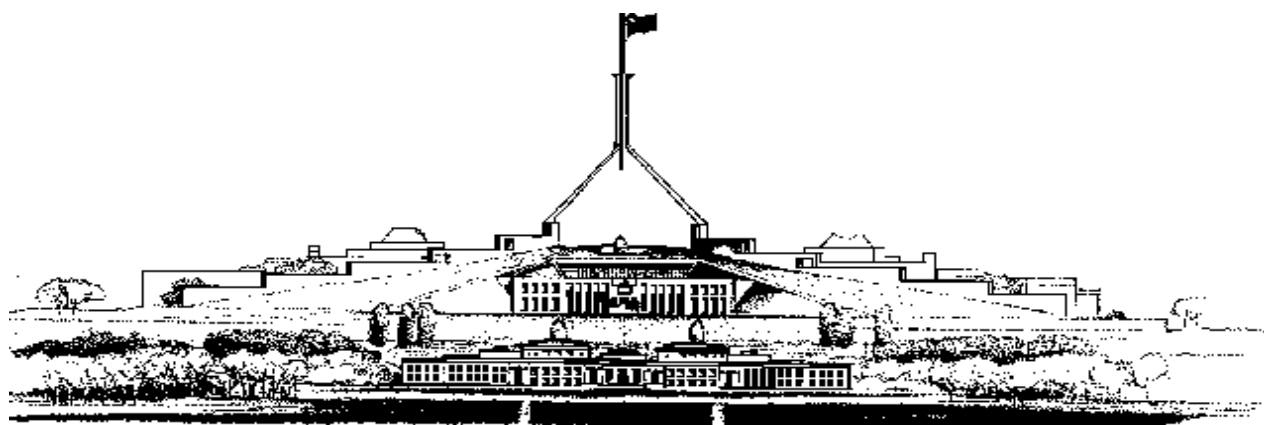




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



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Official Hansard

No. 8, 2001

Monday, 18 June 2001

THIRTY-NINTH PARLIAMENT
FIRST SESSION—NINTH PERIOD

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Monday, 18 June 2001

The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 12.30 p.m., and read prayers.

**PRIMARY INDUSTRIES AND ENERGY
RESEARCH AND DEVELOPMENT
AMENDMENT BILL 2001**

Second Reading

Debate resumed from 29 March, on motion by **Senator Heffernan**:

That this bill be now read a second time.

Senator FORSHAW (New South Wales) (12.31 p.m.)—The opposition wishes to indicate at the outset of this debate that it will not be opposing the passage of the **Primary Industries and Energy Research and Development Amendment Bill 2001**. The bill increases funding to the Forest and Wood Products Research and Development Corporation, and the increased funding will become effective from 1 July 2001. Currently, the funding arrangements are that the Commonwealth contributes \$1 for every \$2 raised from industry by way of levy payments. This bill will increase the government's contribution by matching \$1 for every \$1 contributed by industry levies. At first one might think that this is some sort of generous increase from \$1 for every \$2 to \$1 for every \$1. However, in reality, the additional funding amounts to only \$1.6 million per annum. Further, when this initiative—the sole initiative of Minister Tuckey in the almost three years that he has had this ministry—is compared with the funding established by the previous Labor government under the Wood and Paper Industry Strategy and the RFA process, this increase is not only paltry and minuscule but also an insult to the industry.

It is an insult to industry because Minister Tuckey has been for the last 2½ years running around the country ranting and raving about the wonderful things that he was going to do for the forest industry and for the wood and paper products industry. He announced in 1998 that he would establish an action agenda. Mr Tuckey indicated that that action agenda would be developed in consultation with industry and that the details would be

announced in June 1999. Anyone who cares to take the time to read the *Hansard* of estimates proceedings, the House of Representatives and the Senate will note that the famous action agenda was noted for its lack of action. Indeed, it was not until the end of 2000, some 18 months after the deadline of June 1999, that we finally saw any details regarding Minister Tuckey's action agenda. The only matter of substance in that action agenda was this funding increase of \$1.6 million.

Minister Tuckey was asked a question on notice earlier this year by the shadow minister for forestry, Mr Ferguson, as to what other funding initiatives would be contained within this action agenda. After all, this was Minister Tuckey's grand vision for the industry. Minister Tuckey's response to that question on notice, which was delivered on 5 March 2001, stated:

The government is in the process of developing the 2001-2002 budget. Details of funding for Action Agenda items are as yet unknown.

That was a telling admission by Minister Tuckey because, as we all know, he is one who is never short for words. He usually has a lot to say. He has a hell of a lot to say. There is not much substance, but he has a lot to say. But on this occasion, when he was asked the specific question of what other funding initiatives are in this action agenda that the minister has spent two years or more developing, his response was that the government is in the process of developing this year's budget and the details of funding are as yet unknown. For Minister Tuckey that was a short, succinct response that for once said nothing without him making a lot of noise in doing so, which is his usual approach.

It was a short time from March through to May, so we waited for the budget. What was in the budget in terms of funding for this industry? Absolutely nothing. There was not one cent of additional funding for new initiatives for this industry in this year's budget. There was not one cent for any initiative under the famous Tuckey action agenda. So the action agenda, as I said, is characterised by its total lack of action. This minister and this government stand condemned for their fail-

ure to match their words with deeds, to match their promises with real dollars to support this industry.

As I said, the opposition is prepared to support this legislation, notwithstanding this government's and this minister's total failure to develop policies to give real support to the industry, because at least the industry will benefit to the tune of \$1.6 million by virtue of this legislation. That has only come about because of the intense lobbying by the industry of this government to change that formula with respect to Commonwealth funding. The funds that were originally allocated under those initiatives of the previous Labor government, such as the Wood and Paper Industry Strategy and other plans, are coming to an end or have ceased. This government has not established anything to replace that assistance. This \$1.6 million is the only measure that has been announced so far, and it is clear that there is nothing more to come.

As I said, this minister and this government stand condemned for their failure to support the timber industry, the wood and forest products industry. It was the previous Labor government, through the National Forest Policy Statement, that established the Wood and Paper Industry Strategy, the Forest and Wood Products Research and Development Corporation and the RFA process and brought some harmony back to what was a very divisive industry and a very divisive issue. But since Minister Tuckey has come to this portfolio, through his actions and many of his statements, he has turned all that on its head. The only thing that Minister Tuckey can claim credit for, and I do not think he would want to claim credit for it, is that he has led to the establishment of a new political group—which you, Mr Acting Deputy President Lightfoot, are well aware of—the Liberals for Forests group. That is Mr Tuckey's legacy to this industry, and he should be condemned, as I am sure many of his colleagues privately agree.

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—That was a small 'I' liberal, I think, Senator Forshaw.

Senator FORSHAW—Because of Mr Tuckey's failures in this industry, his remaining time is short. On this occasion, we will support the government's bill because at least it does provide some small amount of additional assistance for the industry.

Senator BROWN (Tasmania) (12.40 p.m.)—As Senator Forshaw said, the **Primary Industries and Energy Research and Development Amendment Bill 2001** gives an extra \$1.6 million out of the taxpayers' purse into the forest industries. On the face of it, it is meant to help real research and development of that industry. When it was established, the fund, which is the basis of the legislation we are dealing with, was to have as its primary focus the rural side of that industry. The explanation given during the debates on the bill which introduced this provision in 1993 stated:

Commonwealth funding is intended to match the rural half of the industry contribution, consistent with arrangements for research and development in other rural industries.

Now that is being matched by a component which is for the manufacturing oriented component of the forest products industry. That in itself might not have been so bad if in fact it were being specifically tailored to go to innovative plantation based aspects of the industry with downstream processing, but it is not. This is simply a means of moving more funds into the arena of native forest logging in Australia and also propping up what looks to be a plantation industry with real problems. I will be asking the government about that industry in the committee stage of the bill.

However, looking at the use of the existing fund, I have real concerns. Some of the current projects that are being funded could hardly be described as research and development. For example, one from Melbourne University was called 'promoting the science of sustainable management of native forests', and the objectives included 'to form an association of scientists who understand and have contributed to sustainable management of Australia's native forests'. That effectively, if you ask me, means to fund a lobby group who are involved in the destruction of native forests, and I will be asking the government

representative in the committee stage what has been the outcome there in terms of research and development—exactly where the research and development of that industry organisation has been developed and to what end.

Another example is a quest to be involved in 'dyeing eucalypt veneer to increase its value and marketability'. The objectives here include 'to investigate the profitability of establishing a veneer dyeing plant in Tasmania'. That request came from Cassino Timbers, but it appears on the face of it to be a direct request for a subsidy for a commercial venture. One has to ask the government exactly what is the intent here, who is leading whom, to what degree is fashion—in terms of veneer colouring and dyeing—being addressed in that particular quest for a subsidy and what has been the outcome.

Mr Acting Deputy President, because this does affect the logging industry right across the board, it is a very important opportunity to question the government about protecting people from a potential collapse of their investment in the plantation sector. You and I and everybody else here are aware that there has been prodigious advertising to get people to invest—sometimes with a primary motive being tax breaks—in the plantation industry in recent years. However, a recent Ausnewz study showed that 'there is bound to be ongoing downward pressure on price' for hardwood pulpwood. Studies by Judy Clark at the ANU and others have indicated that the much vaunted shortfall in wood supply in the near future around the globe and in the region is simply not going to eventuate. I am very concerned about that. In fact, Christine Milne, consulting from my office, wrote to ASIC in Melbourne earlier this month, on 8 June. That letter states:

Dear Sir,

I write with regard to Australia's listed plantation sector and what appears to be a grave situation for investors. Earlier this year the Timber Investment Managers Association hired a public relations firm and launched a major advertising campaign to try to portray the industry as a sound, long term investment delivering benefits to regional economies. This public campaign was in response to the collapse in investor confidence in their stocks.

At the same time industry analyst Ausnewz released a study suggesting that prices for hardwood pulpwood are likely only to go down in the future as increased plantation supplies in Australia, Chile, China, Vietnam and South Africa outpace the lift in demand after 2010. Its conclusion was that "there is bound to be ongoing downward pressure on price."

The letter from Christine Milne goes on:

In spite of the public relations effort and the taxation benefits of investment in plantations, it has been clear from media reports that the sales and profits forecasts for several tree companies will not be met.

In view of the collapse of HIH and One Tel in recent weeks, I write to draw your attention to developments within the plantation sector and to request that you:

a) investigate whether there have been any breaches of the law, especially with respect to share trading by directors and trading whilst insolvent,

b) consider taking action as a matter of urgency to warn potential investors of the risks, especially given the approaching end of the financial year and the 100% tax deductibility of the investment, and the implicit support given to the sector through the government's endorsement of the "2020 Vision" to treble Australia's plantation estate.

These are very serious matters.

Let us look at some specifics in the industry with which this bill deals. Firstly, with Great Southern Plantations Ltd, we find that Helen Sewell cashed in most of her holding of 25 million shares, or about 18 per cent of the company, in March-April this year. Company founding director John Young said that the fact that the stock had been picked up by institutions, including the Commonwealth Bank, reflected the stock's strong investment case, which included another forecast big lift in bluegum woodlot sales this financial year from \$76 million to \$90 million. He basically said, 'Things have never looked as good.' Although he said that he had sold none of his shares, a more recent report indicates that both he and Ms Sewell sold down their personal stakes to institutions, including Colonial First State. On 1 June, John Young issued a profit warning, admitting that the 2001 result would be below forecast and that the company was unlikely to meet its full

year's sales target of \$90 million. The share price thereupon tumbled 29.7 per cent.

The question arises: on what basis were investors persuaded to invest when the founder or founders were selling out? Ms Sewell claimed that her retirement as an executive at Great Southern coincided with a 'full circle', signing a heads of agreement with two major Japanese companies, Daio Paper Company and Nichimen Company, to buy and process all the woodchips it could produce. This implies contractual and attractive pricing arrangements—presumably, the big lift in bluegum woodlot sales to which John Young was referring in April. However, it is now apparent from the end of year forecasts that this just is not the case. The question is: was it ever the case that the heads of agreement included the pricing and contractual arrangements that would have guaranteed markets and financial returns and, as such, influenced investment decisions?

A second case is Forest Enterprises Australia, which has been very active in my home state of Tasmania. Not only is the managing director currently charged with being knowingly concerned in an unregistered managed investment scheme and offering for subscription securities without a registered prospectus, but the company has so far failed to secure the \$17½ million life-line that it said it needed to end its cash crisis. In fact, the American potential assurers there have withdrawn. Already the company has stalled in finalising contracts with farmers who in some cases had begun to remove infrastructure in preparation for sale to the company. Forest Enterprises Australia is seeking to raise \$20 million through its 2001 woodlot project, and it has an extension until the end of this month in a bid to gain more investors.

Timbercorp, a third company, applied for tax office permission to extend product rulings over its eucalypt, olive and almond projects until the end of June. Fourthly, Australian Plantation Timber extended its 2001 eucalypt project until 16 June and was forced to issue a supplementary prospectus clarifying assumptions about future timber prices. In the case of Forestry Tasmania, Forestry Tasmania Trees Trust is a matter about which

ASIC had been advised previously. The minister or ASIC has advised that this trust is immune from Corporations Law because it is operated by the Crown in Tasmania.

In view of the general concerns that I have just enumerated in respect of the plantation sector, in my opinion it is an obvious job for ASIC to take action to warn prospective investors of the risk. Forestry Tasmania is forecasting real returns after 10 years equivalent to 10½ to 12.9 per cent per year, which appears to be very much contrary to experience of the sector as a whole. I am very worried about investors in this once prodigious plantation industry. I refer you, Mr Acting Deputy President, to the government's own consultants, Jaakko Poyry, who earlier this year reported:

With [a] background of oversupply and under-utilisation in many regions (eg. Bombala, North Queensland, Oberon, Tumut, Latrobe, Green Triangle), the concept of trebling Australia's plantation area under Vision 2020—

that is Minister Tuckey's program—

is confounding particularly for small private growers trying to access the market.

Many private growers can correctly ask: why is the government supporting expansion when they cannot sell what they now have? That is a very serious situation. Yet the prospectuses are still going out inveigling people to invest in this plantation industry to get the tax breaks on the basis that there is a looming wood shortage somewhere around the world or the region, when it is patently obvious from the facts that that is not the case. That promotion requires a very rapid answer from the government, indeed from the Prime Minister, as well as from the Australian Securities and Investments Commission.

In this legislation to promote research and development in this area, the funds that are involved should be confined to research and development in the plantation sector—not in the native forest industries, where the majority of Australians want the chainsaws withdrawn. If we are going to do research and development in that area, then we should follow the exemplary example of the new Western Australian government: it should be into the job reach and investment reach in-

dustries of hospitality, accommodation, tourism and recreation which, along with other ancillary industries, give a much better return when we keep our forests standing instead of putting them on a truck and sending them off to a woodchip mill where the jobs are created overseas.

To that end, I want to flag to the Senate an amendment which would effectively mean that the research and development funds which are being put aside or extended through this piece of legislation would go to plantations established before 1990—that is, the mature plantation sector that was put there without the loss of forest coverage which has gone on at a great rate since 1990—and exclude the awesome amount of plantations which have replaced native forests since 1990, which has been a phenomenal injustice to the Australian environment, a plundering of Australia's heritage and of course a stupid policy if you look at global warming. Replacing the biggest carbon banks in the Southern Hemisphere, our natural forests, with plantations is a detrimental thing to do if you are looking at trying to keep carbon out of the atmosphere. It will increase the impost on future generations as they try to handle the great economic, environmental and social dislocation and damage that is to come out of global warming. These are important questions. I know that the government will want to answer the questions that I have put up. I will be pursuing them in the committee stage. I also ask senators to look very carefully at the amendment I have framed, which makes some sense out of extending another \$1.6 million into research and development in the forest industries.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (12.57 p.m.)—I would like to thank the Labor Party for their support of this legislation and to make some summing up remarks. As has been pointed out, the purpose of this bill is to remove an anomaly that has existed in the Primary Industries and Energy Research and Development Act 1989 since 1994. That anomaly meant that the Commonwealth matched industry contributions for forest research and development at half the rate at

which it matches levy contributions from all other primary industries. The bill repeals two clauses in the act that specify a special funding arrangement for forest research and development from the Commonwealth at one dollar from the Commonwealth for every two dollars from industry up to a maximum of 0.25 per cent of gross value of production.

The effect of this bill is to provide, from July 2001, government funding to the Forest and Wood Products Research and Development Corporation at the same rate as is provided to other research and development corporations under the act—that is, dollar for dollar matching of industry levy contributions up to a maximum of 0.5 per cent of gross value for production. The Commonwealth is effectively doubling its contribution to the forest industry. The forest and wood products industry contributes about one per cent to Australia's gross domestic product. It employs some 80,000 people directly and a further 194,000 people indirectly. Its activities are focused in regional Australia. The forest and wood products sector plays a crucial role in the economic and social health of rural and regional Australia.

In 1999-2000, Australia imported \$3.8 billion worth of forest and wood products, mainly paper and high value products, and we exported \$1.6 billion worth of products, mainly woodchips and round wood. With our extensive forest resources there is tremendous potential to export a range of high value products and progressively reverse the current imbalance of trade in forest and wood products. World demand for forest and wood products continues to grow, particularly in the Asia-Pacific region.

By increasing the Commonwealth government's contribution to forest research and development, the bill provides a much more secure footing for continuing investment in national and strategic research and development into resource management, production, processing, transport, marketing and usage of forest and wood products. This R&D is vital if the industry is to take full advantage of emerging opportunities to add value to our native timber resources and develop new opportunities for our expanding plantation

base. The bill is one of a series of actions undertaken by this government to support a sustainable, competitive and innovative forest and wood products industry in Australia. I commend the bill to the Senate.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator BROWN (Tasmania) (1.01 p.m.)—During my speech in the second reading debate, I raised a number of matters. I would be happy to go through those matters again, but it might expedite things if the government's representative were to give me a response to them.

The CHAIRMAN—I understand that in your speech in the second reading debate you foreshadowed that you would move an amendment in the committee stage, and I understand that that amendment has not yet been circulated.

Senator BROWN—I hear that it is about to be circulated—I have asked for it to be circulated. I have a copy for you, Madam Chair, if you would like it.

The CHAIRMAN—The minister at the table needs the copy more than I do.

Senator BROWN—I am quite happy to give her a copy while I ask about other matters. The amendment is about to be circulated.

One question that I put to the minister was about the nature of the disbursement of the funds so far. The minister will remember that I asked about the funding of a scientists association at Melbourne University and the relevance of that when it comes to the aims of the legislation to promote the best development of the industry. I also asked about a veneer dyeing proposal by a company in Tasmania and for the specific details as to why that was necessary and what the outcome was, why the government should be funding what is essentially a commercial operation there, who was going to do that piece of research, and what the outcome was expected to be.

I also asked the minister about investment in plantations, and I read out quite a detailed

letter to the Australian Securities and Investments Commission. I would be very pleased to have a response from the minister as to whether the government is alert to changing fortunes in the plantations industry; whether it is concerned about prospectuses that continue to indicate a looming shortfall in world wood demand, when that is not the case at all; and whether the minister is aware that, at least in one company, the founding directors have sold out to other entities, even though they are in the business of asking investors to buy into that company.

I asked the minister whether she was aware that Forest Enterprises—which has been very contentious and has bought up prime farmlands in Tasmania that were otherwise used for beef, potato seed or other agricultural pursuits—is in financial trouble. Also, I asked if it is true that a potential extension of finance of nearly \$20 million from the USA has now not come about; if it is true that 30 workers were shed or sacked from Forest Enterprises just last week; and if the government is aware of what is going on there but is not concerned for investors who are putting their money into that company or similar companies, including those promoted by Forestry Tasmania, Gunns and other corporations that are in the same business, which it seems is falling on harder times.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.06 p.m.)—With regard to Senator Brown's comments on the direction of research and development and the nature of his amendment, I must point out that with the Forest and Wood Products Research and Development Corporation, as with every other research and development corporation, the nature of research and development and the direction that it takes are determined by the board in terms of the projects that are put up to the board and the way in which the board looks at them. The board ultimately decides on the direction of the research and development. There would certainly be no direction to a research and development corporation as to the nature of the research and development. That is a matter for them to decide.

Further, in relation to the commercial examples that have been quoted by Senator Brown, the government does not have detailed knowledge of those investment plans or those commercial operations. Senator Brown knows very well that, provided a company operates within corporate governance rules and that it is seen to be operating as a fit and proper company, those interests are to be taken into account by investors when they decide whether or not to invest in that company. Until they have a complaint lodged against them or flagrantly flout the rules of corporate governance in a way that the government would not approve of, all commercial entities are left to run their businesses in the way they see fit.

Senator BROWN (Tasmania) (1.07 p.m.)—I draw the minister's attention to the recent collapse of HIH and One.Tel. Is it not a matter of regret that there was no intervention at an earlier stage in both those cases? In view of those very damaging corporate failures, is it not the government's business to make sure, in the shareholders' interests, that ASIC and other business watchdog entities are on alert, that the minister is aware and that the Prime Minister is noting that there are some worrying signs in the plantation industry which is currently advertising prodigiously for investors, as it has done in recent years, particularly because of the tax breaks? We have to understand that this is not something that is completely divorced from government. The government is offering, and supports, those tax breaks. The 2020 vision propounded by the minister, Mr Tuckey, is aimed at tripling the area of plantations by the year 2020. This is a government driven proposal and that fact is being quoted in many of the prospectuses.

The government needs to look at this again. It is not an arms-length case at all; the government is very much involved. It has been driving the promotion of plantations across farmlands and the replacement of woodlands on private and crown lands in Australia. I am saying: take stock here; there are warning signs. I do not say that lightly, and it is not just me saying it. The financial press, which I quoted from in my presentation, has also noted this. I say to the govern-

ment and to the Prime Minister: do not leave Minister Tuckey in complete command here, because there are other things to look at. The government should take stock because a lot of investors are putting their money into the plantation alternative because it has been presented so attractively. There are warning signs and the Prime Minister needs to note them. I ask the minister to draw my comments to the Prime Minister's attention; it is as important as that.

Of course, I will be following this up, but I expect the government to heed what I am saying. This is a very serious matter indeed. However, on the particular matters at hand, I do not believe that the government can simply say to a board, 'Well, it's totally up to you.' The legislation has limitations on where the money can go. In the case of Casino Timbers and Mr David Geason in Tasmania, and the funding of a project for the dyeing of eucalypt veneer to increase its value and marketability, I wonder if the minister can say whether that is not a direct commercial venture? Questions immediately arise, like: who has the rights over that process; how much has been invested in it, and what sort of watch over that is the board taking; what is the aim of that particular process; and is it because the veneer is being sold into Italy where they like a paler sort of veneer, or is it because it is going to North America where they like it a little more heavily coloured? On the face of it, it looks like this is purely a commercial operation to meet a passing style or fashion. It is very reasonable for me to ask the minister about that investment of taxpayers' funds. Before I allow the minister to respond, I would like to move my amendment which has now been circulated:

- (1) Schedule 1, page 3 (after line 4), before item 1, insert:

1A At the end of Division 3

Add:

27A Restriction on certain R&D plans and annual operational plans

An R&D plan under section 19 and an annual operational plan under section 25 made or varied on or after 1 July 2001 by an R&D Corporation established in respect of forest industries

must relate only to industries using wood from plantations established on land cleared before 1990.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.13 p.m.)—Senator Brown knows full well that the corporate collapses to which he referred do not have any bearing on this particular legislation. In terms of the discussion today in the Senate, any discussion of them would be quite irrelevant. However, I wish to tell Senator Brown that I have the oversight of 12 of the research and development boards in the agriculture portfolio, including this board. Just as commercial companies are bound by rules of corporate governance, so too is every one of the government's research and development corporations. The boards are fully aware of the types of projects which they may look at under their charter rules and, indeed, I frequently remind them of that in my many meetings with them. So I have every confidence that the Forest and Wood Products Research and Development Corporation would be bearing those rules of corporate governance in mind when they look at projects. I am unaware of the detail of the project in Tasmania to which Senator Brown referred. However, certainly the board, in its wisdom, will make a decision which research and development projects it supports and which it does not support. With that in mind, the government will not be supporting Senator Brown's amendment.

Senator MURPHY (Tasmania) (1.14 p.m.)—I would like to ask the government a question about what is proposed in the *Primary Industries and Energy Research and Development Amendment Bill 2001*. I do support the bill's proposition to increase the amount of government money going into research and development in the forest industry. But what has R&D expenditure achieved so far? This is an important aspect of this debate. I would be interested to know the government's assessment of the success achieved thus far and the government's assessment of the type of work that has been done thus far.

Senator Brown raised the issue of an application for the dyeing of veneer. To the best

of my knowledge, a reasonable amount of money was spent some years ago on researching this. Indeed, timber was sent to Italy to conduct this research. I do recall the results of that research into dyeing veneer. The idea was not necessarily to get a paler veneer; it was to impregnate a colour. The traditional method of dyeing involves rubbing a stain on the wood that is only very thin. Dyeing the wood by impregnating it goes much deeper and means you can rub the furniture or whatever back time and again and it still has the same colour. If this is a funding application for new money, I, like Senator Brown, would be very interested in ascertaining why funding for such a project would be sought, because much of that work has been done.

This brings to bear a question about the corporate ownership of R&D work. Who does this work belong to? In my state, over the years, a lot of research work has been done and tens of millions of dollars have been spent on research and development work in the timber industry for very little return. I turn to the minister's speech, which says:

R&D on forest and wood products are vital if Australia is to reverse the current trade imbalance in trade in these products.

I agree totally with the minister. The speech continues:

Forest R&D have the potential to create sustainable long-term competitive advantage for the industry, particularly for higher value products.

I ask the government: in the last 10 years, have there been great leaps forward in providing a sustainable long-term competitive advantage to industry in this country as a result of R&D work funded by both government and industry? I think the R&D work has been done but not much has come of it. The industry's argument used to be, 'We're not going to invest, because we don't have resource security.' Resource security was brought to this industry through the RFA process, yet there has been no trend of developments in higher value products.

In my state, there has been one development, and not as a result of any R&D done in this country. I am talking about an MDF

plant, which is struggling. Outside that, there was research into kiln drying, sawing techniques, dyeing of veneer, veneer slicing, peeling and laminated veneer lumber—you could go on ad infinitum. But very little has been done in terms of the industry putting its money where its mouth is, and that is what has to change. The government of the day must be prepared to ensure that, where both publicly and privately funded research and development work is done, we get outcomes as a result of that research work. It is all well and good for the government to commit funding to these sorts of programs, but it must ensure that. I quote the minister again:

This Government is actively encouraging rural industries to move towards a 'whole-of-chain' approach—

this is a new phrase, and I thought I knew all the phrases in the forest industry—

to industry planning and development. Whole-of-chain planning encompasses sustainable resource use,—

that is a joke—

production, processing, storage, transport, marketing and usage ...

I do not mind supporting a whole-of-chain approach, but I want to make sure that it is right. It is not right at the moment for sustainable resource use—not by a long way.

I challenge AFFA, the department for which the minister is responsible, to have a look at the information, video footage and photographs that I have that clearly demonstrate that this industry is not operating on a sustainable basis. Then, perhaps, we will begin to see changes at a government level that will drive this industry to where it ought to be, and that is on a sustainable footing. This industry should be generating new developments, and it can, with the research that has already been done. The research that has already been done is sufficient for us to get into industries to produce products that we can send into the marketplace. There is the potential for us to develop things.

Senator Brown was talking about the plantation industry. Today, there is a company in Queensland that can produce laminated veneer lumber in a continuous length form from 19-year-old plantation timber. The

great bulk of plantations put in the ground today and the great bulk of those put in the ground in the last five years, at least, are genetically modified to the extent that they will not be suitable for solid timber products.

I notice one of the advisers shaking his head at that. I suggest that that adviser get a bit of advice on this, because that happens to be the reality: most of the plantations being put in the ground today are for paper production. They are fibre length, and the lignin and cellulose factors of those particular types of trees are going to make them less suitable—not totally unsuitable, but far less suitable—for solid wood timber production for the types of areas that we could get into for higher value products and for more jobs. That is the reality, yet the government, through the taxation system, is allowing those plantations to be planted in significant areas. There is nothing wrong with that; that should be the case. But we should be able to ensure that we are putting those trees in the ground for the right purposes. Of course, we absolutely do need some for pulp and paper production.

There is no strategy out there at the moment, and if we are going to have this whole-of-chain approach then we ought to get on and have it. If this bill is about ensuring that we have greater R&D capacity and about getting a whole-of-chain approach, I challenge the government to get on and do the job, and drive the industry in the right direction. You have companies out there right now that put plantations in the ground that have never been involved in the timber industry in their lives before. They thought up an idea about how they could get their hands on a significant area of land as an asset for themselves. That is a major problem, because that does not lend itself to the betterment of the Australian timber industry.

The quicker the government realises that that is the case, the better off we will all be—the better off the timber industry will be and the more jobs that will be created in it. It is not just going to be a simple process of standing here and making some announcement about additional R&D money. This industry has a history of not being able to manage itself and head itself in the right di-

rection. It was the case when we were last in government, and it is the case now. Until somebody in government is prepared to take the direction and head this industry the way it should be going—and stop copping the pathetic excuses it keeps coming up with year in, year out—it will go nowhere. All the government of the day will be doing is throwing good money after bad. It will be a wasted effort.

