.

Many fisheries have been lost and, if I could digress for a moment, I will refer to one that is dear to my heart in the debate that we have had. It relates to Atlantic salmon. The Atlantic salmon fishery in Canada and the US has been commercially fished for a long time. It took the UN to actually stop commercial fishing of Atlantic salmon. The UN did so because wild fish stocks had gone down to such a level that it was thought—indeed it is still thought—that it might be the case that there were insufficient adult stocks for the continued genetic strains needed for wild Atlantic salmon. I refer to another fishery, the cod fishery off the Grand Banks out from Newfoundland. For probably over 100 years they fished the cod fishery—and they wiped it out. Now the Newfoundlanders are allowed to fish for cod, but only for two weekends a year. They are allowed to take 10 fish per person per day for two days twice a year. That is the sort of thing that you can be confronted with. As I said, scallop fishermen thought the scallop industry in Tasmania would go on but it did not; it hit the wall, as could prawn fisheries and fin-fish fisheries. We know that in respect of southern bluefin tuna, for instance, the sustainability in the wild fishery is not there. Indeed, we have taken Japan to task over their experimental fishing proposals.

What often seems to be overlooked is the matter that relates to by-catch and the effect it has on other fish species and, in turn, the effect that has on others. What I have to say to the senators in this chamber and to anyone else who might be listening is that recreational fishing is the most undervalued thing

in this country. It provides a lot of jobs throughout this country and there are a lot more opportunities to be had in the area of recreational fishing—and in protecting the recreational fisheries of this country—than there ever will be in the future from either commercial wild fish fishing, prawns or any other wild fish that is available to be fished for. The sooner that we come to grips with that, the better able we will be to make a decision that will be soundly based for the future of the fish and the fisheries of this country and for a lot of jobs in this country.

I hope that this proposed plan will be more successful than some other AFMA plans. It is a step—although maybe it is a nervous step—and a slight move in the right direction. I note that in the report, which unfortunately I could not participate in because of other inquiries at the time, at recommendation 2 the committee has gone to the question of sustainability. I congratulate it for acknowledging the fact that there is now a fishing problem. The committee recommends in recommendation 3 that the CSIRO assist in further research. That is a very good move. In recommendation 4, at 5.21, the committee is concerned that ‘to maintain the ecological sustainability of the fishery’ a reduction in fishing effort of the order of 25 to 30 per cent is required. It should probably be more than that and I hope that in the next couple of years a proper assessment is made of what is happening and that, in fact, we get some recommendations from AFMA. Of course, some of these are going to be hard to swallow and some of them will affect prawn fishing—there is no doubt about that. I have to say to the people involved in the prawn industry: you do not want to hit the wall like the Tasmanian scallop fishermen did. You should hope that the responsible authorities—and they themselves will acknowledge this—will take some positive steps, otherwise that is exactly what will happen and it is not going to be too long in coming.

Senator HARRIS (Queensland) (4.50 p.m.)—in reply—I would like to address some of the comments by the other senators who have contributed to this debate—and it was my intention initially, when I moved the disallowance motion, to allow the Senate the

time to be able to study the situation and have a full debate. First of all, I would like to speak to some of the issues that Senator McLucas raised. In her contribution, she referred to the fact that she finds it offensive that I would introduce a management process in the last five minutes of this debate. Far from that being the case, the issue that I put forward was clearly put to the committee in Brisbane by the largest single operator in the industry. It is not a matter of my raising an issue at the last minute; it is a fact that I am relaying to the Senate and to the people of Australia the issues that were raised before that committee.

Senator McLucas went on to say that she has admiration for some of the people who contributed to the Senate inquiry. I would like to put on record that I found that everybody who contributed to the committee did so in a proper and just manner. To say that she admires what somebody has done is not really what we are here for. I believe that the operators are not looking for admiration. What they are looking for is a just outcome so that this fishery will be able to continue and so that they will be able to provide for the livelihoods of their families both now and in the future.

Senator Troeth again raised the issue that the fishery is not sustainable. I would like to clearly put on the record that, if you look at the figures that AFMA themselves have put forward and relate them to the number of vessels that are operating in the fishery on a daily basis, the daily catch per boat per day is far higher now than it has ever been in the past. If, as Senator Troeth is saying, the resource is not sustainable, why are the individual boats catching more now than they ever were?

I would like to address a couple of issues in relation to the move to gear units. Having conversed with the industry right across the spectra of small to large, the one issue that has been brought to my attention by all of the operators is the proposal under gear units to measure the head rope at sea. An average vessel in the industry may be somewhere between 25 or 27 and 40-odd metres in length. If you look at the available area that is going to be on the back of one of these boats

to measure the head rope, it is going to be extremely difficult, particularly when you have nets that are up to 15 or 16 fathoms.

The issue is that, if an operator is pulled over by whoever is administering the criteria who, on measuring their net, finds that the net is not in compliance with the registered length, then that boat must steam from wherever they are in the fishery to some point at dry land to accurately measure those nets. So there is going to be an economic cost to the operator as a result of the move to gear units.

Another issue that I do not believe has been sufficiently taken into consideration by the committee is the reduction in effort by the introduction of TEDS—that is, the instrument that will allow turtles to escape from the nets. Trials that have been carried out with the various types of TEDS have resulted in losses of between 15 to 35 per cent in the actual catch taken. So there is going to be a natural reduction in the impact on the fishery by the implementation of TEDS.

In inquiring as to the application of the gear units, certain people have given answers to the questions that I put to them. The first question I put to the researchers was: under the amendment plan, can an operator amalgamate gear units from one boat into another one or, subsequently, onto more boats? The answer I have received to that is clearly yes, they can. Subject to some exceptions for smaller operators, operators will receive gear based statutory fishing rights—that is, GSFRs—on the basis of one GSFR for every class 1 SFR they currently hold. If an operator holds, say, approximately 5,000 class A SDRs, they may currently allocate this in any way they wish across the fleet, provided that the total hull capacity and engine capacity of the fleet do not exceed the 5,000 limit. Under the amendment management plan, this operator would be permitted to have a total of 500 metres of head rope across their fleet. One GSFR equals 10 centimetres of head rope, so the conversion comes across. But the operator would be free to allocate this in any way they wished across the fleet. In other words, they could have 10 boats each operating with a head rope of 50 metres. The second question I put to the researchers was: will there be any horsepower limits under the

gear units? This is clearly not so. Horsepower will no longer be relevant under GSFRs.

There are several issues we need to address in relation to removing engine power. One is that, if every operator stayed with their existing net sizes at the moment, the industry average at the moment is to pull the nets at a spread of approximately of 65 per cent. They come to this figure as a result of several things: firstly, the restriction on the horsepower and, secondly, the amount of pressure that builds up in the net that will ultimately end up in the catch not entering the net but in being displaced away from the net.

With the removal of the horsepower restriction, the operators will be able to have larger openings at the front of their nets—up to 75 and 80 per cent of the length of the head rope, I have been told, thus increasing the swept area that they will cover at the same rate. Given that there is an argument based on the economics of raising the horsepower and thereby greater fuel being consumed as a result, I believe that is a lesser problem for the industry to face.

The third question I put to the researchers was: will there be a limit on the size of net a boat can tow? Herein lies, I believe, the greatest danger in the change to gear units. Besides the obvious physical limitation of a particular sized boat to safely haul a particular sized net, the only limitation will be that it must not exceed the size that corresponds to the number of GSFRs the operator holds. That means that an operator who may have 10 boats in the industry may elect to remove some of those and, therefore, haul larger nets behind smaller boats, remove the horsepower, and extend the percentage of opening on the nets and increase the swept area. The other question I asked was: can an operator purchase gear units and add them to a boat? Again, the answer to this is yes. Operators may buy, sell or lease GSFRs in the same way that they currently do with class A SPRs. Any GSFR purchased or leased could then be used to increase the head rope length allocated to an operator on a particular boat.

Another problem that the industry faces is that there would be nothing to stop larger, supertrawlers coming into this fishery and

increasing the impact on both the environment and the resource. It is very clear when you look at what will happen to the existing boats that there are some very large anomalies, and these should be placed on record. They relate to the transfer from A units across to gear units. It can be seen clearly from a document prepared for AFMA at an NPF management meeting, NORMAC 43, that the exchange from A units to gear units across the industry is not equitable. I would just like to quote a few of them by vessel name. Under the transfer from A units to gear units, the head rope that will be lost on vessels is as follows: the *Tepania* will lose 16.9 metres, the *Delisa* will lose 13.6 metres, the *Adelaide Pearl* will lose 16.5 metres, the *Perpetua* will lose 15.6 metres, *Territory Leader* will lose 13.5 metres, *Ocean Wild* will lose 12.8 metres, *Bootlegger* will lose 11.4 metres, and *Apollo Air* will lose 10.1 metres. These boats are in different areas of Queensland, Northern Territory and Western Australia. These are substantial losses to those boats in the industry.

We then find an anomaly with a series of boats operated out of Western Australia. *Comac Endeavour* will actually gain 3.8 metres, *Comac Enterprise* will gain 3.8 metres, *KFV Sandpiper* will gain 3.8 metres, *Newfish I* will gain 3.8 metres, *Newfish II* will gain 3.8 metres, *KFV Shearwater* will gain 5 metres, and *KFV Herron* will gain 5.3 metres. Based on those figures, there seems to be an outlandish anomaly whereby everybody else in the industry is taking substantial reductions in the nets they will be able to tow behind their boats while this group of boats has been given increases.

We are now in a situation that other fisheries around the world have found themselves in, to their extreme detriment. In some of the fishing areas in the North Sea around Russia, which were traditionally occupied by small family fishermen, due to the introduction of extremely large trawling vessels called superseiners all of the income for those families in those small villages does not exist today. It is with trepidation that the people in Cairns find themselves with one of these superseiners parked in Cairns at the present moment. I would like to place on the record

some of the measurements that are involved with these huge boats. The net hauled by this type of vessel—which is admittedly fishing for tuna—is 1.1 kilometres long. The depth of the net is 40 fathoms. That means the net will catch to a depth of 240 feet. It has a purse on the bottom of the net and by closing that everything encapsulated in that 1.1 kilometres of net to the depth of 240 feet is caught. I am not for one moment equating that directly to trawling, because of the difference in the fishing process that is involved. What I am saying is that this Senate, if it does not vote for this disallowance motion, is sounding the death knell of a large proportion of the small fishing towns in North Queensland, around the Northern Territory and in the northern part of Western Australia. It will be committing them to oblivion by allowing the larger boats to a large degree, without any limits to their size and the nets that they can pull. I commend the disallowance motion to the Senate for its support.

Question resolved in the negative.

Senator Harris—Would the chair note that my vote was a singular vote in the affirmative.

The ACTING DEPUTY PRESIDENT—That will be recorded in *Hansard*.

APPROPRIATION BILL (No. 3) 1999-2000

APPROPRIATION BILL (No. 4) 1999-2000

Second Reading

Debate resumed.

Senator CARR (Victoria) (5.10 p.m.)—Before the lunch break, I was explaining to the Senate the strange tale of how incompetence and buffoonery leads to circumstances where the government is forced to take action and rectify the serious faults created by government ministers. I was talking about the situation where the Minister for Regional Services, Territories and Local Government directed the Administrator of Norfolk Island to give assent to a law of the Norfolk Island assembly to establish a university known by the title of Greenwich University. This is a tale of how this august, new Australian seat of learning at Greenwich, located on an external territory of this country, was established. The Senate will re-

lished. The Senate will remember that it came into existence at the behest of the island's legislature. The Minister for Regional Services, Territories and Local Government, Senator Macdonald, sought by his own actions to direct the administrator and acted in an incompetent way to produce a set of circumstances where he has probably had a greater influence over education policy than many of the ministers he himself says are responsible for education. His actions have led to the establishment of a review panel, after a little bit of publicity in this place and pressure from various states pointing out the inadequacies of his behaviour. The review panel was moved to propose the establishment of a new quality assurance framework in this country, which I would like to look at in greater detail when we actually see the proposition presented to the parliament.

The measures came about as a result of Senator Macdonald being duped. He was duped by people at Norfolk Island. He was duped by the person who presents himself as the 'Duke of Branagh', a person who claims to have distinguished academic record but who, in fact, as I understand it, secured his academic credentials from a university which has accreditation through the Shoshone tribe of Nevada. He presents himself as a person that has royal titles. He claims to be the regent of the French royal house of Anjou. He is said to be a justice of the peace and a Knight Grand Cross of the Sovereign Order of St John. He says he has various other titles associated with St John of Malta and that he has 'distinguished records of achievement', to the point where, as I understand it, he is a member of the Brimeyer organisation. He claims to be able to assert some linkage to Russia through His Highness Prince Alexis II. So he is the sort of person you would want to have running an Australian university! He is the sort of person you would want to have going round the world and explaining that this is a quality outfit!

What does this minister do? He accepts the assurances that this Internet university could only be applied to Norfolk Island. 'It was for domestic purposes only,' he said to the Senator estimates hearing; 'It was only a minor matter,' a matter that had been presented

to us as an issue we should not be unduly concerned about. The government has said to us in the Senate estimates hearings that the Commonwealth government has established a committee to review Greenwich University's academic and financial credentials, and only after the Commonwealth is satisfied that Greenwich University's credentials are equivalent to the credentials of other Australian universities would it recommend to the Ministerial Council on Education, Employment, Training and Youth Affairs that Greenwich be listed on the AQF registers.

We look forward to holding this government to this assurance that they have given us. We look forward to examining the report that comes forward establishing whether or not Greenwich University has academic and financial credentials equal to the rest of universities in Australia. (*Time expired*)

Senator COONEY (Victoria) (5.14 p.m.)—Senator Carr was on a theme that could well have justified another five or 10 minutes or more speaking time. He has done a lot of work in that very serious area of just how we can guarantee across the board that the level of education in this country is high—not that we have simply got one or two universities in each state that are very good but that the level of our education is high, no matter where.

As Senator Carr pointed out, there have been some difficulties in our being able to say that as Australians, and I think this matter will be developed tomorrow. I am very pleased that Senator Carr, who will be leading that debate, has indicated that that will be so. There have been some interesting contributions to debate in this chamber over the last hour or so. The issue of fisheries is a very important one, and it appears before us again. It is an issue of finding the right balance between exploiting a resource, making sure that that resource is preserved to ensure that there are resources in the future and ensuring a society that is well balanced and can produce not only money but the quality of life that we want. In that context, recently there has been some industrial action in Melbourne in the building industry, and other industries as well, about the length of hours people work.

You can take a cynical approach about that, but the point made by people like Dean Mighell, the Secretary of the Electrical Trade Union, and Martin Kingham, the Secretary of the CFMEU, is correct: what people want now is not simply loads and loads of money but the ability to earn a decent living and to live a life of some quality.

We are discussing appropriation bills, which of course cover all areas of our lives. It is in that context that I have mentioned these matters. The appropriation bills are about how money is to be distributed to various parts of the community—to various organisations and to people in the community. We need to have a system of fairness—a system of justice across Australia that we can be proud of. There has been a great deal of discussion this week about mandatory sentencing, and there have been some very deep insights given about that. Mandatory sentencing raises the whole issue of whether or not we are going to have a legal system that is fair. The legal system must be fair not only in the criminal law but in general law, because the law does not only deal with whether a person goes to jail. In question time today, Senator Vanstone, the Minister for Justice and Customs, talked about the number of people that have been jailed and the length of time that they have been jailed. She was talking about people who deal in drugs, and saying that people who deal in drugs deserved to be punished severely, given the sorts of crimes they commit. If we are going to jail people, as we should if they commit a crime, we have to make sure that they are the ones that committed the crime. Therefore, we have to ensure that the people who investigate—the police, the National Crime Authority and other bodies at state level—are properly funded. Not only should those people who discover these crimes be funded properly but also those who become defendants should be funded properly.

Mr Acting Deputy President McKiernan, this raises the issue of legal aid, about which you have had much to say over the years and about which you have written much. I will use a dramatic example to show just how important it is. In last Saturday's *Age* there was an article headed 'DNA tests open prison

doors'. It had a paragraph in it about a situation in the United States of America, where they have the death penalty. Fortunately that is not the situation here, but it points out nevertheless the very necessary process we must go through to ensure that the person who is charged is the person who committed the crime. Two things happen if you get the wrong person: a person is unjustly punished, and the person who should be punished is let go, both of which circumstances should be avoided. The article in the *Age* last Saturday, headed 'DNA tests open prison doors', said:

More than 6,000 people have been sent to death row in the United States since 1976, and 80 of them have later been cleared on the basis of DNA and other evidence.