I think I saw the parliamentary secretary nod in acceptance of the fact when I said that in my state alone there have been tens of millions of dollars put into research and development. Yet when I was secretary of the Timber Workers Union we had more jobs in the timber industry than we have today. We had 35 crown sawmills in Tasmania at that time. We now have one principal owner of the only remaining crown sawmills. There are probably only about five separate crown sawmill owners in Tasmania. There were over 200 registered small sawmills in my state, and I would bet London to a brick—I have not done a count in recent times—that now you would be lucky to find 30. That has to tell any government something.

It has to tell you something when the Prime Minister of today, before he became Prime Minister, called the former Prime Minister the king of woodchip exports. It was a trend that he was going to reverse. It is a trend that he has not reversed—he has only increased the record. I say to the government that there is a challenge here to get in and do something with this industry. In fact, it is a challenge not only for the federal government but also for state governments. I hope that they will do something, because I have a great deal of faith in this industry being able to do a great deal for this country but it will not until it is given proper guidance. That does mean some form of intervention in terms of steering it in the right direction. Whilst I support this bill because it does increase the contribution to R&D, it is not going to go anywhere near bringing in the minister's whole-of-chain approach to industry planning and development—no way.

The minister also said he has an action agenda to engender a more innovative and outward looking industry on a whole-of-

chain basis. I say to Minister Tuckey: give me some evidence that that is happening; let me see that that is the case—because it simply is not. I would ask again of the parliamentary secretary: give me some evidence of where all of the money that has been spent in the last 10 years on R&D—and there has been a not inconsiderable amount—has actually delivered some real outcomes. I do not want outcomes like, as I said, an MDF plant in Tasmania, because that R&D was done a long time ago, more than 10 years ago. MDF is not a new process. I would appreciate some response from the parliamentary secretary.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.28 p.m.)—I will just respond to Senator Murphy. If you consider that the board and the corporation have been in existence for some six to seven years, before that time research and development were not contributed to by government—it was industry application money. Perhaps, Senator Murphy, you should go back and ask the timber industry, which you know so well, what some of the outcomes were from that pre-government type contribution. I should also point out that the Forest and Wood Products Board will be putting out a press release tomorrow, I believe, to talk about the new project which it has approved for its R&D programs. Senator Murphy, much of the work of the board is detailed in its annual report, which I recommend to you.

Some of the corporation's programs are in market development, which would seem to indicate a use for timber products; new products and processes, and this may well encompass some other things that you were talking about; resource improvement and development; and human resource development. There is also an industry forum in November 2001 to discuss industry development issues—including research that might be necessary to support new investment in the industry—and also a new direction from the National Timber Development Council. That is what industry is doing.

In relation to what the government is doing, I would point out to you that in the innovation package, which was announced by

the Prime Minister in January 2001, amongst that \$2.9 billion over five years there were two cooperative research centres for the timber industry for functional communication services in high value paper products and innovative wood manufacturing worth \$30 million over seven years. There was also of course the increased funding to the Research and Development Corporation through this bill.

I also point out to Senator Murphy that, with regard to his comments on 2020 Vision and with regard to the development of plantations—and this goes for Senator Brown as well—he rightly observed one of the advisers in the box nodding because there are actually increasing markets for that sort of product, not declining markets. Perhaps you should produce some of the evidence for your comments.

I believe that the research and development by the Forest and Wood Products RDC is well documented through its annual reports—which it must be because that is its way of reporting to parliament. Considering the relatively new nature of the Research and Development Corporation for the forest and wood products industry, it has already made great strides in the research and development it does, and it will continue to do so.

If you are talking about investor confidence and the way in which people are prepared to invest in the industry, I can only say that the failure of the parliament to pass the [Regional Forest Agreements Bill 1998](#) last year—which, you remember, we debated in this chamber for a fortnight and the bill emerged in a form that was totally unacceptable to the government—certainly shook some of the certainty with which investors would look at the timber industry. It is up to your party just as much as the government to underpin the sort of investment in the timber industry that will lead to further downstream processing.

With regard to the matter of intellectual property that is being developed by all research and development corporations in the research and development projects that they do, there is a certain amount of intellectual property generated by that. My department,

as a result of discussions with the research and development corporations, is actively looking at that as an issue and at the way in which we may manage it in the future. I assure you that that is under consideration.

Senator BROWN (Tasmania) (1.33 p.m.)—That is not good enough. Actively looking at who has this property when it is the taxpayers' money that is being invested into it is very much short of the mark. We should have an answer to that. The government should have a prescription, to say the least. That indicates that, at least thus far, the intellectual property is lost as far as the taxpayers are concerned. If it is not, the secretary might like to outline to the committee how it is not.

I want to come back to the matter of promoting the 2020 Vision, which will triple the plantation stock in Australia by the year 2020, and the way in which that is being used to get investors to put their money into this industry. Does the parliamentary secretary really mean it when she says that the continued use of the 2020 Vision, which was released by Deputy Prime Minister Anderson in 1997 and which is now being promoted around the country by Minister Tuckey, has no influence on investors when they are looking at the alternatives as to where to put their money? Does she really believe that the ministerial imprimatur and the high-level publicity attendant on that being used by the companies which are getting investors to put their money into plantations does not give the investors a sense of security? The question before the committee right now is: has the government not had reason to review that? If the market is on the upward trend, would the secretary please give the committee the evidence for that here and now?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.35 p.m.)—We did cover this subject earlier and I have nothing to add to my comments then. Provided investment companies are structured properly—which they must be to be registered—and that they conduct their affairs in a proper manner, investors will always make a choice as to where they put their money, and investors have made their choice with these

companies as they make them with other companies.

Senator BROWN (Tasmania) (1.35 p.m.)—That is just not so. The parliamentary secretary is not listening. The point here is that the government is putting its imprimatur on to this industry at a time when investors are being inveigled into investing—by tax breaks, amongst other things—through prodigious advertising of that imprimatur by the minister. It is not just a matter for the market; it is a market being promoted directly by the Howard government and Minister Tuckey. Investors are being inveigled by Minister Tuckey through the 2020 Vision statement. This is in prospectuses still widely circulating. I ask the secretary how she can possibly believe that has nothing to do with the government? The government is involved in it: very much so. There has been no review of this involvement. In fact, this involvement has been wound up since Prime Minister Howard appointed Minister Tuckey to the Forestry and Conservation portfolio.

What I am asking is this: will she draw this matter of warning signs in this industry, and the letter that Christine Milne has sent to ASIC, to the Prime Minister's attention? It is a very important matter. It is investors' money that is involved here. It is government imprimatur that is being seen by those investors when they look at those prospectuses. It is also the attractiveness, through government decision, of tax breaks in the plantation industry that is bringing many investors in. Under those circumstances, there is a very heightened government responsibility to have an eye out for warning signs when they occur. They are occurring, and I ask the parliamentary secretary to draw that to the Prime Minister's attention pronto.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.37 p.m.)—Senator Brown is probably very well aware that the 2020 Vision was developed as a result of consultation and agreement between Commonwealth, state and industry representatives. It is not just a government imprimatur; it is an agreement and a vision that has been developed through Commonwealth, state and industry representatives. I should

also point out to him that a code of conduct for afforestation companies is being developed now and that, presumably, afforestation companies will need to abide by that in due course.

Senator BROWN (Tasmania) (1.38 p.m.)—Who is developing that code of conduct? Will it have the teeth of law attached to it? When will it be released for the public? What involvement will the government have in drawing up that code?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.39 p.m.)—The code of conduct is being developed as part of the 2020 Vision. Presumably the same organisations that were involved in the development of the 2020 Vision—namely, Commonwealth, state and industry representatives—will have had a hand in that.

Senator BROWN (Tasmania) (1.39 p.m.)—What stage is it at? When will it be made public? What legal backing will this code have?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.39 p.m.)—The code of conduct is in active development now. It is being workshopped over this present period of time, and there may be an announcement in some weeks re the details of that.

Senator BROWN (Tasmania) (1.40 p.m.)—Who is involved in the workshops?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.40 p.m.)—The same bodies that I indicated were involved in the 2020 Vision development: Commonwealth, state and industry representatives.

Senator BROWN (Tasmania) (1.40 p.m.)—Mr Temporary Chairman Sherry, thank you for your patience. Will this code of conduct have the force of law at either state or federal level?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.40 p.m.)—There is no intention to make this mandatory.

Amendment not agreed to.

Senator Brown—I would like it recorded that I was the only supporter of the amendment in the chamber.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

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

CORPORATIONS BILL 2001

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION BILL 2001

CORPORATIONS (FEES) BILL 2001

CORPORATIONS (FUTURES ORGANISATIONS LEVIES) BILL 2001

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) BILL 2001

CORPORATIONS (REPEALS, CONSEQUENTIALS AND TRANSITIONALS) BILL 2001

CORPORATIONS (SECURITIES EXCHANGES LEVIES) BILL 2001

First Reading

Bills received from the House of Representatives.

Motion (by **Senator Troeth**) agreed to:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Bills read a first time.

Second Reading

Motion (by **Senator Troeth**) proposed:

That these bills be now read a second time.

Senator IAN CAMPBELL (*Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts*) (1.44 p.m.)—It is certainly not a precedent I wish to set here, but I think it is desirable to avoid calling a quorum at 1.45 p.m. I think just about everybody would agree on that. I will, in breach of standing orders, read the first of the second reading speeches. I say by way of introduction that, in this year when we celebrate the

100th anniversary of our island continent's states coming together to form the Commonwealth of Australia, our states have come together again to deliver a single, national governance scheme for our nation's companies. The *Corporations Bill 2001* and the *Australian Securities and Investments Commission Bill 2001* form a historical package of legislation that will finally deliver with certainty a single national regulatory regime governing the affairs of more than one million companies. The bills address legal uncertainties created by recent decisions of the High Court of Australia, by obtaining from the states a full referral of power.

The High Court decisions represented a serious threat to the national corporate regulation framework and to business confidence. Indeed, pending cases before the court threaten the very existence of companies established under the Corporations Law. These problems come at a time when, more than ever, Australian business must compete internationally and when they rely on global markets for capital. At the same time, Australia is positioning itself as a global financial centre and it is impossible to sell a message of global regulatory leadership when our own regulation exists with such and much uncertainty. This uncertainty surrounding corporate regulation also affects Australia's ability to generate wealth and create jobs. The Commonwealth is confident that the agreement reached with the states will enable the uncertainty to be overcome by permitting the establishment of a scheme that is constitutionally secure and responsive to domestic and international policy pressures. To understand the context of the bills, it is necessary to consider the history of corporate regulation in Australia over the last 20 years.

From 1982, corporate regulation in Australia was based on a system of state, Northern Territory and Commonwealth legislation known as the 'cooperative scheme'. It represented a significant advance on the legislative and regulatory regimes that have grown in a somewhat haphazard fashion from the uniform company laws of the 1960s. However, it had a number of deficiencies. It was a

regime in which no parliament, no government and no minister had responsibility and accountability for the operation of the scheme. It failed to meet the need for a truly national approach, which was required particularly in the securities and futures industries. It did not cope with rapid changes in the corporate world, and it proved unable to address with the necessary vigour the corporate wrongdoing of the 1980s.

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Senator Ian Campbell, do you wish to seek leave to incorporate the remainder of your speech and the other speeches for the related bills?

Senator IAN CAMPBELL—Yes. I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

The speeches read as follows—

The Corporations Law

To remedy these deficiencies, a new national scheme for the regulation of corporations and securities was devised. In May 1988 the Commonwealth Government introduced a Corporations Bill, an Australian Securities Commission Bill, and associated legislation. The Bills were enacted by the Commonwealth in 1989. However, a number of States successfully challenged the validity of aspects of the legislation in the High Court.

Fortunately, it was recognised by all parties that a replacement scheme needed to be established that would address the serious administrative difficulties with that scheme. Less than five months later, in June 1990 at Alice Springs, the outline of a new scheme was settled. Under the scheme, the Corporations Law is contained in an Act of the Commonwealth Parliament (the Corporations Act 1989), which was enacted as a law for the Australian Capital Territory. Separate laws of each State and the Northern Territory applied the Corporations Law of the Australian Capital Territory as a law of that State or the Northern Territory. As a result, changes made from time to time to the Corporations Law automatically apply throughout Australia.

Until various successful High Court challenges to the scheme, which I shall refer to shortly, it operated in a seamless fashion as a single national scheme, even though it is actually a system of Commonwealth, State and Territory laws that

applies in each State and the Northern Territory as a law of that State or Territory.

The Corporations Law is administered generally by a Commonwealth body, ASIC, established under the Australian Securities and Investments Commission Act 1989. Each State and the Northern Territory has passed legislation applying relevant provisions of that Act, and also conferring functions relating to the administration and enforcement of the Corporations Law on, among others, the Commonwealth Director of Public Prosecutions and the Australian Federal Police.

The Corporations Agreement provided for the ongoing participation of the States and Northern Territory in corporate regulation, in recognition of the split of legislative responsibility for company law between State and federal governments. Specifically, consultation and approval mechanisms in relation to amendments to the Corporations Law were included in the Agreement.

To enhance the national character and seamless nature of the scheme, the legislation contained 'cross-vesting' provisions. These provisions established an efficient system of adjudication by, among other things, allowing federal courts to exercise relevant State jurisdiction and vice versa. Courts and litigants were freed from arid jurisdictional disputes.

High Court decisions

It is widely accepted that the current scheme has worked well. For a decade, Australian business has greatly benefited from the stability and uniformity that the Corporations Law provided. However, regardless of the efficiency and efficacy of the Corporations Law, recent legal challenges and decisions of the High Court of Australia have cast doubt on the constitutional framework which support it. These doubts have been identified by the High Court in two significant cases.

The first case was decided in June 1999. The High Court decision in *Re Wakim: Ex parte McNally* invalidated the cross-vesting legislation involving the conferral of State jurisdiction on Federal Courts established by the Commonwealth Jurisdiction of Courts (Cross-vesting) Act 1987. The High Court held by a majority that Chapter III of the Commonwealth Constitution does not permit State jurisdiction to be conferred on federal courts. For the most part, this decision removed the ability of the Federal Court to resolve matters arising under the Corporations Laws of the States. This largely removed access to a forum for dispute resolution that was working very well.

In the second case, *The Queen v Hughes*, the High Court held that the conferral of a power

coupled with a duty on a Commonwealth officer or authority by a State law, must be referable to a head of power under the Commonwealth Constitution. This means that if a Commonwealth authority, such as the Director of Public Prosecutions or ASIC, has a duty under the Corporations Law, then that duty must be supported by a head of power in the Constitution. This decision cast doubt on the ability of Commonwealth agencies to exercise some functions under the Corporations Law.

The decision in *Hughes* has significant implications for the Corporations Law scheme, and is likely to have an adverse impact upon its orderly administration and enforcement. *Hughes* has cast doubt on the validity of some of the regulatory and enforcement functions performed by ASIC and the Commonwealth DPP in some significant circumstances. A number of aspects of the Corporations Law may not be within Commonwealth legislative power. These include the registration and incorporation of companies, and the regulation of bodies corporate other than trading and financial corporations (for example, non-operating holding companies) and their officers.

The *Hughes* decision has been relied on to bring about substantial delays in regulatory and enforcement processes, and to provide a basis for challenging ASIC's or the DPP's power to continue existing proceedings. Plainly, there can be no national corporations scheme without effective enforcement. Without remedial action, further and ongoing challenges to regulatory and enforcement actions taken by Commonwealth officers or authorities under the Corporations Law are inevitable.

The result is a serious threat to the national corporate regulation framework, and to business confidence. In addition, further cases have threatened the existence of companies incorporated under the Corporations Law. The Commonwealth is determined to prevent this from happening.

New agreement with the States—reference

At a joint meeting of the Standing Committee of Attorneys-General and the Ministerial Council for Corporations in August 2000, it was agreed in principle that States would refer to the Commonwealth sufficient legislative power to enact the text of the Corporations Law and the Australian Securities and Investments Commission Act. In addition, the States would refer a power to amend that text in relation to the formation of companies, corporate regulation and the regulation of financial services and products. It was also agreed that the reference should terminate after 5 years, unless extended by proclamation.

To the disappointment of the Commonwealth and the wider business community, consensus on the details of that agreement could not be reached.

A modified package of measures including the reference was developed and agreed between the Commonwealth, New South Wales and Victoria at a meeting between Heads of Government on 21 December 2000. The reference ensures that the constitutional flaws in the existing scheme could be rectified, and dispels the damaging uncertainty which currently surrounds the Corporations Law.

At a meeting of Commonwealth and State ministers on 23 March 2001, Queensland and Western Australia agreed in principle to follow suit. Negotiations are continuing to further consider South Australia's and Tasmania's outstanding concerns. All States have agreed to work towards the 1 July target for commencement of the new Corporations Act.

Amendment power

Both the Corporations Law and the Australian Securities and Investments Commission Act are amended on a regular basis. The Corporations Law scheme showed that a system that included approval of and consultation with the States on amendments to legislation was workable. The Corporations Agreement provided that two jurisdictions were required to support an amendment proposed by the Commonwealth.

The States continue to have consultation and voting rights under the proposed new Corporations Agreement. Further, the Commonwealth has accepted that these rights be enhanced in relation to voting on proposed amendments to corporate law. As a result, the required number of States favourable to a proposed amendment will increase from two to three jurisdictions in areas where approval of the Ministerial Council is required.

In accepting this, the Commonwealth is mindful that Australia's position in the global marketplace depends on an effective, responsive and flexible regulatory framework. The capacity to amend the new law quickly is crucial to the maintenance of a viable national law. It would be extremely undesirable to create new concerns about an unresponsive amendment mechanism which would be an impediment to reform in a modern economy. One of the major difficulties under the cooperative scheme applying prior to the Corporations Law was a diffusion of ministerial and parliamentary accountability for the legislative framework. It would be highly undesirable to risk creating similar difficulties in the future as a result of alterations to the voting requirements in the Corpo-

rations Agreement. These considerations were integral to the agreement of 21 December 2000.

Some States have proposed that the State reference legislation should include a mechanism allowing the amendment power to be 'turned off', presumably with the result that any amendments made by the Commonwealth Parliament to the national law would not operate in that State. Such a provision would be highly undesirable, particularly in view of the frequency with which the Corporations Law is amended. The prospect of one jurisdiction withdrawing the power to amend, and different versions of the law operating in different jurisdictions, would be fatal to business confidence. Uniformity of regulation was the keystone of the success of the Corporations Law.

Accordingly, the Corporations Agreement provides that a State may not terminate the reference by itself. Instead, if four States vote to terminate the reference of the amendment power, the amendment reference will be terminated by all States at the same time. Further, the Corporations Bill provides in effect that any State that otherwise terminates any aspect of its reference to the Commonwealth ceases to be a 'referring State' for the purposes of the Bill. This prevents the development of diverging regimes across Australia.

Other aspects of the reference agreement

The agreement also incorporates a number of safeguards to meet State concerns about referring power to the Commonwealth. An objects clause in the State reference legislation will include a provision to the effect that the referred powers are not to be used for the purpose of the Commonwealth regulating industrial relations.

The Corporations Agreement will specifically prohibit the use of the referred powers for the purposes of regulating industrial relations, the environment or any other matter unanimously agreed on by the parties to the Agreement. Further, four States are able to reject an amendment that they agree is for a purpose outside the scope of the reference.

The Commonwealth is required to use best endeavours to ensure consultation and voting on parliamentary amendments and would be required to oppose, and refrain from moving, any such amendment that was outside the scope of the reference. For their part, the States are required to put to a vote of the Ministerial Council any amendment to State/Territory law significantly overriding the new Act.

The Commonwealth's aim has always been to retain a national scheme of corporate regulation by ensuring that the new scheme operates in all

the States, the Northern Territory and the Australian Capital Territory. These Bills I am introducing today represent the bulk of the Commonwealth legislation required for the new system. With the introduction of this legislation, the Commonwealth has done all it can towards putting corporate regulation back on a firm constitutional footing, with a view to commencement of the new system not later than 1 July 2001.

New South Wales has already introduced and passed its reference legislation, enabling the introduction of these Bills here today. I am firmly of the view that all governments should now proceed to enact their own reference legislation, in accordance with the framework I have outlined above. That being said, these Bills are capable of operating in only those jurisdictions that have referred the necessary power to the Commonwealth. It is to the clear benefit of all governments and Australian business that the new system operate nationally.

Conclusion

Whilst my gratitude to the individuals involved in this development will be saved for the summary speech in this debate I do wish to take this opportunity to thank the Attorney General the Hon. Daryl Williams AM QC MP who deserves great credit for his work during this demanding period of negotiation. I can think of no one more deserving of the title of Australia's First Law Officer.

The Commonwealth is confident that the agreement of 21 December 2000 will permit the establishment of a new system that will overcome the constitutional uncertainty in relation to the current Corporations Law scheme. It will be capable of uniform and efficient administration and enforcement.

It is intended that the new scheme will have effect from 1 July 2001.

The Corporations Bill and Australian Securities and Investments Commission Bill, and the enactment of related State reference legislation, will ensure that our national system of corporate regulation is placed on a sound constitutional foundation. It will reinforce Australia's growing international reputation as a dynamic commercial centre creating wealth for our nation and its people.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION BILL 2001

The Australian Securities and Investments Commission Bill 2001 is the second part of the package of bills introduced today to place Australia's

national system of corporate regulation on a sound constitutional foundation.

I have already made detailed comments in relation to the package in the course of my remarks in relation to the Corporations Bill 2001.

CORPORATIONS (FEES) AMENDMENT BILL 2001

I refer to the second reading speeches in relation to the Financial Services Reform Bill and the Financial Services Reform (Consequential Provisions) Bill. These bills dealing with fees and levies are the final pieces of the package to reform the regulation of financial services.

They complement the reforms included in the Financial Services Reform Bill 2001, but are included in separate bills to comply with section 55 of the Constitution.

The fees and levies bills

The Corporations (Fees) Amendment Bill will make minor amendments to the proposed Corporations (Fees) Act 2001 to accommodate fees currently charged by ASIC in connection with its role in supervising self-listed markets, such as the Australian Stock Exchange, and fees which may be charged by ASIC in other situations where it is required to take action in the face of conflict between the market licensee's role as a supervisor of the market and the licensee's commercial interests.

The Corporations (National Guarantee Fund Levies) Amendment Bill will make minor amendments to the proposed Corporations (National Guarantee Fund Levies) Act 2001—in particular, it makes changes to terminology and cross-references which are necessary as a consequence of the reforms included in the Financial Services Reform Bill.

The legislation which these two bills will amend was introduced on 24 May 2001 as part of the Commonwealth's package of new corporations legislation following the States' referral of relevant power.

The Corporations (Compensation Arrangements Levies) Bill 2001 makes provision for levies on market participants not covered by the National Guarantee Fund to support the revised compensation arrangements for which the Financial Services Reform Bill makes provision. The Financial Services Reform Bill contemplates a wider range of compensation arrangements than is currently allowed and makes no distinction, on the face of the law, between stock and futures markets.

This Bill will supersede the proposed Corporations (Securities Exchanges Levies) Act 2001 and the Corporations (Futures Organisations Levies) Act 2001, which also form part of the Commonwealth's package of new corporations legislation.

I commend the bill to the Senate.

CORPORATIONS (FUTURES ORGANISATIONS LEVIES) BILL 2001

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

The operation of this bill is outlined in remarks regarding the Corporations (Fees) Bill 2001.

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) BILL 2001

The Corporations (National Guarantee Fund Levies) Bill 2001 is part of the second package of new corporations legislation.

The operation of this bill is outlined in remarks regarding the Corporations (Fees) Bill 2001.

CORPORATIONS (REPEALS, CONSEQUENTIALS AND TRANSITIONALS) BILL 2001

Introduction

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

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

On 5 April 2001 the Senate referred the provisions of the new corporations legislation to the Parliamentary Joint Statutory Committee on Cor-

porations and Securities for inquiry and report. The Committee's report was handed down on 18 May 2001. The Government would like to thank the Committee for delivering its report so quickly.

In its report, the Committee recognised the detrimental effect of recent High Court decisions on the current national legislative scheme, and concluded that urgent action is necessary to remedy the situation. While the Committee noted that a constitutional amendment would be the most effective and permanent way to deal with the issues, it accepted that such amendment was not possible in the short term. The Government thanks the Committee for its consideration of the Corporations Bill and Australian Securities and Investments Commission Bill, and the Government welcomes its unanimous recommendation that the new legislation be implemented as soon as possible.

The bills introduced today will support and complement the Corporations Bill and the Australian Securities and Investments Commission Bill.

Corporations (Repeals, Consequential and Transitional) Bill 2001

The Corporations (Repeals, Consequential and Transitional) Bill 2001 repeals the Commonwealth elements of the existing corporate regulatory framework (the Corporations Act 1989 and the Australian Securities and Investments Commission Act 1989). It also repeals Commonwealth Acts that formed part of the former co-operative scheme for corporate regulation that operated between 1982 and 1990.

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

The bill also covers transitional arrangements for the Australian Capital Territory that relate to the Corporations Law and former co-operative scheme legislation. They complement the transitional provisions in the Corporations Bill 2001, applying to the ACT. It is expected that each of the States will enact complementary transitional provisions with a similar effect.

Finally, the bill contains some amendments to the bills currently before Parliament. These are in the nature of minor technical changes to the bills as introduced, in part necessitated by a decision of the High Court since the bills were settled.

CORPORATIONS (SECURITIES EXCHANGES LEVIES) BILL 2001

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

The operation of this bill is outlined in remarks regarding the Corporations (Fees) Bill 2001.

Senator CONROY (Victoria) (1.48 p.m.)—I rise to speak on the **Corporations Bill 2001** and six related bills that deal with the Corporations Law. This package of bills was made necessary by the decision of the High Court in *Re Wakim* and by questions raised by the High Court in *Queen v. Hughes* as to the constitutional underpinning of the Corporations Law. The 1999 decision in *Re Wakim* invalidated cross-vesting legislation conferring state jurisdiction on federal courts. This decision removed the capacity of the Federal Court to determine matters arising under the corporations laws of the states. It also removed the capacity of the Federal Court to determine matters arising under co-operative schemes. In *Queen v. Hughes*, decided in May last year, the High Court cast doubt on the ability of the Commonwealth agencies to perform some functions under the Corporations Law. It was thought this could possibly affect the powers of ASIC and the Commonwealth DPP to administer and enforce certain provisions of the Corporations Law. This will be a serious threat to the effective operation of the Corporations Law scheme and it is proper that remedial action be taken.

By way of background, the current corporations scheme commenced on 1 January 1991. Under that scheme the Corporations Law is contained in an act of the Commonwealth parliament, the Corporations Act 1989, and is enacted for the Australian Capital Territory. The laws of each state and the Northern Territory then apply the Corporations Law of the Australian Capital Territory as a law of that state or of the Northern Territory—that is, the scheme was designed to operate as a single, national scheme but actually applies in each state and the Northern Territory as a law of each state or territory. The current scheme is also supported by the Corporations Agreement, an intergovernmental agreement to which the Com-

monwealth, the states and the Northern Territory are parties. The agreement requires consultation and, in some cases, voting on amendments to the Corporations Law and related schemes legislation, including the Australian Securities and Investments Commission, by the ministerial council.

Following the decision in *Queen v. Hughes*, the government has now negotiated a new arrangement with the states whereby they will refer certain powers to the Commonwealth under section 51 of the Commonwealth Constitution. It is my expectation that the states will refer to the Commonwealth matters to which the *Corporations Bill* and the *Australian Securities and Investments Commission Bill* relate as well as an amendment reference. The amendment reference will enable the Commonwealth to amend the Corporations Bill and the ASIC Bill, once enacted, in relation to the formation of companies, corporation regulation and the regulation of financial services and products. The referral is for a period of five years unless it is extended by proclamation. I understand that every state has now either passed or introduced the necessary referring legislation, but perhaps the parliamentary secretary will be able to confirm this for us.

The Commonwealth and referring states will also enter a new corporations agreement. The agreement will differ from the existing agreement in the following ways: it will provide that, where the approval of the ministerial council is required for an amendment to the Corporations Act, the required number of jurisdictions favourable to the proposed amendment will increase from two approvals from six states to three approvals from six states and the Northern Territory. It will also provide that, before states vote to terminate the amendment reference, all referring states will terminate that reference. The bill itself provides that, if any state individually terminates the amendment reference, that state will cease to be a part of the new scheme. It will also have prohibitions on the use of the referred powers for the purposes of regulating industrial relations, the environment or any other matter unanimously agreed on by the parties to the agreement.

Further, four states are able to reject an amendment that they agree is for a purpose outside the scope of the reference. That is designed to make sure that the Commonwealth is not able to misuse a national corporations power to achieve objectives that most of us would see as being of a non-Corporations Law kind. It is certainly a concern that Minister Reith, when he was Minister for Workplace Relations and Small Business, fanned with suggestions that a national Corporations Law could be used to pursue the government's industrial relations agenda.