It is a chilling thought that 80 people over that time may have been executed although innocent. This is in the United States. No doubt, as the death penalty is involved, there would have been strict rules of evidence applied to see that those people were properly convicted, and yet that large number of people were convicted wrongly. Whether we are talking about a legal system in the United States or here, we should have a system that ensures that decisions are properly made and are correct. The work that you have done in this area, Mr Acting Deputy President, has helped towards ensuring that people are properly represented and that the prosecution and the defence are properly financed.

The issue of a good legal system does not stop within Australia; it spreads right around the world. There are now international standards, which have been much talked about during the debate on the issue of mandatory sentencing. Let us hope that everybody who has served a mandatory sentence was guilty of an offence. But, even presuming that they were guilty of an offence and jailed, the question remains: were they imprisoned in contravention of these international covenants? People ask, 'What have international covenants, international standards and international criteria to do with us?' The answer of course is everything, because of information technology, because we now trade around the world and because you or I could catch a plane and be in Ireland—where, no doubt, you would like to be, Mr Acting Dep-

uty President; back to the homeland—within a day.

Senator West—He can't speak Irish, though.

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—Order!

Senator COONEY—In any event, Mr Acting Deputy President, I know that your great love for Australia does not completely obliterate that regard you have for Ireland. But the point I want to make is that the social and commercial intercourse and all sorts of connections between countries are now at such a state that we do need to have, as it were, an international understanding. That is what these international treaties and covenants are all about: to recognise the growing need for those sorts of things. They developed, as we all know, during and after the Second World War. When that vast tragedy occurred in Europe and in the Pacific, people said, 'There's got to be something better than this.' President Roosevelt declared the four freedoms; there was the Atlantic Charter and the declarations of human rights and the meeting of the United Nations. The first president of that was Dr Evatt, a person who deserves to be given great credit and reverence for the work he did. But since then there have been other conventions, such as the International Covenant on Civil and Political Rights and so on. They are standards by which people should live. They are standards by which we say we should live and by which we say people around the world should live. Yet there has been a great attack on that international understanding voiced in parliament over the last couple of weeks or so, and that is a tragedy not only for Australia but also for the world generally.

I think there is a need in that context to have something like a bill of rights in Australia, which would give a local articulation to those international covenants. We do have, of course, a lot of acts that already do that, such as the Racial Discrimination Act and all those other acts that have followed. There is an interesting article in the *Sydney Morning Herald* of 3 April this year, written by George Williams, a lecturer at the Australian National University. He talks about the need for a bill of rights. He says:

It might be argued that we are simply at par with other comparable nations.

What he is saying is that, when we look at ourselves, we say, 'We are going fairly well.' And I think we are. This is a country that can hold its head high in terms of its regard for civil rights and in its regard for the rule of law. Mr Williams continues:

However, Australia differs in one crucial respect. We are alone in not having developed a statement setting out our rights and freedoms. Other common law nations have done this: Canada in 1982; New Zealand in 1990; even the United Kingdom (from which our own system is derived) in 1998.

We have been left behind, our legal system quarantined from human rights developments in other nations with which we had shared a common legal framework. While each of these nations, like Australia, had relied upon the common law tradition to protect rights, they have recognised the need to supplement this with a Bill of Rights.

I think that, if we had a bill of rights, the situation that has now occurred in the Northern Territory with the mandatory sentencing laws would not have occurred. We have got to a point where the Chief Minister of the Northern Territory has to prove that he is as hairy chested as anyone. I think it has got to the point now where, no matter what his personal beliefs, he is being pushed into a corner where he cannot do the right thing—that is, to follow these international understandings, to adopt the criteria that operate in other countries similar to ours and to set aside these laws or at least change them so that they do not contain mandatory sentencing. If there were a bill of rights, that could be done because it would not be a particular issue at a particular time; there would be a rule of law which stretched over the operation of how laws in this country operate which would persist right throughout the country and right throughout generations. Therefore, it could be set aside without any loss of face by people like the Chief Minister of the Northern Territory, and he would not have to be hairy chested about the situation.

I began this speech talking about educational institutions and universities—the matter that Senator Carr was talking about, and I mentioned Mr Williams from the ANU. There is a need for universities to speak out. There is great capacity in our universities to

analyse issues for the good of the community generally, not just for the good of the education system. These include issues of our rights and how we are treated by the law. People in the university, like Hilary Charlesworth, who has given evidence to our committees on several occasions, and Deborah Cass, contribute greatly. But universities need more funding, because they are too reliant on the need to satisfy high criteria—not in terms of moral worth but in terms of getting money, whether from the private sector or from the government sector. I think there is a fear growing in these universities, which is bad to see. It was not there in the old days, but of course the old days are always better. The book by Tony Coady from Melbourne University on this subject is well worth reading.

I think there is a mood in government circles in Canberra at the moment which goes against the acceptance of a rule of law and which is in danger of becoming very mean and very limited, so that the law tends to crush people rather than let them expand and walk free as dignified citizens. One of the worst things about mandatory sentencing is the loss of reputation it causes to those who are locked up. Loss of reputation is dreadful for anybody, whether you are a member of parliament, a member of a bench or a young Aboriginal child. It is a shocking thing and it should not be visited lightly on people, as it is with mandatory sentencing.

Senator WEST (New South Wales) (5.34 p.m.)—I rise in this debate to address some issues in relation to activities within the Department of Health and Aged Care. The first issue I wish to address is the very important issue of tardiness, to put it politely, on the part of this department in replying to questions on notice at estimates. If people read the Community Affairs Legislation Committee estimates report of March 2000, they will find a unanimous report criticising this department for its failure to provide answers by the due date. But it is not just a failure to reply by the due date; it is almost a failure to reply, full stop, on some occasions.

On 1 December of last year, we had the supplementary estimates to the budget estimates process, and a number of questions

were taken on notice by the department. It was expected that the answers would be received by the committee secretariat by about 17 or 18 December. We know that that is a short time frame, and we know that Christmas intervened, but by 17 January this year, when nothing much had appeared, it became more serious. From my recollection, we began to see the odd reply come through about a week later. This is the department that has a whole series of questions on notice about its handling of issues such as MRI: how much did the minister know? What actually took place? What was the minister's involvement? This is about administration, lack of transparency and what people may or may not have known. This is serious scrutiny into the work that this department has been doing and what it and its minister have been up to.

We now come to the issue of the additional estimates on 7 March this year. In the week leading up to that, bundles of answers came back. But, as senators well know, you do not prepare for estimates, if you are going to do it properly, in the last 24, 48 or even 72 hours—or even in the last week. There are hours and hours, days and days, of careful scrutiny of previous answers and issues that have to be checked to formulate ongoing questions.

In fact, on the day of estimates itself we were still receiving replies from the department. They took on notice some criticisms and statements that I wished to make and made on that day, saying that I wanted the department to explain to us why, as late as Friday of the previous week—this is on 4 February—we were still receiving a significant number of answers to questions placed on notice. I think it was about 21 January that we started to get answers back. The secretary to the department was not there, but Mr Borthwick, the most senior officer at the table, was not able to give any reason as to why the answers were late in coming back. He said, 'I think I do not have a particularly good answer to that, Senator.' I think it is an appalling answer. I am appalled at this. This is not good administration. As far as I am concerned, under the Westminster system administration begins at the top; administration begins with the ministers. If you want to

take it further than that, it goes up through the cabinet to the Prime Minister, but I will stay with the ministers at this stage because that will do.

So they could not answer that specific question. They could not answer why on one occasion I had asked a question and all they had given to me in the reply, which appeared two days before estimates, was a copy of an extract from the New South Wales parliament *Hansard*. I already had that—that is what I had used to base the question on. How come it takes a Commonwealth department two months to give me an answer when all they give me is an extract from a New South Wales parliament *Hansard* which is on the public record? It did not require a great deal of authority and approval through various sources to actually pass it on to us. It did not answer the question, but that is beside the point. They could not give me that answer.

The reporting date for having the answers back for 7 February was in about the middle of March. And guess what? We still wait. We have not received any answers that I am aware of from the Department of Health and Aged Care to the questions taken on notice on 7 February. The only thing that I have received is the correction of an answer that was given that was not correct in relation to immunisation schedules. This is not good enough. Estimates are about the careful scrutiny of the administration of an expenditure of moneys and also the administration of departments. I have to say that, if the answers to questions on notice are any indication, there is something gravely lacking in the administration of the Department of Health and Aged Care, both in the health area and in the aged care area. It is not good enough. This department is repeatedly doing this and is making a habit of it.

I would draw people's attention to the committee report, which says:

1.11 The Committee is particularly concerned with the lateness of answers to questions on notice by DHAC because it has observed that a pattern has been developing of the Department providing answers to outstanding questions in the final days leading up to the next estimates hearing. The Department was put on notice that the Committee would be taking a much harder view if this practice continues.

1.12 The Committee is also concerned at the piecemeal way in which answers to questions on issues requiring multiple answers are being provided by DHAC. In some cases there is a considerable time lag in the issue being answered in its entirety. While the Committee appreciates answers being provided as expeditiously as possible, this progressive provision of answers to questions with multiple parts can be frustrating and makes it more difficult for Senators and their staff to keep track of the complete answer to a question.

It also makes scrutiny more difficult. One has to wonder why this is taking place. I draw the attention of senators to this particular report. This is a unanimous report. At estimates itself I complained, Senator Chris Evans complained and the chair registered her concerns and support for our complaints. This is not one group of senators going off on a fishing expedition or whatever and being unfair and unreasonable to the department. This is the committee as a whole being critical of the way the department is handling this particular issue. I think the Department of Health and Aged Care really does need to stand warned that, if this practice and behaviour continue, I do not know how long it is going to be held in front of an estimates committee next time, because there are a number of issues within that department that require very close and careful scrutiny. We are still trying, as I said, to get to the bottom of what happened with the MRI issue. We now, of course, have aged care, and there have been many questions and issues covering that. Now, subsequent to the estimates, we have had the Riverside case. There are many issues to be canvassed, but how can we be sure that we are going to get a fair go at canvassing those issues, to enable transparency and scrutiny and therefore good administration and good governance to occur, if the department does not do the right thing?

I am gravely concerned about the behaviour of this department, and I am gravely concerned about the ministers and their apparent lack of nerve and will to ensure that their department provides the Senate with the answers within an appropriate time. Neither of the ministers that handle that department are in this house. One would not want to be accused of being unparliamentary but one has to wonder whether this is a chance for them to ignore a request from the Senate. I hope

that is not the situation and I do not want to reflect badly on anyone, but I am very concerned and I think the Senate has a right to be concerned because this is ignoring a request by the committee. It is ignoring something that we have done on behalf of the Senate. It is not good enough on the part of this department, and it needs to do something about it. It does not matter what side of politics you are on, the issue of good governance, scrutiny and transparency is something that we all should hold very dear and regard as very important, because good governance is what makes a democracy work. Ignoring requests and legitimate questions is not the way that good governance takes place.

There are a couple of other health issues that I wish to canvass, one of which I canvassed with the department in December and about which I think I got good answers. It was in relation to an ad that appeared in the *Sun-Herald*, a Sydney Sunday newspaper, on 28 November—that was the first time I saw it. It was put out by the Sydney Heart Image Adventist Health Group, and it says ‘Simply the most important advertisement you will ever read’. It goes on to talk about a CT process to scan coronary artery calcium levels, known as the CACS or the coronary artery calcium score. I asked questions about this because I had concerns that this could have been another way of tapping into the public purse for money to prop up the incomes of some of the medical practitioners. I wondered when I read it, having a nursing background, whether advances in the treatment of cardiovascular disease had taken place that I was not aware of. The ad talks about being ‘good news’ and says that this test will show what the calcium levels are within your coronary arteries and that it will be a good marker and indicator for the risk of heart attack. It also says that ‘prevention is better than cure’ and implies that treatment can be undertaken if you have a high coronary artery calcium score. It also tells you what to do if you get bad news, and poses the question ‘Should I take the test?’ It says:

Heart attacks begin to occur in apparently healthy men and women from approximately 40 years of age. If you are over 40 and have one or more of the following:

Cigarette smoking
 Family history (close relative experiencing sudden heart attack or stroke)
 Borderline or high blood pressure
 Borderline or high cholesterol
 Diabetes
 Menopause
 Obesity and/or a sedentary lifestyle
 Chest pains
 you should take the test.

It is saying that basically everybody should take the test. Menopause applies to over half the population, therefore they are saying that all women past menopause should take the test. I hasten to add that this is a test that is going to cost you money, and nowhere in this ad does the cost of this appear.

I asked the department some questions at estimates, and I had some very interesting answers from Dr Primrose and Professor Smallwood. Dr Primrose said:

The coronary artery calcification score is not one of the criteria—

that is, for preventative treatment—

save for a subsidy of lipid lowering drugs on the Pharmaceutical Benefits Scheme ...

He wondered what treatment they were proposing. I do not think anybody would be placed on lipid lowering drugs unless they had a high lipid score as well. There has been so little scientific evidence that has been put up for evaluation that one would not know what to do with a high coronary artery calcification score.

I might refer to the evidence of Professor Smallwood, who is an eminent physician and can comment better than I could. His comment was:

I would regard the claims as extravagant. I certainly am not aware of any established cardiac units using that index as part of their general assessment of patients. We would need to see a lot more evidence than certainly they are putting up and I think undoubtedly the claims are extravagant.

He repeated that the claims were 'extravagant'. So I think that it is very important that people know that the claims being made in these advertisements are, in Professor Smallwood's assessment, extravagant. That

assessment is from a gentleman who has a great deal of knowledge and is highly recognised and respected within his profession. The head of the department, Mr Podger, suggested that I might like to refer this to the ACCC and/or the state Health Complaints Commission. I know that the ads soon stopped appearing—until about three weeks ago. They are on again. I have to ask myself why. Is this another way that some radiologists think they can tap into some reasonable money? I have concerns when there is nothing that I know of in medical literature coming out on this, and certainly that observation would appear to be supported by Professor Smallwood, who said on 1 December that they were extravagant claims. This is a screening test and it will cost people money, so I urge people to be very cautious and careful about undertaking this test. If they have concerns about their cardiac state, they should see their GP and have it checked out through some reputable organisation. I had had a high respect for the Adventist Health Group in Sydney, but I now have grave concerns after seeing the ad.

The other issue I wish to canvass today is the issue of immunisation. I strongly support the immunisation of children—in fact, I support the immunisation of everybody against every disease that is possible, because I have actually seen most of those diseases. I have nursed a number of patients with those diseases, sometimes where the patient has died. If anybody ever wants to contract a disease like diphtheria, I suggest that they do not, because a diphtheria death is not particularly pretty. Neither is it pretty to see a six-week-old baby with whooping cough. The immunisation levels within the community are so low that six-week-old babies can get whooping cough and require hospitalisation. I never want to see that. I am concerned about what almost appears to be a pulling back by the federal government from a national program, because there have been some very marked improvements in immunisation in recent years. A couple of years ago, the NHMRC recommended the change from the whole cell whooping cough vaccine in triple antigen to the attenuated part, called DTPA. The NHMRC recommended it, but the minister rejected that recommendation.

We now have that approved and it is being used. And surprise, surprise: as predicted by the professionals, we are seeing fewer side-effects and fewer reactions and I think we are seeing more parents who are happy to have their children immunised. We are now seeing what is called a multivalent vaccine—that is, the inclusion within the DTPA of hepatitis B—and that is very good. We are seeing vaccines that have the DTPA and Hib. We are also seeing vaccines which are just plain DTPA and a vaccine which is hepatitis B and the HIV vaccine.

I am very concerned that we do not seem to be able to get a clear answer to both the questions I asked in December, when I did not get clear answers because somebody was away sick from the department that day. I put a lot of questions on notice and these answers came back late, as I said. It was difficult to ask the same series of questions, but basically I had to. I have not been given a clear outline as to what they expect the outcomes to be, nor what they expect the schedule to be, nor what the minister is likely to recommend, save to say that they have changed the word 'interchangeable' to the words 'equivalent in outcome'. There is a big difference when you are going to be dealing with the differing types of vaccine. I will be critical of that. I am critical of the Department of Health and Aged Care and will remain so until they actually get their act together and start complying with requests from committee hearings for answers.

Senator HUTCHINS (New South Wales) (5.54 p.m.)—I want to speak tonight about the diesel fuel rebate in this debate on Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000. Charges to road transport are accounted in two ways: in access charges and in usage charges. Tonight we will be dealing with usage and tomorrow we will be dealing with access. I understand we will be going into committee and we will have an opportunity to ask the minister questions in relation to some of the additional costs that are being sought from the government to administer this scheme. This scheme represents a hotchpotch deal that was agreed to between the government and the Democrats. I think the Democrats thought that, in

some form or other, by agreeing to this scheme they were making some sort of environmental statement. However, as I would like to point out during the course of my speech, I believe that they have failed in a number of significant ways. The most obvious part of this scheme is the fact that Australia is divided into two zones: a conurbation zone and a non-conurbation zone. Vehicles over 4.5 tonnes, whatever their size, will be able to have access to the rebate if they are in the non-conurbation zone, but vehicles between 4.5 tonnes and 20 tonnes will not have access to the rebate.

At the moment, the Australian people are waiting for the government to make the announcement about where and when the zones or the boundaries start and finish. For some months now people in the industry have been involved and have been negotiating with the government to have these lines drawn on the maps. We have been waiting a long time. This scheme is to be introduced in July, only a few months away, and a lot of people need to have their systems in place so that they can ensure that they are going to make the right application for the rebate. It is a ridiculous scheme in the first place because heavy vehicles which should have access to it will be excluded and there are other people who will have access to it who possibly have some sort of question mark about them. I can only conclude that we are waiting for the lines and boundaries to be announced because the government is having a look at its marginal seats to make sure that it is not going to impinge upon people like Larry Anthony and others who are in a zone where they will be impacted upon if the rebate is not accessible to them.

I want to talk about some of the difficulties that have been highlighted by the proposals in the scheme. The first thing is that already, particularly in the construction industry, owners of vehicles that are slightly less than 20 tonnes are being advised by the likes of Boral, Pioneer and others to upgrade their vehicles so that they will be eligible for the rebate scheme when it comes in. That is all well and fine for them, but as I understand it, from the push from the Democrats, their line is that they have this concept about being

environmentally conscious and looking after our environment and all the other things you would expect them to say. However, I think what will occur as a result of this encouragement of heavier vehicles in the urban regions is that we will see further congestion, we will see more pavement and bridge repair and we will see more need for parking because this has not been gone into properly by the Democrats. This scheme will encourage heavier vehicles. It will ensure that all those things that they are frightened about with road transport will be impacted upon even greater. I am a bit concerned that this will lead to more of the heavier vehicles operating on suburban roads when we should be trying to make them go on the highways.

Another aspect of this is that thousands of vehicles will not be eligible for this rebate. They will be paying the 37c per litre, but vehicles outside those conurbations will be paying only 20c per litre. So people who live in the metropolitan areas will have no cost reduction or little cost reduction in the price of goods and services because they have been discriminated against by the government in the proposed scheme.

Another aspect of this scheme is the administration and compliance costs. Lorry owner-drivers, particularly the single operators, are already having to purchase computers, become computer literate, and make sure that their accounting and cross-accounting, and all the other things associated with this, are in order. One of the stated aims of the National Road Transport Commission has been to ensure that there is a reduction in administrative costs for road transport. They believe that if those administrative costs are reduced for road transport, that will have a knock-on effect for the consumer. However, I believe that as a result of the introduction of this scheme, and because of the conurbations for which we are still waiting to find out the divisions and boundary lines, administration costs will actually increase for the transport industry. That will mean that there will not be the flow on to the consumers that the government was hoping would occur. I do not see any evidence that there are going to be anything other than extra administration costs, particularly for the single operator.

The Democrats tried to display that the deal done was some sort of environmentally conscious one, but I feel, as one of my colleagues in the House of Representatives said, that they got done in this deal. I assume that what was behind some of the decision making by the Democrats was that if they are going to keep fuel prices high, they will not only discourage road transport operations but also discourage private car use. Only half of the decision making of people to use their private vehicle is on the basis of either the price of fuel or the level of their own incomes. The major reason for people making a decision about private vehicle use is town planning dimensions. If you have a situation where you have people in increased densities, then you will have less private car use. Where you have urban sprawls, as we have particularly in the Sydney and Melbourne regions, you will encourage people to use their private cars. This deal does not address that at all, because what has happened in this deal is that nearly 80 to 90 per cent of buses in Australia are less than 20 tonnes. No matter what the government or the Democrats say, this is a disincentive for any person to even think about using private or public bus transport.

The average bus size in this country is about 16 tonnes. As a result of a lot of safety and amenity measures that have had to occur over the last few years, the vehicles have actually increased in weight. Disabled access, airconditioning, seat strength and roll-over strength have occurred in the last few years as a result of industry reforms to make travelling safer for bus passengers. However, they will not have access to this rebate. An industry expert, Mr Robert Gunning, whom I saw being questioned at the estimates committee, said that he believed that, as a result of the increases, they will have to increase their fares by about three per cent because they believe that there will be a nine per cent increase in their running costs.

The other interesting aspect of this is that, at the moment, buses do not pay sales tax—they are sales tax exempt. However, as a result of the GST, they will be paying a sales tax. Here we have a deal that has been done between the government and the Democrats

which, in one way or another, is meant to try to discourage private car use in this country; but in the built-up areas private bus fares are going to rise. People are going to be discouraged from going onto private buses. That will feed people back onto the road. That will cause further congestion. That will also cause that air and noise pollution that you would think the Democrats would be concerned about. None of this has been addressed by the government in this deal that they have done with the Australian Democrats. As I said earlier, as one of my colleagues quite accurately stated in the House of Representatives: the Democrats obviously got done on this deal, and done badly. This is not environmentally sensitive. This will encourage further private car use, if that is what the Democrats thought was not going to happen.

In concluding, I want to make a few comments in relation to this scheme as it will continue to evolve. As I understand it, this scheme will end in two years. I think it is going to be replaced by something called an energy credit scheme. What this constitutes I have no idea at the moment. I am not sure whether the government has published any papers on it or not, but I suspect we are going to find people being either punished or penalised for holding onto old vehicles. I make no judgment on this, but Australia has one of the oldest fleets in the OECD. What I think will occur, if this is what the government is up to with the Democrats, is that people will be punished or penalised—and it will be particularly single lorry drivers. They will be the ones who will be penalised by this because they are the ones who are maintaining what would be seen to be less efficient or less popular or less pollution friendly vehicles on the road. I think we will see this occur as a result of the introduction of that scheme.

But there is more and more that the people behind this scheme are up to. Already we have had a situation develop in Tasmania where the NRTC has been trialing what are called global positioning systems. This is a means by which they are looking at mass distance charges for vehicles so that they can implement and charge even heavier costs to the road transport industry and, thus, the consumer. This did not work all that well in

Tasmania, as I understand. But that has not stopped the NRTC. They already have what is called an intelligent vehicle trial through their intelligent access project. They are already trying to update and upgrade this scheme, making it more and more clear what they are on about, which is to have what is called electronic road pricing. We already have it in Melbourne, where there are electronic gantries making sure that, on the road that goes to and from the airport, people are charged according to the time they go through. That aspect is being investigated. This was rejected by a lot of the industry back in 1992—mass distance charges. However, somehow or other they are still talking with the NRTC to ensure that that will not come through. There are other things some of these social engineers are considering. There are already papers published on something called a 'congestion charge'. We have the Orwellian 'tax to reflect the social value of clean air', we have the mass distance charges, and we are also waiting to see what the energy credit scheme will lend itself to.

In 1992 I was one of a number who vigorously opposed the introduction of two zones and two zones of charges in this country. The NRTC and the government representative at the time were very much in favour of having two classes of registration cost in this country: one for New South Wales, Victoria, Tasmania and Canberra and a lesser charge for Queensland, the Northern Territory, South Australia and Western Australia. We vigorously resisted the government in that in 1992, and those charges were dropped. However, I am a bit surprised that, at this stage, people in the industry have been prepared to accept zonal charges or conurbation and non-conurbation charges from this government. It is something I think they will live to regret.

Senator MURPHY (Tasmania) (6.09 p.m.)—[Appropriation Bill \(No. 3\) 1999-2000](#) in particular and [Appropriation Bill \(No. 4\) 1999-2000](#) seek to appropriate moneys from the consolidated revenue fund for the ordinary annual services of government—that is, recurrent services, for example, running costs and recurrent expenditure on already established programs. Major additional appropriations in the bills are: the defence depart-

ment—\$740 million needed to cover the government's decision to increase the readiness of the 2nd Brigade to 28 days notice to move; and the Department of the Treasury—\$118 million appropriated to the Australian Taxation Office for various costs relating to the implementation of the goods and services tax and related changes to the tax system. One of the major items there was \$60 million per year to cover increased administration costs arising from the partial removal of food from the GST base.

In regard to the Department of Defence, there are a couple of areas that I want to deal with. The first relates to the Defence Housing Authority and the provision of housing to defence personnel. That has the capacity to very significantly affect the overall Defence budget. I have found it very interesting to investigate a range of matters in the provision of housing and how the Defence Housing Authority goes about the provision of housing for defence personnel, particularly in the north of this country—in Townsville, Queensland, and Darwin in the Northern Territory.

The Defence Housing Authority has a very important responsibility and one that was, in many respects, needed—that is, to upgrade housing for defence personnel because that has been in much need of an upgrade since the early eighties. I therefore do not want to reflect on the right—indeed, it is a deserved right—of defence personnel to have appropriate housing, at least to community standard. In the past they have not had that. But I have to say that, in recent times, the operation of the Defence Housing Authority in striving to meet this objective seems to have swung the pendulum in terms of the quality of housing. Indeed, it seems to have gone way past what I understand to be Defence's objective in the provision of housing to its personnel. The Defence Housing Authority operates in effect as a government business enterprise and operates on commercial grounds. In doing so, it is not really able to determine whether it is a private sector company operating purely out of a profit motive or whether its principal motive is, as it should be, the provision of housing for defence personnel.

Some of the more recent issues that have come to notice, particularly in Townsville and Darwin, relate to the provision of housing and the Defence Housing Authority as a player in the housing market per se. The Defence Housing Authority either constructs houses on a contract basis on land that it has acquired or buys housing land packages, or from time to time it can rent from the private rental market. The opportunity has developed for the Defence Housing Authority's influence in certain markets in certain places to possibly distort what would otherwise be the market rent and housing costs. The Defence Housing Authority is in a unique position where it buys or builds houses or apartments and then offers them for sale to the private sector. On top of that, when it sells those properties to the private sector, be they individuals or private companies, it offers with them a lease-back program, which is for a minimum of six years and can be up to 12 years with guaranteed levels of income.

In many instances you might say that is of no real effect but, in a market where the provision of housing is so important for defence personnel, it can have an impact on the general market rates and the cost of housing. I would argue that that has been the case in Darwin, and it has been possibly the case in Townsville. No other developer, as such, in the private marketplace is able to offer the types of rental agreements, lease-back agreements, that defence housing is able to offer.

How does this affect the defence budget? Where we have the Defence Housing Authority building or proposing to build or purchase apartments or houses that are, as I said, potentially above what would be the normal public standard and at a cost which is significantly high, the rentals attached to them would be in excess of \$500 a week. My information is that the Department of Defence itself, and rightly so, provides a rental subsidy. Defence personnel do pay a level of rent depending on their rank, and that ranges from around \$100 a week—and this is the soldier's contribution—through to somewhere in the order of \$170 a week for a high ranking officer. Where the rent is over and above that, the Department of Defence subsi-

dises that. I have no disagreement with that. It should. But the worry is the level at which it ultimately has to subsidise that housing.

The Department of Defence, as I understand it, has a cut-off point of around \$300 per week. If you were a mid-ranking officer, for instance, renting one of the new high-rise apartments that the Defence Housing Authority purchased in Darwin—and the rent indicated for those properties is up to \$525 per week—you would be likely to pay around \$146 per week, leaving the remainder to be picked up by the Department of Defence, which is more than \$300 a week. It is very important that the Defence Housing Authority and, in particular, the Department of Defence have a very long hard look at it and that the Department of Defence very specifically sets down the guidelines for the Defence Housing Authority in the provision of housing.

It is worth noting that the Defence Housing Authority, in appearing before the Joint Committee on Public Works, proposed to purchase some 50 house and land packages in Parap Grove in Darwin to the tune of around \$17 million. Those house and land packages were put to the Public Works Committee as being essential for the provision of housing for defence personnel in Darwin. It subsequently turned out, following questioning from the Public Works Committee, that somehow this \$17 million purchase was not needed—it was too expensive, because they were some of the concerns that the Public Works Committee raised, and it was no longer necessary to meet the housing needs of Defence in Darwin. You are talking about 50 houses here.

They also proposed to build, I think, three 12-storey apartment blocks in Carey Street in Darwin. The argument put to the committee was that those apartments were going to be three- and four-bedroom apartments because that was the requirement Defence had given the Defence Housing Authority. It was going to cost in the order of \$30-odd million. Again, the rental rates that would have had to have been paid for those would have certainly exceeded, I think, the \$300 a week subsidy that the Department of Defence would pay because, as was put to the com-

mittee, some of the rents would be in excess of \$500 a week.

I reiterate that I think that the soldiers and the people associated with defending this country, our defence personnel, have every right to expect housing of a reasonable community standard. We should not deny them that, and they have every right to expect some form of subsidy towards their rent because they play a very important role and are often placed in very difficult circumstances in the service that they provide to this country. But we also have a responsibility to ensure that an authority that is charged with the responsibility of providing housing to them does so in a way that ensures the best return for the taxpayers' dollar. It is worth noting that Defence has not been without its difficulties from a budgetary point of view in a whole range of areas. This is but one. I notice that a most recent Audit Office report has raised concerns in another area. Again, that is why we need to monitor this very closely, and we should.

Another aspect of this relates to the implementation of the GST. Much has been said about the GST. Much was claimed by the government both before and after the last federal election. This was, in their words, a new tax package that would deliver benefits for all Australians—benefits such as cheaper cars, cheaper petrol, cheaper this, cheaper that. It would be easily implemented, cost-effective and for business it would be a boon. Earlier today I went to a question with regard to the Yellow Pages business index, which very clearly identified that small business does not think things are going too well. Indeed, I asked a question earlier today about how the tax office was going in meeting its obligation in terms of the money it has been allocated under these appropriation bills to achieve its objective of getting everything in place for the commencement of the GST on 1 July. In particular, I went to the question of Australian business number registrations and how many had been processed, et cetera.

To put this into some context I might read in part a statement issued by the tax office, by the commissioner. One aspect of this relates to the 'reply in five'—that is, if you provide written advice the 'reply in five' will

deliver the world's best practice administration to ensure that all taxpayers receive the support they need in the transition to the new tax system. In effect it says: 'If you email or ring up, you can get a reply in five.' I tried to test that out and sent in a query to the 'reply in five' on 27 March. To date, I have not received a response. I was reading a letter to the editor in the *Mercury*, a Tasmanian newspaper, that really summed it up for a lot of small business people. It is headed 'GSTeed off':

I have recently set up a new small business. Wanting to do things properly, I heeded the Federal Government's advice and registered for the new tax system early. Tax Commissioner Carmody says—

he is quoting from a previous report in the *Mercury* of 25 March—

'I want to reassure businesses that we are absolutely on target to issue all ABNs received by the 31 May deadline before the July 1 start of the new tax system.'

Well Mr Carmody you are going to have to burn the midnight oil if my experience is anything to go by.

My application was mailed early December. Having received no notification of my number today (14 weeks later) I telephoned the 1300 number to check its progress.

During what seemed an eternity as I waded through the recorded information and listened to the lovely music I was encouraged by the news that 'applications are taking 28 days to process at present'.

When I finally got to speak to a live human being—although his enthusiasm suggested he was little more than a robot—we spent a long time while he went back and forth to his computer searching for the status of my application. At one point I was told applications can take up to seven weeks; at another, when the robot had apparently forgotten to switch me back to the lovely music, I heard him muttering 'I am sick of this f... silly system.'

Well, I'm sick of it too Mr Carmody. I was finally advised by your robot that my enquiry would be logged on the computer and 'if you don't hear anything within ten days or so call us back on this same 1300 number and if we haven't located it you will have to fill in another application.'

This incensed me. Why should I have to ring? It's your 'f... silly system' that's caused the problem. You ring me when you've fixed it.

By my estimate 10 days from today (March 27) plus 56 days to process my replacement application takes us into June and with the rush of last minute applications the department is receiving I don't hold out much hope of seeing an ABN or GST guide before 1 July.

So much for assurances, Mr Carmody. I think you've been rubbing shoulders with too many politicians.