Two of the bills we are debating today—the *Corporations Bill 2001* and the *Australian Securities and Investments Commission Bill 2001*—have been considered by the Joint Parliamentary Committee on Corporations and Securities. Those bills are two fundamentally important pieces of legislation, and it was regarded as essential that there be some public scrutiny of those bills. It was responsible for parliament to assure itself that this legislation properly addressed the constitutional issues that have been raised by the High Court and provided the Commonwealth with the necessary powers to legislate in this area.

It is usual practice for important legislation to be examined by a parliamentary committee. The committee heard evidence from the Coalition for Corporate Certainty, which represented the Australian Institute of Company Directors, the Business Council of Australia, the Institute of Chartered Accountants in Australia, the Investment and Financial Services Association, the Law Council of Australia and the Securities Institute of Australia, that business had benefited greatly since the introduction in 1990 of a national uniform system of corporate regulation. Ms Kathleen Farrell, representing the Law Council, said:

When, in 1990 and 1991, the scheme for corporate law was put in place, the Commonwealth and the states created an incredibly valuable asset. The degree to which business is facilitated by having this law in place cannot possibly be over-rated. If you are a country as small as Australia is in the capital markets that it seeks to operate in, the law that you are dealing with that facilities

business has to be as user friendly and simple and certain as it possibly can be.

Ms Farrell also informed the committee that, although the legislation was not 'particularly pretty in some respects ... it was constitutionally sound to effect the textual referral of the Corporations Law to the Commonwealth and to confer ... the power on the Commonwealth to amend that legislation'. That was reassuring.

There were, however, some critical comments on the new arrangements the government has negotiated. The Coalition for Corporate Certainty informed the committee that the proposed arrangements reflected compromises between the states and the Commonwealth. In particular, the Coalition for Corporate Certainty would have preferred that there was not a five-year sunset clause. As such, the new arrangements we are considering today are only a short-term solution. The Coalition for Corporate Certainty advised the committee that, once the referral legislation is in operation and stability returned to corporate law, it may be appropriate for a more permanent and simpler legal and constitutional solution to be considered. Mr Munchenberg, from the Business Council of Australia, said:

It—

that is, the legislation—

is seen by us as an important but temporary resolution of the situation. It gives us a safety net that we can use to now move forward and try to work out a more permanent solution to these problems ...

Professor Baxt informed the committee that this legislation does not address the problems still faced by other cooperative schemes. He told the committee:

... this legislation does not pick up the problems that still face the Commonwealth and the states in making national competition policy work, because you still have the problems of the Federal Court and other courts simply not having powers in relation to competition cases—the access issues in relation to gas, et cetera.

The committee considered—and I again endorse the views of the committee—that the Commonwealth should examine these other schemes and act to resolve any uncertainty surrounding these schemes.

The committee was advised by officers from the Attorney-General's Department, and I was advised by staff of the Minister for Financial Services and Regulation, that these bills did not change the substance of the law. Mr Faulkner, from the Attorney-General's Department, told the committee:

I think the first point of substance really is that fundamentally what would be established by the new legislation is the re-establishment of the regulatory environment that everyone thought existed before the decisions in *Wakim* and *Hughes*. The plan is not to make any substantive changes to the law. This is not an exercise to tidy up policy shortcomings that might be perceived in the law; it is simply to put what we have got on a secure, legal foundation.

I understand that is the intention of this legislation—simply to re-enact the current Corporations Law as a single federal law of national application. It was then with some alarm and surprise that I read an article by Alan Cameron, the former chairman of ASIC, which said that there were some substantive changes from the redrafting of some provisions and the correction of incorrect cross-references. He wrote in the *Australian Financial Review* on 11 May 2001:

A chapter of the explanatory memorandum is devoted to detailing the correction of anomalies and the changes in drafting style. I had not been aware previously that the law had two sections 252L(1A): the second is to become 252L(1B). A similar phenomenon and similar solution occur at 1317s (2) (a). Nor has the drafting been timid. Numerous sections have been 're-written without any change in effect'—always a bold claim when lawyers are involved. There is clearly substance in some changes. The amendments to 601 FC(3) and FE(2) provide that the duties a responsible entity has as trustee of a scheme's assets, and the duties its directors have not to use their positions improperly, prevail over duties that a director of a responsible entity has under part 2D.1.

I understand that there may be consequential legislation to correct for the change referred to by Mr Cameron, and I am looking forward to the parliamentary secretary clarifying some of these issues when we go into committee.

As I said, I will be seeking an understanding from the parliamentary secretary either that there have been no substantial changes to the legislation or that consequen-

tial legislation has been introduced or is to be introduced to remedy these problems. I would also like to comment on the changes in the voting rights of the states. This is not an insubstantial change, and I would like to be kept informed if it frustrates the Commonwealth's attempts to legislate.

I should also note that, in an effort to assist the government, the committee conducted its inquiry as quickly and efficiently as possible. The committee reported on 18 May 2001; thus enabling the government to deal with the Corporations Bill in the very next sitting week following its introduction into parliament. However, the minister, despite protesting that the committee's inquiry would cause delay, did not debate these bills at the very next opportunity. Instead, on 24 May, the government introduced further related legislation—that being the other five bills we are dealing with today. I understand that those bills are necessary, but question why they were not introduced at the same time as the Corporations Bill and the ASIC Bill. As a result, the bills we are debating today were not debated in the House of Representatives until 6 June 2001.

It was unfortunate that the government did not introduce the whole package of bills at the same time, so that the committee could have considered all of these bills. It appears to be coming a habit of the Minister for Financial Services and Regulation to introduce related legislation in lots rather than simultaneously. This makes it much more difficult to assess the impact of the legislation. The minister appears to have exercised the same degree of mismanagement in relation to the *Financial Services Reform Bill 2001* as he has with the Corporations Bill. The FSR Bill was introduced on 5 April, and further legislation was introduced on 7 June.

Debate interrupted.

QUESTIONS WITHOUT NOTICE

Job Network: Providers

Senator JACINTA COLLINS (2.00 p.m.)—My question is to Senator Alston, representing the Minister for Employment, Workplace Relations and Small Business. Can the minister confirm that a private employment services provider, Leonie Green

and Associates, has referred more than 2,000 job seekers to their subsidiary, Anchorage Employment, for highly profitable but essentially worthless 15-hour make-work or look-for-work schemes? Can the minister also confirm that the employment department has recently conducted a national quality audit on Leonie Green and Associates in which the extent of their involvement in this dubious process would have been apparent? What are the results of this national audit?

Senator ALSTON—I know that Senator Collins managed to bore the pants off most people in estimates over a long period of time in this area—

Senator Carr—How would you know? You weren't there.

Senator ALSTON—While I was there, I had to put up with—

The PRESIDENT—Senator Alston, I draw your attention to the question.

Senator ALSTON—These issues in relation to Leonie Green were canvassed at the most recent Senate estimates hearings and there were a number of allegations made about the job matching activities of Leonie Green and Associates.

Senator Jacinta Collins interjecting—

Senator ALSTON—I will get to it, if you do not mind. This is typical of your behaviour. You simply want to push everyone around. This has prompted the minister to request that the department establish an independent internal investigation. So are you happy with that? There will be an independent internal investigation into Leonie Green and Associates' job matching activities, particularly those connected with its subsidiary labour hire company, Anchorage. This investigation will also consider the activities of other Job Network members involved in labour hire activities. That investigation is now under way—which means that it has not been completed—and the minister has requested the department to keep him briefed on progress and to take all action necessary to facilitate speedy completion of the inquiry. The investigation will focus in particular on the issues raised at the Senate estimates committee.

Senator JACINTA COLLINS—Minister, you are not in a position to give us a result of that investigation, although I do note that you indicate the minister's commitment to a speedy result. I look forward to that result. Can the minister confirm that the department has recently conducted a star rating process to evaluate job providers? Has any consideration been given to exempting providers receiving three stars in this process from having to retender to secure further Job Network contracts? Has the department conducted any evaluation to identify whether any providers are manipulating success indicators to enhance their performance for both milestone reviews and future contracts?

Senator ALSTON—I am sure that the insiders know what all this is about. I will refer that to the minister to see whether it does contain the seeds of a constructive suggestion. If it does, then obviously that will be carefully looked into. If there are suggestions of manipulation, then I am sure we would be equally concerned about those and will be doing whatever we can to at least minimise and hopefully eradicate them.

Telstra: Pricing

Senator TCHEN (2.03 p.m.)—My question is to the Minister for Communications, Information Technology and the Arts, Senator Alston. Could the minister inform the Senate of any recent changes to Telstra pricing that would be of benefit to phone users on the outskirts of capital cities? Have people who have been paying STD rates from places like Penrith in Sydney and from the Mornington Peninsula in Melbourne into the inner city welcomed these changes? Are there any groups that have misrepresented the benefits of these changes?

Senator ALSTON—This is a very important announcement. It comes as a result of Telstra consulting widely over at least a 12-month period with some 400 groups and individuals. I think it has been a matter of ongoing concern. It was obviously in the too-hard basket for the Labor Party throughout that whole 13-year period as were things like untimed local calls in outer extended zones. They simply could not be bothered and did not do what they are threatening to do now,

that is, to force Telstra to do it irrespective of the cost—in other words, to require them to undertake fundamentally uncompetitive activities. That seems to be the new approach of the Labor Party. I very much look forward to the detail of that when it is announced.

Yesterday's announcement related to a new 25c flat rate untimed call to lower the cost of a call from outer metropolitan areas to the cities—the inner suburbs and the CBD. It will commence on 1 August. Telstra estimates that it will benefit up to 170,000 maybe 200,000 customers and will save them up to \$46 million a year. So it is clearly a very significant step forward. It is an option, so no-one by definition can be disadvantaged because they do not have to take it up. Telstra estimates that, using this new call option, the price of a 30-minute daytime phone call will fall from \$3.22 to 25c. Similarly, one of the other announcements is in relation to those within 85 kilometres of regional areas. They can have a 99c flat rate call for up to three hours. That will dramatically reduce the cost of those calls under the previous long distance timed call arrangements. These changes have been welcomed by a wide variety of people—for example, Penrith's Labor mayor, David Bradbury. I gather Senator Hutchins knows him very well. He probably employs him still, does he? No.

Opposition senators interjecting—

Senator ALSTON—It is the other way round. Sorry. He is out there saying that this will ease the financial burden of Western Sydney residents and businesses. I know you pay lip-service to the importance of doing that but I think we have now got an outcome that will deliver the goods. Western Sydney regional organisations council president, Mark Greenhill, said it was a great step forward. Lowan Sist, the chairman of Blue Mountains Tourism, said it would level the playing field. Katie Lahey from the New South Wales Chamber of Commerce said it was a terrific cost saving for business. Even a couple of punters were very impressed with the announcement. It will benefit many regional communities. It has been supported by the NFF, who said that Australian farmers have welcomed the announcement because

for far too long many have been paying far too much for telephone access.

So where is the voice of discord and dissent? Of course it is on the other side of the chamber. We had, once again, a whinge from the shadow minister, who got his facts fundamentally wrong. He was talking about Telstra's home line basic customers when there is no such animal, and he does not seem to think this will benefit the lowest 10 per cent when Telstra's announcement makes it clear that it does. What is Labor's approach? Once again, they are going to have an independent inquiry. They have already announced inquiries into detention centres, Maralinga, FIRB, superannuation, the dairy industry, flood insurance, the very fast train and petrol pricing. If ever there were a classic example of a cop-out and them not being interested in serious policy outcomes, this is it.

Look at this latest nonsense we are going to get in Knowledge Nation. This is a 10-year plan. They cannot commit themselves in the lead-up to an election by putting numbers on because numbers change, but they can blithely get out there and promise to do something over 10 years. Why can't you address R&D quicker than that? 'Because we haven't got the money.' We have given it to you. We have \$2.9 billion out there for our innovation action plan, fully funded. All you have to do is sign up and you will deliver the goods to the science community. So stop all this nonsense about having inquiries; let us get serious about policy. If Mr Smith is proposing to go further than just having an inquiry, he is into the business of price fixing, and let me just give him advance notice: that is unconstitutional. (*Time expired*)

Howard Government: Advertising Expenditure

Senator FORSHAW (2.08 p.m.)—My question is directed to Senator Alston, representing the Minister for Agriculture, Fisheries and Forestry. Why is the government spending \$6 million on a multimedia regional advertising campaign encouraging farmers to apply for Agriculture Advancing Australia funding, when a \$35,000 database of all farmers in Australia has been compiled in conjunction with the campaign and a mail-

out to every farmer would have cost \$100,000? Can the minister confirm that for the same cost of \$6 million every Australian farmer could have received 60 letters encouraging them to apply for this funding? Wouldn't sending just one letter to every farmer have been a more efficient and targeted method of delivering the information to the client group in preference to massive television advertising?

Senator ALSTON—The problem is that there is not much clear air out there. You keep getting misinformation campaigns being mounted by those who have a vested interest in confusing the potential recipients. It is a very sad outcome of democracy that you have to tolerate this sort of ongoing distortion of government announcements. Quite clearly, we announced back in May last year—

Senator Conroy—It's a blatant rort.

Senator ALSTON—I see. So when we do advertising, it is a blatant rort; when you do it, when you advertised your heads off in government, you were out there making all—

Senator Conroy interjecting—

The PRESIDENT—Order! Senator Conroy, you are shouting across the chamber and your behaviour is disorderly.

Senator ALSTON—Each of these campaigns needs to be judged on the merits. You need to look at the extent to which information is getting through, whether they are being misled deliberately or otherwise, and whether they are simply unaware. Senator Forshaw seems to think the effect of a single letter will turn someone around. I wish you luck. I hope that means that during the election campaign it will simply be one letter to each punter. Is that right? Each voter will only get one letter because all they need to be told is what you have to offer and that is it. Of course it will not be. The Labor Party knows very well that you have to employ the full range of advertising and promotional opportunities if you are to get a message through.

The decision was taken in the May budget last year that over 18 months a sum of \$6 million would be provided for a rural indus-

tries communication campaign. If you are opposed to people being told what is going on out there, say so. I know you are actually opposed to all the initiatives that we have been offering them, because in every single instance in relation to almost a billion dollars of rural and regional telecommunications you have been out there bagging them. You voted against them in the parliament, you have made it plain that you do not approve of people in rural areas getting those sorts of benefits and you have Mr Smith running around saying that they are bribes or sops to the bush. Maybe people need to be reminded of those sorts of dismissive comments which you think are narrowcast but are not. They certainly deserve to be brought to the attention of the recipients in rural areas, and I will leave it to my colleagues to make sure that they are.

The substance of these various initiatives is an effort funded to help more rural producers and communities to benefit from Agriculture Advancing Australia—a AAA program, I might say—which will increase their awareness of what is available and inform them of the new programs. Maybe you do not want them to take up these new programs. But I can remember, for example, with the customer service guarantee that we made it an entitlement of people to get a rebate on their phone bills if their phones were not installed or fixed on time. What we found was that fewer than half of them claimed it because they did not know about it. There was a very significant benefit out there—and I am sure you were not out there telling them—so we actually had to make it compulsory for the carriers to pay those rebates as a matter of course. I think that demonstrates beyond doubt that you cannot simply assume that everyone knows what they are going to get from an announcement that the government might make or from some very significant programs that are very much in their interest, particularly when you lot are out there trying to ensure that they have the least possible understanding of these programs. So I hope that Senator Forshaw will see the error of his ways and he will want to make sure that people are aware of their rights. But just in case he does not, we will go ahead with the program.

Senator FORSHAW—I thank the minister for his answer. I remind the minister that the program was actually commenced in 1997 and the reason for this advertising program is that you did not get it right in the first place. If you had stayed at estimates instead of wandering off, you would have heard that.

The PRESIDENT—What is your question, Senator Forshaw?

Senator FORSHAW—The question I have as a supplementary is: given that the government had at its disposal a comprehensive database of farmers which could have delivered the information more effectively, doesn't the massive advertising campaign indicate that the true client group for these ads is all regional voters rather than specifically farmers? Isn't it the case that the Howard government is just using taxpayer-funded broad brush advertising for political advantage in regional Australia, where its electoral stocks have fallen to rock bottom?

Senator ALSTON—I would hate to think what yours are. The answer to all those questions is no, but I am very grateful to Senator Forshaw for using his own unique form of language, which seems to include 'youse'. But he also went on to say that we had not got it right. That is really code for saying that these people were not aware of their entitlements. So I am very grateful to him for acknowledging the validity of the proposals, the need for the campaign and the need for people to be made aware. I agree with you: if previous attempts had not been successful, I think that just underlines the need for the current initiatives. So let us hope you can get out there and do the right thing, back Australia, make sure that these people are aware of what the programs are all about and help them—don't just bag them, don't just think they will turn up and give you a second look at election time, because they will not.

Tertiary and Vocational Education and Training

Senator TIERNEY (2.15 p.m.)—My question is addressed to the Minister representing the Minister for Education, Training and Youth Affairs, Senator Ellison. Will the

minister advise the Senate on how the Howard government's commitment to tertiary and vocational education is resulting in more choice and opportunity for young Australians? Is the minister aware of any alternative policies?

Senator ELLISON—We have reached record numbers of people in training in the New Apprenticeships system, which has been introduced by the Howard government—just under 304,000 people in training. That is excellent news indeed, particularly for young Australians. That is very good news for young Australians who want to embark upon vocational education and training. These figures, which came out from the National Centre for Vocational Education Research, indicate that 90 per cent of these new apprentices are now employed three months after completion of their training. That is a far cry from when the Howard government came to power and found that, under Labor, vocational education and training was at its lowest ebb in 30 years.

We also see though, when we talk about the opposition, that they do not have a plan or policy in relation to education. In today's *Australian* an article by Glenn Milne exposes Labor and its leader, Kim Beazley, in relation to comparisons that Mr Beazley has made between the OECD and Australia—in fact, he got it all wrong. Let us have a look at what he said. In his speech to the Sydney Institute last week, Mr Beazley chose to selectively compare Australia with the United States and misrepresent this government's education investment credentials. As Glenn Milne said, while Beazley was scaring the bejesus out of voters over misrepresentations he made about comparisons between education spending in Australia and OECD countries, in its independent assessment the OECD found that Australia spent around the OECD average on education—a far cry from what Mr Beazley was saying about what we spend on education. In fact, Glenn Milne says that the education landscape, as presented by the OECD, presents 'little resemblance to the alarming vision conjured up by Mr Beazley'.

What we have here are scare tactics being generated by the Leader of the Opposition in

relation to Australia's training and education situation today. Why doesn't he come clean and acknowledge the advances that we have made in vocational education and training, and education? In fact, when we look at our spending on the tertiary education sector, it is above the OECD average. When we look at the spending on primary, secondary and post-secondary training, it is also above the OECD average. When we compare it to Blair's Britain—which Mr Beazley is so close to—we find that we are streets ahead of the United Kingdom in relation to the money that we spend on education.

Madam President, when you look at the 'knowledge nation', as Mr Beazley puts it, we have excellent credentials in Australia due to the commitment made by the Howard government: 18 per cent of 25- to 64-year-olds have university level education compared with an OECD average of 14 per cent—we have 18 per cent with a university education compared with the OECD of 14 per cent. We are in front of OECD countries in relation to tertiary education. It is totally wrong of Mr Beazley to say that we are slipping down the ranks of developed nations. When you look at those figures—

Senator Carr—That's not right. It's just not right.

Senator ELLISON—and Senator Carr might want to listen to this—you see that, in fact, spending on education is on track to grow by 17 per cent in real terms from 1995-96 when this government came to office to the year 2001-02.

Senator Carr—Why do so many Australians—

The PRESIDENT—Senator Carr, there is an appropriate time for you to take up the matter.

Senator ELLISON—Madam President, that spells out a strong commitment by this government to education and training. When you look at what the opposition present, all they can come up with is Knowledge Nation—no plan, no policy and a total misrepresentation of the facts in relation to what we spend on education in this country compared with OECD countries.

Howard Government: Advertising Expenditure

Senator DENMAN (2.19 p.m.)—My question is addressed to Senator Vanstone, the Minister for Family and Community Services. Why is the government spending over \$4 million on a multimedia advertising campaign on pension changes flowing from the budget, when the usual avenue for effectively providing such information is the departmental publication of *Age Pension News*? How many millions of dollars could the government have saved the taxpayer by just posting the detail to all pensioners? Can the minister explain why it is necessary to spend millions on print and television advertisements to advertise age and veteran pensioners of the \$300 payment, when this money is being automatically credited to their accounts?

Senator VANSTONE—I thank the senator for the question. It does give me the opportunity to clear up some misunderstandings that might have been generated in the community as a consequence of some remarks made by your colleagues, Senator Denman, I assume. Senator, if you have a close look at the budget initiatives for older Australians, you might understand that they are not limited to a \$300 payment to those people in the pension system, although that is a very significant part of it; there is also a \$300 payment to people who, for a variety of reasons, might not be in the pension system but who also might not be paying tax. They will have to do so by application. The only way they can know to make an application is if we advertise that the benefit is available. If they are not in the pension system, they will not be getting *Age Pension News*. Similarly, with the tax changes that are of benefit to self-funded retirees, not all of whom are part pensioners, it can only be made clear to them that options are open to them if they are advertised.

Senator, I would have assumed—I hope not incorrectly—that you would be pleased to see two things: firstly, greater benefits for ageing Australians; and, secondly, letting ageing or older Australians understand what the benefits are that are available to them. I give you one example. With the Common-

wealth Seniors Health Card, which of course provided benefits in terms of pharmaceuticals to older Australians and will now have in respect of some the additional telephone allowance being made available, the departmental estimates are that some 400,000 people are entitled to that benefit but, Senator, because we haven't advertised enough, 200,000 or more, as an estimate, haven't taken up that opportunity.

I suggest you raise this with your shadow minister, Senator Evans, because he made this point in a recent estimates committee—that he is constantly approached by people saying, 'Why don't we get this benefit or that?' I see him nodding and agreeing. He cannot disagree, because it is in the *Hansard*. He says that he has to say to people, 'Oh, didn't you know you are entitled to this?' What on earth is the point, Senator Denman, of us sitting here passing legislation to make benefits available to older Australians and then keeping it a secret? What is the possible benefit of that? You might have a point if the only benefits were going to pensioners who might find out about it through *Age Pension News*, but they are not the only benefits.

While I am here, let me take the opportunity to invite the Democrats at some point—

Senator Cook interjecting—

The PRESIDENT—Order! Senator, you should direct your answers to me. Senator Cook, you are out of order.

Senator VANSTONE—Sorry, Madam President. I just may take the opportunity on the subject of these benefits to older Australians to make it clear that the government does not regard this as generational pork-barrelling, as apparently the Leader of the Australian Democrats does. For someone who was not born when soldiers went to Vietnam, who would not have any idea about the anguish of people who sent relatives and friends to World War II or who lived through the Great Depression, I thought that remark was generationally insensitive.

Senator DENMAN—Madam President, I ask a supplementary question. Minister, can you tell me why radio ads on this issue are being broadcast on TT FM, a youth station

with a negligible audience amongst older Australians?

Government senators interjecting—

Senator VANSTONE—I just had an interjection from behind that one of my Senate colleague's mother listens to that channel. She may need some assistance, and I can refer her to some others perhaps. The advice that I have is that these ads are placed to go in times when the older portion of our community will be listening. This was raised with me on Friday—

Opposition senators interjecting—

The PRESIDENT—Order! Your behaviour is disorderly.

Senator VANSTONE—It was raised with me on Friday that there were some ads on one of the Triple M stations, I think, and I undertook to make some inquiries about the placements of those ads. But the advice the government has, and what it intends it to be, is that they are targeted to older Australians and will be played at times and on channels to which they would be listening.

Senator Cook interjecting—

Senator VANSTONE—As to Senator Cook's interjection, 'Rock and roll grannies,' there are quite a few grannies on this side and on that side and I am sure they do not all listen to anything other than rock and roll.

Disability Support Pensioners: Assistance

Senator BARTLETT (2.25 p.m.)—My question without notice is also to the Minister for Family and Community Services. Minister, is it true that this week, when two million older Australians will receive that \$300 one-off payment, thousands of disability support pensioners will not receive one extra cent despite struggling with extra hardship in recent times due to government cut-backs, deregulation, increased charges and privatisation, all of which have had impacts on aged Australians as well as others? Is it not the case that the \$300 one-off payment is a recognition of the growing difficulty that age pensioners are facing in making ends meet? Are not these same difficulties faced by people who are on disability and other pensions? Why are they not being assisted?

Senator VANSTONE—I thank the senator for his question. If the senator had been reading the budget papers or listening to anything the government was saying, he would have clearly understood that the payment to which he refers, which is just a part of the package for older Australians, is quite specifically designed to benefit older Australians. There are two ways you can deliver benefits: one through the pension system and one through the tax system. Its proper characterisation is assistance to older Australians, not to anybody else who might be on a benefit.

With respect to people who are on disability support payments, they of course cover a very wide range of age groups with a very wide range of disabilities. I can only encourage you to take heed of what the government has said, to read the budget papers properly. That would stop you putting out press releases saying the government is going to force mothers to leave children at home unattended—somewhat scaremongering. He understands, I am sure, that this payment is targeted to the elderly. It is not a payment to people who are simply on welfare and therefore is not expected to go to all other people who are on some sort of payment. But, Senator, since you raised the question of people on disabilities, you might be interested to look at other parts of the budget package that are particularly significant and helpful to those who are on that benefit including more places in employment, including a one per cent additional payment to the business centres, including more places in higher education—the whole gamut of things that come under the welfare reform program. If you would like a briefing on those because you have not had the time in the last three weeks to read about them, I would be happy to ensure that you are provided with one.

Howard Government: Advertising Expenditure

Senator FAULKNER (2.28 p.m.)—My question is directed to Senator Abetz, the Special Minister of State. In the minister's role as chairman of the ministerial committee on government advertising, can the minister inform the Senate of the advertising weight-

ings for the Melbourne metropolitan area for the following current or upcoming campaigns: private health insurance gap cover, pensioners, New Apprenticeships, FID abolition and Tough on Drugs? Is a higher proportion of expenditure being spent on the Melbourne metropolitan media outlets and, if so, what is that proportion?

Senator ABETZ—First of all, the name of the committee is not as Senator Faulkner has suggested that it was. In relation to the substance of the matter that he seeks to raise, let me say that one of the most amazing performances we have seen from the Labor opposition has been the attack on the government, seeking to communicate messages to the public, including—and I think one of the most mean-spirited—the one that Senator Faulkner himself mentioned, which was the Tough on Drugs campaign. That any political party in this country encouraging parents to talk to their children about the evil of drugs is somehow condemned defies description. The people of Australia ought to understand that when people like Senator Faulkner get up in this place, asking for the detail about the Tough on Drugs campaign, they have in fact issued media releases condemning the money spent on that campaign. Any political party that values young Australians would seek to ensure, by whatever means possible, that young Australians do not get caught in the trap of illicit drug use.

The government is also involved in other campaigns, as the honourable senator has mentioned. The campaign relating to the gap in health insurance cover is a very good campaign that has seen the number of Australians participating in health insurance rise considerably as a result of that promotion. As a result of that, the state Labor governments around this nation are benefiting for one reason only, and that is that pressure on the public hospital system has been reduced. As a result, those who are in genuine need are the beneficiaries. Once again, the Australian Labor Party does not want these benefits communicated to the Australian people.

The ABC had some talkback this morning in Victoria. I understand that four pensioners rang the program indicating the benefits of the advertising campaign, because they rang

the telephone number and found out that they were entitled to certain things of which they were not aware. The Labor Party would have denied those four pensioners the benefits that we have introduced in this budget.

Senator Faulkner—Madam President, I raise a point of order. I have given the minister three minutes to answer a very specific question about advertising weightings in the Melbourne metropolitan media market.

Honourable senators interjecting—

Senator Faulkner—I do not like the answer, because it is not an answer to the question I asked. I do not like it—you are absolutely right. I do not like it, Madam President, and I wondered if you liked it. If you do not like it, could you draw the minister's attention to it and ask him to answer the question that I asked, which went to weightings in the Melbourne metropolitan media market?

The PRESIDENT—The answer is not irrelevant, but I would draw your attention to the specifics of the question, Senator.

Senator ABETZ—Senator Faulkner is the architect of his own difficulty inasmuch as he mentioned those individual campaigns. I am responding in relation to those individual campaigns, and he cannot take it. Senator Newman reminded me during that timely point of order that in fact the federal Labor member for Braddon went around his community peddling misinformation which had to be corrected. Yes, the government does engage in advertising. Yes, the government does engage in advertising in metropolitan areas. We do not apologise for that, because it is a very tough ask for the government to get its message across when you have a Labor Party that is willing to lie and cheat its way into office.

Senator FAULKNER—Madam President, I ask a supplementary question. Is it not true that in the Melbourne metropolitan media market there has been a massive increase in advertising expenditure over recent days, including proportionally when compared to other media markets, and that the reason for this is to promote the government in the lead-up to the Aston by-election?

Senator ABETZ—As I was trying to indicate to the honourable senator before he raised his point of order, there were people ringing up the talkback programs this morning in Melbourne, I understand, indicating that they were benefiting from the government's communication strategy because they now realise that they were entitled to benefits which—

Senator Faulkner—Madam President, I raise a further point of order. On two occasions now, this minister has been asked a very direct question about the increase in advertising in metropolitan Melbourne's media market. If he cannot answer it, he should take it on notice and sit down. If he cannot admit it, perhaps he could explain to the Senate why he is unable to do so, but I do think we are entitled to a direct answer to a direct question.