He is right. He has probably been rubbing shoulders with the minister for no answers, Rod Kemp. Insofar as ABNs are concerned, we know that just two months ago there were over one million applications. Of these, only 757,500 notifications have been issued out of the 2.5 million possible estimate of ABN registrations. We do not know how many of those are interim ABNs. Therefore, until we know all of those things we do not know whether the money appropriated in this bill is ever going to be enough to actually cover the cost of the implementation of this tax system—this tax system that was supposed to be so simple. We will never know—sorry, we will know; we will find out. I suspect that the cost will be very much higher. It will be interesting to see how the government deals with applications that have been given interim status and are proved to be ultimately wrong as so much information is still missing regarding what the ongoing cost is going to be. The government has a long way to go on this issue. I just hope for the sake of small business people and for Australians generally that they start to get some things right.

Senator O'BRIEN (Tasmania) (6.29 p.m.)—I wish to make a short but important contribution to this second reading debate this evening on Appropriation Bill (No. 3) 1999-2000. I say 'important' because the matter I want to address is the future of a scheme that underpins no less than 1,600 jobs in the state of Tasmania. That scheme is the Tasmanian Wheat Freight Subsidy Scheme. Senators may recall that the government was forced to extend the operation of this scheme early last year. It was forced to do so by pressure from those industries directly dependent on the scheme. In addition, the Tasmanian Farmers and Graziers Association and, of

course, the Labor Party during the last federal election secured an extension for the Tasmanian Wheat Freight Subsidy Scheme. However, according to the then responsible minister, Mr Vaile, in a media statement dated 19 February 1999, the scheme was to be extended only until the new taxation system was operating. I would like the current minister, Mr Truss, to confirm that February statement. What I would like to know, what I think the Senate would like to know, and what, I am sure, those affected Tasmanian industries and their employees would want to know is whether or not this small but essential scheme will end on 1 July this year.

I would like to remind the Senate of the role that this scheme plays. It subsidises the transportation cost of bulk grain, which underpins a number of key Tasmanian industries: the chicken industry, the stockfeed industry, the bakery industry and the pork industry. These industries employ directly and indirectly approximately 1,600 employees. I am sure that I do not have to say that, with the multiplier effect, 1,600 employees would mean that there are a great deal more Tasmanian people employed as a spin-off from the employment of those 1,600.

I assume that Mr Truss will attempt to argue that the changed tax arrangements scheduled to come into effect on 1 July this year will remove the freight disadvantage facing those Tasmanian industries. That appears to be the position that the previous minister, Mr Vaile, took in that February media release that I referred to. I must say that I assume that that press release was underpinned by a detailed financial analysis of the benefits of the current system to those industries compared with the impact of the new taxation system on their costs. If there is such an analysis, then I for one would like to see it. I am sure that the chicken industry, the pork industry, the stockfeed industry and the baking industry would also like to see that documentation. If there is no such financial analysis, then I assume that such a financial analysis will be completed, and completed well before 1 July this year. I think it is important that all those industries that rely on the Tasmanian Wheat Freight Subsidy Scheme are properly consulted about the

scheme's future before it disappears or, indeed, before any changes are made to it. I look forward to a commitment from the minister, Mr Truss, that he will not take any action that will significantly disadvantage those key Tasmanian employers.

Let me say that there has been a great deal of debate about the basis of the government's calculations on the inflation effect of the GST, for instance, promises that it will have no effect on the cost of petrol in rural and regional Australia. Those calculations have been demonstrated to be quite wrong. So I think it is important that, if the government intends to axe this scheme from 1 July—which I must say is the only conclusion that can be drawn from the media release of the then minister, the Hon. Mark Vaile, on 19 February 1999—there ought to be certainty in the community that there will not be a catastrophic effect on employment. My office has been in touch with people representing some of those industries, and at this stage they are not so convinced. They are of the view that the maintenance of the scheme in the coming environment that they are aware of is critical to the maintenance of jobs in my state. Again, I look forward to a commitment from the minister, Mr Truss, that he will not take any action that will significantly disadvantage those key Tasmanian employers.

Whilst I am on my feet, I have one other comment on another matter. There has been some comment in the media quoting Mr Dick Smith on problems with air space in the state of Tasmania, alleging that there were great dangers involved in the current air space management scheme. Mr Smith visited my office quite some time ago. I have not been able to locate the date in my diary, but I think it is about two years ago.

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Senator O'Brien, does this relate to the bills before the Senate?

Senator O'BRIEN—It does in the sense that it is to do with the financing of the operations of government. I will be very brief, Mr Acting Deputy President. In my office, Mr Smith indicated that what was needed was actually a downgrading of the management of air space, not an upgrading. I found suggestions that there was not a sufficient

scheme in place at this time to fly entirely in the face of suggestions that what was needed was the closing down of the air traffic control towers, for example, at Launceston Airport, so that the location specific costs which ought to apply to that airport would not make landing at the airport too expensive. I really do think that there has been a great lack of consistency by Mr Smith and it is no wonder that his comments have been attacked by the leaseholders of the airport. I do not think that they can be given any weight at all.

Senator GIBBS (Queensland) (6.37 p.m.)—I rise today to speak on the [Appropriation Bill \(No. 3\) 1999-2000](#) with regards to defence and the allocation of almost \$800 million to the Department of Defence in that bill. From what I can tell of the bill, the allocation does not include provision for the continuing problem of the impact that changes to the fringe benefits tax will have on defence service personnel, despite government promises to the contrary. The particular impact of the government's A New Tax System (Fringe Benefits Tax Reporting) Bill on defence personnel is unfair and unjust in the extreme. The legislation requires employers to report fringe benefits on the group certificates of individual employees, impacting on child support, HECS and superannuation surcharge liabilities and on the entitlements to family payments.

This issue was raised in the Senate and the House of Representatives in August last year and attracted considerable debate. At that time, opposition members expressed their concerns that the changes to the fringe benefits tax would hit defence personnel very hard and very unfairly. It was very clear to us that unless defence personnel were granted an exemption many of them would face increased child support payments, an increased superannuation liability and decreased family payments because of this requirement. Defence personnel themselves were shocked to learn in mid-1999 that the government had failed to exempt them from these requirements. They pointed out, and rightly so, that the fringe benefits they receive, like subsidised housing and free recreation leave travel, compensate them for the inherent hardships of service life such as being com-

pulsorily posted away from their home city or town. It was absurd for the government to imply that compensation measures for the hardships of service life were simply perks or examples of tax minimisation. When it was revealed in the official Army newspaper of 27 May 1999 that ADF married quarters housing would be reported on soldiers' group certificates as being worth \$17,669 a year, they were further outraged. Adding such an amount to their pay would clearly have a massive impact on soldiers' liability for child support payments and their eligibility for family payments.

After growing unrest from defence personnel and a strong campaign by the opposition to address these problems, the Minister for Defence, Mr John Moore, and the Minister Assisting the Minister for Defence, Mr Bruce Scott, announced on 19 August 1999 that housing assistance provided to Australian Defence Force personnel would be 'totally exempt from FBT reporting requirements'. In making the announcement, Minister Moore said:

The Government's decision reflects the fact that Defence provides housing assistance to personnel, not as part of their remuneration package, but to allow us to send ADF personnel wherever they are required to serve.

Minister Scott said in the same media release:

The decision to exempt housing assistance provided to ADF personnel in Australia applies to ADF personnel who are subject to the Defence Force Discipline Act (1982) and who must serve wherever the Government demands ...

As a result of today's announcement, the amounts paid by Defence for housing assistance for ADF personnel will not be reported on individuals' Group Certificates.

... ..

By totally exempting the ADF members' housing assistance from the reporting measure, the Federal Government has addressed the primary concerns of ADF families ...

The Federal Government has addressed the concerns of Defence families about major losses to take-home pay due to the loss of Government benefits and increased payments such as child support.

At the time, that sounded like a step in the right direction. But subsequent Senate esti-

mates hearings and correspondence from serving defence personnel raised doubts about whether the government had indeed totally exempted housing assistance to defence personnel from its FBT reporting requirements. One of the areas where the government has broken its promise to totally exempt housing from the FBT relates to the eligibility of defence personnel to receive family payments that are provided by Centrelink. The housing assistance paid to defence personnel is being used when Centrelink calculates their eligibility for family payments. Because of this, some personnel are now totally ineligible for any assistance, while others have had their benefit reduced.

As a result of the doubts raised, the shadow minister for defence science and personnel, Mr Laurie Ferguson, wrote separately to the Minister for Family and Community Services, Senator Newman, and the Minister Assisting the Minister for Defence, Mr Scott, to clarify this situation. He particularly sought clarification as to the exact impact that subsidised accommodation now had on defence personnel's eligibility for family payments and on any potential child support liability. In relation to family payments provided by Centrelink, the shadow minister received a reply from Senator Newman's chief of staff, Rod Nockles, dated 20 January 2000. It said:

... from 1 July 2000, housing benefits received by Defence Force families will have no effect on family assistance ... Centrelink will, therefore, need to collect relevant information until FA (Family Allowance) is replaced by the Family Tax Benefit in July 2000.

This means that until 1 July housing assistance will continue to be taken into account in determining the eligibility of defence personnel for family payments. The assessment of child support liabilities is even more confusing. Senator Newman's office supplied the shadow defence science and personnel minister, Mr Laurie Ferguson, with this advice regarding how defence housing assistance would impact on child support liabilities. The letter said:

Employer provided benefits are not currently considered in determining child support liabilities, unless the payee requests that they be included under a departure from the formula. From 1 July

2000, fringe benefits will be taken into account, although Defence housing benefits and certain other allowances will be exempt.

That information from Senator Newman seemed to clear up the situation somewhat, until Mr Ferguson received totally different advice from the office of Mr Bruce Scott, the Minister Assisting the Minister for Defence. On the very same issue, a letter dated 16 March 2000 from Mr Scott's defence adviser, Brad Fuller, said:

Although housing assistance will be excluded from FBT reporting, it may at any time be considered by the Child Support Agency (CSA) in child support assessments. The amount of child support that individuals are required to contribute to the support of their children is unrelated to the ADF exclusions from FBT reporting and is a matter that should be addressed through the CSA.

This is absolutely outrageous. We have here two ministers giving conflicting advice on matters that are of concern to the 70,000 serving defence personnel. One wonders on this side of the chamber if the ministers on the other side of the chamber actually talk to each other. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

A NEW TAX SYSTEM (FAMILY ASSISTANCE AND RELATED MEASURES) BILL 2000

First Reading

Bill received from the House of Representatives.

Motion (by **Senator Ellison**) agreed to:

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator ELLISON (*Western Australia—Special Minister of State*) (6.45 p.m.)—I table a replacement explanatory memorandum and move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The speech read as follows—

This Bill is a part of the Government's vision for a new tax system. It complements last year's tax

reform legislation, and particularly the family assistance package provided primarily by the A New Tax System (Family Assistance) Act 1999 and the A New Tax System (Family Assistance) (Administration) Act 1999.

Those Acts have already made the huge contribution of reducing twelve forms of assistance, currently available through the tax and social security systems, to three new family assistance payments: family tax benefit Part A, family tax benefit Part B and child care benefit.

The Bill refines the existing legislation package to: clarify the operation of various aspects of the family assistance law; to replace regulation making powers with substantive provisions; to insert relevant savings and transitional provisions; and to make miscellaneous technical amendments. It also makes consequential amendments to other relevant legislation.

Furthermore, the Bill adjusts some family assistance policy, including:

- . to enable special benefit recipients who would otherwise not be eligible for family tax benefit or child care benefit because of the residence rules to access those payments;
- . to ensure that a person who has only shared care of a child is assessed for rent assistance at both the "with child" and "without child" rates and paid at the higher rate;
- . to taper off the operation of the child care benefit 10% part-time loading, that applies for care in long day care centres, to improve the treatment of customers using longer periods of care in a week;
- . to provide the administrative infrastructure to support the payment of child care benefit; and
- . to improve the operation of certain debt related provisions.

Amendments are also made in this Bill to increase the rates of CDEP Participant Supplement, pensioner education supplement and carer allowance by 4% with effect from 1 July 2000. This increase will compensate recipients for the effects of the goods and services tax.

The Bill also makes minor technical changes to the A New Tax System (Bonuses for Older Australians) Act 1999 to take account of the subsequent enactment of the Social Security (Administration) Act 1999.

Debate (on motion by **Senator Quirke**) adjourned.

AVIATION LEGISLATION AMENDMENT BILL (No. 1) 2000

First Reading

Bill received from the House of Representatives.

Motion (by **Senator Ellison**) agreed to:

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator ELLISON (Western Australia—**Special Minister of State**) (6.45 p.m.)—I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The speech read as follows—

On 3 June 1999, the Treasurer and I announced wide ranging changes to Australia's international aviation policy, which will further liberalise air travel between Australia and the rest of the world.

The benefits of international air travel are increasingly important to the Australian community. Under this Government, tourism is now Australia's largest single export industry, with export earnings of \$16.3 billion in 1998-99. The overwhelming majority of our visitors arrive and depart on aircraft.

International air services also carried over \$53 billion worth of freight to and from Australia in the year ending December 1999.

The addition of Ansett International in September 1993 strengthened the Australian international aviation industry as a whole – reversing what had previously been a decline in Australia's market share in the face of good growth and increasing competition in the market.

Now – 6 years on – in a market that has grown by some 37 per cent and despite competition increasing from 48 to 56 airlines – Australian market share remains at 40 per cent.

To ensure that our aviation industry maintains this strong presence we must ensure that our airlines remain as competitive as possible.

The rapid growth in inbound tourism and export opportunities for Australian industry has been made possible by the success of Government efforts to negotiate passenger and freight capacity well ahead of market demand. We operate in a global market that is regulated by a unique ar-

agement of bilaterally traded rights. As far as the Government is concerned, if there are going to be restrictions, they must not impede competition and innovation, to the greatest extent practicable consistent with our national interests.

Since March 1996, this Government has increased capacity available for passenger services to and from Australia by the equivalent of 338 Boeing 747s per week. In addition, the Government has negotiated air services arrangements where freight capacity between Australia and twenty of our bilateral partners is not constrained by Government regulation. The Government has also increased capacity available for freight services in our other air services arrangements by the equivalent of 129 Boeing 747s per week.

This Government believes that airlines should be given the best opportunity to get on with what they do best, developing an attractive product for consumers based on their assessment of commercial demand.

However, the system of bilateral arrangements between countries that govern international aviation acts as a serious impediment to this objective. Amongst other restrictions it imposes national ownership and control restrictions to regulate entry to the international aviation market. In principle at least, an airline can be unilaterally barred from a route if either of the two countries that are parties to a bilateral agreement is not satisfied that the airline is substantially owned and effectively controlled by citizens of the other party to the agreement.

To meet these international obligations, Australian law contains statutory limits on ownership and control of our airlines. And necessarily while most of the world's aviation is regulated in this way, Australia will keep the essential element of such a policy – a 49% limit on foreign ownership.

But this policy comes at cost for countries like Australia, which has a relatively small domestic capital market. Our airlines have of course a global market in which to borrow to finance their growth. But the ownership and control rules mean that expansion by our international airlines can be assisted by drawing on foreign investment only to a limited degree. In this most cyclical of industries, the bilateral rules encourage the use of high levels of debt rather than obtaining equity to fund long-term expansion.

The importance of that access to global equity capital to competition in aviation can be readily demonstrated in our domestic aviation industry. The funds for the new interstate airlines – most notably Virgin, but others as well, according to reports – are overseas funds. This is a risky in-

dustry. The local market may find some elements of that risk unattractive. But Australians as a whole are likely to benefit from the investment in new, competitive air services – through additional jobs, and potentially through cheaper fares.

Australian international airlines must be part of the global market. There is no way we can conduct a pro-competitive international aviation policy, aimed at growing the tourism industry and at increasing the access of our exporters to international markets – in the absence of consistent, supporting policies that allow our airlines to expand globally. If we restrict our airlines and their engagement in regional and international alliances, tie them to restrictive policies locally that prevent them flexibly responding to market trends, we condemn them to an ever-lessening share of the local market; and no opportunity to grow in foreign markets.

It is an undeniable fact of life in international aviation that an airline's ability to grow in the face of stronger competition is limited by the patient capital it can obtain; and the alliances it can negotiate.

As a result, the Government decided last year to liberalise access to foreign equity for Australian airlines. The 49% ownership and control limit is, of necessity, something we will retain – the bilateral rules require it; and we prefer that Australian international airlines remain demonstrably Australian. But the subsidiary restrictions that exist currently in the Air Navigation Act 1920 are an unnecessary impediment to maintaining as large an Australian-owned presence as possible in the international market. Currently, no more than 35 per cent in aggregate of equity in an Australian international airline can be held by foreign airlines – with a limit of 25 per cent of equity to be held by an individual foreign airline.

Australia benefits from competition between Australian carriers. We should look to maximise the opportunity for Australian carriers to enter a highly competitive market where new carriers experience high start up costs and need to be able to sustain losses in the early years of operation. We should not have a situation where Australian law adds unnecessarily to that burden by placing unnecessary conditions on access to overseas equity.

The Aviation Legislation Amendment Bill (No 1) therefore simplifies the ownership restrictions in Australia's international airlines. As far as ownership is concerned, the simple requirement will be that no more than 49% foreign ownership in an international carrier will be permitted, with no distinction between foreign airlines and other foreign investors.

This action will be supported by negotiated amendments to Australia's bilateral arrangements, which will seek agreement to broaden ownership and control criteria.

The Government will also advocate liberalising ownership limits multilaterally within General Agreement on Trade in Services framework, the GATS.

The objective overall is that our international airlines remain clearly Australian – we will not alter the requirements on them to be headquartered here and to retain the core elements of the international aviation business here. But the need for sustainable ownership structures, rather than ramshackle mechanisms designed to suit regulations from a different era, will be at the heart of these reforms. If we want to retain our substantial presence in international aviation, we are going to have to give our airlines every chance to attract long-term investors and partners.

This legislation does not represent Government approval of Air New Zealand's proposal to purchase News Corporation Limited's share of Ansett Holdings, which is being dealt with separately, nor do the amendments proposed to the Air Navigation Act on this issue apply to Qantas.

At the time Qantas was fully privatised in 1995, undertakings were provided to the Australian people by the previous government that determined how the privatised entity would be owned.

Accordingly, the Government does not propose to change the ownership and control rules for Qantas without further and separate public consideration.

This Bill also amends the Sydney Airport Curfew Act.

It cannot be denied that communities around Sydney Airport are exposed to significant levels of aircraft noise. Ideally aircraft would be silent. Unfortunately they are not. We therefore have to find a balance between the need to provide the Sydney community with efficient aviation services and the need to satisfy local residents' legitimate aspirations to protect the amenity of their homes and the health of their families.

The Sydney Airport Curfew Act is fundamental to the management of the Airport's noise. Sydney is Australia's busiest jet airport and the surrounding suburbs are overflowed by large numbers of aircraft during the day. However, the night-time is the most sensitive time for noise and the Government is committed to ensuring that the community is protected as far as possible from disturbance during this period.

We are proud of our record on the Sydney Airport curfew. You may recall that the Sydney Airport

Curfew Act 1995 only came into existence because a Private Members Bill introduced in June 1995 by the Prime Minister, when he was Leader of the Opposition, forced the then Labor Government to take some action. The Act has proven very successful in controlling night-time aircraft movements over the suburbs. We are not prepared to see these gains eroded.

Last year, for the first time since the Act came into effect, a company was prosecuted for breaching the curfew. Evidence produced before the court indicated that the fines currently imposed by the Act are not acting as a sufficient deterrent. The Government is therefore proposing in this Bill to increase the fines five-fold. This will bring the maximum fine for a curfew breach, at the current value of penalty units, to \$550,000 dollars.

I trust that this will indicate to aviation operators the seriousness with which the Government treats breaches of the curfew. The rules of the curfew are clear – if an aircraft does not have approval to undertake an operation during the curfew it must not take place. We are committed to maintaining peace for Sydney residents at night.

Ordered that further consideration of the second reading of this bill be adjourned to the first day of the year 2000 budget sittings, in accordance with standing order 111.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Order! It being 6.51 p.m., I propose the question:

That the Senate do now adjourn.

Trust Bank of Tasmania

Senator MURPHY (Tasmania) (6.51 p.m.)—Earlier today, I outlined some matters relating to the Trust Bank in Tasmania and went to the question as to why there is a need for a full investigation of those matters. However, the time did not permit me to address some of those issues in a more complete context. As I said earlier, I have been accused of pursuing falsehoods, conducting a vendetta or not pursuing the matters through the appropriate avenues. Nothing could be further from the truth in that respect because I made every effort to do it, as I said earlier, including a visit to the Reserve Bank Governor.

The circumstances are very clear as to why there is a need for a full investigation. This bank, even by the admission of its own

chairman, was going to hit the wall, and the only explanation for why it was going to do that is that the management were not up to it or were, at the very least, negligent or incompetent or grossly negligent. I want to go to the critical issues surrounding this bank because, unfortunately, the state and the Premier are saying that an inquiry can prove nothing, can do nothing and that all of the allegations that have been raised either have been answered in the past or are simply the outcome of people trying to create confusion. Let me try to clear up the confusion surrounding these matters for the very few people who seem to be confused about them.

I will go to one matter in the first instance, and that relates to the employment of Mr David Airey by the Trust Bank board. Mr Airey started work at the Trust Bank in April 1999 on a salary package of \$425,000 per year and a contract, as I understand it, for three years. He was brought to the bank—and I use his own words—‘for the purposes of finding a 49 per cent equity partner’. He, in his own words, said very clearly: ‘When I got there the float was not on.’ To me that means—and, I think, to most Tasmanians it means—that the board at some time prior to Mr Airey’s start had determined that, for whatever reason, the float, which was part of the 1997 legislation, was not on. But they probably did negotiate with Mr Airey prior to his commencement date a contract relating to his employment and it was quite possible that it did include a 1½ per cent share option should the bank go to a share float. To use Mr Airey’s words, when he got there the float was not on, so you would have thought that the board would have said to Mr David Airey on day one, ‘We have decided that the share float is not an option. We therefore need to speak with you about a part of the agreement that we have with you,’ and clarified and removed what was an ultimate payment of \$1.2 million to this person for zip, for squat. He got \$425,000 a year for three years and seven months plus \$1.2 million for a 1½ per cent share option for a share float that never occurred. That needs to be explained. That allegation ought to be addressed. It ought to be investigated because, as I said, the dates do not stack up.

I will now turn to the second date. Mr Airey says—and I think this was confirmed by Mr Gerald Loughran, the chairman of the board—that he and consultants informed the board in June of 1999, just two months after he started, that the 49 per cent equity partner option was not a goer and that the only way to go was a 100 per cent sale option. What is interesting about that is that on 8 October 1999 the state Treasurer issued a press release saying that he had agreed to a further two-month extension for the bank board to continue to seek an equity partner. Yet, by all accounts, the board had determined in June that it was not going to seek an equity partner. And there is another date: August 1999, when—probably, according to board minutes—they may well have been some way down the road in their negotiations with a potential 100 per cent owner. On top of that, as I said before, in the 1998 Trust Bank annual report the chairman said that they employed an international investment bank to advise them on the equity issue. Nobody has been told who that investment bank was, how much it cost and what advice it gave and when it gave that advice to the bank, in particular the board.

It is abundantly clear to all but a few that the management of this bank was in disarray; indeed, probably worse than that—in my view, it was worse than that. But what I find almost unexplainable is the legislation that went to the question of indemnifying the former officers of the Trust Bank. It has been said that they have been indemnified against the performance or non-performance of their duties. But not only that—the legislation actually stops any court action. The legislation says: ‘No action in any court or tribunal may be commenced.’ That means you cannot commence any action unless you are able to establish one of two things or both; that is, that the officers of the bank have acted in a fraudulent way or have been grossly negligent. That is a greater indemnification than was offered by the bank to its own officers when it insured them for indemnity.

The fact of the matter is: you cannot even pursue these people under the Corporations Law, as you could when they worked for the bank and the bank had them indemnified.

You cannot pursue them for issues that relate to matters of trust and the upholding of their responsibilities under various other legislation, including the Corporations Law. That is grossly unfair. All I am saying is that the law is the law, and there were laws that were applicable to these people. If they have breached those laws, the Tasmanian public have a right to have the laws applied. They should get nothing less than that. I hope the Tasmanian people will write to their state and federal parliamentarians and ask them for this matter to be pursued, because it is not right that the state lost over \$200 million as a result of a debacle by so few people who were paid so much.

Western Australia: Pharmacies

Senator LIGHTFOOT (Western Australia) (7.00 p.m.)—Tonight I want to talk about Western Australia—that will come as no surprise to senators here—and specifically about an anomaly that exists with pharmacies in Western Australia. As senators would be aware, Western Australia is a third of the continent. We have some vast distances to travel, and, like other states, we have a growing population. The Woodbridge Medical Centre in Rockingham, south of Perth, has been caught up in the anomaly and fallen between the stepping stones. The medical centre has 14 doctors and a hospital. It attends to 150,000 patients a year—70,000 at the medical centre, 58,000 at the hospital, 19,500 at the dental clinic and 7,900 at the outpatients clinic.

Under the two kilometre rule that applies to pharmacies, a pharmacy cannot be located within two kilometres of another pharmacy. There just happens to be an integrated one-stop shop at the Woodbridge Medical Centre. The centre is user friendly, it is great for wheelchairs, it is great for elderly people, it is paved all over with the same type of pavement so there is no confusion, and it is landscaped. It is a lovely area, with buildings converted into domestic-looking facilities that appeal to a lot of people, including me. Yet the pharmacy has to close because it is only one kilometre from an area where there are two other pharmacies. In fact, those two pharmacies are owned by the same person. They are not two kilometres apart because

they are at a major shopping centre. They are about 100 metres away from each other.

I commend whoever did the planning for the Woodbridge Medical Centre. I think we could use it as a pro forma for facilities throughout Australia. But they want to take away the pharmacy because it does not conform to the two kilometre rule. There is a major six-lane highway between the medical centre and the two pharmacies, but the law still wants to close down the pharmacy at this wonderful Woodbridge Medical Centre that is completely integrated. There are about 12,000 people domiciled in the area near the Woodbridge Medical Centre, on the same side of the highway.

As Deputy Chairman of the Senate Select Committee on the Socioeconomic Effects of the National Competition Policy—Senator John Quirke was the Chair—I visited various places throughout Australia over the past year or so, and I must say that I find this quite anomalous to the philosophy of free enterprise and the public sector, which I fervently believe in, and it is diametrically opposed to the national competition policy. If one were to apply the main criterion of the national competition policy and ask, 'Is it in the national interest?' one would have to say that it is even worse, because 150,000 patients using this facility each year are going to lose their integrated pharmacy. I understand Senator Denman may have some experiences with this as well, on the other side of the continent.

The facility has gathered 722 signatures in the form of a petition. The petition is not in conformity with standing orders with respect to petitions in this house, but I seek leave to table it anyway. I have sought advice on this and there appears to be no problem with seeking leave to table the document.

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—I think the appropriate procedure is that you should give a copy to the opposition to look at, and we will deal with the tabling at the end of your speech.

Senator LIGHTFOOT—I thank you for that advice, Mr Acting Deputy President. Let me continue, then, with the problems. We

have in Western Australia special cases and we have big distances. We do have a large concentration of population only in the Perth metropolitan area. Otherwise, we suffer from the classic 'tyranny of distance', a phrase that Aeneas Gunn first coined back in 1908 in her book *We of the Never-Never*. Of course, we have recently agreed federally to deregulate the dairy industry. We did that in Western Australia several years ago, as with hair-dressing, gas, electricity, rail, bus, coastal shipping et cetera. There may be a very special case as to why pharmacies should not be completely deregulated. The prescription of drugs is one of the reasons that perhaps they should not. But we have a situation in Western Australia where people's lives could be put at risk. I spoke about the greying of Western Australia, and a significant proportion of these 150,000 people in the area are elderly people. If they are forced to go from this wonderfully integrated facility, which could be a pro forma and an example for the rest of urban Australia, across that six-lane highway and if an accident happens there, I would feel very bad indeed about it if I had not brought this ridiculous situation to the attention of the Senate. I do ask that the Senate take particular note of this area. The current rule allows a pharmacy to relocate if the new premises are a minimum of two kilometres from another pharmacy. Specified approval of pharmacies to dispense Pharmaceutical Benefits Scheme, or PBS, prescriptions regardless of distance applies only to large shopping centres, so there is a bias towards large shopping centres and not towards the smaller integrated medical facilities of this nature.

The advantages are, of course, manifest. It is a one-stop shop, and elderly people find this of great advantage. The disadvantages are stated in one form or another by an independent review, and they have been divided into four main areas. I will finish off on this because my time is rapidly running out. The disadvantages are that there is a decreased level of competition amongst pharmacies and without competition there can be a drop in standard of services. Any distance restriction criteria do not allow for demographic based levels of demand, that is, the proximity of a private hospital or a large medical centre

such as the Woodbridge medical centre, restricting the ability of establishments like large medical centres to provide that important pharmacy link for the benefit of patient outcomes. The last one—I will just get this one in—is that there is no flexibility in relation to changing patient needs. The trend for doctors to integrate their practices to form larger units is being encouraged, but there is no specific criterion which will allow eligibility for pharmacies in these practices to supply Pharmaceutical Benefits Scheme prescriptions. (*Time expired*)

The ACTING DEPUTY PRESIDENT—Is leave granted for the tabling of the document?

Leave granted.

Mandatory Sentencing

Senator MURRAY (Western Australia) (7.11 p.m.)—Like many people in the Australian community, I am opposed to sentencing laws which are mandatory rather than being subject to judicial appraisal on an individual basis. Mandatory sentencing is on its way to being the legal equivalent of mob rule—crude and frequently unjust. I am deeply concerned about the erosion of the power of the courts in favour of a form of popular and summary justice.

As against those who justify this arbitrary practice on the grounds of efficiency and effectiveness, serious doubt has been cast on mandatory sentencing's credentials in this regard. A paper released by the Australian Institute of Criminology in December 1999 was highly critical of the use of such a resource intensive approach that yielded such little detectable improvements. The paper claimed:

Outside the criminal justice system, money can be more profitably spent on crime prevention by investing in improving education, pre-school care and health care, targeting especially those at risk of offending. Cost-benefit analyses done by the Rand Corporation in the United States estimate that every million dollars spent on California's three strikes laws would prevent 60 serious crimes, whereas providing parent training and assistance for families with young children at risk would prevent 160 serious crimes.

Dysfunctional families produce crime. Focus on fixing families and you can make mean-

ingful inroads into crime. Experts at all levels of the criminal justice system share this perspective. The New South Wales Police Service recently submitted to a parliamentary inquiry as follows:

There is clearly a need to look beyond 'get tough on crime' strategies, such as harsher penalties and sentences for offenders, to longer term strategies that address the underlying causes of crime. These underlying causes—including poverty, homelessness, discrimination, child abuse and neglect, family breakdown, mental illness and substance abuse—are highly complex and require a multi-faceted approach.

The Chief Justice of the Supreme Court of Western Australia has been outspoken in relation to Western Australia's mandatory sentencing laws, saying:

The fact is 80 to 85 per cent of all burglaries and home invasions are committed by young people seeking to get money to feed drug addictions. ... It would not matter if you doubled sentences, they would still commit the crime.

In light of this consistent expert opinion, it is difficult to understand why so many people vehemently support such an ineffective policy. Many people do seem to be driven by vengeance. They see it as an opportunity to vent their hostility towards and hatred of repeat offenders.

Politicians and the media receive nasty letters quite often. They do not print or publicise them, but now and again we should remind ourselves of the slimy views of these people. Many supporters of harsh laws have dangerous, intolerant and ugly natures. Every society and every country has extremists. Extremists have been the supporters of the harshest dictator and the worst crimes against humanity. Support for mandatory sentencing not only attracts Australians concerned about crime; it attracts extremists for whom mandatory sentencing is but one in a suite of oppressive and dangerous policies.

I recently received two letters from such a person, one of which was also addressed to other West Australian senators. The other letter was filled with hatred and bigotry. Having had 'a gutful of these yellow-bellied, gutless garbage'—a description which includes children jailed for minor property offences—this man instructed me to get out of

his country and to take my 'gutless criminals' with me, along with 'all those poofs, queers, lesbians, paedophiles and assorted sexual deviants and all the useless do-gooders, seeing that you like them so much.' I presume the opposite of do-gooders is do-badders. The letter continues:

You are no better than these home invaders and bashers, you support them ...

And, speaking of politicians generally:

You are nothing but a bunch of bludging, semi-educated, unlearned, biased, bigoted, racist garbage, which is why you continually support the criminals.