The PRESIDENT—Senator, I draw your attention to the substance of the question.

Senator ABETZ—I understood it to be in relation to the Melbourne metropolitan area. That is where the talkback program that I was talking about is based. In fact, they are the beneficiaries of the government's advertising campaign in the Melbourne metropolitan area. The Australian Labor Party just does not want the Australian people to get the benefits that we have been able to put out as a result of five years of sound government. As a result of paying back the budget deficits that Labor ran up, we now have an extra \$4 billion to spend for the benefit of Australians. (*Time expired*)

Defence Force Communications: Optus

Senator HARRIS (2.36 p.m.)—My question is to the Minister for Communications, Information Technology and the Arts. Minister, are Australia's Defence Force communications transmitted over satellites controlled or operated by Optus? Can the minister confirm that the Singapore government is a majority shareholder in the company SingTel that is proposing to take a majority shareholding in Optus?

Senator ALSTON—It is a matter of public record that the Singapore government does have a majority stake in SingTel. Insofar as the involvement of Defence is con-

cerned, it is true to say that Defence does have substantial investments in communication services and infrastructure with Cable and Wireless Optus, including a joint project to launch and operate the C1 satellite to be launched in the middle of next year. The defence communications networks are fundamental to the national security and a variety of measures are employed to ensure their integrity, including the compartmentalising of sensitive components to be operated by security cleared Australian citizens only. The defence communications network employs advanced technology, some of which originates from the United States, and any new owner would need to ensure that export licences for the technology can be obtained. The Foreign Acquisitions and Takeovers Act does apply to the sale of Cable and Wireless Optus and Defence will advise the Foreign Investment Review Board of any concerns over the takeover. It will ultimately, of course, be a matter for the Treasurer to decide whether the sale is contrary to the national interest and, in considering his discretion in that matter, the Treasurer is entitled to impose conditions relating to national security.

Senator HARRIS—Madam President, I ask a supplementary question. With the proposed purchase of Optus by the Singapore majority owned SingTel, can the minister guarantee the security of Australia's military communications? Is it in the best interests of Australia for a foreign government to have control of such a strategic defence communication system?

Senator ALSTON—No, I personally cannot guarantee the security of Australia's military arrangements and I suspect that none of us would want to be given that responsibility. Of course, we do have very significant defence and intelligence organisations which have every ability to feed any concerns they might have into the decision making process and to ensure that those matters are all fully taken into account. Certainly, it is fair to say that we do not want a situation where we believe that other countries are directly controlling activities that might have sensitive defence implications for Australia, and arrangements can be put in place by intermedi-

aries, such as carriers, to ensure that those concerns are at least minimised. If there are issues arising out of defence arrangements, I am sure they will be pursued by the department. (*Time expired*)

Howard Government: Advertising Expenditure

Senator GEORGE CAMPBELL (2.40 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Why is the government planning to spend \$5 million to advertise the end of the financial institutions duty which is, after all, a state tax? Is it not true that this campaign would not have been run at all if the Howard government had adopted the Auditor-General's guidelines for government advertising? If this needs to be promoted at all, and given that banks will simply cease collecting FID, why not just ask the banks to note the abolition at the bottom of everyone's bank statements?

Senator KEMP—I thank Senator George Campbell for that question. It is the most extraordinary coincidence I have seen because precisely the same question was asked in the House of Representatives just three minutes ago. What an astonishing coincidence! What a lack of coordination between the questions committees! I am very pleased to say that the shadow Assistant Treasurer, Kelvin Thomson, asked that question of the Prime Minister. I am rather inclined to mention to Senator George Campbell that probably the best thing to do to get the answer to that question is to look at the *Hansard*, because the Prime Minister gave a very comprehensive answer. Just in case Senator George Campbell does not know how to get into *Hansard*, I will give him a short summary. I am advised by my very efficient staff that, in his remarks, the Prime Minister mentioned that he was surprised by Mr Kelvin Thomson's faith in financial institutions. He noted that the ALP had opposed the abolition of the FID. That is a matter of record and I think it is important that we inform the public of the Labor Party's approach to removing tax.

Senator George Campbell interjecting—

Senator KEMP—I am just quoting what the Prime Minister said in relation to Mr

Kelvin Thomson. Another point made by the Prime Minister—

Honourable senators interjecting—

The PRESIDENT—Order! There are too many interjections.

Senator KEMP—was that we should not assume that the community know all about this issue just because it has been passed in the parliament. There may be many people out there who simply are not aware of this particular issue. That is why it is important to inform people properly about what has occurred. We are informing consumers of their rights. This was one of the many good news items in the budget. The abolition of the FID was widely welcomed, although I understand it was opposed by Labor.

Senator Cook interjecting—

Senator KEMP—If that is not correct, Senator Cook can stand up after question time and correct me. Importantly, the budget also mentioned further reductions in company tax. Many in the aged community, our senior citizens, would be delighted to hear the good news on the dividend imputation credits. There is a lot of very good news and some of those items were mentioned by Senator Vanstone in her earlier answers to questions. I think that it is important to inform consumers of their rights. My final comment to Senator George Campbell is that it might perhaps be a good thing in future if he more carefully coordinates questions between the lower house and the Senate and we can then avoid this particular problem which has occurred as a result of Senator George Campbell not being properly informed of what his colleagues were going to ask in the lower house.

Senator GEORGE CAMPBELL—Madam President, I ask a supplementary question. I am pleased that the Assistant Treasurer was able to provide us with the answer to a question today, even if it was courtesy of the Prime Minister and not directly from the Assistant Treasurer. On the basis of absolute consistency, can the Assistant Treasurer indicate how much will be allocated to advertise the budget announcement that the departure tax will be increased by 26.6 per cent on 1 July this year?

Senator KEMP—This government is very happy to inform people of their rights, and we make no apology for that particular decision. We brought down a budget which has been very well received. It contains a lot of benefits for consumers and it is appropriate that those consumers be informed.

Centenary House

Senator BRANDIS (2.45 p.m.)—My question is directed to the Minister representing the Minister for Finance and Administration, Senator Abetz. Will the minister outline to the Senate the financial burden on Australian taxpayers arising from the Australian National Audit Office leasing Centenary House, a building owned by the Australian Labor Party?

Senator ABETZ—I thank Senator George Brandis for the question. Senator Brandis has shown an ongoing interest in this issue—as, might I add, has Senator Ian Campbell, who sits beside me. At the recent Senate estimates committee hearings, Senator Brandis raised a lot of very interesting questions. The Australian people ought to know the cost of this lease of the Australian Labor Party's.

In 1993, the Australian National Audit Office needed to find new office space. The then Labor government arranged the lease of a Canberra property—Centenary House, owned by the Labor Party—to the Audit Office. The lease was for a period of 15 years. Most Commonwealth leases are for only five years. To make matters worse, the ALP claimed a rental increase of nine per cent per year or the increase in market rent, whichever was the greater. Today, that means the Labor Party is charging a rent of \$693 per square metre.

Opposition senators interjecting—

The PRESIDENT—Order! Senators on my left will come to order.

Senator ABETZ—I can understand why Labor senators do not want to hear this answer. Today, that means the Labor Party is charging a rent of \$693 per square metre, which is almost three times the current market rate for property in Canberra. It is even more expensive than Sydney CBD rentals. The overall cost for taxpayers in this year

alone is \$4.364 million, which is around \$2.5 million higher than it ought to be. This money goes straight from the taxpayers' wallets into the coffers of the Australian Labor Party.

Isn't it amazing that, during this question time, a gaggle of Labor senators have risen, one after another, to complain about government advertising—\$1 million here and a few million dollars there—while, over the length of this lease, the Australian Labor Party will be benefiting above and beyond the normal market rental value for this property? They will be getting a windfall of \$25 million, and that exposes the rank hypocrisy of the Australian Labor Party asking their questions today during question time. The Auditor-General has requested the Labor Party to review this quite unconscionable lease. And guess what? The Labor Party have said no. They will continue to rip out of the Australian taxpayers' pockets approximately \$3 million per annum above and beyond the normal market rental for this property.

Just a little while ago, we had a budget response by Mr Beazley. He sincerely committed himself to cost cutting. He also committed himself to GST roll-back. If he wants to find \$25 million worth of GST roll-back, I have found it for him: all he has to do is tell the Labor Party to renegotiate the Centenary House lease on a commercial basis, not on a rip-off basis. That will save the Australian taxpayer \$25 million, which I would have thought would come in quite handy for the Labor Party's GST roll-back policy. Of course, they have gone deathly quiet now. They do not want to spend that \$25 million on GST roll-back. They are more interested in lining the coffers of the ALP than genuinely getting into the issue of a GST roll-back. We should be hearing from Mr Beazley as to what he is going to do about it. If he cannot account for the Labor Party, he cannot account for the nation. (*Time expired*)

Residential Aged Care: Expenditure

Senator CHRIS EVANS (2.51 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Can the Assistant Treasurer confirm that, with the ageing of our population,

the budget allocation for residential aged care has been increasing by between eight per cent and 10 per cent over the last three to four years? Can he therefore explain why, in the current budget's forward estimates, the government has budgeted for increases of only three per cent to five per cent? Aren't these budget allocations therefore insufficient to cover the government's own assumptions, which were discussed at Senate estimates, on the number of new beds required, the indexation of the subsidies and the growing frailty of residents? In light of these obviously shonky expenditure figures for the out years, doesn't this cast doubt over the government's predicted budget surpluses?

Senator KEMP—I think that question would have been more properly addressed to my colleague Senator Vanstone as it relates to the aged care area, and Senator Vanstone is the spokesperson in that area. I would encourage Labor senators to make sure that, when they ask their questions, they ask them to the right person. Nonetheless, because I have established a reputation in this place—a very well-justified one, if I say so myself—in trying to assist Labor senators, Senator Vanstone has been kind enough to provide me with the brief that was given to her by Mrs Bishop.

Forward estimates are prepared on the basis of technical input from the line departments to the department of finance. The current estimates are the departments' best available estimates at the time of the budget. The major drivers of increase in Commonwealth residential aged care expenditure from year to year are: firstly, increases in the dependency or frailty of residents, and indexation; and, secondly, increases in the number of places, which is linked to the growth of the aged population. Major updates of the model occur on an ad hoc basis as pressures arise. I am advised that the current evidence is that we are tracking right on the estimates. That is the advice that I received from the department.

The department—this is from Mrs Bishop—advises that the reductions in the percentage growth in the out years are related to three factors. Firstly, the assumption

about price changes and residential care estimates is that they will be relatively low and stable. Secondly, since June 1994 the level of provisional allocations were reduced from over eight per cent of operational places to less than three per cent in January this year. This means we have a reduced backlog of places that were not yet operational since we have been in office. This has meant initially a surge in expenditure and subsequently a tailing off of future pressure on the forward estimates.

Thirdly, the surge in ageing and increased levels of payment for frail older Australians with dementia led to strong growth in aged care expenditure during 1997-2000, but is now moderating, I am advised—Senator Evans, you are shaking your head; I do not know whether you know something that I do not know, but that would be the first time—as a driver of growth in the average dependency of aged care residents. This also lessens the pressures on the forward estimates. I have some further material here which I would like to share with the Senate, and I notice that the time is running out. If the senator would be kind enough to ask me a supplementary question, I will share this additional information.

Senator CHRIS EVANS—In the spirit of cooperation I am happy to ask the minister a supplementary question, but I would prefer that he tabled the brief and actually answered the core question, which goes to the veracity of the budget expenditure, which is why I asked it of him. Is the Assistant Treasurer aware of the statements by the Minister for Aged Care in responding to these concerns when she said on radio today that 'the money flows irrespective of what the departmental estimates are'? What does this mean, Assistant Treasurer, about the government's predicted surpluses when your own ministers concede the budget estimates for aged care are not to be relied upon?

Senator KEMP—That is not, I understand, what was exactly said by Mrs Bishop, particularly that last part of the question, but let me go on. Residential care funding has risen from \$2.5 billion in 1995-96—the Labor years—to \$4.2 billion in 2001-02. That is an increase of 70 per cent. Residential aged

care is funded through a standing appropriation—

Senator Chris Evans—Madam President, I rise on a point of order that goes to the question of relevance. I am quite happy for the minister to table a brief if he wants to do that, but the point of question time is for him to respond to the question, not just read whatever it is he wants to read. I would appreciate an answer to the question, which goes to the minister's claim that you ought not to rely on his budget estimates. I want to know what his response to that is.

The PRESIDENT—There is no point of order.

Senator KEMP—How you could have listened to that answer and come to that conclusion is actually beyond belief, in my mind. We have gone through very carefully how the estimates were calculated with the department of aged care and the department of finance. We have gone through this very carefully, so how you could possibly come to that conclusion, Senator, eludes me. Residential aged care is funded through a standing appropriation. Mrs Bishop has indicated that funding for all aged care beds that have become operational is fully guaranteed. *(Time expired)*

Telstra: Privatisation

Senator ALLISON (2.57 p.m.)—My question is to the Minister for Communications, Information Technology and the Arts. Minister, you are reported this morning to have said that Telstra should eventually be fully privatised so that it can compete without government interference. Isn't it the case that the government pressured Telstra to drop call prices in rural and semirural areas in the lead-up to the election? Why else would Telstra want to give away \$48 million in revenue?

Senator ALSTON—You have to understand the principle of *caeteris paribus*. That means that, if all things remain equal, it could cost up to that amount. But you have to take into account the fact that they may well attract a lot of new customers.

Senator Woodley interjecting—

Senator ALSTON—It is all right, I will send you the textbook later, Senator Woodley.

Senator Bourne—We can't hear you.

Senator ALSTON—Well, it is my shout! I will do my best. The fact is that Telstra do have the prospect of attracting a lot more customers. They have estimated variously that between 170,000 and 200,000 customers could see this as being in their interest. We do not quite know how many people are in the situation where they make a lot of calls from outer metropolitan areas into the CBD but until now have been STD charged, who might find this is a very attractive proposition. You may well find a lot of new business coming Telstra's way.

I notice you are shaking your head in the way you normally do, Senator Allison. Perhaps I could explain it to you in this way. There are quite a lot of situations where prices have fallen as a result of technology changes but where volume has increased, and therefore Telstra in particular has been able to suffer a decline in market share but has nonetheless been able to maintain—or on some occasions increase—its revenue. That is what you expect in a dynamic marketplace.

We were very keen to see Telstra review zone boundaries that have been in place now for some decades. Given that there are some problems out there, particularly with some enclaves where people in those outer regions are being charged STD rates and they are surrounded by other people who are being charged local call rates, we thought it was only fair that they look into this very closely. They did conduct a very extensive consultation round, and I think they have come up with an initiative which does meet our concerns but does not result in pressure from us to undertake activities which are fundamentally uncompetitive. That is in marked contradistinction—

Senator Mackay—'Contradistinction'?

Senator ALSTON—Contradistinction—I am sorry about that, Senator Mackay. That is in marked contradistinction to the approach that is proposed by the other side of this chamber. They are basically in the business

of forcing Telstra to do things that are uneconomic. Mr Beazley is out there talking about Telstra having a 'nation building role'. That is simply code for saying: 'We don't care what it costs; we're going to tell you what to do. We'll give you a direction to bring your prices down because we think we can buy votes by doing that. We couldn't give a damn about the up to two million shareholders that you might have. We are not interested in your future investment prospects. We are not interested in your role as a great Australian company that is actually out there competing in the marketplace and which of course has directors who are required to act in the best interests of the company,' not in the best interests of a Labor Party minister. And who put those requirements in place? The minister for communications did back in the early 1990s, Mr Beazley—the ultimate hypocrite, I might say.

The PRESIDENT—Order! Senator Alston, withdraw that.

Senator ALSTON—He may not be the ultimate.

The PRESIDENT—Senator, withdraw it unconditionally.

Senator ALSTON—I withdraw it. There are plenty of other epithets that I think could usefully be applied to Mr Beazley.

Senator Hill—Ultimate hypocrisy.

Senator ALSTON—Ultimate hypocrisy? I think there is a large element of that, Senator Hill. Given that Mr Beazley seems to be more interested in reviews and inquiries, he wants us to believe that somehow, on the one hand, he is going to force Telstra to do a whole range of things and, on the other hand, he is going to sit down and have constant dialogue with the board. What sort of recipe for paralysis is that? The government second guessing the running of Australia's largest business operation. It is an absolute nightmare. (*Time expired*)

Senator ALLISON—Madam President, I ask a supplementary question. If the minister can give us some insight into the estimated extra business this will generate, that would be useful. Isn't it the case that STD charges should have been cut years ago when the

technology removed any justification for higher call rates in those areas? How is it that the minister thinks it is appropriate for the Singapore government to have a controlling interest in SingTel and Optus, Telstra's biggest competitor in Australia?

Senator ALSTON—On the second point, let me simply say that if other countries want to have suboptimal arrangements that is their choice. We want to have the best possible outcomes for Australian consumers and Australian investors.

Senator Allison does not seem to understand that Telstra might actually attract more customers as a result of this initiative. That is where the increased revenue would come from. There may well be people who have been discouraged from making calls because they have been on a charge basis. They had 13 years to do something about it, but it all went in the too-hard basket. For the first time, we have a serious initiative: a choice for consumers that will benefit very many of them—widely applauded. But we have some crowd out there now threatening price fixing. That is what they are on about. They will go in there and decide whether they think the price regime is okay. Why do you have an ACCC? Why do you allow these things to be investigated? That is what the ACCC are all about. If you have got complaints, go and have a word to them. But do not somehow think you can run the telecommunications industry. (*Time expired*)

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Howard Government: Advertising Expenditure

Senator ABETZ (*Tasmania—Special Minister of State*) (3.04 p.m.)—I have some further information for Senator Faulkner in relation to the question he asked during question time. In Melbourne, there has been no additional weighting for the New Apprenticeships, seniors or no-gap cover campaigns in comparison to other campaigns.

Howard Government: Advertising Expenditure

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.04 p.m.)—I move:

That the Senate take note of the answers given by ministers to questions without notice asked today relating to government advertising campaigns.

Last night, any viewer of commercial television in Australia would have been horrified at the amount of taxpayer dollars—their dollars, their money—being spent on self-justifying advertisements broadcast by the government. And we have not seen the start of the Howard government's gratuitous advertising splurge yet. Mr Howard plans to spend some \$20 million a month from now until October in a desperate attempt to save his political skin. The total by the end of the year—and this is a conservative estimate—will be \$150 million and that does not of course include the genuine advertising campaigns on behalf of the government in areas such as the census, AEC for the election, Defence recruitment and the like.

We have a blatantly political pensioner bonus campaign running currently. That was not mentioned in the ATO, Prime Minister and Cabinet, or Family and Community Services estimates hearings the week before last. The Department of the Prime Minister and Cabinet has finally admitted that the placement costs alone for that campaign will be some \$4.1 million. Probably the research and production costs will push the whole campaign to above \$6 million. And that campaign advertises a \$300 bonus that pensioners are going to receive automatically anyway in their own bank accounts.

Currently, in regional Australia there is the advancing Australian agriculture campaign. That is a \$6 million TV based campaign which would have been better targeted through mail-outs and regional and rural newspapers for about an eighth of the cost. Then of course there is the \$15 billion gap health insurance campaign that should be paid for, in our view, by the health insurance industry.

There are other campaigns to be conducted from August through to October. They include the \$6.9 billion Telstra Besley response campaign, targeted at regional Australia; a \$5 million campaign on the abolition of financial institutions duty, a state tax; and a \$4.2 million campaign at the end of the year to promote Work for the Dole. All these advertising campaigns are either under way or about to start, and they are not genuine information campaigns. The government is trying to shore up its support base in key constituencies—amongst the farmers, the pensioners and the self-funded retirees, where they have lost support, and amongst the overwhelming number of people in rural and regional Australia who are so dissatisfied with the government's decision to fully privatise Telstra, a decision which was reinforced by the Minister for Communications, Information Technology and the Arts yet again today.

But I do not believe that Australians will be fooled by this barrage of advertising. I think many will be angry at the fact that \$150 million of their money will be spent before the next election campaign, promoting government programs totally inappropriately. It is no wonder that the government has refused to debate the private member's bill that Mr Beazley has introduced, which aims to rein in inappropriate government advertising by imposing the guidelines that were recommended by the Auditor-General in his recent report on political advertising. Mr Howard's last card is to try to advertise his way out of trouble, and the way he is doing that is by pouring hundreds of millions of dollars of taxpayers' money into the pockets of the television and advertising companies in a desperate attempt to save his own skin. It is inappropriate, it is a corruption of the process, and the government stands condemned for these campaigns. (*Time expired*)

Senator BRANDIS (Queensland) (3.09 p.m.)—Listening to Senator Faulkner's contribution, one would have thought that the rules had changed—that the principles that this government uses when determining whether or not public information campaigns are appropriate are somehow different from the principles that were used by the former

Labor government. What Senator Faulkner did not tell us was that they are precisely the same. This government, in its public information campaigns, operates under the very same guidelines, promulgated by the Ministerial Committee on Government Communications, as did the previous Keating Labor government. Allow me to read those guidelines. I think they express very effectively the philosophy behind government information campaigns, and they do make it clear where the line is to be drawn between information and propaganda. The guidelines read:

The government stresses—

I pause to say that at the time these guidelines were written the then government was a Labor government, of which Senator Faulkner was a senior member—

that all Australians have equal rights of access to information about programs, policies and activities that affect their benefits, rights and obligations. The government therefore expects all departments, agencies and authorities to carry out their public information programs based on the principles which guide all of the government's relations with the community: fairness and equity. All departments are required to conduct their public information programs at a level appropriate for their impact on the community, particularly where they concern the individual's benefits, rights and obligations.

Those are the principles. They were good principles for the then government, of which Senator Faulkner was a member, they are good principles now, and they are the principles according to which the Howard government has conducted itself.

Senator Faulkner, in implicitly challenging the operation or the application of those principles, neglected one of the greatest sources of disadvantage and inequality in this country—inequality of access to information. There is a whole host of programs that the Commonwealth, the states and, for that matter, municipal governments run that are focused and targeted on categories of people who suffer specific identifiable disadvantage, whether it be borne of social inequality, of distance, of inability to communicate in the English language or of other sources of disadvantage. Those programs will not operate optimally unless the people who are to be the

beneficiaries of the programs firstly know about them and, secondly, understand the way in which they operate and the way in which they will be affected by them.

Senator Faulkner might be surprised to learn that not everybody in Australia reads the *Sydney Morning Herald*, the *Financial Review* and the *Australian*, that not everybody is a member of the political class or the chattering classes and that not everybody has, as grist for their daily mill, the policy debates in which people like Senator Faulkner and many others on both sides of this parliament engage. These are people for whom government is something that they do not completely understand. They are people who sometimes feel threatened by government, and certainly they are people who feel cautious of government and sceptical about government.

When the government decides to promulgate a policy that targets a specific disadvantaged social group, those people have to be communicated to in a way that gets beyond the policy makers, in a way that gets beyond the political class, in a way that reaches into the community and speaks to those people in an unthreatening fashion, and in a way that arrests their attention and brings them to understand the effect of the policy or the program upon them. So the way in which these messages are mediated through the various print and electronic media will vary according to the target group. As the ministerial council, of which Senator Faulkner was himself a member, recognised, unless government can do that, the opportunity to correct one of the greatest sources of inequality in this nation—the inequality of access to information, inequality of appreciation of the way in which government programs benefit particular sections of the community—will be lost. (*Time expired*)

Senator CARR (Victoria) (3.14 p.m.)—Last night and over the weekend if you were a viewer of commercial TV in Melbourne you could not have drawn any other conclusion from the amount of government advertising being broadcast but that this is the government that is now the largest advertiser in Australia. It is the largest advertiser out of any other organisations in Australia. We heard Senator Brandis say that,

heard Senator Brandis say that, somehow or other, there has been a change in the arrangements that have taken place between the two previous governments. What Senator Brandis failed to point out are the differences between genuine advertising campaigns that try to draw people's attention to their rights and to genuine information, such as the Defence recruitment campaign and the Electoral Commission's campaigns, and those such as the *Unchain my heart* campaign, run by this government in the period running up to the last election—a program predicated on the one assumption that it was government policy. It was not even a program that was passed through this parliament; it was a program that we now see as part of a \$362 million campaign by this government aimed at winning support for a political point of view. It was not an information campaign; it was a straight-out propaganda campaign.

When the Keating government was in office, the Liberal opposition complained that it spent \$9 million. What is the equivalent figure now? On the basis of the campaigns that Senator Faulkner pointed out, we see a figure of \$150 million. That is the real difference. The real difference is not just a case of information versus propaganda; it is the extraordinary quantum involved. We can understand why A.C. Nielsen's list of the top 50 advertising companies has the Australian government as the largest advertiser in Australia. It is bigger than Telstra; it is bigger than Coles Myer. It spends twice that which is spent by McDonald's, Toyota or Woolworths. The government's spending on advertising is four times that of Coca-Cola and five times more than that of Qantas. And this figure does not include the extraordinary amounts being spent this year, because these figures were calculated on last year's figures. That is why \$20 million a month will now be spent by this government on political advertising—an additional \$150 million between now and the election.

Media campaigns such as these do not include the cost of the advertising on the direct marketing campaigns that this government is also embarking upon. They do not include the information in the mail-outs to schools or the mail-outs to families that indicate what

the government says is its concern about drugs; nor does it include the amount that it is spending on media monitoring. There are extraordinary increases in the cost of the media monitoring undertaken by this government to keep an eye on its critics.

We saw a deliberate campaign in Melbourne over the weekend and, as we heard in the motion to take note of answers to questions today, it is a politically biased campaign by the government directed specifically at Melbourne. Not all Australians are treated equally in this advertising campaign; there is special attention on Melbourne. Why is that? It is because there is to be a by-election in Melbourne. We have seen a series of five separate TV campaigns running in Melbourne over the last weekend. There are campaigns with regard to health, education, New Apprenticeships, the environment, banking and aged care benefits. There is a whole series of measures aimed specifically at interest groups and at particular segments of the population that this government believes are moving away from it. It is a desperate attempt by the government to try to win back support.

We can see that the government is clearly not much interested in debating the difference between genuine community campaigns, genuine information campaigns or those blatantly political campaigns because, at the moment, it has at its disposal an additional \$150 million to aid its re-election. That is what this is all about: a deliberate attempt by the government to aid its re-election in the run-up to a difficult election. We saw a similar strategy pursued at the last election in relation to the GST. It was a close election. It is arguable that the advertising campaign undertaken by this government as part of its \$362 million GST advertising campaign may in fact have been the decisive factor in its return. People are entitled to ask: what is the cost of this? What is the cost not just in terms of public policy but also in terms of how many teachers, how many nurses, how many aged care beds and how many books in school libraries? What sorts of actions could be taken by this government to actually help people? (*Time expired*)

Senator CHAPMAN (South Australia) (3.19 p.m.)—In speaking to this motion to take note of answers, Senator Faulkner for the Labor opposition listed a range of government advertising campaigns and alleged that those advertising campaigns were not genuine information campaigns but were designed to shore up the government's political support. My colleague Senator Brandis has already made reference to the fact that that allegation by Senator Faulkner fell absolutely flat because those advertising campaigns and programs are indeed determined by the Ministerial Committee on Government Communications, which operates under exactly the same guidelines implemented by the previous Labor government in February 1995. It is exactly those guidelines that are applied to determining the nature, the type of advertising and, indeed, the range of programs subject to advertising by this government. These are the guidelines that were determined, implemented and operated by the previous Labor government.

Surely pensioners, self-funded retirees, farmers and others are entitled to information about programs that affect them. The guidelines applied, which, as I said, were the guidelines introduced by the previous Labor government, state:

The government stresses that all Australians have equal rights of access to information about programs, policies and activities that affect their benefits, rights and obligations. The government therefore expects all departments, agencies and authorities to carry out their public information programs based on the principles which guide all of the government's relations with the community: fairness and equity. All departments are required to conduct their public information programs at a level appropriate for their impact on the community, particularly where they concern the individual's benefits, rights and obligations.

The fact is that people are not automatically aware of government programs. In my experience as a parliamentarian, I have known of many occasions when people have not been aware of government programs. Indeed, many have missed out on benefits because of ignorance of those programs, and when they are finally advised of them, through one means or another, it is often too late to obtain the benefit that could otherwise have been

derived. Therefore, it is crucial that there be effective government advertising of the benefits of these programs. That is what the advertising to which Labor senators have referred is directed.

We are obliged to publicise government programs and initiatives. Indeed, because of the likelihood that people will miss out on the benefits of those programs, if the government had failed to advertise them, we would have been open to even greater criticism. As far as the Labor opposition is concerned we are damned for advertising but, in terms of the broader community, we would be damned if we failed to undertake that advertising. Labor, it seems, does not want to acknowledge that people want to know, that they have a right to know and that it is important for them to know what the government are doing and what programs are available to them.

Senator Carr came into the debate and said that it was all well and good to quote from the ministerial guidelines but the nature of the advertising undertaken by this government was different from that undertaken by the Labor government. The fact is that it was the Labor Party in government that was guilty of blatant misuse of government funds and abuse of government advertising. But, as I said, both governments have based their advertising on those ministerial guidelines that were established under the Labor Party in government.