The point that needs to be made here is that, when you buy into mandatory sentencing, however noble you may think your motive, you are also buying into a philosophy of hatred and bigotry, into a suite of nasty and dangerous policies which drive a tyrannical and unjust agenda. Such people as the one referred to here want to victimise the defenceless and to victimise the minorities in society. Such people want to vent their hatred and to legitimatise their prejudices.

At the very least, such people would reject refugees, discriminate against classes of migrants, oppress homosexuals, reintroduce capital punishment and subject criminals to the harshest of punishments without due process of law. The danger with a policy such as mandatory sentencing is that it gives legitimacy to extremists. Extremists pick up on the frustration and fear of ordinary Australians and pull them into their vile world, where civil liberties and the rule of law are barriers to be swept aside in favour of persecution, victimisation and domination. If mandatory sentencing is allowed to continue in this country, it will be the victory of a policy based in hatred. We know mandatory sentencing does not work as a means of crime control—anyone that has had one look at the evidence can see that. It relies on proponents who ignore the facts and spread a message of revenge and hatred. Their arguments are about getting the crooks, not about looking at the causes of crime and what must be done to reduce it in the future. They think it is easier to build prisons than to fix dysfunctional families. It is not cheaper, nor is it more effective—that much we know.

This is an ugly law. It is not a law adapted to preventing crime; it is a law about singling out for harsh treatment a particular group in society that is widely disliked. History shows that if you allow your liberties, rights and legal protections to be eroded, you can never be sure who will be targeted next. When the proponents of such policies find support, they will continue to push their agenda of hatred and persecution with renewed vigour. This is a dangerous law for that reason. Mandatory sentencing is a heinous denial of natural justice. Natural justice requires a right to be heard before a decision adversely affecting a person is made. It requires the individual to be protected by law from the arbitrary might of the state. This is one of the oldest legal principles known to man. The 18th century English decision of Dr Bentley's case traces its roots to the book of *Genesis*, where God gave Adam and Eve a right to be heard before meting out divine justice. It has always been the case that every accused should get their day in court to be heard by an independent judge and to be treated without prejudice, without regard to opinion polls and without regard to political or popular current views. Mandatory sentencing is about imprisoning a class of people without looking at their individual cases, without giving them a right to be individually heard, without giving them a right for their individual circumstances to be considered. The author of the letter I cited would see rough automatic punishment done to homosexuals, Aborigines and any number of other groups. Mandatory sentencing has hatred at its core, and hatred and justice are bad bedfellows. Before people step onto this slippery policy slope, they should consider whether they really do support the blanket imprisonment of a class of people, of any class of people, without the opportunity to be heard by an impartial arbiter. We specifically put an independent judiciary in control of criminal trials to ensure the protection of the rights of individuals, no matter who they are. This includes that fundamental right to a fair hearing.

The politics of hatred is rearing its head in this country. Having spent many years in southern Africa, I have long experience of what such ugly views do to a nation. Nice people, good churchgoers, supported the Na-

tional Party in South Africa. After its fall, the Truth and Reconciliation Commission found that the National Party's suite of policies ranged from the use of arbitrary state power against the citizen to murder and gross abuse of human rights. Some former National Party supporters now pray for forgiveness as a result. Supporting harsh law is a slippery slope, and one down which a liberal democracy must not go. My message to Mr Court, Mr Gallop, Mr Burke and other leaders is this: you will, in the end, be judged on principle and who your fellow travellers are. The letter writer I have quoted is typical of those fellow travellers. This is not a law which a civilised society should support.

Trade Outcomes and Objectives Statement

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (7.21 p.m.)—I begin my remarks tonight by commending the comments by my colleague Senator Murray in his adjournment speech and by thanking Senator Ludwig for granting his space on the adjournment debate to me. Tonight I rise on behalf of the Democrats to respond to the trade outcomes and objectives statement that was launched this afternoon by the Minister for Trade, Mr Mark Vaile. The Democrats welcome elements of this strategy, in particular the commitment to examine new technologies and future industries and new efforts to explain and justify the direction and the pace of the government's free-trade agenda. However, the Democrats believe—and we have certainly put this on record many times—that the government must broaden its trade agenda to include issues of WTO reform and to incorporate a commitment to promote ethical trade at the international and supranational levels.

The government's identification of the potential and predicted growth in the environmental services sector is to be commended and supported. The Democrats have long supported the sector, although we realise that such innovative sectors need substantial multi-portfolio support. There is little to be gained, for example, by talking about the benefits of innovative technologies and export potential without accompanying adequate support from the education and research sectors. I commend Mr Vaile's recog-

dition of the environmental services export potential and the integrated industry export strategy between Austrade, the Department of Foreign Affairs and Trade, the Department of Industry, Science and Resources and Environment Australia. Though, as we recognised at the Innovation Summit, for those of us who attended that summit earlier this year, there is little worth in elaborate export strategies when basic education infrastructure is under resourced, especially when you are talking about tertiary education or research institutions. Such strategies must also be supported by investment in Australia's higher education sector, and I would nominate the removal of differential HECS, which discriminates against the sciences, engineering and related specialisations, as a start. Actually, I would remove HECS altogether. I think fees and charges are a financial and psychological disincentive to becoming educated and to boosting our education, research and development sectors.

Initiatives should be coordinated, including the increase in research and development funding and also an increase in the tax concession, which should go back to 150 per cent, and many delegates at the Innovation Summit recognised that. Research and development cannot be adequately supported by solely encouraging greater commercialisation of Australian innovations. Furthermore, the revision of intellectual property laws to address the demands of modern day developments and technologies is also needed if we are going to have this 'clever country' or, as the Prime Minister says, 'a can-do' country that Australia is striving to be is to be realised.

In the aftermath of the Seattle WTO meeting, I spoke a number of times in this place of the need for governments across the globe to explain trade and globalisation to their communities, if they were to have any hope of securing popular support for the free trade agenda. For too long, the inevitability of globalisation generally has been proffered as a justification and explanation for the pace of economic reform. As the minister implicitly acknowledged today at the Press Club, this has not been sufficient. The dissemination of further information on the WTO and

globalisation announced by the minister today, in the form of tailored brochures to communities and regions, is an important step towards addressing the deep suspicion and outright enmity with which so many people regard the global free trade agenda. But it is only part of the solution. Reform of the WTO and of that agenda are, I think, even more important considerations. Strong export performance and market access are understandably priorities for the minister, but other concerns should not be ignored or glossed over. It is the Democrats's view that there must be a review of the effect of the Uruguay Round reforms on international trade, the developing world, and the implementation and enforcement of international standards pertaining to human rights, workers and social rights, and the environment.

The minister made it clear today at the Press Club, in response to a question on sustainable development, that it was not a priority for this government in trade negotiations. The Democrats remain to be convinced that unrestricted market access will encourage sustainable development and that environmentally responsible trade will be fostered if you ignore these particular considerations, especially in the WTO context. It is our experience, and certainly the sorry experience of too many developing nations, that the opposite is the case. In striving towards freer trade, the government must ensure it does not throw the baby out with the bath water. There is a world of difference between the removal of tariffs, and the prohibition of domestic standards protecting health, the environment, and children's rights. This must not be the future of international trade liberalisation. It was very concerning when the Australian delegation went to the WTO. There were many other developed countries and developing countries wanting to put these issues on the agenda and Australia was so backward. We were failing to support a broader discussion of some of these rights in that trade context.

The minister expressed his support for the WTO as the forum in which Australia would be best placed to realise our trade agenda. The features of the WTO, perhaps the original features, potentially lend themselves to

this—equal voting rights for all members being just one. However, the WTO rules requiring domestic laws, rules and regulations designed to further the protection of non-commercial interests to be undertaken in the ‘least trade restrictive’ fashion, do threaten worker, consumer, environmental, health, safety, human rights and animal protection. All these standards are threatened as a consequence of that.

At present, WTO rules are biased to facilitate global commerce at the expense of efforts to promote local economic development and policies that move communities, countries and regions in the direction of greater self-reliance. In an era where more countries than ever can be defined as democratic, it undermines democracy by drastically restricting the choice available to governments. The greatest choices are now the preserve of international organisations like the WTO, with national governments clamouring for influence. Inflexible rules determine how economies should be organised and corporations controlled, with violations attracting potentially severe penalties.

The WTO enforces a trade regime detrimental to the interests of developing nations, by forcing them to open their markets to foreign multinationals and leaving fledgling domestic industries vulnerable to foreign competition and dumping. In agriculture, the opening to foreign imports proposed by the WTO has the potential to cause a massive social dislocation of millions of rural people—something I have no doubt that Senator McGauran is very concerned about as a National Party member. It limits the potential of governments to use procurement in the furtherance of human rights, environmental or workers rights, or other non-commercial purposes. International government procurement accounts for as much as \$6 trillion per year, and 40 per cent of national wealth in developing nations. By stipulating that governments may make purchases based only on quality and cost considerations, the WTO ensures that the neo-liberal agenda operates to the detriment of local initiatives, and to the advantage of foreign commercial concerns. Its rules operate against the application of the precautionary principle by preventing coun-

tries from acting in response to potential risk unless specific scientific evidence can be produced to support an exemption to allow the government to protect against harms to human health or the environment. It further threatens diversity by establishing international health, environmental and other standards as a global ceiling through a process of ‘harmonisation’, exceptions to which are difficult to obtain. Clearly, this has ramifications for the whole GM and broader biotechnology debate.

Even more worrying, the WTO operates in an opaque fashion, applying its stringent rules and making decisions which affect millions of people behind closed doors, in both the negotiation and the rule enforcement processes. The backlash at Seattle this year was obviously in response to some of that secret negotiation. The Democrats see five key areas for reform of the World Trade Organisation. Primary among these is that trade must not just be free but also be fair and ethical. The unjust enrichment of the wealthiest nations and corporations should not be part of any national or international agenda. There must be a review of the reforms already implemented and the effect of past trade liberalisation, the development of permanent dialogue between institutions concerned with the protection of the environment, and the implementation of human rights and labour standards. There must be a reassessment of the priorities of the international community. Trade is one aspect of life and should not subjugate other values.

The enforcement powers of the WTO exceed the powers of almost all other international institutions, bar perhaps the UN Security Council, and therefore give it inordinate strength. There must be greater transparency if the faith of civil society is ever to be won. There must also be democracy so that communities can have a stake in the process of globalisation, and the power of the WTO to invalidate laws passed pursuant to international agreements must be revoked. The growing tendency to view globalisation as an inevitability undermines our capacity to influence its pace and direction. (*Time expired*)

Senate adjourned at 7.31 p.m.

DOCUMENTS**Tabling**

The following government document was tabled:

Australian Rail Track Corporation Ltd—
Statement of corporate intent, November
1999.

Tabling

The following documents were tabled by
the Clerk:

Australian Bureau of Statistics Act—Pro-
posals Nos 4 and 5 of 2000.

Interstate Road Transport Act—Determi-
nations RTR 2000/1 and RTR 2000/2—
Determination of B-Double Routes.

Parliamentary Service Act—Determination
No. 6 of 1999.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Department of Immigration and Multicultural Affairs: Internal Staff Development Courses

(Question No. 1504)

Senator Faulkner asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 20 September 1999:

(1) How many internal staff development courses has the department, or any agency in the portfolio, conducted since 3 March 1996.

(2) What is the cost of internal staff development courses the department, or any agency in the portfolio, has conducted since 3 March 1996.

(3) How many staff have attended internal staff development courses the department, or any other agency in the portfolio, has conducted since 3 March 1996.

(4) (a) How many internal staff development courses conducted by the department, or any agency in the portfolio, since March 1996 have contained training on making decisions under the Freedom of Information Act; and (b) of this number, how many; (i) were specifically focusing on the subject of freedom of information decisions, and (ii) how many dealt with the issue amongst others.

(5) What is the total cost of the courses in (4).

Senator Vanstone—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator’s question:

(1) – (5). A wide range of staff development options, including internal and external courses, on-the-job training and other learning activities have been available to the staff of my Department since 1996. Responsibility for those training activities has been increasingly decentralised in my Department over the past 10 years. Learning has also been integrated into performance and learning agreements that seek to tailor, at a local level, individual needs to operational requirements. Given these changes, there is no accurate means of collecting aggregated records of training and staff development activities. In addition, the level of resources required to retrospectively estimate these activities would involve a heavy investment in resources that could not be justified.

Department of Immigration and Multicultural Affairs: Salaries

(Question No. 1746)

Senator Faulkner asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 2 November 1999:

As a dollar amount, and as a percentage of the department’s total outlay on salaries, what was the cost in the 1996–97, 1997–98 and 1998–99 financial years of: (a) staff training; (b) consultants; and (c) performance pay.

Senator Vanstone—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator’s question:

Information on the expenditure relating to staff training, consultants and performance pay is published in the Department’s Annual Report.

The figures provided below are subject to the same qualifications as given in the Report in which they were first published (eg the Staff Training figures relate only to that training known to, and costed by, the Staff Development Section of the Department’s Central Office). As I advised in response to previous questions on notice (Question Nos. 1504 and 1522) from the honourable senator, there is no centralised recording of all training expenditure by my Department.

The Annual Report figures are reproduced in the following table.

	1996/97	1997/98	1998/99
Total Salaries	\$180,400,000	\$195,231,000	\$192,304,000
Staff Training	\$3,062,934 (1.69%)	\$1,762,024 (0.9%)	\$1,669,600 (0.86%)

	1996/97	1997/98	1998/99
Consultants	\$2,988,081 (1.65%)	\$231,674 (0.11%)	\$573,870 (0.29%)
Performance Pay *	\$83,827 (0.046%)	\$80,219 (0.041%)	\$69,937 (0.036%)

*The figures for performance pay are the amounts paid in the financial year indicated but may have been earned in the preceding year.

**Department of Employment, Workplace Relations and Small Business: SES Officers
(Question No. 1833)**

Senator Faulkner asked the Minister representing the Minister for Employment, Workplace Relations and Small Business, upon notice, on 20 December 1999:

(1) How many senior executive service (SES) officers did the department, and all agencies within the portfolio, employ as at 15 December 1999.

(2) (a) What are the names of the officers; (b) what are their employment classifications within the SES band structure; and (c) what are the officers' total emoluments, including but not limited to: (i) salary (including any salary packaging undertaken), (ii) any travel entitlements, (iii) fringe benefits tax paid on the officers' behalf, (iv) use of motor vehicles, (v) mobile or home telephones, (vi) superannuation, (vii) performance payments, and (viii) other non-cash benefits (please specify).

(3) (a) How does the department and/or agency determine the basis for performance payments; and (b) in particular, what is the relationship between the performance payments policy and the department's and/or agency's actual performance.

Senator Alston—The Minister for Employment, Workplace Relations and Small Business has provided the following answer to the honourable senator's question:

- (1) Department of Employment, Workplace Relations and Small Business – 52
Comcare – Five
Employment Advocate – Five
National Occupational Health and Safety Commission – Four
Australian Industrial Registry – Five
Equal Opportunity for Women in the Workplace Agency – Nil
Defence Force Remuneration Tribunal – Nil

(2) (a) and (b) the names and classifications of the officers for the Department and all agencies within the portfolio are detailed at Attachment A.

Department of Employment, Workplace Relations and Small Business

(c) What are the officers' total emoluments:

(i) The salary bands for each SES level are: SES Band 1 - \$74 000 to \$100 000, SES Band 2 - \$90 000 to \$121 000, SES Band 3 - \$102 000 to \$140 000.

SES officers are able to choose to salary sacrifice from a menu of non-cash benefits through the department's Flexible Remuneration Scheme which is available to all departmental staff. This scheme operates at no cost to the department, with fringe benefits tax and administrative costs being met by the individual. This option has only been taken up by three SES officers.

(ii) SES are able to travel business class when travelling on official business in Australia or overseas. They are provided with a credit card which is used to cover reasonable accommodation and meals expenses incurred while travelling on official business. The department also pays for airport lounge membership.

(iii) The department pays FBT expenses in relation to the provision of vehicles, parking and airport lounge membership to SES officers. The total annual FBT paid in relation to SES officers is about \$250 000.

(iv) SES officers are provided with a privately plated Commonwealth vehicle in accordance with the EVS guidelines, or an allowance of \$15 300 in lieu of this. They are also provided with a parking space at work to meet the requirement that the vehicle be available to the department for business use.

(v) The department does not meet the cost of home telephones. Departmentally issued mobile telephones may be used for private calls, provided the officer meets the cost of these calls and does not use the telephone for inappropriate purposes which could embarrass the Commonwealth.

(vi) Current SES officers are members of either the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). The department makes a notional contribution towards the costs of these schemes of 21.9 per cent of the officer's annual salary (CSS) and 13.1 per cent (PSS).