In that context, let us not forget the 'money growing on trees' campaign that was developed under the previous Labor government for their superannuation advertisements. What about the Working Nation advertisements, which had no content whatsoever? And we ought not forget the thousands of dollars paid to Bill Hunter for the advertising he undertook on behalf of the Labor government. Then, of course, we saw that very same actor, Bill Hunter, bob up in Labor's election commercials. One could almost suggest the possibility of a conflict of interest in that case. As Senator Carr said, it is important to distinguish between the advertising of Liberal governments and Labor governments. When one looks at what the Labor government did, one can say that they

went pretty close to breaching their very own guidelines, whereas this government has assiduously applied those guidelines in a fair and proper manner.

I think it was Senator Carr who mentioned a number of private enterprises that had smaller advertising budgets than the present government. Of course, what Senator Carr failed to mention was that the federal government is much larger than any of those enterprises. It has a much wider range of programs and therefore requires a much wider range of advertising of those programs for the benefit of the community.

Senator FORSHAW (New South Wales) (3.24 p.m.)—A few weeks ago I happened to be watching television—one of the rare occasions I had a chance to—and I saw an ad promoting the Agriculture Advancing Australia program. The ad did not tell me anything, other than indicating some phone numbers one could ring if one wanted more information about this AAA package. I was intrigued by this, and at the recent estimates proceedings Senator O'Brien and I had the opportunity to ask questions of Minister Alston, representing the Minister for Agriculture, Fisheries and Forestry, about this advertising campaign. As usual, Senator Alston spent very little time actually at the estimates proceedings. He is usually totally disinterested in what happens in this portfolio that he represents.

We were advised by officers of the department that there was a \$6 million campaign being undertaken to advertise to farmers the existence of the Agriculture Advancing Australia program—the AAA package. What is intriguing about this is that this AAA package was announced in 1997, yet the government is today running ads to advise farmers of the existence of this package. Why is it doing that? It became clear from the evidence we received that at the time the package was announced and throughout the next two or three years there was little effective advertising done. From research undertaken it also became clear that only 26 per cent of farmers were aware of some of the aspects of that package and only six per cent of farmers were aware of the total benefits available under that package.

There is certainly a need to inform farmers of the benefits that they may be able to access under this package, but why was this not promoted properly when the package was introduced in 1997? As the department acknowledged in the estimates proceedings, they were aware in 1998 that there was a need to promote this program amongst farmers. But they did not do anything. They have left it to just on the eve of the federal election to undertake a massive TV advertising campaign for this package. But what is even more interesting and very telling is that the money is being spent mainly on television advertising. Pretty close to \$3 million of the total amount is being spent on TV and there are further amounts being spent on radio advertising. Out of that \$6 million, only \$106,000 is being spent on direct mail to farmers.

As was evident in the question I asked Senator Alston at question time, a database of farmers has been developed, and the department indicate they can effectively target 95 per cent of farmers in Australia by utilising that database. But this government has neglected the use of direct mail to farmers, who are the target group. The government had produced on its behalf glossy-type print advertisements and colourful TV advertisements that are being shown across Australia, including in metropolitan areas, when supposedly the campaign is to be targeted at farmers to inform them of the benefits and the programs they may be able to access.

It is quite clear that this campaign has very little to do with endeavouring to inform farmers directly. There is direct mail and there are means which can be utilised through the organisations that exist to service and represent farmers, but the government is not using those means. Instead it is undertaking a broad brush television advertising campaign which is clearly designed to make the government look good in the eyes of rural and regional Australians. As research has shown, Australians in rural and regional areas are not listening. They have given up listening to this government because this government has no answers to their problems. (*Time expired*)

Question resolved in the affirmative.

Telstra: Privatisation

Senator ALLISON (Victoria) (3.30 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Communications, Information Technology and the Arts (Senator Alston) to a question without notice asked by Senator Allison today relating to Telstra call charges.

I think it is fair to say that this is perhaps one of the more hypocritical and contradictory answers from the minister—and that is saying something. To suggest that there is no interference in Telstra is a complete nonsense. We all know that the minister wanted to get rid of the so-called formal means of interfering with Telstra, but the Senate and the Democrats would not allow that to happen. However, we all know that there are many ways of informally pressuring Telstra.

The Democrats have been saying for years that call charges should be reduced for distance. There is no longer any logical reason to charge higher rates for rural and particularly for semirural calls. Gone are the days when we had telephonists plugging plugs into holes in telephone exchanges. The cost of delivery of telephone services no longer justifies higher rates for the vast majority of people living in country areas. This has been the case for many years. It is not something that has happened in the last six months and is the sudden reason why Telstra can now afford to do this that was not present last year or even six years ago. In fact, the city is subsidised by the bush when it comes to telephone services. We have strongly supported lower telephone costs for country people. The reason they have not been delivered before is the bottom line: the effect on revenue. Suddenly, we have found a reason to do that. We have an election looming and rural seats are likely to be lost. Suddenly, we find there is a review, and Telstra willingly forgoes \$48 million in revenue—I do not think so.

We all know that delivering the telecommunications infrastructure to remote areas of Australia is expensive, and that is why we have the universal service obligation. In another ill-conceived bit of ideology, the attempts to introduce competition here have also failed over the last few weeks. The pilot

USO projects attracted no bids other than Telstra's, and yet this government still blindly follows the argument that competition and privatisation are everything. That is the Holy Grail, if you like, in telecommunications services. People in the country are not fooled. They know otherwise. The Democrats know otherwise. We have been reminding this place of that for a long time.

The other interesting contradiction in the minister's statements over the last couple of days has been that selling the rest of Telstra will ensure that there is no government interference. That is the biggest joke of all. The coalition, having robbed the Telstra coffers to the tune of billions of dollars since coming to government and forcing it into debt, want to make sure that all Australians can no longer receive the benefits of this very important and very profitable public company. The other part of this contradiction is that the minister cannot see that his position on Telstra and that of SingTel and Optus is problematic. It seems okay, according to his public comments, for the Singapore government to have a controlling interest in SingTel—the Democrats do not have any problem with that; in fact, we think it is a very sensible public policy. This company is also operating in Australia through Optus and it is a principal competitor of Telstra's. So we have this ridiculous situation where the government have no problem with that—and I am not saying that they should—but, on the other hand, they are saying that what we need for competition is for government to get out of the way of business. We have heard that mantra for too long in this place. It does not work. It is not working at the present time. That contradiction must be very obvious to the vast majority of Australians, including those people in the bush for whom this will be of some benefit, presumably \$48 million worth of benefit—although the jury is out on even that because some of them will have to give up some of their concessions and programs in order to sign on to this deal. It is a very complicated one, as they usually are.

I remember the days when Telstra used to publish their call charges in the phone directory. You could actually look up what you would be charged for whatever call you were

making over whatever distance. As I said, those distance considerations are not realistic, because they are based on technology which has moved on. Nonetheless, the matter has become very complex with various sorts of deals and contracts. (*Time expired*)

Question resolved in the affirmative.

PERSONAL EXPLANATIONS

Senator STOTT DESPOJA (*South Australia—Leader of the Australian Democrats*) (3.35 p.m.)—Madam Deputy President, I seek leave of the Senate to make a personal explanation.

Leave granted.

Senator STOTT DESPOJA—In question time today Senator Amanda Vanstone, in response to a question about disability pensioners being excluded from the one-off \$300 payment, said that I had not even been born when Australians were going off to Vietnam and that my comments during the budget period were generationally insensitive—I believe that is what she was saying. She also questioned my commitment to Vietnam veterans. Firstly, Australia's involvement in the Vietnam War was from 1965 to 1972. So, in fact, I was born when Australians were fighting in Vietnam—not that I think whether or not I was born was relevant; however, Senator Amanda Vanstone did get her facts wrong.

Secondly, Senator Vanstone has implied that Vietnam veterans are all getting the \$300 payment, which is absolutely untrue. Twenty-year-old conscripts from the time of the war would be aged between 56 and 47; in fact, the youngest Vietnam veteran would be 47, according to a table that is provided in relation to Vietnam veterans' ages. According to the budget papers, those veterans on a DVA pension with active service would need to be 60 before they are entitled to get the \$300 payment. I am amazed that Senator Vanstone would have the nerve to mention veterans in light of the \$300 payment. There are veterans from the early Malayan conflict who are not getting the \$300, and I doubt that any of the veterans from the Gulf War would get the \$300 either. In fact—

The DEPUTY PRESIDENT—Senator, when you make a personal explanation, you

have to outline where you have been misrepresented, not debate the issue.

Senator STOTT DESPOJA—Thank you, Madam Deputy President. I have done so. I am just surprised that Senator Vanstone would get her facts so wrong on the topic of the Vietnam War. I certainly know that the former family and community services minister would not have made the same mistake.

G & K O'CONNOR MEATWORKS: DEPARTMENTAL FILES

Senator IAN CAMPBELL (*Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts*) (3.37 p.m.)—by leave—I wish to make a short statement in relation to an order made on 24 May 2001. Senator Carr moved a motion that the Minister representing the Minister for Employment, Workplace Relations and Small Business table certain documents by no later than immediately after the taking note of answers on Monday, 18 June 2001. The documents sought to be tabled are held by the Department of Employment, Workplace Relations and Small Business and relate to an industrial dispute in the meat processing industry involving G & K O'Connor Pty Ltd and the Australasian Meat Industry Employees Union. Since the making of the order on 24 May this year, the government has been examining the issues raised with a view to presenting a considered response to the order within the timeframe specified by the Senate.

Last Friday, 15 June, the Minister for Employment, Workplace Relations and Small Business received correspondence dated 14 June from one of the affected parties, G & K O'Connor Pty Ltd. In that correspondence the company refers to the return to order and to the existence of pending litigation and made a request that it be given a period of notice within which to view the relevant documents and an opportunity to make appropriate submissions as to the potential for the contents of the documents to prejudice the company in ongoing litigation. It also advised that a directions hearing is scheduled in the Federal Court for 29 June. I table that correspondence of 14 June 2001.

Given this request and its reference to matters that are still before the courts and to potential prejudice to litigation, it is appropriate that the minister takes further advice on the request prior to presenting a more detailed response to the return to order. Since the receipt of the request last Friday, it has not been possible to finalise that advice nor consider its implications. The minister will respond further to the return to order at the earliest reasonable opportunity. I emphasise that in making this statement the minister is not at this stage accepting or rejecting the request made last Friday but rather taking advice upon it.

Senator CARR (Victoria) (3.40 p.m.)—by leave—I move:

That the Senate take note of the statement.

I note that the government has not actually rejected the Senate's return to order; it has not actually said it will not provide the documents. What it has done today is suggest to us that the government would like more time to think about the questions involved. If this matter were not so sensitive and did not go to so many issues of importance to this government, one might be able to say it is a fair enough request that you need more time. We are yet to hear from the government, however, as to how much time it requires. We are yet to hear from the government as to what issues it feels it needs to consider more carefully. What we hear from the government today is a continuation, I might note, of an approach to this question that we have seen since 1999 when these issues first began. I might take this opportunity to advise the Senate of what the issues are in regard to this matter, and it may be possible for the Senate to come to a clearer view on the nature of the government's statement here today.

I asked for the government to provide documents that related to its dealings in regard to an industrial dispute at G & K O'Connor in Victoria. I am sure that many people would say, 'This is a relatively minor matter. Why are you troubling the Senate with these requests?' This is a matter that concerns some 250 of my constituents. I was faced with the unfortunate circumstance—and many politicians, I am sure, would be

faced with such issues—where a large group of Australians felt they had been deprived of their rights and their opportunities to actually receive normal benefits and arrangements that other Australians receive. In those situations, they turn to their members of parliament to seek assistance and to give some voice to their concern. On that basis, I have taken this matter up. I have spoken to the Senate now on three occasions on this question, this being the third. It is clear that this is a matter that requires additional comments, so I will just take the Senate through the issue.

In March 1999, the particular company, G & K O'Connor, chose to lock out their 250 workers. They chose to force them on to unemployment benefits. They chose to deny those employees access to an income and access to their entitlements, and some of those employees had been working in this plant for 20 years. They chose to do that because they wanted these workers to accept a pay cut of just under 20 per cent. That was a very substantial pay cut for many workers concerned and was in very stark contrast to what workers at that plant had been entitled to for many years. In the past, that plant had been regarded as a progressive employer, as a place which was reasonable to work at in so far as the meat industry was concerned and as a place that had been seen to break from other more redneck employers in the industry and adopt a more reasonable attitude to their employees.

What was different about this particular circumstance was that Mr Reith, the minister for industrial relations at the time, had chosen to make an example of this industry, and this particular plant was the vehicle by which that example was to be made. He set down three industries to target. He said that he wanted to see substantial changes in the waterfront, and we saw what occurred there in the Patrick dispute. We saw how Australians were deprived of their livelihood, and we saw thugs, doberman pinschers, alsatians and men in masks used in an attempt to destroy the organisation that had represented those people on the waterfront. We saw the CFMEU and the building industry being targeted by this government, and the govern-

ment has not been able to find an employer to do its dirty work. We also saw the government's work in the meat industry. They were the three industries—meat, construction and waterfront.

The meat industry was the O'Connor plant in Victoria. That company took up the minister's invitation. We know that is so because on 19 February 1999, one month before the lockout occurred, the department and this minister met with O'Connor. We also know that there were various communications between the company's legal representatives and the government department, through its so-called Workplace Reform Unit—this is the particular hit squad within the department of industrial relations. That unit had discussions with the company's legal advisers on 26 February 1999; on 5, 10, 12, 19, 22 and 31 March 1999; on 7, 9 and 30 April 1999; and on 13 May 1999. That is, of course, information provided by the department.

In questions before the estimates committee, I sought from the department advice as to what sort of contact they had had with this company, and I was advised that essentially it was nothing: that there was nothing in it, that my concerns were misplaced, that these were issues of just ongoing monitoring of matters and that occasionally there might have been some sort of information to the minister. What we discover is that, within the department, there are 820 folios of information concerning this particular matter. That is not bad for an organisation that claims to have had minimal contact with the employer—in this particular case, the employer that had locked out, as I say, 250 of my constituents in Victoria. We now discover that the Federal Court has intervened and has made a decision. It has decided against the actions of the company in regard to its attempts to reduce the wages and conditions of its employees on that particular site. It has found that the actions of the company were wrong and that very, very substantial sums are likely to follow in terms of backpayment.

It gets better than that, though. We discover that this company, in its desperation to pursue its industrial agenda on behalf of this government, has decided to employ a group of thugs—a group of people who have be-

come associated with unsavoury actions on the waterfront. There is a Mr Bruce Townsend, a professional scab herder and strike-breaker, who has a long record of involvement in this industry in using what any reasonable person would say appear to be illegal actions in attempting to break unions, trying to destroy organisations that represent working people in this country and in attempting to undermine workers and their resistance to unreasonable demands by employers.

At this point, we have discovered that this particular group—one might call its members Pinkerton style activists, using the analogy of the sorts of actions we saw in the 1930s in the United States—is using those sorts of tactics here in this country. They have sought the secret employment of third-party strike breakers. They have been hired as spies and placed within the workplace. They have been used then as agent provocateurs to encourage unionists to pilfer. They have been used to provoke fights on the floor in such ways as to cause violence to take place within the industrial plant. All of this, of course, leads to the dismissal of any particular workers. We have seen assaults upon union members, as I say, within the plants and outside. We have seen assaults in terms of following union members home and various other forms of intimidation at their residences, with their families being subject to these sorts of abuses. We have seen persistent attempts to entrap union members in various other activities which would be breaches of the law.

We saw all of this put before the Industrial Relations Commission, uncontested—in terms of evidence, uncontested—by the company. Company executives, such as Mr Peter Allen, have urged these spies to perjure themselves before various courts of law in this country. We have seen company executives, such as Mr Allen, offer to bribe ex-employees and to give false evidence against union members before the Australian Industrial Relations Commission.

I put it to this chamber that this department—Minister Reith's department at the time, and now Mr Abbott's department—has been monitoring these issues very closely. It

occurs to me that it may well be that the department is involved in these arrangements. What I would like—and this is the reason for the return to order—is to have a look at the documents. That is not an unreasonable request. What this government then says is, ‘Oh, hang on a minute, it may be that the employer’—this is the affected party in this that the parliamentary secretary has just quoted—‘does not want the government to hand over the documents because he might choose to appeal the Federal Court’s actions.’ That is what we are hearing today from the parliamentary secretary.

What are the sorts of things that I am looking for? I have a very detailed list, considering the 820 files. What we notice is that some of them are quite innocuous. I understand why the government has objections to handing over the government’s assessment of the parties to this dispute, but why would this government seek, for instance, to prevent access to email messages of several officers regarding the issues in dispute? That is one of the documents I have asked for. These emails are from various officers in the department, funded out of public expense to undertake work on behalf of this parliament. Why should the government feel it necessary to deny this parliament access to the various messages between officers on this highly contentious matter?

For instance, there is the appellant’s outline of submissions to the ARC. The government says, ‘Oh, you can’t have that; there might be some breach of legal privilege here; there might be some sort of sub judice question.’ That is bunkum—that is complete bunkum. These are matters that go back to 1999. A copy of the AMIEU’s application to the Federal Court and the appellant’s outline of submission are surely not secret—but that is the nature of the government’s blanket refusal here today. ‘Email messages regarding issues in dispute’ is a term that comes up again and again on the file. Why does the government feel it is so necessary to prevent the parliament having access to them?

What I think has occurred here is that this government is obviously in some difficulty over these issues; it anticipated this would be a nice, clean, sharp kill, and it did not hap-

pen. Whatever actions have been resorted to, no matter how illegal, no matter how grotesque in terms of the attempts to intimidate, attempts to entrap and attempts to encourage people to take action which would be outside of the law, have all failed because the union members on site have remained solid. The Federal Court has found in their favour, which is a big shock to the government. It has found that the government is breaking its own laws. No matter how unfair, no matter how unreasonable they were, they still found that they were not sufficient to break the union. They were not sufficient for those workers at that particular plant to be obliged to accept the starvation wages that the company was trying to impose. I think the government is implicated in this right up to its neck, quite directly through its officers who are implicated in this issue.

We have also sought information regarding payments that have been made between this government and this company. This is a whole range of programs where it is my contention money has been transferred to that company—a whole range of issues that go to this government’s support for these illegal actions. It seems to me these are matters of great importance. It is not a question of sub judice; it is a question of whether or not the government is prepared to face up and be politically accountable. I can only echo the words of the secretary of the union in this particular matter, who talks about these constituents that I had the great honour to represent here but the unfortunate circumstance where we were placed in this situation. I had nearly 200 of them in the office where these issues were put to me. In the words of Graham Bird:

These people in my view are heroes of the trade union movement. They are people who have suffered enormous financial pressure. They have been abused. They have been stood over. There has been enormous pressure applied to their families. There have been break-ups in families. There have been houses that have been taken off them. These people have had their cars taken away from them. Enormous financial pressure. They have done all of that because they believe that they are entitled to belong to a union.

That is the issue at stake here: whether or not it is legal for people to belong to a union and

whether or not this government is entitled to pursue all of the resources available to it to act in support of illegal actions in preventing people from defending their rights. It is open to this chamber to assess the government's response. It may well be necessary for us to have a look at other alternative actions if this government fails to respond to this return to order within a reasonable period of time. I do not know what that is, but perhaps we could ask by this time next week, if the government has not responded, whether or not we are entitled to consider a Senate inquiry into these issues. It may well be that this government will refuse to front up to its responsibilities, will seek to duck and weave and hide behind this ludicrous notion that it is sub judice. Sub judice! The employer is thinking about an appeal therefore the government cannot hand over the documents—what a load of nonsense! This is almost as bad as its other great defence of commercial in confidence; I was waiting to hear that today. Frankly, this is an issue that this chamber is entitled to consider further, and it may be necessary for us to take this issue through in other forms to encourage the government to see—

Senator O'Brien interjecting—

Senator CARR—It is in a similar sort of vein as that. We are entitled to get these documents. There is obviously more that needs to be said about this. There are other documents that I will be seeking. It is not the end of this, Senator. I expect that this will not be a matter you will be able to avoid indefinitely.

Question resolved in the affirmative.

PETITIONS

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

Family Breakdown Services

To the Honourable the Speaker and members of the Senate in Parliament assembled:

The petition of certain citizens of Australia draws the attention of the House to the unfair and inequitable gender biased administration of Family Breakdown Services, whereby Families in Breakdown are provided services differently and unequally according to the gender of the parent. These services are discriminatorily promoted and

provided as free services to mothers but unequally or not at all to fathers, thus discriminating against fathers and their children. This injustice is creating unnecessarily exaggerated disruptions to family and children's lives. Such services are (1) Domestic Violence Strategies targeting only fathers whilst ignoring Australian and world-wide social science research, supported by other family service, crime and medical statistics that overwhelmingly reveals mothers are equally violent family members. (2) Family Crisis Centres that do not accommodate fathers with children who are in similar circumstances as mothers with children that are accommodated, and (3) restraining orders issued *ex parte* against separating fathers as an administrative routine, without adequate investigation or reason about the fathers behaviour ever requiring such services. (4) Only fathers and their children are subjected to these administrative distortions and humiliation as in (1), (2) and (3) above.

Your petitioners therefore pray that the Senate will henceforth have all aforementioned Family Breakdown Services administered, according to proper statistical facts to fathers as to mothers without fear or favour of gender, and according to their true family needs so as to avoid over servicing vexatious allegations.

by **Senator Bourne** (from 36 citizens)

Australian Broadcasting Corporation: Independence and Funding

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

The petition of the undersigned calls on the Federal Government to support:

- i. the independence of the ABC Board;
- ii. the Australian Democrats Private Members' Bill which provides for the establishment of a joint Parliamentary Committee to oversee ABC Board appointments so that the Board is constructed as a multi-partisan Board, truly independent from the government of the day;
- iii. an immediate increase in funding to the ABC in order that the ABC can make the transition to digital technology without undermining existing programs and services, and that it will be able to do this independently from commercial pressures, including advertising and sponsorship;
- iv. news and current affairs programming is made, scheduled and broadcast free from government interference, as required under law; and
- v. ABC programs and services which continue to meet the Charter, and which are made and broadcast free from pressures to comply with arbitrary ratings or other measures.

by **Senator Bourne** (from 148 citizens)

Administrative Decisions (Effects of International Instruments) Bill 1999

To the honourable the President and the Senate assembled in Parliament:

The petition of certain citizens and residents of the Australia draws to the attention of the Senate our concerns about the Administrative Decisions (Effects of International Instruments) Bill 1999.

The bill seeks to extinguish our right to "Fair Go" appeal hearings when an Administrative decision is believed to be inconsistent with any International Treaty or Convention to which Australia has signed.

The joint statement "The Effect of Treaties in Administrative Decision Making", 25 February 1997 (Clause 4) advise us not to expect inconsistency with Treaties and Conventions which have been signed by Australia but are not enshrined in Australian law – such as the Convention on Civil and Political Rights.

We are thus concerned that the bill may in future be extended to Treaties of domestic or external Territories of Australia, nature also.

We therefore request that the Senate reject the bill.

by **Senator Tambling** (from 109 citizens)

Petitions received.

NOTICES

Withdrawal

Senator COONAN (New South Wales) (3.56 p.m.)—Pursuant to notice given on the last day of sitting, on behalf of the Regulations and Ordinances Committee, I withdraw business of the Senate notices of motion Nos 1 to 4 standing in my name for six sitting days after today and business of the Senate notices of motion Nos 1 to 6 standing in my name for nine sitting days after today.

Presentation

Senator Sandy Macdonald to move, on the next day of sitting:

That the time for the presentation of the report of the Foreign Affairs, Defence and Trade Legislation Committee on the 2001-02 budget estimates be extended to 27 June 2001.

Senator Sandy Macdonald to move, on the next day of sitting:

That the Foreign Affairs, Defence and Trade Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on

19 June 2001, from 7 pm to 11 pm, to take evidence for the committee's inquiry on the 2001-02 budget estimates for the Foreign Affairs and Trade portfolio on trade-related issues.

Senator Mason to move, on the next day of sitting:

That the time for the presentation of the report of the Legal and Constitutional Legislation Committee on the Measures to Combat Serious and Organised Crime Bill 2001 be extended to 25 June 2001.

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 Maritime Legislation Amendment Bill 2000 be extended to 28 August 2001.

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

That the time for the report of the Rural and Regional Affairs and Transport Legislation Committee on the 2001-02 budget estimates be extended to 28 June 2001.

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

That the following bill be introduced: A Bill for an Act to encourage the disclosure of conduct adverse to the public interest in the public sector, and for related purposes. Public Interest Disclosure Bill 2001.

Senator Calvert to move, on the next day of sitting:

That the Senate notes that:

- (a) 14 June 2001 marks the 60th anniversary of the start of the Soviet Union's mass deportations of Estonians, Latvians and Lithuanians from their homes to Siberia and other foreign destinations;
- (b) during the night of 13 to 14 June 1941, thousands of Baltic residents of all ages were arrested by armed men, taken to railway stations, loaded into cattle wagons and deported;
- (c) these mass deportations continued on and off until 1953;
- (d) precise numbers of the Baltic deportees are difficult to determine, with conservative evidence showing that over half a million local residents of all ethnic origins were deported from the three Baltic States by 1953;

- (e) these innocent people had committed no offences; they were arrested and imprisoned as 'political prisoners' and as 'enemies of the people', with less than half surviving deportation;
- (f) Baltic immigrants to Australia have contributed significantly to Australia, its culture and its diversity; and
- (g) the sad events that are solemnly commemorated on 14 June by Baltic people across Australia, and across the world, stand in stark contrast to the robust democracy that all Australians enjoy and commemorate in this, Australia's Centenary of Federation Year.

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

That the Senate—

- (a) notes that the week beginning 17 June 2001 marks the centenary of the Australian Public Service (APS);
- (b) congratulates the APS on the achievement of this milestone;
- (c) recognises the vital contribution the APS has made to Australia's first 100 years as a nation and to the strength and stability of its system of government; and
- (d) expresses its appreciation to all past and serving public servants for a vitally important job well done.

Senator Carr to move, on the next day of sitting:

- (1) That the time for the presentation of the report of the Employment, Workplace Relations, Small Business and Education Legislation Committee on the provisions of the Innovation and Education Legislation Amendment Bill 2001 be extended till 28 June 2001.
- (2) That the Employment, Workplace Relations, Small Business and Education Legislation Committee hold a further public hearing on the bill on 25 June 2001, between 11 am and 1 pm, and for that purpose have leave to meet during the sitting of the Senate.
- (3) That the Senate directs the Minister representing the Minister for Education, Training and Youth Affairs to ensure that relevant officers appear before the committee at that hearing for the purpose of answering questions about the bill.

Senator Schacht to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the Trade Practices Act 1974 to enable the Australian Competition and Consumer Commission to undertake representative actions, and for related purposes. Trade Practices Amendment (Representative Actions) Bill 2001.

Senator Schacht to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the Trade Practices Act 1974 in relation to mergers in regional markets, and for related purposes. Trade Practices Amendment (Mergers in Regional Markets) Bill 2001.

Senator Schacht to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the Trade Practices Act 1974 in relation to unconscionable conduct, and for related purposes. Trade Practices Amendment (Unconscionable Conduct) Bill 2001.

Senator Schacht to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to allow State and Territory laws to operate concurrently with the Trade Practices Act 1974. Trade Practices Amendment (Operation of State and Territory Laws) Bill 2001.

Senator Schacht to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to allow franchisees in the petroleum sector to purchase fuels for re-sale from a variety of sources. Fair Prices and Better Access for All (Petroleum) Bill 2001.

Senator Tierney to move, on the next day of sitting:

That the Senate—

- (a) notes that:
 - (i) the Coalition Government has paid more than \$7.2 million to more than 3 600 employees under the Employee Entitlement Support Scheme (EESS), and
 - (ii) these workers from more than 330 insolvent companies would have been paid more than \$14 million had the states contributed to the scheme;
- (b) welcomes the support from the Northern Territory Government for the scheme,

which has contributed to payments for workers who have lost their entitlements;

- (c) condemns the Australian Labor Party (ALP) for not supporting this scheme and for not paying a single cent to workers who lost their entitlements due to company insolvencies between 1983 and 1996; and
- (d) calls on state governments, in particular the New South Wales Carr ALP Government, to support the EESS and help workers in the first scheme by any federal government that supports workers' entitlements.

Senator Brown to move, two sitting days after today:

That the Senate—

- (a) notes:
 - (i) the advocacy by Professor Flint, head of the Australian Broadcasting Authority (ABA), of the abolition of cross-media ownership rules in Australia,
 - (ii) that Professor Flint did not faithfully represent ABA-commissioned research when he said that media proprietors do not influence media content, and
 - (iii) the importance of cross media ownership rules in preventing further concentration of media control in Australia; and
- (b) calls for Professor Flint to resign as head of the ABA.

Senator Brown to move, on the next day of sitting:

That the Senate—

- (a) notes:
 - (i) the police raid that resulted in the unlawful detention of 32 foreigners, including 20 Australians, attending a labour and human rights conference near Jakarta, Indonesia on 8 June 2001, and
 - (ii) the *Jakarta Post* editorial of 11 June 2001, condemning the police raid with the words 'the day the nation turns a blind eye to its own law enforcement institutions breaking the law and the constitution is the day this nation kisses goodbye to democracy'; and

- (b) calls on the Minister for Foreign Affairs (Mr Downer) to condemn the police raid and seek an appropriate response from the Indonesian Government.

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

That the Senate—

- (a) notes that:
 - (i) Australian writer, Kate Grenville, was awarded £30 000 and the prestigious Orange prize for fiction by women writers, for her novel published in 1999 entitled, *The Idea of Perfection*, and
 - (ii) few Australian writers can make a living without such other means of support; and
- (b) congratulates Ms Grenville for this recognition of her work.

COMMITTEES

Rural and Regional Affairs and Transport Legislation Committee

Extension of Time

Motion (by **Senator Calvert**, at the request of **Senator Crane**)—by leave—agreed to:

That the time for the presentation of the report of the committee on the provisions of the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 be extended to 20 June 2001.

Native Title and the Aboriginal and Torres Strait Islander Land Fund Committee

Meeting

Motion (by **Senator Calvert**, at the request of **Senator Ferris**)—by leave—agreed to:

That the Parliamentary Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund be authorised to hold a public meeting during the sitting of the Senate today, from 4 p.m., to take evidence for the committee's inquiry into the Indigenous Land Corporation annual report for 1999-2000.

LEAVE OF ABSENCE

Senator O'BRIEN (Tasmania) (4.00 p.m.)—by leave—I wish to move a motion which relates to the joyous event that Senator Lundy had quite recently. On behalf of the opposition, I place our congratulations on the record. I move:

That leave of absence be granted to Senator Lundy for the period 18 June to 28 June 2001 for family reasons.

Question resolved in the affirmative.

NOTICES

Postponement

Items of business were postponed as follows:

General business notice of motion no. 881 standing in the name of Senator Greig for today, relating to shark finning and unsustainable shark fishing, postponed till 27 June 2001.

General business notice of motion no. 489 standing in the name of Senator Murray for the next day of sitting, proposing an order for the production of documents relating to lists of departmental and agency contracts, postponed till 20 June 2001.

General business notice of motion no. 717 standing in the name of Senator Lees for the next day of sitting, relating to the introduction of the Australian Bill of Rights Bill 2000, postponed till 7 August 2001.

General business notice of motion no. 852 standing in the name of the Leader of the Opposition in the Senate (Senator Faulkner) for the next day of sitting, relating to the financial interests of the Minister for the Arts and the Centenary of Federation (Mr McGauran), postponed till 7 August 2001.

General business notice of motion no. 871 standing in the name of the Leader of the Opposition in the Senate (Senator Faulkner) for today, relating to the benchmark for pension levels, postponed till 28 June 2001.

DOCUMENTS

Tabling

The DEPUTY PRESIDENT (4.01 p.m.)—Pursuant to standing order 166, I present 13 reports of the Auditor-General, which were presented to the President, myself and the temporary chairmen of committees since the Senate last sat. In accordance with the terms of the standing order, the publication of the documents was authorised.

The list read as follows—

Auditor-General—Audit reports for 2000-2001—

No. 39—Performance audit—Information and technology in Centrelink—Centrelink. [*Received 28 May 2001*]

No. 40—Performance audit—Management of the Adult Migrant English Program contracts—Department of Immigration and Multicultural Affairs. [*Received 28 May 2001*]

No. 41—Performance audit—Causes and consequences of personnel postings in the Australian Defence Force—Department of Defence. [*Received 29 May 2001*]

No. 42—Performance audit—Bank prudential supervision—Australian Prudential Regulation Authority. [*Received 30 May 2001*]

No. 43—Performance audit—Performance information for Commonwealth financial assistance under the Natural Heritage Trust—Department of Agriculture, Fisheries and Forestry [and] Department of the Environment and Heritage. [*Received 1 June 2001*]

No. 44—Performance audit—Information technology in the Department of Veterans' Affairs—Department of Veterans' Affairs. [*Received 5 June 2001*]

No. 45—Performance audit—Management of fraud control—Department of Family and Community Services. [*Received 5 June 2001*]

No. 46—Performance audit—ATO performance reporting under the outcomes and outputs framework—Australian Taxation Office. [*Received 6 June 2001*]

No. 47—Performance audit—Managing for quarantine effectiveness—Department of Agriculture, Fisheries and Forestry—Australia. [*Received 7 June 2001*]

No. 48—Performance audit—Air traffic data collection—Airservices Australia. [*Received 7 June 2001*]

No. 49—Performance audit—Information technology in the Health Insurance Commission—Health Insurance Commission. [*Received 12 June 2001*]

No. 50—Performance audit—The National Cervical Screening Program—Department of Health and Aged Care. [*Received 15 June 2001*]

No. 51—Performance audit—Australian Defence Force health services: Follow-

up audit—Department of Defence. [*Received 15 June 2001*]

Auditor-General's Reports

Report No. 52 of 2000-01

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General's Act 1997, I present the following report of the Auditor-General: Report No. 52 of 2000-01—*Assurance and control assessment audit—payment of accounts.*

GUN CONTROL

Return to Order

The DEPUTY PRESIDENT—I present a response from the Minister for Justice and Customs, Senator Ellison, to a resolution of the Senate of 29 March 2001 regarding hand guns.

BUDGET 2000-01

Consideration by Legislation Committees

Additional Information

Senator CALVERT (Tasmania) (4.03 p.m.)—On behalf of the chair of the Community Affairs Legislation Committee, Senator Knowles, I present additional information received by the committee relating to hearings on the additional estimates for 2000-01.

COMMITTEES

Migration Committee

Report

Senator McKIERNAN (Western Australia) (4.04 p.m.)—I present the report of the Joint Standing Committee on Migration, entitled *2001 review of migration regulation 4.31B*, together with the *Hansard* record of the committee's proceedings, minutes of proceedings and submissions received by the committee. I seek leave to move a motion in relation to the report.

Leave granted.

Senator McKIERNAN—I move:

That the Senate take note of the report.

This was the second occasion on which the Joint Standing Committee on Migration has reviewed regulation 4.31B. In its previous report in 1999, the committee concluded that there is no evidence to date that regulation 4.31B has deterred genuine refugees from applying for review. We have made the same

finding on this occasion. The regulation has been in force for a period of years, but no hard evidence has come forward to the committee that the regulation prevents any genuine asylum seeker in this country from applying for review. Some of the persons who gave evidence to the committee continued to put forward that assertion. They do not have convincing evidence. The Department of Immigration and Multicultural Affairs does not believe—and the committee was not convinced—that the regulation prevents a genuine asylum seeker from applying for review. There is evidence within the body of the committee's report that it has a small effect, but nonetheless an effect, on those who are seeking to abuse Australia's protection system.

The committee, in weighing up all the evidence, decided to play it safe and, rather than reaffirming that the regulation remain forever, decided that a further sunset clause should be put around the regulation and that it should be reviewed again in two years. I seek leave to have the remainder of my speech incorporated in *Hansard*.

Leave granted.

The speech read as follows—

Regulation 4.31B was introduced on 1 July 1997 as part of a package of measures to combat abuse in Australia's refugee determination system. The regulation provides for a fee of \$1,000 to be charged those whose claim for refugee status has been refused and who then unsuccessfully appeal to the Refugee Review Tribunal for refugee status.

The regulation is intended to deter applicants who have no real claim to be considered refugees.

The Committee previously reported to the Parliament on this regulation in May 1999 and recommended that it be subject to a sunset clause. The Minister for Immigration and Multicultural Affairs requested that the Committee again review the regulation prior to its scheduled expiry on 30 June 2001.

The Committee received 28 submissions from 21 organisations and individuals. This was more than the Committee had received for the 1999 review.

In the course of this review the Committee heard evidence from a number of people with relevant expertise. These included the Refugee Review Tribunal, the Department of Immigration and Multicultural Affairs, the International Commis-

sion of Jurists, the Migration Institute of Australia, and the Refugee Advice and Casework Service.

Many submissions argued against the continuation of the fee; some urged that it be continued and increased; others believed that the fee should not exist.

The Committee returned to the basic questions it had asked in 1999: whether there was abuse of the refugee review system; whether the fee had an effect on any abuse; and whether people with bona fide claims to be considered refugees were being discouraged from seeking review.

In looking at abuse of the refugee review system, the Committee found that one in three applicants invited by the refugee review Tribunal to put their case in person did not take up this invitation. The Committee considered this evidence that the applicants themselves knew that their claims could not be sustained. [2.11]

Most of those who had been refused refugee status since the fee was introduced were still in Australia. This indicated that their motivation was a desire to prolong their stay in Australia. [2.13]

In short, Madam President, there is abuse of the refugee review system which requires attention.

The Committee then examined whether the fee was reducing the level of abuse. The Department of Immigration and Multicultural Affairs argued that applications for review which lacked merit would be concentrated in nationalities from which there were very few successful refugee applications.

The proportion of applicants from this group who were refused refugee status by the Department and who then appealed to the Tribunal had been increasing by 10 per cent each year prior to the introduction of the fee. Since the fee was introduced in 1997 the increase has been only one per cent each year. [2.34]

The Committee considered that this was evidence that the fee was deterring applications which were not made in good faith. [2.37]

An equally important consideration for the Committee was that the fee should not discourage bona fide applicants, that is, those who genuinely believed that they would meet the refugee definition.

The Department provided an analysis of nationalities from which most refugee applications were successful. Applicants with a genuine belief that they would qualify as refugees could be expected to be concentrated in this group. The proportion of these unsuccessful applicants for refugee status who appealed to the Refugee Review Tribunal

was rising prior to the introduction of the fee in 1997 and was unaffected by the fee. [2.49]

The Committee considered that this indicated that the fee was not discouraging bona fide applicants from seeking review. [2.49]

The Committee also sought comment on this important point from those directly involved with refugees. Not one of them claimed that the fee had discouraged any bona fide applicants from applying for review. [2.50]

The statistical and practical evidence convinced the Committee that the fee was not adversely affecting bona fide applicants.

This conclusion was also relevant to the argument advanced by a number of organisations that the fee was discriminatory and therefore breached Australia's international obligations. However, the evidence showed that the fee was not discouraging bona fide applicants. It was therefore not discriminatory. The Committee considered that the fee did not put Australia in breach of its international obligations. [4.15]

Another argument advanced for removing the fee held that it was not cost effective.

However the Committee observed that a total of \$1.3 million dollars has been collected thus far, and in the last financial year receipts were five times the total expenditure on processing. [4.38]

The Committee therefore concluded that the financial argument against continuation of the fee could not be sustained. [4.40]

The Committee also received submissions which proposed alternatives to the fee.

A number of the proposals had been made during the 1999 review, but had not been adopted by the Committee. During the current review the Committee was not provided with any new information to support those proposals. The Committee therefore did not pursue them during this review.

In addition, some proposals for the replacement of the fee had the potential to open up new avenues for delay or litigation. The Committee therefore did not endorse them.

In its review of Migration regulation 4.31B the Committee noted that refugee determination process takes some time to reach a conclusion. Therefore the full effects of the fee might not yet have become apparent.

The Committee concluded that the regulation should be extended for a further two years and subject to another review. [4.59]

During the review the Committee's attention was also drawn to the continuing level of concern about the activities of some migration agents.

This issue had been raised in another of the Committee's reviews in 2000, and Committee had itself commented on it in its 1999 report on this regulation.

The Committee has therefore recommended that the activities of migration agents be brought under closer scrutiny by the Department of Immigration and Multicultural Affairs and the Migration Agents Registration Authority. [3.47]

Madam President, this regulation again highlighted to the Committee how the legitimate processes involved in determining migration issues can be exploited to permit people to remain in Australia who otherwise would be unlikely to have a valid reason to stay.

The Committee considered that this aspect of the migration system requires continuing review. It has therefore recommended that the Department of Immigration and Multicultural Affairs systematically examine the existing migration processing and review operations with a view to streamlining them.

I would like to thank those who provided the Committee with submissions and evidence, and also made available further material as needed by the Committee.

My thanks also go to the Committee for their work on what was their second review of the regulation in two years. Although already familiar with the main issues, the Committee approached the new inquiry with open minds, seeking new insights to the crucial questions involved.

I would also like to extend my thanks to the small committee secretariat of Richard Selth, Steve Dyer, and Vishal Pandey for their assistance with the inquiry arrangements and processes.

Madam President, I commend this report to the House.

Senator McKIERNAN—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

**Foreign Affairs, Defence and Trade
Committee: Joint
Report**

Senator FERGUSON (South Australia) (4.06 p.m.)—I present the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade on visits to immigration detention centres.

Ordered that the report be printed.

Senator FERGUSON—I seek leave to move a motion in relation to the report.

Leave granted.

Senator FERGUSON—I move:

That the Senate take note of the report.

As Chairman of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I am proud to note that this is the 100th report that the committee has tabled since it was formed some 50 years ago. Before dealing with the report's recommendations, I would like to provide a brief outline of the process that has led to this report.

The genesis of the visits to the immigration detention facilities was committee and community concern about the treatment of detainees in the centres. Before undertaking the program of visits, the committee was briefed on the operation of these centres and the departmental process by officers from the Department of Immigration and Multicultural Affairs. Over a four-day period in late January this year, a number of committee members visited five immigration detention centres: Curtin, Port Hedland, Perth, Woomera and Villawood. A month later, committee members visited the Maribyrnong centre.

At each centre, committee members were briefed by departmental officers and representatives of Australian Correctional Management services, the holder of the contract for the provision of services at detention facilities, about the operation of that centre. In addition, the facilities available to detainees were inspected and a total of 15 meetings were held with detainees. At all but one centre, separate meetings were held with women and children. To ensure that the detainees' views were heard, no DIMA or ACM staff, other than interpreters for the major national groups, were present during meetings with detainees. The visits to the detention centres formed the basis of this report.

Subsequent to the visits, two further meetings were held with officials from DIMA and ACM. In addition, the committee met privately with the minister and, at each of these meetings, we discussed a range of issues that had arisen during our visits to the centres. This report is not the result of the normal comprehensive inquiry process undertaken by the committee. We did not seek a

range of views and test that evidence at public hearings. However, this type of report is not without precedent. For example, the committee has previously reported on visits made to Defence establishments and such reports are dealt with in the procedural guides for both houses. It is also common for this type of report to include recommendations.

Committee members are keenly aware of the difficulties in housing those who seek asylum, and in processing their applications for protection under the refugee convention. However, the difficulties experienced by both detainees and staff in detention centres must be continually monitored. Conditions are far from perfect. I would draw the attention of the Senate to the section of the report that refers to Juliet block at the Port Hedland detention centre. The members who inspected this block at the suggestion of detainees were shocked by the conditions they witnessed. DIMA has since advised the committee that this block is being refurbished and that only pressure of numbers, after a disturbance in January, had led to its use at the time of our visit. However, the committee was extremely disappointed that it was not informed in detail about the use of Juliet block and the substandard conditions there during our pre-inspection briefing.

This report recommends some courses of action that could be taken to improve conditions for detainees, particularly women, children and families. The committee has made a total of 20 recommendations, including: that a time limit be placed on the period people should spend in detention; that the department trial a release into the Woomera community for women and children, and I welcome the minister's recent announcement that that will occur; that access to detention centres be provided for appropriate community organisations, including religious and welfare groups; and that the adequacy of psychological services provided to detainees be reviewed.

It is now over four months since the subcommittee visited the detention facilities. The minister and the department have been most cooperative in allowing a good deal of public scrutiny of detention centres, which

has helped facilitate informed public discussion. The Flood report was tabled in February after our visits had taken place, and the department has progressed a range of policy and administrative issues which were of concern to the human rights subcommittee. Mandatory detention for illegal arrivals has bipartisan support in order to maintain an orderly migration program and one which allows an accepted quota of refugees each year.

It is important for us to note that there has been a significant decrease in the time taken for primary decisions for unauthorised arrivals. Today, 80 per cent of protection claims now have a primary decision in 13 to 14 weeks compared to some 32 weeks previously. Some straightforward cases can have a primary decision made in as little as four to six weeks. The recent influx of asylum seekers and illegal arrivals reflects an emerging trend amongst the over 22 million refugees worldwide. The recommendations in this report are designed to assist the government as it deals with this very difficult administrative and policy challenge.

The treatment of illegal arrivals is a sensitive and complex issue. Increased numbers since the end of 1999 have placed great pressure on DIMA and its contractor ACM. The string of disturbances in the Curtin and Port Hedland centres this year, and more recently at Woomera, have drawn these difficulties to the attention of all Australians. The committee hopes that, now that this report has been tabled in parliament, the department will examine its recommendations as part of its ongoing review of service provision in detention centres.

I want to place on record the committee's appreciation of the staff of the secretariat, particularly Patrick Regan and Inga Simpson, for their work in organising the visits, because a very comprehensive number of visits took place over a short period of time and covered long distances. The work of Patrick Regan, Inga Simpson and the general staff at the Foreign Affairs, Defence and Trade Joint Committee secretariat is greatly appreciated because they spare no effort in ensuring that we get the best possible attention and have the best and fullest program possible.

The movement of people, which has increased at such a rapid rate in recent times, is a very difficult problem for all parties in parliament and for all governments around the world. From my own personal point of view, I commend the minister for his efforts to try to make sure that we are processing an ongoing improvement in conditions for those people who have come to our shores, albeit unauthorised. We also need to remember when we are dealing with people who arrive as asylum seekers, illegal immigrants or unauthorised arrivals—however you might like to categorise them—that the people who come in this manner are people who, in some way, can afford to pay somebody to bring them here by boat, and we are trying to get their processing time down to 12 to 14 weeks. This contrasts sharply with the hundreds of thousands of other refugees around the world who are confined to camps and living in squalid conditions who are going through the normal processes which sometimes take two years or more.

We need to bear in mind the fact that there are large numbers of refugees throughout the world who are not arriving on our shores illegally and who we need to give some consideration to, because the quota of refugees we take remains constant. Under the current quota system, people we take who come as unauthorised arrivals are taking the place of some of those who have been waiting a long time. I commend this report to the Senate.

Senator SCHACHT (South Australia) (4.15 p.m.)—I rise as a member of the Joint Committee on Foreign Affairs, Defence and Trade and also as a member of the Human Rights Subcommittee to speak in support of not only the tabling of *A report on visits to immigration detention centres* but also the report's recommendations. I take this opportunity to pay tribute to the late chairman of the subcommittee, Mr Peter Nugent. I have not previously had an opportunity to acknowledge in parliament Peter's contribution as a member of parliament, but I want to do it here.

Peter was chairman of the Human Rights Subcommittee and, when we were in government, he was a member of the committee as a backbench member of the Liberal Party.

He was a committed supporter of international human rights and human rights in this country. It was most appropriate that Peter chaired the Human Rights Subcommittee on behalf of the government and the Liberal Party. He made a very distinguished contribution to human rights development in this country, one of which he, his family and all Australians can be proud. I send my very deep sympathy to his widow and his family and I regret the fact that, because of unavoidable commitments, I could not get to his funeral.

I recognise that it is a bipartisan report, as was noted by the chairman of the committee, Senator Ferguson. The Labor Party members and the Liberal Party members will agree that we had to compromise with each other to get a unanimous report. As a former chairman of this committee, I can say that we as a committee have always striven for bipartisan, tripartisan or quadripartisan agreement. We know that the contributions and the recommendations of the committee have greater weight in the community and with the government when they have broad parliamentary support. This report does have broad parliamentary support.

All of us on the committee dealt with this issue knowing that there is no black-and-white answer to the question of how to handle illegal immigrants to this country. Achieving a balance between protecting our borders and being generous in handling genuine refugees is very difficult. We know that certain elements in the populist media beat up stories against illegal immigrants to a level that is unhelpful in the debate. An impression is created that we are being flooded each year by tens of thousands of illegal immigrants. The report shows that the figure is really between 2,000 and 3,000. Some years the figure is down to 1,000; some years it may be more than 3,000.

I do agree that most of these illegal immigrants have paid people smugglers to get to Australia. You may ask whether they are genuine refugees, compared with those who are trapped in camps around the world who do not have the money or the ability to get out of the camps and to make their way illegally to Australia. To put this in context, it

should be remembered that, at any one time, over 50,000 people are illegally in this country through overstaying their visas. That is the biggest problem we have with people who are illegally in this country. Yet this issue does not get the same coverage in the media and does not raise the same concern as does the issue of boat people. Nevertheless, we cannot allow anybody to arrive illegally and then believe that they will be allowed to stay in Australia without proper process.

I have visited only the detention centre in my electorate, and that is at Woomera in South Australia. We call it a detention centre but, by any observation, it is a prison. It has all the paraphernalia and all the structure of a medium security prison in Australia. That is now unavoidable, in view of the disturbances that have taken place and the fact that we are detaining illegal immigrants until their cases are heard. Seeing the razor wire, the barbed wire, the double gate entry and all of the things that we would associate with a prison at the Woomera detention centre does strike a chord with ordinary Australians. I can understand why some detainees are restless. For those who are waiting many months, if not a year or more, for their appeal to be heard, frustration and anger can set in.

This time of the year in Woomera is very pleasant. The winter is a very pleasant time to be in the desert. It is cool in the morning and pleasantly warm during the day. But, when I was there in January-February, it was goddamn hot, and it is hot for several months of the year. Day after day, Woomera has temperatures over 40 degrees. It is a stony environment with a lack of trees, because trees do not grow in such a waterless area. So you are putting people into an environment that is harsh, particularly in summer. That is unavoidable. In this report, we have made a number of recommendations to improve the process, the facilities and the treatment of the detainees. I hope the government can take all the recommendations on board. After talking both formally and informally to the officials of DIMA, I understand that they realise there is always room for improvement.

I am not yet convinced that it is wise to outsource the running of detention centres to a private company. We would be better off

having detention centres run by fully employed Commonwealth staff, so that it is fully within the responsibility of the Australian government and of employees employed under the Commonwealth Public Service Act to answer queries about the running of those centres. That is an important issue. The individual staff members of the private companies do make every effort to do a good job. But when you are running a detention centre to make money, there is always the fear that the profit will override the provision of facilities. That is why we should be very careful about where we allow outsourcing to take place. Running detention centres is not an example of outsourcing that I would agree with.

I want to finish my comments by saying that there is no doubt that we are not going to say to the people who are now on the temporary visa—and I really have to say this to the government—after three years, when they have been in the community working and then they apply for permanent residency, ‘No, you can’t get it anymore, you don’t meet the criteria, you now have to leave Australia.’ I do not believe that will happen. I believe most of those people will stay in Australia, because of the agony of trying to force them to leave Australia after three years of residence, when they have established a family or got a job, have bought a house and are making an overwhelming contribution in the community. I cannot see any government sending the Federal Police around and saying, ‘Take them away, put them in handcuffs and put them on the nearest plane to fly them out of Australia.’ I just do not think that will occur. Though it might have been a temporary measure to get the government partly off the hook of dealing with illegal boat people, I think it has just meant indirectly that those people will end up staying. They may have a very good reason to stay.

Finally, I do agree with Senator Ferguson that the real issue here is: if we let these people come in and we grant them refugee status, it means that, for others who do not make the boat, there are fewer opportunities to apply from those camps overseas. We really do have to say as a country, ‘Why

can't we increase the refugee numbers that we take each year in Australia?' I think the number is around 15,000. I do not think Australia would fall apart if we took 20,000 or 25,000. I think that is a very reasonable number for a country of nearly 20 million people, with our standard of living and our commitment to human rights, to take without in any way putting a stress or a strain on our own society. From what I have seen, many of the refugees that I have met over my time in this parliament have turned out to be excellent citizens who have made a contribution to this country which they can be proud of and which we can be proud of as well.

I commend the report. I trust the government will adopt all the recommendations. I also imagine that at some stage in the intermediate future this committee or other committees of the parliament will revisit and review the operation of the detention centres—as is only appropriate on an issue that is so sensitive to Australia's national and international standing.

Senator HARRADINE (Tasmania) (4.25 p.m.)—I join with others who have spoken in their expressions about Peter Nugent, the former chair of this committee, and also about the very hardworking secretariat of the committee. I do not want to canvass extensively what is in the committee report; much of that has been done both here and elsewhere. But I do want to say that I believe the government should move for the closure of detention centres in isolated areas over time. The government should also ensure that alternative arrangements to detention be made for asylum seekers where detention is not necessary for security or other valid reasons. This should particularly apply to women, children and family units.

People reading this report will wonder why that recommendation was not to be found in the report, because what I have just said and what I have just called on the government to consider follow logically from a number of observations in the report. These observations include: the need for detention time limits; the impact of detention on families, particularly on women and children; the need for sponsorship by nearby city communities; the call for greater access to detainees

by community members; the psychological impact of detention, particularly in remote and isolated localities; and the growing frustration and despair. The report says:

... the despair and depression of some of the detainees, their inability to understand why they were being kept in detention in isolated places, in harsh physical conditions with nothing to do.

That direct quote comes after the clause in the report which observes that the majority of the committee were shocked by what they saw.

A number of the recommendations and observations in the report deal with the need to: improve the conditions; provide better educational facilities and opportunities; provide better sporting facilities; and provide greater access to other outside persons coming into the centres, including persons from the community and from various religions. It is true that the department and ACM come in for some legitimate criticism, but the fact is that the overall problem is not just one of conditions. The overall problem, in my mind, is the system of mandatory detention, particularly in isolated areas.

I believe—and I will finish on this—that there is an absolute urgent need for the government to consider whether the current situation justifies the enormous economic and emotional costs to all concerned. I commend a reading of the report to all honourable senators and to those of the public who are able to lay their hands on it. It is now on the Net, of course.

The time has really come. There has been report after report. There have been Ombudsman reports, three HREOC reports to my knowledge and of course you have the Flood reports. We have had report after report, and I believe the resolution of a large number of the problems is to be found in the decision that should be taken up by the government for the closure over a period of time of detention centres in isolated areas. The government should ensure that alternative arrangements to detention are made for asylum seekers where detention is not necessary for security or other valid reasons.

Senator BOURNE (New South Wales) (4.31 p.m.)—I start off with an apology from

the chair, who mentioned to me that he meant to mention a previous chair of this committee, Mr Peter Nugent, who very sadly died while—

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Senator Bourne, just in case you have some other salient points, the time for debate will expire in about four minutes.

Senator BOURNE—Thank you. Senator Ferguson said that he particularly wanted to mention the work of Mr Peter Nugent, who sadly died while we were carrying out this investigation and writing this report. I think this is a report that Peter would have been pleased with and I hope that his family will agree with that as well.

There were wide differences amongst the members of the committee to start with. By the time we finished, I think we were very much in agreement on almost everything. We ended up with some very strong recommendations. We have noted that there are huge numbers of asylum seekers around the world. We only get a very small number of those but, even so, that has challenged the facilities we have here.

One of the comments that was made and repeated was that people felt that if they were in jail and they had been sentenced to a time in jail then they would know when they were going to get out. On so many occasions in our immigration detention centres the detainees had no idea where their cases were at and what was going on. I do not think that this has been helped by the minister and his language in his press releases and his comments on this. I know that the minister will read this report. I hope that he gets something out of it and I hope that he considers moderating his language, which I think in some cases has been very detrimental to refugees and very unfair to them.

Mandatory detention, the chairman mentioned, has bipartisan support in this parliament. I would not say it has complete and utter support in this parliament. I would like to draw attention to the comment that Senator Harradine and I have made at the end. We state:

The Committee recommends that the Government:

a) move for the closure of detention centres in isolated areas over time;

I think that is important. Probably more importantly, they should:

b) ensure that alternative arrangements to detention be made for asylum seekers where detention is not necessary for security or other valid reasons. This would particularly apply to women, children and family units.

I think that Senator Harradine is right when he says that a lot of our recommendations actually come to that conclusion in the end. We have just gone one more step.

I would like to congratulate the staff of the committee; the chairman, Senator Ferguson; the deputy chair, Mr Hollis; and all other members of the committee. I think everybody has come a long way to come together on this and I am quite proud that we have actually been able to do it.

Senator LUDWIG (Queensland) (4.34 p.m.)—I thank Senator Harradine for his comments. I will be taking on board his remarks and reading them thoroughly. I know that a number of senators did wish to speak to this report today but are not present in the chamber and, given the two minutes remaining, certainly would not have the opportunity to speak. So if we keep this matter on the *Notice Paper* we can come back to it another time. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Electoral Matters Committee

Report

Senator MASON (Queensland) (4.35 p.m.)—I present the report of the Joint Standing Committee on Electoral Matters entitled *User friendly, not abuser friendly: report of the inquiry into the integrity of the electoral roll*, and seek leave to move a motion in relation to the report.

Leave granted.

Senator MASON—I move:

That the Senate take note of the report.

This report of the electoral matters committee addresses the integrity of the Commonwealth electoral roll. The report recommends

18 changes to the management of the roll and the regulation of political parties. It is aimed at restoring public trust in the electoral system, which was damaged by last year's revelations about electoral fraud in Queensland.