(vii) The department's current SES remuneration policy does not provide for lump sum performance bonuses. Rather, it provides for increases in salary of between 2 per cent and 6 per cent for satisfactory or better performance over a 12 month period. At the end of the last performance review cycle (December 1998 to November 1999), 10 per cent of SES received a salary increase of 2 per cent, 57 per cent of SES received a salary increase of 4 per cent, and 33 per cent of SES received a salary increase of 6 per cent.

(viii) There are no other non-cash benefits.

Comcare

(2) (c) What are the officers' total emoluments:

(i) At 31 December 1999 the SES Band 1 salary had a base of \$69 000. There were no salary sacrifice arrangements.

(ii) SES are able to travel business class when travelling on official business in Australia or overseas. They are provided with a credit card which is used to cover reasonable accommodation and meals expenses incurred while travelling on official business. Comcare also pays for airport lounge membership.

(iii) Comcare pays FBT expenses in relation to the provision of vehicles, parking and airport lounge membership to SES officers. The total annual FBT paid in relation to SES officers is about \$9500.

(iv) SES officers are provided with a privately plated vehicle in accordance with the EVS guidelines. They are also provided with a parking space at work to meet the requirement that the vehicle be available to Comcare for business use.

(v) Comcare does not meet the cost of home telephones. SES officers are issued with mobile telephones for work purposes.

(vi) Current SES officers are members of either the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). Comcare makes a notional contribution towards the costs of these schemes of 20.9 per cent of the officer's annual salary (CSS) and 12.1 per cent (PSS).

(vii) At 15 December 1999 Comcare's SES remuneration policy provided for lump sum performance bonuses. These bonuses ranged from 2 per cent for fully effective performance, between 2 per cent and 6 per cent for superior performance, and 10 per cent to 15 per cent for outstanding performance over a 12 month period.

(viii) There are no other non-cash benefits.

Employment Advocate

(2) (c) What are the officers' total emoluments:

(i) The salary band for SES Band 1 is \$91 017 to \$108 066. Vehicles are not provided to any SES employee.

SES officers are able to choose to salary sacrifice from a menu of non-cash benefits through the department's Flexible Remuneration Scheme which is available to all departmental staff. This scheme operates at no cost to the department, with fringe benefits tax and administrative costs being met by the individual.

(ii) SES travel business class for official business in Australia. They are paid travelling allowance at APS SES rates. They do not receive travelling allowance for part day travel.

(iii) The OEA pays fringe benefits tax in relation to the provision of parking for one SES officer. The annual FBT involved is \$862.

(iv) Vehicles are not provided to any SES employee for private purposes.

(v) The OEA does not meet the cost of home telephones. OEA issued mobile telephones may be used for a reasonable (around \$100 per annum) amount of personal calls.

(vi) Current SES officers are members of either the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). The agency makes a notional contribution towards the costs of these schemes of 21.9 per cent of the officer's annual salary (CSS) and 13.1 per cent (PSS).

(vii) In 1999/2000, performance payments will be made to eligible SES employees in the range of 2 per cent to 8 per cent of base pay.

(viii) There are no other non-cash benefits.

National Occupational Health and Safety Commission

(2) (c) What are the officers' total emoluments:

(i) The salary bands for each SES level are: SES Band 1 - \$74 000 to \$100 000, SES Band 2 - \$90 000 to \$121 000, SES Band 3 - \$102 000 to \$140 000.

SES officers are able to choose to salary sacrifice. This operates at no cost to the agency, with fringe benefits tax and administrative costs being met by the individual. This option has not been taken up by any SES officers.

(ii) SES are able to travel business class when travelling on official business in Australia or overseas. They may elect to receive a payment in lieu of accessing entitlement to business class domestic travel. Reasonable accommodation and meals expenses incurred while travelling on official business are met by the agency. The department also pays for airport lounge membership.

(iii) The department pays FBT expenses in relation to the provision of vehicles, parking and airport lounge membership to SES officers. The total annual FBT paid in relation to SES officers is about \$12 707.75.

(iv) SES officers are provided with a privately plated Commonwealth vehicle in accordance with the EVS guidelines, or an allowance of \$13 464 in lieu of this. They are also provided with a parking space at work to meet the requirement that the vehicle be available to the department for business use.

(v) The department does not meet the cost of home telephones. Departmentally issued mobile telephones may be used for private calls, provided the officer meets the cost of these calls and does not use the telephone for inappropriate purposes which could embarrass the Commonwealth.

(vi) Current SES officers are members of either the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). The department makes a notional contribution towards the costs of these schemes of 21.9 per cent of the officer's annual salary (CSS) and 13.1 per cent (PSS).

(vii) The agency's current SES remuneration policy provides for a lump sum performance bonus of between zero and fifteen percent depending upon the level of performance achieved against a performance agreement which operates over a twelve month cycle. At the end of the last performance review cycle, (July 98 – June 99) 50 per cent of SES officers were paid a performance bonus. The total amount of performance bonuses paid was \$20 876.

(viii) There are no other non-cash benefits.

Australian Industrial Registry

(2) (c) What are the officers' total emoluments:

(i) The salary band for SES officers in the Registry is \$74 000 to \$100 000. SES officers are able to choose to salary sacrifice for non-cash benefits.

(ii) SES are able to travel business class when travelling on official business in Australia or overseas and receive the standard applicable rate of allowances when so doing. The Registry pays for airport lounge membership, or else allows for this to be cashed out along with other non-cash items such as official telephone costs and spouse travel costs.

(iii) The Registry pays FBT expenses in relation to the provision of vehicles, parking and airport lounge membership to SES officers. The total annual FBT paid in relation to SES officers is about \$20 000.

(iv) SES officers are provided with a privately plated Commonwealth vehicle in accordance with the EVS. They are also provided with a parking space at work to meet the requirement that the vehicle be available to the Registry for business use.

(v) The Registry pays for official telephone costs including mobile telephones but allows home telephone costs to be cashed out along with other non cash benefits.

(vi) Current SES officers are members of either the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). The Registry makes a notional contribution towards the costs of these schemes of 21.9 per cent of the officer's annual salary (CSS) and 13.1 per cent (PSS).

(vii) The Registry's current SES remuneration policy does not provide for lump sum performance bonuses.

(viii) There are no other non-cash benefits.

Equal Opportunity for Women in the Workplace Agency

NIL

Defence Force Remuneration Tribunal

NIL

(3) Department of Employment, Workplace Relations and Small Business

(a) DEWRSB's current SES remuneration policy requires SES officers to develop performance agreements in conjunction with their manager at the commencement of each 12 month performance assessment cycle. At the end of the cycle, performance is assessed against the performance outcomes identified in the agreement. Salary increases are paid based on the level of assessed performance: unsatisfactory - no increase; adequate - 2 per cent increase; fully effective - 4 per cent increase; and superior - 6 per cent increase. There is no provision for lump sum performance bonuses.

(b) SES performance agreements are developed to reflect priority outcomes identified through the department's planning cycle. The agreements focus on both what is to be achieved and how it is to be achieved, and identify Key Result Areas (internal and external) and Leadership. Performance assessments, and the resulting salary increases, give equal value to what is achieved in the Key Result Areas and how it is achieved through leadership.

Comcare

(a) The AWAs under which Comcare's SES officers are employed provide for performance payments, against the specific duties and priorities set out in the individual AWAs.

(b) Performance bonus payments in 1998/99 were paid in accordance with Comcare's policy and related to the achievement of specific business targets set for each individual.

Employment Advocate

(a) Performance payments are paid to staff rated against the performance indicators in their Performance Agreement. The payments are a per cent of base pay, and operate on a sliding scale according to the rating achieved by the employee.

(b) Performance Agreements including performance indicators reflect the activities to be undertaken by the employee. The agreements reflect the Business Plans of each work unit, which in turn reflect the Corporate Plan. Thus for an individual to perform well against his or her performance agreement flows directly into the performance of the agency.

National Occupational Health and Safety Commission

(a) The National Occupational Health and Safety Commission's current SES remuneration arrangements provide for a base salary increase each 12 months. Salary regression provisions exist in cases where performance is unsatisfactory.

(b) The National Occupational Health and Safety Commission is a corporate body in which the Commissioners establish the Strategic Plan for the organisation. This then sets out the basis for the Business Plan and Work Program. Performance required of the CEO and SES is established through this work program and incorporated into individual Performance Agreements. Individual appraisals and payments are then assessed against these Performance Agreements.

Australian Industrial Registry

(a) and (b) No performance payments are made.

Equal Opportunity for Women in the Workplace Agency

(a) and (b) – No performance payments are made.

Defence Force Remuneration Tribunal

(a) and (b) – No performance payments are made.

Attachment A

SES Officers in DEWRSB and its agencies, by substantive classification at 15 December 1999.

Department of Employment, Workplace Relations and Small Business	
BAND	NAME
Band 3	Wayne Gibbons
	Robin Stewart-Crompton
	Lynne Tacy
DEWRSB Total Band 3	3
Band 2	John Burston
	Ian Campbell
	Ted Cole
	Bob Correll
	Gail Finlay (Acting Band 2)
	Lesley Hale
	Dianne Hawgood (Acting Band 2)
	Rex Hoy
	Barry Leahy
	Leslie Riggs (Acting Band 2)
	James Smythe
	Bernie Yates
DEWRSB Total Band 2	12
Band 1	Alex Anderson
	Steve Alford (Acting Band 1)
	Kate Bosser
	Sheila Butler
	Ross Caddy
	Graham Carters
	Bruce Clark
	Ken Douglas
	Phil Drever
	Tom Fisher
	Derren Gillespie
	Melisa Golightly
	Bob Harvey
	Mark Haughey
	Mark Jasprizza
	Anna Kamarul
	George Kazs

Department of Employment, Workplace Relations and Small Business	
BAND	NAME
	John Kovacic (Acting Band 1)
	Linda Lipp
	Kathy MacDermott
	Michael Manthorpe
	Scott Matheson
	Marsha Milliken
	Stephen Moore
	Anthony Parsons
	Russell Patterson
	Damien Power
	Finn Pratt
	Wayne Pritchard
	Kerry Rehn
Band 1 (cont)	John Rowling
	Michalina Stawyskyj (Acting Band 1)
	Paul Tyrrell
	Guy Verney
	Paul Volker
	James Walker
	Ray Wilson
DEWRSB Total Band 1	37
Comcare	
BAND	NAME
Band 1	Stewart Ellis
	Mark McCabe
	Leone Moyse
	Peter Pharaoh
	Noel Swails
Comcare Total Band 1	5
Employment Advocate	
BAND	NAME
Band 1	Jacquiline-Marie Bohm
	Andrew Dungan
	Peter McIlwain
	David Rushton
	Ann Skarratt
Employment Advocate Total	5
Band 1	
National Occupational Health and Safety Commission (NOHSC)	
BAND	NAME

Department of Employment, Workplace Relations and Small Business	
BAND	NAME
Band 2	Lyn Maddock
NOHSC Total Band 2	1
Band 1	Dusanka Sabic James Moore Helene Orr (Acting)
NOHSC Total Band 1	3
Australian Industrial Registry (AIR)	
BAND	NAME
Band 1	Terry Nassios Michael Ellis Martin Boland Pam Garton Gayle Brown
AIR Total Band 1	5
Equal Opportunity for Women in the Workplace Agency	
Nil.	
Defence Force Remuneration Tribunal	
Nil.	

Department of Aboriginal and Torres Strait Islander Affairs: Grants to Gippsland Electorate

(Question No. 1884)

Senator O'Brien asked the Minister for Aboriginal and Torres Strait Islander Affairs, upon notice, on 21 January 2000:

(1) What programs and/or grants administered by the department provide assistance to people living in the federal electorate of Gippsland.

(2) What was the level of funding provided through these programs and grants for the 1996-97, 1997-98 and 1998-99 financial years.

(3) What is the level of funding provided through these programs and grants has been appropriated for the 1999-2000 financial year.

Senator Herron—The answer to the honourable senator's question is as follows:

(1) The programs that have been administered by the Aboriginal and Torres Strait Islander Commission to Aboriginal and Torres Strait Islander people living in the federal electorate of Gippsland are as follows:

- Community Development Employment Program (CDEP)
- Community Employment Initiative Scheme (CEIS)
- Business Funding Scheme (BFS)
- Indigenous Business Incentive Scheme (IBIP)
- Land Management (LMA)
- Community Training Program (CTR) – program terminated 1996/1997
- National Aboriginal Health Strategy (NAHS)

Municipal Services
 Community Housing & Infrastructure Program (CHIP)
 Art & Culture
 Broadcasting
 Language Maintenance
 Heritage Protection
 Community & Youth Support (CYS) – program terminated 1996/1997
 Indigenous Women's Issues
 Sport & Recreation
 Public Affairs (NAIDOC)
 Regional Planning

(2) and (3) The level of funding that was provided through these programs for 1996/1997, 1997/1998, 1998/1999 and for the 1999/2000 financial year is shown in the table below:

Program	1996/1997	1997/1998	1998/1999	1999/2000
CDEP	\$1,467,452	\$1,833,067	\$1,691,896	\$1,741,183
CEIS	\$442,747	N/A	N/A	N/A
BFS	N/A	\$23,400	N/A	N/A
IBIP	N/A	N/A	\$6,850	Nil
LMA	\$112,990	N/A	N/A	N/A
CTR	\$99,230	N/A	N/A	N/A
NAHS	\$200,000	\$920,000	\$25,000	\$835,000
Municipal	\$403,711	\$429,950	\$602,860	\$555,000
CHIP	\$994,792	\$634,000	\$1,401,418	\$70,498
Art & Culture	\$65,147	\$45,267	\$170,436	\$216,158
Broadcasting	Nil	Nil	\$10,000	\$10,000
Language Maintenance.	\$60,000	Nil	Nil	Nil
Heritage	\$13,700	Nil	\$15,000	\$40,000
CYS	\$188,540	N/A	N/A	N/A
IWI	Nil	\$2,500	\$18,900	\$14,200
Sport & Rec	\$143,100	\$29,273	\$37,500	\$22,500
Public Affairs	\$34,000	\$46,000	\$23,440	\$12,700
Planning	Nil	\$35,000	\$3,500	Nil
Total	\$4,225,409	\$3,998,457	\$4,006,800	\$3,517,239

Department of Communications, Information Technology and the Arts: Year 2000 Compliance

(Question No. 1891)

Senator O'Brien asked the Minister for Communications, Information Technology and the Arts, upon notice, on 21 January 2000:

(1) What was the total cost of work undertaken by the Department to ensure that all systems were Year 2000 compliant.

(2) (a) Who were the consultants selected as part of the above work; and (b) What was the cost of each consultant.

(3) Where consultants were engaged, were they selected through a tender process; if not, why not.

(4) Have there been any problems with any systems within the department or any agencies since 1 January 2000; if so: (a) what was the nature of each problem; and (b) has each problem been corrected.

Senator Alston—The answer to the honourable senator's question is as follows:

(1) The Department's costs to resolve Y2K issues as identified in its final report to OGO was \$1,749,000. These costs included replacement hardware and software that would have been due for replacement in this timeframe even if they did not need to be replaced due to the Y2K problem.

(2) (a) The Department managed the Y2K remediation process in-house. Two legacy systems that required replacement were replaced from the Shared Systems Suite by CVSI. An audit of the Department's Y2K process was undertaken by Admiral Systems. We also sought some specialist advice from Informix and SAP for their products.

Later in the process, Advantra were responsible for ensuring that our IT infrastructure remained compliant as part of their obligations under the IT outsourcing contract.

(b) The cost of each consultant was as follows:

CVSI \$367,662

Admiral \$16,400

Informix \$2000

SAP \$3000

(3) CVSI was selected from the shared systems suite.

Admiral were selected from a panel of approved Y2K auditors.

SAP and Informix were engaged as they are the vendor for the products that we use.

(4) There have been no problems identified since 1 January 2000.

Department of Agriculture, Fisheries and Forestry: Year 2000 Compliance

(Question No. 1899)

Senator O'Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 January 2000:

(1) What was the total cost of work undertaken by the department to ensure that all systems were year 2000 compliant.

(2) (a) Who were the consultants selected as part of the above work; and

(b) What was the cost of each consultant.

(3) Where consultants were engaged, were they selected through a tender process; if not, why not.

(4) Have there been any problems with any systems within the department or any agencies since 1 January 2000; if so: (a) what was the nature of each problem; and (b) has each problem been corrected.