The majority of the committee, comprising the Liberal Party, the National Party and the Australian Democrats, support all the recommendations made. A key intention of the committee's inquiry was to identify the weaknesses and the strengths in current roll management practices and make recommendations aimed at restoring public confidence in the accuracy of the electoral roll. While the allegations of fraudulent enrolment in Queensland have achieved the most prominence, the evidence gathered by the committee leads it to believe that this practice is most likely not confined to Queensland. The committee concurs with the finding of the Shepherdson inquiry that enrolment fraud is not uncommon.

On this basis, the committee believes that the Australian Electoral Commission has to be careful that it is not overly confident about the effectiveness of its current roll management practices. Indeed, at times the evidence of the commission bordered on the defensive. A more circumspect and perhaps less assured attitude is more appropriate in light of the findings of both the Shepherdson inquiry and this committee.

I would like to highlight six key areas for improvement identified by the committee. Firstly, the Australian Electoral Commission has made various improvements in maintaining the integrity of the roll through its computerised roll management system and the continuous roll update process. The committee supports further enhancement of this approach. However—and this is critical—the committee believes that many of its concerns about electoral fraud would be alleviated if identification were required for new enrolments and the movement of existing enrolments. This reform was recommended by previous inquiries of the Joint Committee on Electoral Matters. The government has adopted it, but the states have failed to agree on a uniform application of identification for enrolment. Because of the importance of

bringing about this long needed reform, the committee believes that the Commonwealth should proceed with identification for enrolment without the states, if that is required.

Section 85(1) of the Commonwealth Electoral Act 1918 provides for the creation of new rolls for divisions. The committee has recommended that the AEC investigate the possible use of this section to create new rolls in divisions such as Herbert, where the accuracy of the roll has been brought into great question. Evidence provided to the committee suggests that the deterrent value of the penalties for enrolment fraud is not sufficiently high. The report recommends that the benchmark penalty for enrolment offences in the Electoral Act be increased to 12 months imprisonment or a fine of 60 penalty units. This will have the added benefit, pursuant to the Commonwealth Constitution, of disqualifying people convicted of these offences from running for the Commonwealth parliament. The Australian National Audit Office is currently conducting a performance audit of the electoral roll. The committee believes that, as part of the performance audit, it would be useful for the Audit Office to test the accuracy of the roll by conducting a data matching exercise. If the exercise is successful, the Audit Office should use such exercises to test the accuracy of the roll on an annual basis.

Penultimately, the committee found that one of the main motivators for electoral fraud was to gain control of preselections, both by union and non-union forces, in the Australian Labor Party.

Senator Conroy interjecting—

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Senator Conroy, you are unruly. I ask you to desist.

Senator MASON—The step from defrauding the roll for the purposes of internal party preselections and voting for fraudulently enrolled electors on polling day is but a small one. For that reason, the committee has recommended breaking new ground in the regulation of political parties and proposes the insertion of 'one vote, one value' as a requirement of registered political parties' constitutions. Finally, the AEC's fraud

control plan is 18 months out of date and is currently under review. The committee would like to see the AEC develop a more comprehensive approach to dealing with enrolment fraud as part of the new AEC fraud control plan.

I reiterate that the recommendations in this bright red report are designed so that public confidence in the electoral roll can be restored. The committee believes that these recommendations should be adopted as a matter of urgency. While these recommendations are commonsense—this is not rocket science—and they enjoy the support of the majority of the committee, it saddens me to say that the Labor members of the committee do not seem to share our commitment to protecting the integrity of the democratic process in this great country.

Senator Conroy interjecting—

The ACTING DEPUTY PRESIDENT—Senator Conroy, you continue to defy me. You are unruly. Please desist!

Senator MASON—I have had the great advantage and the great joy of reading the dissenting report submitted by the Labor Party. There are a couple of unsavoury and unappealing aspects, but one might expect that. Underpinning it all is a concern that the recommendations of the majority might hinder voter participation at elections. That is a concern of the Labor Party's. I think it might even be true to say that the Labor Party seems more concerned with maximising voter participation even where that is achieved at the expense of the integrity of the electoral roll. We in the coalition disagree. We in the coalition, joined here by the Australian Democrats, assert that good public policy can be better found by adopting the recommendations contained within the report. We assert that the integrity of the electoral roll is critical. For this reason, to compromise the integrity of the electoral roll, or to be seen to allow the compromising of its integrity, is to corrupt the administrative touchstone of our democracy. Worse, it corrodes public confidence in the legitimacy of our democracy. That is a price we cannot afford to pay.

I do not wish to comfort those who believe that our democracy is a rude joke and that our electoral system is a rort. These people will never be completely satisfied with the electoral system no matter what reforms we propose, but the committee's recommendations will, I believe, satisfy many sceptics. Much more importantly, they will go a long way to re-establishing that perception of integrity among the broad populace. It is difficult to overstate the importance of that.

As befits an issue of this importance, there was wide community participation in this inquiry. The committee received 87 submissions and held public hearings in Canberra, Brisbane, Townsville and Sydney. There was also wide media interest in the course of the inquiry. I would like to thank the Australian Electoral Commission and members of the community who contributed to the review. I would also like to thank all members of the committee and in particular the chairman, Mr Christopher Pyne, and the committee secretariat for the contributions to the inquiry and to the report. I commend the report to the Senate.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (4.44 p.m.)—The inquiry into the integrity of the electoral roll by the Joint Standing Committee on Electoral Matters started out as a partisan political witch-hunt into the ALP and, of course, finished with a pathetic whimper. In March after the Liberal Party's disastrous result in the Queensland state election, it was obviously decided that this particular inquiry was going nowhere fast so the Prime Minister shut down the inquiry. The inquiry had backfired on both the Prime Minister and the committee chairman, Mr Pyne.

The only result that the Liberal Party has got out of this inquiry has been to delay a more important inquiry into funding and disclosure laws. The government promised so much and made such a fuss about 'investigating rorting wherever it may be found'. But, when faced with allegations of electoral fraud involving Ministers Kelly and Brough and about other fraudulent enrolment activities by Liberal Party apparatchiks, the Liberal Party members of the committee ran for

cover. Mr Pyne's high sounding words about the need for JSCEM to 'investigate rorting wherever it may be found' were shown to be hollow. It was just another case of Liberal Party double standards. Mr Pyne blocked the appearance of Minister Jackie Kelly four times by using his casting vote to refuse to allow Ms Kelly to be invited to answer questions about wrongful enrolments at her own house.

Many of the recommendations are completely gratuitous, and some of the others are vague and badly worded. But I would like to deal with some of the issues that arise from the recommendations. The opposition strongly believes that the government's proposed enrolment witnessing regulations will not have any effect on enrolment fraud, but they will discourage and frustrate the genuine enrolment of young people, low income earners, people in rural and remote areas, Aboriginal communities, disabled people and the homeless. They will affect the most marginalised and disadvantaged in our community.

Wrongly, the government believes that its proposed ID checks for new enrolments will stop voter fraud. It is widely accepted now that people determined to get something they want will not stop at falsifying ID to get it. That is not just the opinion of the opposition; it is also the opinion of the Federal Police, the Attorney-General's Department, the AEC, the Australian Taxation Office, Centrelink and, interestingly enough, the Westpac Bank. To illustrate this problem, on 10 February 2000, before a House of Representatives committee inquiry into tax file numbers, Mr William Chapman, the Chief Manager, Operational Control at Westpac gave some rather telling evidence about ID checks. He said that 13 per cent of birth certificates used as part of their 100 point ID check were found to be fraudulent. He was very concerned that birth certificates are normally produced to obtain other forms of ID. Westpac were clear that ID checks are a very small speed bump for people who are determined to commit fraud. But it is not only Westpac. The government's own task forces on this matter found that using ID and the 100 point check was a very weak way to

stop fraud. Like the AEC and every other government agency that relies on the integrity of identification, they support improved data matching, as does the opposition.

But the proposed regulations will not stop voter fraud. They will create another problem by discouraging and frustrating the genuine enrolment of many voters. Making people produce original forms of ID and asking them to find a specific witness will deter people from enrolling. That is a witness from a very restricted list. Aboriginal people living in isolated communities will be very hard hit by these proposals. There is already low voter enrolment in those communities and it will undoubtedly drop further. This is occurring, of course, under a government that abolished the Aboriginal and Torres Strait Islander Electoral Information Service. You can see what the government is on about.

A simple and constructive approach would be to have an appropriate check at the most critical point in the process: when people vote. So we agree that the AEC could ensure that its certified list of voters on polling day includes details of date of birth and gender. We agree with that recommendation. It is a good step forward and I note that it is an agreed recommendation of the committee. The electoral rolls, of course, are very good. They are the best electoral rolls in the best electoral system in the world, but that step will improve the integrity of the rolls where it is needed most: on polling day.

Another recommendation that has received some publicity is the imposition of the so-called 'one vote one value' on political parties. This Senate is not elected on that principle, but the Liberal Party is recommending that parties be subject to this principle even though they do not support it for the legislature in the state of Western Australia. No analysis of the impact of one vote one value on the internal operations of political parties has been undertaken. Without that analysis, we say it is ludicrous for the committee to propose this recommendation. Most registered parties have collegiate voting structures, and it is absurd to apply the principle of one vote one value in those circumstances. Parties try to balance a range of

democratic principles, such as representation of minorities or smaller states. Affirmative action arrangements or affirmative action loadings would be affected by this principle. Federal as opposed to national voting systems would be affected by this proposal.

But, of course, the reason for it is to try to affect the 60 to 40 trade union branch's ratio apparently in the Queensland branch of the Australian Labor Party. What a hide for the Liberal Party members of this committee to be proposing that the Labor Party in Queensland ought to get its act together, when the Queensland Liberal Party managed to return three seats, three members, in the last state election! This is an example of the waste of time and energy this whole committee inquiry has been. It has resulted in very few constructive proposals. On that last proposal of one vote one value, no evidence was adduced on it and no submissions sought on it. In my view, it is an outrageous attempt to interfere with the internal workings of a political party without any proper process and without any attempt to investigate what the implications of such a proposal would be.

The committee has deliberately had this partisan inquiry and has delayed the other very important inquiry. I accept that the Democrats supported Labor's intention to have the funding and disclosure inquiry proceed, but that very important inquiry has been delayed. The Prime Minister and the Liberals showed what they thought about reform of funding and disclosure laws when that particular inquiry by JSCEM was junked. Like on so many occasions during the life of this inquiry, the Liberal Party has been absolutely opportunistic and completely two-faced in its motives in relation to this inquiry, and it has stood exposed in relation to these matters. This committee has been a fiasco. It has been an attempted witch-hunt into the Labor Party, and it has backfired miserably on the Liberal Party, on the government and, I am pleased to say—I am sure Senator Ferris will join me in this; she will be as delighted as I am—on its chairman, Mr Pyne.

Senator MURRAY (Western Australia) (4.54 p.m.)—I rise to speak on the Joint Standing Committee on Electoral Matters

report entitled *User friendly, not abuser friendly: report of the inquiry into the integrity of the electoral roll*. That report has 18 recommendations. The Labor Party has objected to six of those, so I assume that it supports 12. Those six that the Labor Party objects to are recommendations 4, 6, 10, 13, 14—13 and 14 go together—and 18. The Australian Democrats view those recommendations as needing a number of steps before they become reality: firstly, that the cabinet and therefore the government accept them and, secondly, that they become drafted into legislation. It is at that stage that we will look at them on their merits and their applicability.

There are two recommendations which we will examine with some care. We have previously been very nervous about recommendation 6, as propounded to the parliament before, and we continue to be nervous about that recommendation. I suspect that, until such time as we are assured either by fixed dates for elections, by better marketing or by other arguments, we will continue to be nervous about recommendation 6. The other recommendation that we will have some concern with will be recommendation 4. That is already law—the identity recommendation it might be called—and has gone into regulation. But the regulation is not before us, and we would look to see the content of the regulation before deciding to tick it off or otherwise. We will review that once it is before the Senate.

Turning to the issues that arise out of the report, we must recognise that the weakness of any inquiry such as this is that it can review only the evidence that is put before it. The JSCEM is not an investigatory body. It does not go out and establish exactly what has happened out there. As a consequence, we can deal only with such evidence as we receive.

Senator Conroy interjecting—

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Senator Conroy, I do find it difficult to hear the speaker.

Senator MURRAY—Thank you, Mr Acting Deputy President. It is important to recognise that the inquiry found no wide-

spread evidence of corruption. But the inquiry also recognised that, whilst we all agree—it is a nonpartisan view—that we have a very fine electoral system, which may be the best or one of the best in the world, it is not perfect, and because it is not perfect reform is necessary. However, the fact that there is no widespread evidence that full federal or full state elections have been corrupted is encouraging.

However, to my mind, there was a great deal of evidence that, in the 1980s and indeed in the early 1990s, there were extremely concerning examples of electoral roll corruption. I think the great improvements to the AEC system since that time will have lessened the dangers. The Democrats believe that one of the problems that we have to deal with further is the problem of getting people to comply with the law; namely, in making sure that they register their address changes through some easy administrative process and in marketing the roll so that people who should be on it do get on it, rather than the large numbers not on it at present.

I suppose I should in this address remark on the fact that there were some really fiery and partisan exchanges during the committee's deliberations. Regrettably, I have seen those types of exchanges in estimates committees and legislation committees, but the exchanges in this particular committee were some of the strongest expressions of low political standards of that sort. However, in finally arriving at the report and the deliberations, it is my view that the secretariat and the committee set aside that kind of excessively partisan discussion and have arrived at a quite considered and helpful review of the issues at hand.

One recommendation which is going to generate a great deal of passion in the Labor Party, and perhaps in other parties, is recommendation 18. It recommends that the Commonwealth Electoral Act 1918 be amended to ensure that the principle of one vote, one value for internal party ballots be a prerequisite for the registration of political parties. It is quite astonishing to me that the principle is being attacked. Once the legislation is produced, examine it; but imagine attacking the principle.

Senator Conroy—You just expelled them all.

Senator MURRAY—You can hear one of the prime supporters of the current system barracking me.

Senator Conroy interjecting—

Senator MURRAY—I draw the attention of the Senate to article 25 of the International Covenant on Civil and Political Rights, to which Australia is a signatory, which reads:

Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in article 2 and without unreasonable restrictions:

- (a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- (b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;
- (c) To have access, on general terms of equality, to public service in his country.

Senator Conroy interjecting—

Senator MURRAY—Of course, if Senator Conroy had heard those remarks—

The ACTING DEPUTY PRESIDENT—Senator Murray, would you please resume your seat. Senator Conroy, I ask you to desist. The speaker on his feet has every right to be heard. You are interrupting to such a degree that I cannot hear the speaker. I once again ask you to desist.

Senator MURRAY—Thank you, Mr Acting Deputy President. Since the 1960s, the Labor Party have been particularly strong about the principle of one vote, one value, first introducing legislation in the federal parliament in 1972 and 1973. In recent years, the ALP have taken the matter to the High Court with respect to the Western Australian electoral system. You would therefore expect them to support one vote, one value as a principle within political parties. It is a well-established principle, it is widely supported and it is the core principle of democracy. Indeed, it was Carmen Lawrence who said in August 2000:

... unions—honourable contributors to Labor history and policy—exercise disproportionate influence through the 60:40 rule and through their affiliated membership, many of whom have no

direct connection to the party. One vote, one value—the prime condition for a democracy—is not observed in the party's rules.

It is nonsense, I think, to say that the collegiate system in political parties is affected by this. The collegiate system means that a federal body is able to gather in a collegiate manner. It can in some circumstances mean a representative system whereby 100 members vote for 10 delegates. Nothing in the one vote, one value principle attacks that. It has been remarked that it affects the representation of minorities. Nothing in the one vote, one value principle affects proportional representation. It has been remarked that it affects affirmative action. Nothing in the one vote, one value principle affects the ability to promote affirmative action. In other words, the arguments against the principle are trying to prevent the principle being translated into workable legislation. That means that the Labor Party will be found to be defending the indefensible. If the legislation turns out to be inadequate, by all means attack it; but how you can attack the principle is beyond me.

As far back as February 1964, the United States Supreme Court gave specific support to the principle, and since then one vote, one value has been at the core of Labor support for electoral systems. They should not resist it as a means of correcting preselection problems, delegate selection problems or ballot matter problems as emerged during the Queensland inquiry and as were identified both in the JSCEM inquiry and in the Shepherdson inquiry.

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Will someone adjourn the debate? Can you move that the debate be adjourned?

Debate (on motion by **Senator Denman**) adjourned.

Membership

The ACTING DEPUTY PRESIDENT—The President has received letters from party leaders seeking variations to the membership of various committees.

Motion (by **Senator Patterson**)—by leave—agreed to:

That senators be discharged from and appointed to committees as follows:

Environment, Communications, Information Technology and the Arts Legislation Committee

Participating member: Senator Tierney.

Finance and Public Administration References Committee

Appointed: Senator McLucas.

Discharged: Senator Lundy.

Foreign Affairs, Defence and Trade References Committee

Participating member: Senator Greig for the committee's inquiry into recruitment and retention of Australian Defence Force personnel.

Joint Committee of Public Accounts and Audit—

Appointed Senator Sherry, from 28 June 2001.

Discharged: Senator Crowley, from 28 June 2001.

Senator FERRIS (South Australia) (5.05 p.m.)—I seek leave to speak on the tabling of the Electoral Matters report and to incorporate my remarks.

The ACTING DEPUTY PRESIDENT—The time had expired for the debate. Senator Ferris, you will have to discuss with your whip whether or not the speech can be incorporated.

Senator Conroy interjecting—

The ACTING PRESIDENT—Senator Conroy, it was moved that the debate be adjourned.

Senator Conroy—It was invited by the chair.

The ACTING DEPUTY PRESIDENT—Yes, it was.

Senator Conroy—Senator Denman was specifically asked by the chair to adjourn the debate. It was not something that she initiated.

The ACTING DEPUTY PRESIDENT—That is correct. I did that on the advice of the Clerk. I had no other instructions on the matter. Senator Ferris, in terms of your speech, you will have to discuss with

your whip to seek leave with the opposition whip to have that incorporated at a later date.

ASSENT TO LAWS

Messages from His Excellency the Governor-General were reported informing the Senate that he had assented to the following laws:

Compensation (Japanese Internment) Bill 2001

Family and Community Services and Veterans' Affairs Legislation Amendment (Further Assistance for Older Australians) Bill 2001

Family and Community Services Legislation Amendment (One-off Payment to the Aged) Bill 2001

Taxation Laws Amendment (Changes for Senior Australians) Bill 2001

Sydney Airport Demand Management Amendment Bill 2001

Communications and the Arts Legislation Amendment Bill 2001.

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) BILL 2001

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2001

First Reading

Bills received from the House of Representatives.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (5.07 p.m.)—I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the *Notice Paper*. I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question resolved in the affirmative.

Bills read a first time.

Second Reading

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for For-

ign Affairs) (5.07 p.m.)—I table the revised explanatory memoranda relating to the bills. I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

The speeches read as follows—

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) BILL 2001

The Family Law Legislation Amendment (Superannuation) Bill 2001 is another landmark in the Howard Government's ongoing reform of family law.

Under this legislation, married couples will for the first time be able to divide their superannuation interests on separation in the same way as their other assets.

In recent years, superannuation has become an increasingly valuable component of the asset wealth of most Australian families:

- 91% of employees held a superannuation account in 1999;
- as a nation, we hold over 20 million superannuation accounts in more than 200,000 funds;
- the aggregate value of superannuation assets is estimated at \$439 billion, around double the level of 5 years ago; and
- superannuation assets are projected to reach around \$700 billion by June 2005 and \$1 trillion (that is, \$1,000 billion) by June 2010.

Despite the wealth of funds, many couples whose marriages break down do not consider superannuation among their assets when they arrange their property settlement.

In a recent study entitled *Superannuation and Divorce in Australia*, the Australian Institute of Family Studies noted the increasing significance of superannuation among family assets.

The Institute found that superannuation may approach, or even exceed, the value of the family home for many couples who have limited assets.

The average aggregate superannuation balance per person is now about \$50,000, with wide variations depending on years of membership and the level of contributions.

By June 2005, the average balance is projected to increase to \$67,000.

By June 2010, this will increase to \$80,000 and to around \$135,000 in June 2020.

However, the Institute also found that even though superannuation is increasing in value and importance, separating couples did not consider splitting it in more than half of all cases where property is divided.

Even if couples negotiating a family law settlement do recognise that superannuation is an important asset, there is currently no mechanism for superannuation held in one person's name to be divided, or transferred to the other.

Nor can the Family Court order a third party (such as a superannuation fund trustee) to provide benefits to a former spouse at some future time, even though this might provide the fairest outcome for both spouses.

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

However, this is not an ideal solution because it often means that current property - usually the family home - has to be traded away in exchange for superannuation that may not be able to be accessed for many years.

This may leave one person with a house, but no retirement income, and the other person with no accommodation, but significant retirement income.

This legislation is designed to address the inequity and inflexibility of this situation.

The bill will amend the Family Law Act 1975 to allow superannuation to be divided after the parties to a marriage have separated.

This division will be able to be achieved in one of two ways - either by agreement of the separating couple, or by order of the court.

The bill will permit separating couples to make binding agreements about how to divide their superannuation interest or interests.

This gives people the flexibility to settle their own financial affairs wherever possible, and therefore to avoid costly and protracted litigation.

This is consistent with the approach in Part VIIIA of the Family Law Act 1975, which commenced on 27 December 2000.

Part VIIIA of the Family Law Act allows couples to make binding financial agreements, either before or during marriage, or after the separation of the parties to the marriage, about how any or all of their property is to be divided on separation.

The Superannuation Bill will provide that couples may make a superannuation agreement, in the context of these broader financial agreements, to specify how their superannuation will be divided on their separation.

The Government recognises that, in some circumstances, couples will want to defer an agreement about how their superannuation interests are to be divided.

This might be because the person who holds the superannuation interest is nearing retirement, or another condition of release, at which time the actual value of the interest will become known.

The bill therefore provides for couples to make an agreement to "flag" their superannuation interest.

This agreement would prevent the superannuation trustee from dealing with the flagged superannuation interest until the "flag" has been lifted, either by further agreement or by court order.

When a superannuation agreement is in force, the trustee of the relevant fund will be required by law to give effect to the agreement.

The bill contains special provisions to ensure that people do not enter into contrived arrangements.

Where a couple has separated, but not yet divorced, at least one of them will have to sign a document called a separation declaration.

This declaration will state that the couple is still married, but that they have separated at the time of the making of the declaration. There are significant penalties provided in the bill for the making of false declarations.

If the value of the superannuation interest is greater than the Eligible Termination Payment threshold determined under the Income Tax Assessment Act 1936 then a more detailed declaration will be required.

For people to be able to make agreements about dividing their superannuation, they will generally need information about the fair value of any superannuation interests to be taken into account upon separation.

For this reason, the bill provides that a superannuation trustee must provide information to the spouse of a member so that both parties are aware of the details of superannuation interests that are involved.

It is important, however, that personal privacy is maintained to the extent possible - an issue that was raised in the Senate Select Committee on Superannuation and Financial Services' reports on the bill.

The bill provides that it is an offence for the trustee to provide the address of a member or to inform a member that an application for information has been received.

Valuation is a particularly important issue for defined benefit schemes, and also partially vested

accumulation schemes, where there is a vested benefit and an unvested value.

The unvested value is generally not accessible until the fund member satisfies certain requirements specified by the fund.

The value of an interest in such a plan is typically based upon years of service with an employer and salary levels prior to retirement, as well as contributions and investment earnings.

As the final benefit is dependent on future events, the full value of the retirement benefit cannot be predicted with certainty at the time of separation.

The value of an accumulation plan is generally more easily ascertained.

For this reason, the bill will provide for different methods of valuing a superannuation interest, depending on the type of interest.

The details of how the value is to be calculated, including actuarial information, will be set out in the Regulations.

This will ensure that people are generally aware of the value of the interest they are dealing with in the agreement, and will also ensure that there can be no dispute about how the value is to be calculated.

Obviously it is preferable that people are able to make their own arrangements for dealing with superannuation interests.

However, if they are unable to agree, the court will have the jurisdiction and power to make an order to divide superannuation interests.

Such orders will usually be made as part of a broader court order dealing with all of the property of the parties that has not been dealt with in a financial agreement.

These orders will bind the relevant third party superannuation trustee.

As with superannuation agreements, the court will be able to make an order either to split a superannuation interest or to "flag" an interest and deal with it later.

The amendments will apply to all marriages, including those that were dissolved before the amendments commenced.

The amendments will generally not apply, however, where a property settlement has been finally concluded, whether by formal agreement or by court order.

In addition to the amendments of the Family Law Act, the bill makes a number of consequential amendments of other legislation.

The bill provides for preservation of superannuation money by making the superannuation pay-

ment subject to regulations that provide for payment out of a superannuation fund or retirement savings account.

The bill creates a payment splitting regime only and does not create a new separate superannuation interest for the non-member spouse.

The non-member spouse, who has a right to payments from the member spouse's interest, will, however, be accorded some of the rights that the member spouse has. These rights might include the right to receive the annual report and other information.

The amendments of the Superannuation Industry (Supervision) Act 1993 contained in the bill are designed to facilitate this.

Complementary amendments to the Superannuation Industry (Supervision) Regulations will allow – in certain specified circumstances – the creation of a new interest for a non-contributing spouse who is to receive payments under an agreement or order to split a superannuation interest.

That interest will be carved out of the withdrawal benefit of the contributing spouse's superannuation interest.

Membership of the fund is intended to provide the new member (the non-contributing spouse) with similar membership rights to those enjoyed by other members in the fund.

The Superannuation (Resolution of Complaints) Act 1993 provides a low cost dispute resolution mechanism to deal with complaints from members and beneficiaries of superannuation funds about decisions of trustees that are not settled through a fund's internal complaints mechanism.

The amendments to the Complaints Act will permit non-contributing spouses, for whom a new interest in the fund is created, to make complaints to the Superannuation Complaints Tribunal about their treatment by the superannuation trustee in appropriate circumstances.

The amendments of the Family Law Act, and the consequential amendments of other legislation, will commence on a date to be fixed by Proclamation.

The reason for the delay in commencement is to allow the superannuation industry and relevant government agencies to make the necessary adjustments to their information and computer systems to implement the division of superannuation on the separation of the parties to the marriage.

The superannuation industry expressed concern, in submissions to the Senate Select Committee, that much of the detail of the new regime will be contained in the Family Law Amendment Regu-

lations and the Superannuation Industry (Superannuation) Amendment Regulations and that, therefore, the commencement of the new regime should be more closely tied to the commencement of the regulations – rather than the commencement of the bill.

In response to these concerns, the Government moved amendments in the House of Representatives so that the bill will now commence on date to be fixed by Proclamation. The Proclamation will be made when the timing of the necessary changes to the Regulations is clarified.

However, there is a fixed limit to the length of the delay as the bill provides effectively that it must commence 18 months after the Act receives Royal Assent.

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2001

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

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

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

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

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

But despite recent gains and our improving export performance, research from Austrade and the Australian Bureau of Statistics show that Australia needs to continue to encourage business to export. According to this research, less than 5% of Australian non-farm private sector businesses export, which doesn't compare well with many of our trading partners.

Against this background, in late 1999 the Austrade Board began a comprehensive review of the scheme. The Review featured broad industry consultation, a survey of the scheme's clients, and independent analysis provided by Professor Bewley of the University of NSW and from PricewaterhouseCoopers. The Board then provided a detailed report of its recommendation and findings, which I tabled in August 2000.

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

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

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

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

This bill improves small business access to the scheme by:

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

removing the current requirement that intending first-time claimants must register with Austrade before applying for a grant.

This bill also expands the range of products and activities that are eligible under the scheme, in line with the Review's findings.

The Review noted that bringing overseas buyers or potential overseas buyers to Australia is an important promotional tool, particularly for the tourism industry. This bill provides for the travel, accommodation and meal expenses incurred in relation to such visits to be claimed under the EMDG scheme.

Events promoters – such as professional conference organisers – promote events to foreign residents on behalf of the holders of those events, and thus increase the export impact of a wide range of business, academic, sporting and other events. This bill gives events promoters access to the EMDG scheme. This will help to boost the number of foreign visitors and business tourists to meetings, conventions and other events in both regional and metropolitan Australia.

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

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

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

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

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

to provide more consistent treatment of service exporters

to ensure that education services exporters who are not properly accredited do not receive grants to tighten the rules targeting the scheme to firms with exports of less than \$25 million per annum

to provide Austrade with more flexibility in relation to the time within which EMDG applicants should respond to requests for information by Austrade, and

to streamline the application of the EMDG Act's insolvency provisions.

As well as the measures in this bill, Austrade will action the findings of the Review report covering better promotion of the scheme's support for Internet and e-marketing costs

ensuring that related domestic costs – including those of business people flying from regional destinations to capital city airports on the first leg of an overseas promotional visit - are included in the EMDG Overseas Visits Allowance

reviewing the Grants Entry process with a view to simplifying it and making it more effective, and continuing to seek improvements in the EMDG assessment process.

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

In considering this bill, it is important to keep in mind that EMDG is all about helping smaller Australian businesses become successful exporters. One such business is Nu-Lec Industries Pty Ltd of Brisbane, a graduate of the EMDG scheme, which is now a major exporter of electrical switchgear with exports exceeding 50 million dollars annually. Nu-Lec no longer receives EMDG but recently wrote to me supporting the scheme.