Senator Alston—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator's questions:

(1) The total cost of work undertaken by the Department of Agriculture, Fisheries and Forestry (AFFA) to ensure that all systems would be year 2000 compliant was approximately \$1,750,000.

(2) and (3) AFFA did not engage any consultants in relation to the above work.

(4) AFFA has experienced a few minor problems in relation to the year 2000 issue:

- there were initial problems with the reporting logs of the building management system of the Screw Worm Fly Facility in Johore, Malaysia. These problems have been rectified.

- there were two minor software issues affecting the Import Management System and Seizures Database. These issues have been resolved.

- there was a problem with the receipt of unclassified cables by electronic mail from the Department of Foreign Affairs and Trade (DFAT). DFAT advises that this problem should be rectified by the end of March 2000.

Goldilands Pty Ltd: Grants

(Question No. 1914)

Senator Bartlett asked the Minister representing the Minister for Trade, upon notice, on 8 February 2000:

(1) Has the Federal Government given any concessions or funds or loans, grants or other financial incentives by way of any federally-funded bureaucracy, investment entity or trade representative to Goldilands Pty Ltd in particular or any other foreign prawn farm/aquaculture interests in the past two years.

(2) Will the Minister detail these concessions, funds, loans, grants or other financial incentives as well as terms and conditions applicable.

Senator Hill—The Minister for Trade has provided the following answers to the honourable senator's question:

Information in response to the honourable Senator's question from the Foreign Affairs and Trade portfolio is as follows:

(1) Austrade Loans: No. Goldilands Pty Ltd is not an existing loan recipient, nor have any foreign prawn farm/aquaculture interests received assistance in the past two years.

Austrade Loan Schemes stopped admitting new clients after 30/6/96.

Austrade Export Market Development Grants scheme (EMDG): Under the EMDG scheme, grant recipients must have carried on export business in Australia. They can be either: an individual who is a resident of Australia; a partnership; a company association; a co-operative; a statutory corporation, or a trust.

Foreign ownership is not relevant for grant application purposes and therefore foreign ownership details are not recorded by Austrade. This means that it is not possible to identify if any EMDG grants have been given to the foreign interests specified in the question.

(2) Not applicable.

Great Barrier Reef Marine Park Authority: Fisheries Management Qualifications (Question No. 1915)

Senator O'Brien asked the Minister for the Environment and Heritage, upon notice, on 10 February 2000:

(1) How many officers employed by the Great Barrier Reef Marine Park Authority have formal qualifications in the management of fisheries.

(2) In each case: (a) what are the qualifications held; and (b) how long has each officer been employed by the authority.

(3) Since January 1997, how many consultants have been engaged by the Minister or the authority to provide advice on fisheries management.

(4) In each case: (a) what was the name of the consultant; (b) what was the nature of the consultancy; (c) what was the period of the consultancy; (d) what was the cost of the consultancy; and (e) was the consultancy the subject of a tender process; if not, why not.

Senator Hill—The answer to the honourable senator's question is as follows:

(1) Many staff members at the Great Barrier Reef Marine Park Authority (GBRMPA) have tertiary qualifications in the field of natural resource management, including marine biology, ecology, geography, zoology, botany, fisheries science, economics and social science.

(2) (a) and (b)

Staff in the Fisheries Issues Group (FIG) at the GBRMPA are employed on the basis of their qualifications, expertise and experience in whole-of-ecosystem management, of which fisheries management is a component.

The Executive Director of the GBRMPA has a Bachelor of Economics degree, with Honours in geography, from the James Cook University of North Queensland. He is a former Chair of the Queensland Fisheries Management Authority and has some twenty years experience in natural resource management, which has included the provision of policy advice at Commonwealth and State Ministerial level. He has twice served with GBRMPA, in total for four and a half years.

The Director of the FIG has a Bachelor of Arts degree (with Honours) in natural science from the University of Oxford, and a Doctor of Philosophy degree in fish ecology from the University of Canterbury (NZ). He has over 25 years experience as a fisheries scientist and fisheries manager, working primarily in Victorian and Queensland fisheries agencies. He has been with the GBRMPA for 18 months.

The Senior Project Manager of the FIG has a Bachelor of Science degree (with Honours), majoring in marine biology and zoology, from the James Cook University of North Queensland. He has nine years experience as a fisheries manager with the Australian Fisheries Service and the Australian Fisheries Management Authority. He has been with the GBRMPA for 14 months.

The Fisheries Policy and Liaison Officer in the FIG has a Bachelor of Science degree, majoring in marine zoology, ecology and fisheries biology, from the University of Queensland. He has 13 years experience with Queensland and Commonwealth fisheries agencies. He has been with the GBRMPA for 12 months.

The Project Officer in the FIG has a Bachelor of Applied Science degree in fisheries from the Australian Maritime College and has been with the GBRMPA for 4 years.

(3) Since 1997, the GBRMPA has engaged one panel of consultants to provide independent advice on fisheries management.

(4) (a) The panel comprised Mr Dennis Hussey of ACIL Consulting Pty Ltd, Professor Stephen Hall of the Flinders University of South Australia, and Mr Alex Schaap of the Tasmanian Department of Primary Industries, Water and Environment.

(b) The panel was required to report to the Chair of the Great Barrier Reef Marine Park Authority on the following matters:

. Advise on whether the management arrangements to be included in the Queensland Fisheries Management Authority's East Coast Trawl Fishery Management Plan would ensure that trawling in future would be conducted in an ecologically sustainable manner, consistent with the objectives of the Great Barrier Reef Marine Park and the Great Barrier Reef World Heritage Area;

. Advise on whether the proposed capped level of effort would be ecologically sustainable in terms not only of target species but also in terms of non-target and bycatch species and the environment in general;

. If the current level of effort was not ecologically sustainable, identify an ecologically sustainable level taking into account the precautionary principle;

. Identify a mechanism for reducing effort; and

. Taking into account the proposed management arrangements for the Queensland East Coast Trawl Fishery, provide advice on the adequacy of these measures and on other reforms that are necessary to ensure ecological sustainability.

(c) The period of the consultancy was 10 days.

(d) The cost of the consultancy was \$40,470.

(e) The consultancy was not subject to a tender process. Under the guidelines for engaging consultants this project was exempt due to the specialist expertise required. Rather than calling for expressions of interest for people to be part of the panel, people with known expertise and experience in the particular skills required, e.g. natural resource economics, impacts of fishing, and fisheries stock assessment and management, were specifically targeted to be part of the panel. Furthermore, it was important that the members of the panel were indeed independent and not associated with particular interests.

**Department of the Environment and Heritage: Gavin Anderson and Kortlang
(Question No. 1922)**

Senator Robert Ray asked the Minister for the Environment and Heritage, upon notice, on 17 February 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, Gavin Anderson and Kortlang since March 1996.

(2) In each instance: (a) what was the purpose of the work undertaken by Gavin Anderson and Kortlang; (b) what has been the cost of the contract to the department; and (c) what selection process was used to select Gavin Anderson and Kortlang (open tender, short-list, or some other process).

Senator Hill—The answer to the honourable senator's question is as follows:

No contracts have been provided to the firm Gavin Anderson and Kortlang by my department, or any agency of my department, since March 1996.

Department of Employment, Workplace Relations and Small Business: Gavin Anderson and Kortlang

(Question No. 1924)

Senator Robert Ray asked the Minister representing the Minister for Employment, Workplace Relations and Small Business, upon notice, on 17 February 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, Gavin Anderson and Kortlang since March 1996.

(2) In each instance:

(a) What was the purpose of the work undertaken by Gavin Anderson and Kortlang;

(b) What has been the cost of the contract to the department; and

(c) What selection process was used to select Gavin Anderson and Kortlang (open tender, short-list, or some other process).

Senator Alston—The Minister for Employment, Workplace Relations and Small Business has provided the following answer to the honourable senator's question:

(1) None.

(2) Not applicable.

Department of Family and Community Services: Gavin Anderson and Kortlang

(Question No. 1925)

Senator Robert Ray asked the Minister for Family and Community Services, upon notice, on 17 February 2000:

(1) What contracts have the department, or any agency of the department, provided to the firm, Gavin Anderson and Kortlang since March 1996.

(2) In each instance: (a) what was the purpose of the work undertaken by Gavin Anderson and Kortlang; (b) what has been the cost of the contract to the department; and (c) what selection process was used to select Gavin Anderson and Kortlang (open tender, short-list, or some other process).

Senator Newman—The answer to the honourable senator's question is as follows:

(1) Nil

(2) Not Applicable

Department of Veterans' Affairs: Gavin Anderson and Kortlang

(Question No. 1935)

Senator Robert Ray asked the Minister for Veterans' Affairs, upon notice, on 23 February 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, Gavin Anderson and Kortlang since March 1996.

(2) In each instance: (a) what was the purpose of then work undertaken by Gavin Anderson and Kortlang; (b) what has been the cost of the contract to the department; and (c) what selection process was used to select Gavin Anderson and Kortlang (open tender, short-list, or some other process).

Senator Newman—The Minister for Veterans' Affairs has provided the following answer to the honourable senator's question:

(1) Nil.

(2) N/A.

Scone Fresh Meats Pty Ltd: Australian Quarantine and Inspection Service Fees and Charges

(Question No. 1938)

Senator O'Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 22 February 2000:

(1) What fees or charges were paid to the Australian Quarantine and Inspection Service (AQIS) by companies trading as Scone Fresh Meats, or its predecessors, in the 1997-98, 1998-99 financial years, and so far in the 1999-2000 financial year.

(2) Over the above period, on how many occasions were fees or charges owed to AQIS not paid on time.

(3) If the above company, or companies, did fail to pay AQIS fees and charges in a timely manner: (a) for how long were fees or charges left outstanding; and (b) what was the value of outstanding fees and charges before payment was finally made.

(4) If there has been a change in ownership of Scone Fresh Meats, or its predecessors, in the above period: (a) what action did AQIS take to recover any outstanding fees or charges from the outgoing operator or the new operator; and (b) in each case, what was the result of this action.

Senator Alston—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator's question:

(1 - 4) Scone Fresh Meats Pty Ltd has not received services from, nor paid any fees to, AQIS in 1997-98, 1998-99 or so far in the 1999-2000 financial year. The company has not been export registered but did have AQIS inspection presence prior to 1997-98. The domestic meat inspection function was assumed by the New South Wales Meat Industry Authority from 1 July 1997.

Department of Family and Community Services: Provision of Income and Expenditure Statements

(Question No. 1954)

Senator Faulkner asked the Minister for Family and Community Services, upon notice, on 23 February 2000:

Has the department, or any agency of the department, provided an annual return of income and expenditure for the 1997-98 and 1998-99 financial years pursuant to section 311A of the Commonwealth Electoral Act 1918; if so, can a copy of those statements be provided; if not, what, in detail, are the reasons for not providing those statements.

Senator Newman—The answer to the honourable senator's question is as follows:

Yes. The Department of Family and Community Services has provided this information in its annual report, as required by section 311A of the Commonwealth Electoral Act 1918. The information can be found at Appendix 8 (page 335) of the 1997-98 department's annual report, Appendix 6 (pages 181-2) of Centrelink's 1997-98 annual report, and on page 59 of the 1997-98 annual report for the Australian Institute of Family Studies, Appendix 7 (page 317) of the 1998-99 department's annual report, Appendix vi (pages 183-4) of Centrelink's 1998-99 annual report and on page 62 of the 1998-99 annual report for the Australian Institute of Family Studies.

The information has been tabled in Parliament. In addition, copies of 1998-99 annual reports are available through the department's website (www.facs.gov.au), Centrelink's website (www.centrelink.gov.au) and the website of the Australian Institute of Family Studies (www.aifs.org.au).

Department of Veterans' Affairs: Provision of Income and Expenditure Statements

(Question No. 1964)

Senator Faulkner asked the Minister for Veterans' Affairs, upon notice, on 23 February 2000:

Has the department, or any agency of the department, provided an annual return of income and expenditure for the 1997-98 and 1998-99 financial years pursuant to section 311A of the Commonwealth Electoral Act 1918; if so, can a copy of those statements be provided; if not, what, in detail, are the reasons for not providing those statements.

Senator Newman—The Minister for Veterans' Affairs has provided the following answer to the honourable senator's question:

Yes. The Department has provided this information in its annual report, as required by section 311A of the Commonwealth Electoral Act 1918. The Statements are contained in the Annual Reports of the Repatriation Commission, The Department of Veterans' Affairs and the National Treatment Moni-

toring Committee. The statement is at page 229 of the 1997-98 report and at page 240 of the 1998-99 report.

The Australian War Memorial has also provided statements which are contained on page 78 of the Australian War Memorial Annual Report 1997-98, and on page 83 of the 1998-99 report.

Pre-Marriage Education Voucher Program

(Question No. 1969)

Senator Robert Ray asked the Minister for Family and Community Services, upon notice, on 25 February 2000:

- (1) What is the total cost of running the Pre-marriage Education Voucher Pilot Program.
- (2) How were: (a) Perth and Launceston chosen as the cities to run the program; and (b) the marriage celebrants participating in the program chosen.
- (3) How was Relationships Australia chosen as the body to provide the pre-marriage education courses.
- (4) How many pre-marriage education vouchers have been distributed to couples since the start of the program in November 1999 and 25 February 2000 in Western Australia and Tasmania respectively.
- (5) How many of the pre-marriage education vouchers distributed have actually been used by the recipient couples between November 1999 and 25 February 2000 in Western Australia and Tasmania respectively.

Senator Newman—The answer to the honourable senator's question is as follows:

- (1) The total budget for the voucher pilot is \$500,000.
- (2) (a) Perth and Launceston were chosen considering:
 - . Areas with appropriate marriage rates to support the pilot;
 - . availability of both religious and secular marriage and relationship education services which have met approval requirements for the Family Relationship Services Program;
 - . Locations that provide access to couples preparing for marriage in metropolitan, provincial and rural areas;
- (b) All celebrants (religious and secular) in the pilot area were invited to be part of the pilot. There are currently 507 celebrants in Perth and 47 in Launceston, participating in the pilot.
- (3) All organisations contracted by the Department to deliver marriage and relationship education services in the locations are involved in the pilot. Relationships Australia is one of these organisations.
- (4) As at 29 February 2000, 555 vouchers had been distributed to couples (42 in Launceston, 480 in Perth).
- (5) As at 29 February 2000, 267 vouchers had been redeemed for pre-marriage education services at service providers, 15 in Launceston and 252 in Perth.

Goods and Services Tax: Department of Education, Training and Youth Affairs Research

(Question No. 1986)

Senator Faulkner asked the Minister representing the Minister for Education, Training and Youth Affairs, upon notice, on 3 March 2000:

- (1) Has the department, or any agency of the department, commissioned or conducted any quantitative and/or qualitative public opinion research (including tracking research) since 1 October 1998, relating to the goods and services tax (GST) and the new tax system; if so: (a) who conducted the research; (b) was the research qualitative, quantitative, or both; (c) what was the purpose of the research; and (d) what was the contracted cost of that research.
- (2) Was there a full, open tender process conducted by each of these departments and/or agencies for the public opinion research; if not, what process was used and why.
- (3) Was the Ministerial Council on Government Communications (MCGC) involved in the selection of the provider and in the development of the public opinion research.

(4) (a) What has been the nature of the involvement of the MCGC in each of these activities; and (b) who has been involved in the MCGC process.

(5) (a) Which firms were short-listed; (b) which firm was chosen; (c) who was involved in this selection; and (d) what was the reason for this final choice.

(6) What was the final cost for the research, if finalised.

(7) On what dates were reports (written and verbal) associated with the research provided to the departments and/or agencies.

(8) Were any of the reports (written and verbal) provided to any government minister, ministerial staff, or to the MCGC; if so, to whom.

(9) Did anyone outside the relevant department and/or agency or Minister's office have access to the results of the research; if so, who and why.

(10) (a) What reports remain outstanding; and (b) when are they expected to be completed.

(11) Are any departments and/or agencies considering undertaking any public opinion research into the GST and the new tax system in future; if so, what is the nature of the intended research.

(12) Will the Government be releasing the full results of this taxpayer-funded research; if so, when; if not, why not.

Senator Ellison—The Minister for Education, Training and Youth Affairs has provided the following answer to the honourable senator's question:

(1) No quantitative and/or qualitative public opinion research (including tracking research) has been conducted by the Department of Education, Training and Youth Affairs related to the Goods and Services Tax (GST) since 1 October 1998.

(2) – (10) Not applicable.

(11) The Department is not considering undertaking any public opinion research into the GST and the new tax system in the future.

(12) Not applicable.