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

Nu-Lec received EMDG grants for seven years (1992-99) and Mr O'Sullivan said it was the EMDG payments that made it possible for the company to achieve the export success it has.

It's people like these exporting heroes this Government is sworn to help, and what the EMDG scheme is designed to assist.

Debate (on motion by **Senator Denman**) adjourned.

Ordered that the bills be listed on the *Notice Paper* as separate orders of the day.

Ordered that further consideration of this bill be adjourned to a later hour of the day.

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (CUSTOMS) CHARGE) VALIDATION BILL 2001

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (EXCISE) LEVY) VALIDATION BILL 2001

First Reading

Bills received from the House of Representatives.

Motion (by **Senator Patterson**) agreed to:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Bills read a first time.

Second Reading

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (5.10 p.m.)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

The speeches read as follows—

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (CUSTOMS) CHARGES) VALIDATION BILL 2001

This Bill together with the Dried Vine Fruits (Rate of Primary Industry (Excise) Levy) Validation Bill 2001 seeks to validate certain regulations that purported to fix retrospectively the rate of the primary industry (customs) and charge (excise) levy on dried vine fruits and for related purposes from 1 January 2000.

The purpose of this bill is to ensure that subsection 48(2) of the *Acts Interpretation Act 1901*, which invalidates any regulation that is expressed to take effect at a time before it is gazetted and operates to the disadvantage of any person other than the Commonwealth is taken not to have applied to Schedule 1 of the Primary Industries (Customs) Charges Amendment Regulations 2000 (No.1) (Statutory Rules No. 236). Amend-

ments to the regulations which facilitated a reduction in the charge rate for dried fruit from \$10.00 to \$7.00 per tonne from 1 January 2000 will be thus validated.

The monetary size of any refunds will be minimal. The bill does not create any new administrative burden for levy payers and the only rights adversely effected are those of the Commonwealth.

DRIED VINE FRUITS (RATE OF PRIMARY INDUSTRY (EXCISE) LEVY) VALIDATION BILL 2001

This Bill together with the Dried Vine Fruits (Rate of Primary Industry (Customs) Charge) Validation Bill 2001 seeks to validate certain regulations that purported to fix retrospectively the rate of the primary industry (excise) levy and (customs) charge on dried vine fruits and for related purposes for the period between 1 January to 1 October 2000.

Up until 30 June 1999 there was an excise marketing levy of \$10.00 per tonne imposed on dried vine fruits under the Horticultural Levy Act 1987 [the old Act].

The old Act was repealed on the commencement of the Primary Industries (Excise) Levies Act 1999 [the new Act]. The repeal of the old Act would normally have had the effect that regulations identifying the rate at \$10.00 per tonne would cease to be in force. However, the Regulations were kept in force by transitional arrangements under the new Act.

Consistent with industry requests, it was decided in March 2000 to reduce the rate of levy on dried vine fruits from \$10.00 per tonne to \$7.00 per tonne to prevent an excessive build up funds occurring. The reduction was to take retrospective effect from 1 January 2000.

The method chosen to facilitate this request was to repeal the Primary Industries Levies and Charges Collection (Dried Vine Fruits) Regulations and amend the Primary Industries Excise Levies Regulations 1999. However, since the necessary amendments and repeals were carried out some time after 1 January 2000 the amendments and repeals were necessarily retrospective.

Contrary to the original advice received from the Attorney - Generals Department, the regulations imposing the new levy or charge have been deemed to possibly contravene subsection 48(2) of the Acts Interpretation Act 1901 which invalidates any regulation that is expressed to take effect at a time before it is gazetted and operates to

the disadvantage of any person other than the Commonwealth.

The purpose of this bill is to ensure that this legislation is taken not to have applied to Schedule 1 of the Primary Industries (Excise) Levies Amendment Regulations 2000 (No.3) (Statutory Rules No. 237). The amendments to the regulations which facilitated a reduction in the excise levy for dried fruit from \$10.00 to \$7.00 per tonne for the period between 1 January and 1 October 2000 will be thus validated.

The actual levy collected by the Levies Revenue Service has been reduced to \$7.00 per tonne since it was originally gazetted in September 2000 to minimise any impact on levy payers whilst the situation has remained unresolved. The monetary size of any refunds will be minimal.

The bill does not create any new administrative burden for levy payers and the only rights adversely effected are those of the Commonwealth.

Debate (on motion by **Senator Denman**) adjourned.

**HEALTH LEGISLATION
AMENDMENT BILL (No. 2) 2001
MIGRATION LEGISLATION
AMENDMENT (APPLICATION OF
CRIMINAL CODE) BILL 2001
MIGRATION LEGISLATION
AMENDMENT (ELECTRONIC
TRANSACTIONS AND METHODS OF
NOTIFICATION) BILL 2001**

First Reading

Bills received from the House of Representatives.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (5.11 p.m.)—I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the *Notice Paper*. I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question resolved in the affirmative.

Bills read a first time.

Second Reading

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (5.11 p.m.)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

The speeches read as follows—

**HEALTH LEGISLATION AMENDMENT BILL
(No. 2) 2001**

This bill contains amendments relating to four areas in the health portfolio: the Australian Institute of Health and Welfare, the recognition of specialist medical practitioners, payment of Medicare benefits where cheques made out to general practitioners are not presented within a defined period of time and the 30 per cent rebate on private health insurance scheme.

Two changes have been sought to the Australian Institute of Health and Welfare Act 1997. The first concerns members of the board, who are currently appointed on the recommendation of a limited group of bodies specified in the act. It is proposed that the bodies that can make those recommendations instead be prescribed by regulation and that appointments not be limited to such nominations. This will ensure a greater flexibility in the appointments, though it will not change either the number of board members or the knowledge and expertise for which the members are appointed.

In 1992 the institute's responsibilities were broadened to include welfare related functions. The second amendment to the institute's act is an essentially technical one to remove an inability to release identifiable welfare related information for statistical purposes. The release will be under the same strict conditions that currently apply to release of health related information.

The second area being amended by this bill relates to the recognition of specialist medical practitioners. The amendments are primarily designed to simplify the process for recognising medical practitioners as specialists, though the criteria for recognition will be unchanged. The changes will result in administrative efficiencies.

Thirdly, this bill will also amend the Health Insurance Act 1973 to allow the Health Insurance Commission to pay Medicare benefits directly to general practitioners where 'pay doctor via claimant' cheques made out to general practitioners are

not presented within 90 days of issue. Under the act, Medicare benefits are payable only to the person who incurs medical expenses, that is, the patient. Where a patient has not paid the medical expenses, the patient can request that a cheque for the amount of the Medicare benefit be drawn by the Health Insurance Commission in favour of the medical practitioner who rendered the professional services. These are referred to as 'pay doctor via claimant' cheques. As it is the patient who receives the service, the act requires that the cheque be sent to the patient. The patient is then expected to forward the 'pay doctor via claimant' cheque and any patient contribution to the practitioner. The great majority of patients do present the 'pay doctor via claimant' cheques to their doctors in a timely manner. However, some cheques are received very late and some are never presented, leaving doctors with unnecessarily long delays or ultimately bad debts for medical services already provided in good faith. This amendment will allow for payment of the amount of benefits to be made directly to a general practitioner where the cheque has not been presented within 90 days from the date of issue.

The fourth set of amendments relates to the coalition's very successful 30 per cent rebate on private health insurance scheme. Under current arrangements, where funds require reimbursement for claims made late or low, the payment is via an act of grace. This cumbersome procedure will be revised to allow the Health Insurance Commission to make those payments. Other minor amendments include clarification of the premium reduction calculation for the rebate and removal of redundant items from legislation.

MIGRATION LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

This bill amends legislation in the immigration and multicultural affairs portfolio to harmonise existing criminal offence provisions with chapter 2 of the Criminal Code.

It is one of a series of government bills designed to apply the Criminal Code on a portfolio-by-portfolio basis.

Chapter 2 of the Criminal Code, contained in the Criminal Code act 1995, establishes the general principles of criminal responsibility. It provides a standard approach to the formulation of commonwealth criminal offences.

The Criminal Code will apply to offences against a law of the commonwealth on 15 December 2001.

Many offence provisions in migration legislation pre-date the Criminal Code and there is a possibility that the application of the code will change their meaning and operation.

The purpose of the bill is to make all the necessary amendments to offence provisions to ensure compliance and consistency with the general principles of the Criminal Code.

However, the offence provisions, as amended by the bill, will not change in operation or meaning.

The bill harmonises offence provisions in migration legislation in several ways.

First, the bill makes it clear that the Criminal Code applies to all offences against migration law.

Second, the bill replaces references to certain general offence provisions in the Crimes Act 1914 with references to the corresponding provisions of the Criminal Code.

Third, the bill clarifies the physical and fault elements of offences. This will improve the efficient and fair prosecution of offences.

I anticipate that this measure alone will save many hundreds of hours of court time otherwise spent in complicated, and sometimes inconsistent, interpretation of offence provisions.

Fourth, the bill amends migration legislation to remove unnecessary duplication of the general offence provisions in the Criminal Code.

For example, it removes the ancillary offence of attempt and the defence of lawful authority. Reliance is instead placed on the relevant provisions of the Criminal Code.

Finally, the bill amends certain offence provisions to expressly provide that they are offences of strict or absolute liability.

If an offence is not expressly stated to be one of strict or absolute liability, then the prosecution will be required to prove fault in relation to the physical elements of the offence.

The amendments in the bill are necessary to ensure that the strict or absolute liability nature of certain offence provisions is not lost after the application of the Criminal Code.

Without these amendments, the offences would become more difficult for the prosecution to prove and almost unenforceable.

I would like to emphasise that the bill does not create any new strict or absolute liability offences.

Overall, the bill will bring greater consistency and clarity to commonwealth criminal law.

It is one step in a process that will give Australians greater certainty, protection and confidence under the criminal law.

It is important that the amendments in the bill are made prior to 15 December 2001 in order to ensure that there is a seamless transition.

I look forward to the bill receiving the support of the opposition.

I commend the bill to the chamber.

MIGRATION LEGISLATION AMENDMENT
(ELECTRONIC TRANSACTIONS AND METHODS OF NOTIFICATION) BILL 2001

The main purpose of this bill is to bring the Migration Act and the Australian Citizenship Act into line with the Electronic Transactions Act.

The bill establishes a legal framework that is sufficiently robust for the immigration and multicultural affairs portfolio to pursue, with integrity, the government's commitment to provide services on-line.

The electronic transactions act gives effect to the validity of electronic communications.

That act will apply to all commonwealth legislation from 1 July 2001.

Australia, and the world, is rapidly being transformed by technological advancements and innovations.

These advances have already been recognised, and are being used, within the immigration and multicultural affairs portfolio.

In 1996, for example, the introduction of the electronic travel authority visa, also known as the "ETA", substantially facilitated travel to Australia of overseas tourists.

The ETA is the most advanced and streamlined travel authorisation system in the world.

It enables visitors to obtain authority to enter Australia at the same time they book their travel arrangements.

The ETA is issued within seconds by computer links between my department, travel agents, airlines and specialist service providers around the world.

This has greatly benefited the tourism industry and Australia in general.

This bill will enable my department to further avail itself of developments in information technology and business processing, in several ways.

First, the bill facilitates electronic communications by removing existing impediments in the

current legislation that may prevent the use of electronic transactions.

Second, the bill establishes a framework to allow for the use of computer programs to make decisions in the migration and citizenship context.

The approach taken is similar to that under the Social Security (Administration) Act.

Electronic lodgement of applications and computer-based decision making will provide new opportunities for clients who have previously been restricted by office hours.

Where services are available on-line, clients will be able to lodge electronic applications 24 hours a day, 365 days a year.

This will provide greater convenience for clients in submitting applications.

Visa and citizenship services will only be provided electronically after all security and integrity risks are satisfied.

For example, systems will be carefully designed to guard against fraud.

As such, computer-based decision making will have a limited field of operation.

In the migration context, a computer program will only make decisions on certain visa applications where the grounds for grant are objective and where the criteria lend themselves to automated assessment.

A decision to cancel a visa will not be made by a computer program. Computer-based processing is not suitable in these circumstances because these decisions require an assessment of discretionary factors.

Nonetheless, the legislative framework is sufficiently flexible to allow for technological advances which may occur in the future.

The challenge, however, is to have legislative strategies that allow for the use of these advances while providing adequate safeguards for both the integrity of government processes and achieving equity for clients.

To this end, safeguard measures have been incorporated into the bill.

Should a computer program not function correctly because of a computer-related error, the minister may substitute a more favourable decision for one made by the computer program.

This will ensure that adverse decisions can be corrected without inconveniencing the applicant.

I would like to emphasise that existing merits review rights of applicants will not be affected by these amendments. All review decisions will continue to be made by a tribunal member.

Third, the bill provides the ways in which the minister, the Migration Review Tribunal and the Refugee Review Tribunal may give documents to persons.

The amendments also determine the time when the document is taken to have been received and allow for the transmission of documents electronically, to comply with the requirements of the electronic transactions act.

These amendments essentially consolidate into the migration act, existing provisions found in either the Migration Act or the Migration Regulations.

They clarify when notification of a decision occurs and on what date.

This is critical for review mechanisms, as an application for review must be made within a specified period, or the case is out of time.

Finally, the bill corrects some minor technical errors and misdescribed amendments in the Migration Act.

In summary, this bill facilitates electronic communications, embraces a new approach to decision making and consolidates legislative provisions for the giving and receiving of documents.

It is an important bill, and one which will ensure that my portfolio can give effect to the government's commitment to enable expanded use of electronic communications, while maintaining the integrity of Australia's immigration controls.

I commend the bill to the chamber.

Debate (on motion by **Senator Denman**) adjourned.

Ordered that the bills be listed on the *Notice Paper* as separate orders of the day.

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Messages received from the House of Representatives returning the following bills without amendment:

Prime Minister and Cabinet Legislation Amendment (Application of Criminal Code) Bill 2001

Great Barrier Reef Marine Park Amendment Bill 2001.

COMMITTEES

Foreign Affairs, Defence and Trade Committee: Joint

Membership

The ACTING DEPUTY PRESIDENT (Senator Sherry)—A message has been re-

ceived from the House of Representatives notifying the Senate of the appointment of Mr Somlyay to the Joint Standing Committee on Foreign Affairs, Defence and Trade.

WORKPLACE RELATIONS AMENDMENT (TRANSMISSION OF BUSINESS) BILL 2001

WORKPLACE RELATIONS (REGISTERED ORGANISATIONS) BILL 2001

Report of Employment, Workplace Relations, Small Business and Education Legislation Committee

Senator COONAN (New South Wales) (5.12 p.m.)—On behalf of Senator Tierney and on behalf of the Employment, Workplace Relations, Small Business and Education Legislation Committee, I present the report of the committee on the provisions of the Workplace Relations Amendment (Transmission of Business) Bill 2001 and the provisions of the Workplace Relations (Registered Organisations) Bill 2001, together with the *Hansard* record of the committee's proceedings and submissions received by the committee.

Ordered that the report be printed.

CORPORATIONS BILL 2001

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION BILL 2001

CORPORATIONS (FEES) BILL 2001

CORPORATIONS (FUTURES ORGANISATIONS LEVIES) BILL 2001

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) BILL 2001

CORPORATIONS (REPEALS, CONSEQUENTIALS AND TRANSITIONALS) BILL 2001

CORPORATIONS (SECURITIES EXCHANGES LEVIES) BILL 2001

Second Reading

Debate resumed.

Senator CONROY (Victoria) (5.13 p.m.)—As I was saying earlier when speaking on the *Corporations Bill 2001* and related bills, the *Financial Services Reform Bill*

2001 was introduced on 5 April. Further legislation was introduced on 7 June—including some important transitional, consequential and substantial amendments—and I understand that further amendments are to be introduced when the bill is actually debated for the first time in the House of Representatives next week. Meanwhile the Joint Parliamentary Committee on Corporations and Securities has resolved to inquire into the bill, given that it is a substantially different bill to the draft that was circulated last year. This was done immediately so that the Financial Services Reform Bill could be introduced—again, so as to assist the government with the passage of the legislation. But the committee's task has been made harder by not knowing what the whole picture is.

The Labor Party broadly supports the bills that we are examining today to the extent that the bills overcome the constitutional uncertainty surrounding the current Corporations Law scheme. While the arrangement that the Commonwealth has negotiated does reflect compromises and has resulted in increasing the voting power of the states in relation to certain proposed amendments to the Corporations Law, a national system of corporate regulation greatly facilitates business in Australia. The bills have the strong support of the business community as a necessary and relatively immediate solution to the uncertainty which has surrounded corporate law for the past two years. I do however urge the government to commit to finding a long-term solution to a national system of corporate regulation and to rectify any constitutional uncertainties surrounding other cooperative schemes.

Senator MURRAY (Western Australia) (5.15 p.m.)—There is not that much to say about the **Corporations Bill 2001** and related bills, except for the need to get on with them and make sure that they become law as soon as possible. The Corporations Bill is the cornerstone of a package of bills introduced in response to the High Court's decisions in *Wakim* and *Hughes* and the consequent virtual collapse of the national Corporations Law scheme. The **Corporations Bill 2001** and related bills will, in effect, re-enact the Corporations Law as a Commonwealth act,

capable of operating throughout Australia. To meet the provisions of the new agreement between the Commonwealth and the states on these matters, a significant rewrite of a number of sections was necessary to avoid the previous constitutional difficulties. The bills are not intended to effect any substantive policy changes. The agreement requires that the new national scheme will operate subject to a five-year sunset provision—which, in our view, is a negative—but it is anticipated that its operation will be extended beyond that period. This legislation will restore a reasonable level of certainty into corporate regulation. The government has given a commitment that the bills contain no new policy measures, and the inquiry of the corporations and securities committee, of which I was a part, confirms that view. Consequently, the Democrats propose to support the bills without amendment.

Due to the need to expedite the passage of these bills, the Democrats do not propose to use the occasion of their presentation in the Senate to further pursue our agenda of amending, wherever necessary, the Corporations Law to address the democratisation of companies and to significantly improve corporate governance. For some years now, I have sought to amend bills relating to the Corporations Law to at least give the option to shareholders of implementing methods of greater accountability into the corporate governance of public companies. So far those amendments have not been successful, although there have been a number which I have been able to get up in conjunction with the Labor Party. I will continue to pursue those changes to empower shareholders and make directors more accountable, and I expect an opportunity to do that with future bills in this area.

There are other issues which require amendment, including provoking greater coverage of the remuneration disclosure clauses. I do know that Senator Conroy is very fond of that particular issue, and I can assure him of our support in that matter. I think this time around the government will be more supportive with the disclosure of remuneration than they were the last time around.

The status of Corporations Law in this country is dependent upon our Constitution. One of the great strengths of Australia might be regarded as its constitutional set-up, but sometimes it creates such real difficulties that you have to have sympathy for those who believe that a substantial constitutional rewrite would be helpful in some areas. The tremendous difficulty had by the Attorney-General and, indeed, his staff in trying to get agreement in this area I think is indicative of a circumstance which is undesirable. In my view, Corporations Law should be unequivocally in the hands of the Commonwealth, and the states should have nothing at all to do with it—and, if I could get a constitutional change to effect that, I would. But there we are: we have to first develop that change and, secondly, put it to the Australian people—and both those processes are very difficult.

The other thing I want to say—apart from the need, after 100 years, for a wholesale review of the Australian Constitution—is about the status of corporations generally in the eyes of the public. Corporations, particularly what is known as the big end of town or big business, attract an awful lot of opprobrium in the general community, and that arises most of all from the power and the effect they have in our society. I think it was the Labor Party who brought out Professor Saul from Canada; he is one of the people who research the powers of corporations world wide. I think it was his research that said that 51 of the major economies in the world are corporations. Those of us in nation states seek to protect ourselves and provide for peace and good outcomes by promoting democracy. It is democracy that protects the world most of all from many of the excesses to which it would otherwise succumb. Therefore, it is in the interests of nation states to pursue the democratisation of companies and to continually review the way in which companies are regulated and the effects and standards that they carry through.

I note for the purposes of the record that there is a company law review, for instance, presently being carried out in the United Kingdom, and a major issue right at the heart of that review is corporate governance. I

think it is essential over time to keep reviewing the Corporations Law to ensure that it remains in step with community feelings. Whilst it is my party's belief that, on a taxation basis, as far as possible, entities that conduct business should all be taxed on a similar basis, I also hold the view that we need more diversity in terms of our entities. I think development in Corporations Law of something equivalent to the close corporation as developed in South Africa or the limited size of companies elsewhere in the world needs to be developed—a kind of mini version of Corporations Law that would be more suitable for small business and medium business, and perhaps even for micro business.

The other issue I wish to raise in my general remarks on these bills is the issue of the greater expectations of companies as expressed through legislation and regulation. It used to be that people believed that companies would do the right thing as a result of common values, common ethics and common standards, particularly as expressed through directors and management. More and more, however, there is an expectation that community standards need to be expressed in a prescriptive manner. That happens with environmental regulation. It happens with social regulation such as on health and safety, and we are starting to see real pressure on companies and indeed on legislators to legislate for sustainability measures—what is known as the 'triple bottom line', which is awfully difficult to express in accounting terms but is an important view. I note that the United Kingdom government, for instance, in the Occupational Pension Schemes (Investment, and Assignment, Forfeiture, Bankruptcy etc.) Amendment Regulations 1999 have actively promoted ethical standards of investment. The United Kingdom government is taking the view that superannuation schemes and pension schemes have to report on ethical types of investments. A campaign has been running in this country for those sorts of views to be taken on board.

Sometimes it is necessary for governments to try and run ahead of the community, but in this case I think it would pay both the de-

partment and the minister concerned, in either this government or the next government, to look far more closely at what the expectations of the community are concerning our corporations and what should or should not be reasonably in the law to reflect that. Far too often the governments of the day focus just on the more efficient or simpler or more legalistic areas to the exclusion of values and value systems which people want attached to our corporations. They want those values and value systems attached to our corporations entirely because of the power, the effect and the impact that corporations have in our society.

However, after having ranged a bit in my remarks, I want to congratulate the government in finally persuading the recalcitrant states to come good on this. They were not all recalcitrant. I think New South Wales and Victoria behaved far better, for instance, than Western Australia and South Australia who both happened to be in the hands of Liberals at the time, although the Western Australian Liberal Attorney-General is a particularly eccentric sort of Liberal, I think. Anyway, well done! The Democrats will certainly support the passage of these bills.

Senator COONEY (Victoria) (5.25 p.m.)—The *Corporations Bill 2001* and related bills are important. They are important bills for the sorts of reasons that have been raised by speakers before me. We have just heard an excellent speech from Senator Murray, who has many wise things to say in this chamber. I must say, though, that there is something I disagree with him about.

Senator Murray—Something more.

Senator COONEY—That is right, Senator Murray. We do not agree on everything. Senator Murray took to task the states. This situation was because of the decision of the High Court—and the High Court is always, by definition, right. When the High Court made the right decision, that meant that Australia's understanding of how Corporations Law was to operate was thrown into some disorder. People throughout the country were alarmed—and properly alarmed—and measures were taken. The interesting

thing is that after those measures were taken a right result was obtained.

We can be too precipitous in writing laws. We are a federation, and we have all the benefits and disadvantages that a federation brings. But I think we would be alarmed, the country having developed as it has for a hundred years, if we did suddenly have some central power that could make all laws that need to be made and that was the end of the matter. We would become like the United Kingdom, and that may be a problem.

This leads to a consideration of what forms corporate law. At the moment, corporate law is within the portfolio of the Treasurer. When we were in government, it was in the portfolio of the Attorney-General, and there were some great Attorneys-General who had much to say about corporate law. Mr Michael Duffy—you would remember him well, Mr Acting Deputy President Sherry—struggled for some time with corporate law. He was typical because, I think, corporate law is something that will never be settled. There is not, as it were, a situation we can reach where there will be no need for any more corporate law, because corporate law deals with companies and with companies' relationships with lots of other people. If you have relationships like that, then you are going to have the need to adjust the law. Family law, for example, is in a similar position because you are dealing with relationships and relationships keep changing. There are new developments in relationships and new laws need to encompass that.

With company operations, a whole series of relationships occurs. I will go through them all, although they are well known to everybody here. There is a relationship between the people who run the company—the board and the chief executive officer—and the owners, the shareholders. There is a relationship, depending on what sort of company it is, between the customers and the company. There are relationships between the people who work for the company and the company. There are relationships with the community as a whole. We have heard in this chamber many a discussion about companies' responsibilities to the environment, companies' responsibilities to employees,

companies' responsibilities to customers, and so on. We have heard that the basic law is that the company's responsibility should be to its shareholders and to its own wellbeing. That concept came out of the common law in the 19th century, as Diane Brown, whom I see here, would know—she is very learned in this area, and I often rely upon her wisdom.

The concept of where company law has gone is interesting. It has been taken out of the Attorney-General's Department, which really deals with human relationships. It deals with the wide thrust of the law, which is really about putting into rules those standards that we should abide by as a decent community. This government has taken company law out of the Attorney-General's Department and put it across to Treasury, whose purpose is to see that the economy runs well and that the wealth of the nation increases. That is not so much concentrated upon the wellbeing of the community generally, except in the sense of getting money so that it can be expended for the good of the community. This brings up the concept of the proper balance between the economy and the community.

It is proper that we make political decisions about the Corporations Law in the context of the Constitution. Good political action requires discussions, an understanding of how things work, the testing of propositions and, finally, the application of wisdom to bring about the right results. Politics has had a big part to play in Corporations Law, and so it should, in my view. That theme is adopted by Mark J. Roe, a professor at the Columbia Law School, who has written a fascinating book entitled *Strong Managers, Weak Owners—The Political Roots of American Corporate Finance*. In his preface, he says:

I show that politics—democracy in general, and American democracy in particular—affected the organization of the large firm. The interaction between firms and financiers was, and still is, mediated partly by politicians, and that mediation in a democratic society is a central—and neglected—explanation for the organizational forms we observe. Were the title—

that is, the title of his book—

not already taken, a good one for this book would have been *The Visible Hand*, because the visible hand of politics affected the structures of financial intermediaries, which in turn affected the structure of the large public firm.

He says that the political decisions that have been made over the years in America are central to the way in which companies have developed and that that has been neglected, but he is bringing it forward. In the paragraph above the one I have just read, he says:

American political organization has been important. Our federal system favored smaller, local interests over concentrated private economic power. An American antigovernment bias tended to suppress the alternative of allowing concentrated private economic power, and building a countervailing national political power in Washington: the public would have more easily accepted powerful private financial structures had there been a stronger central government.

I accept that. In his learned address, Senator Murray said that it is a pity that the power to legislate for companies was not all centralised. If it were all centralised, we might have a corporate law which was more efficient in the sense of enabling more money to be made, but then companies' effects upon society may well have been much more adverse.

What the High Court did might not have been as bad as we might at first think. It applied the law according to the Constitution, and that has led to the situation that we have now arrived at: everybody across the board accepts the legislation that is now before us. Although economic efficiency is good and economic efficiency should be encouraged, proper weight should be given to the political process. We are now going through the political process. It has been a good political process. We are coming up with a bill that people find satisfactory at least. The business world can breathe a sigh of relief. The states are comfortable with the bill. Of course, the states can withdraw the power if they feel like it, but clearly, if it works, that will not happen. A referendum giving the right powers to the Commonwealth might be contemplated—it might have been a way out of this—but, in the end, what we have reached is fair enough.

It is not only the Corporations Law that has been changed; all the other law that goes

along with it has been changed too. In particular, the Australian Securities and Investments Commission Bill 2001 has been brought up to the point where it can operate as was intended, in the same way as the Corporations Law is to operate. The Australian Securities and Investments Commission is absolutely essential to the way corporate law runs. Mr David Knott, who presently heads up the Australian Securities and Investments Commission, has shown a lot of energy and wisdom in this area, and I want to note that. He succeeded another person who deserves that praise, namely Alan Cameron, who ran that organisation immediately before he did. When he first came to this area, he ran the Australian Securities Commission. In these speeches, I always like to pay tribute to Henry Bosch. He ran the National Companies and Securities Commission. He was a man of great wisdom. He is near my age and anyone near my age must have wisdom and judgment. I am sure that Senator Denman would agree with that, not that she has got anywhere near my age.

The point is that we can have all the good law in the land but, unless we have the right people administering it, it can all go wrong. In that context of people who have contributed, I think we ought to pay tribute to the advisers from the department in the boxes over there who have had to get this legislation up to speed—isn't that right, Senator Patterson?—and which has now been presented in the chamber. I think we ought to give them a bit of praise as well.

Senator Patterson—You don't even need their votes!

Senator COONEY—No, this is all going to go through. The advisers have made a great effort. They have got together a bill which everybody in the chamber has rushed forward to support. That does not often happen.

Senator Patterson—I was just saying that you do not need them to vote and you are making up to them.

Senator COONEY—Never! That is a cynicism that does not become you, Senator Patterson.

Senator Patterson—I am not being cynical.

Senator COONEY—You are, really.

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Order! Enough of the discussion across the chamber, Senator Cooney.

Senator COONEY—Sorry, Senator Patterson—

Senator Patterson interjecting—

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Order! Senator Cooney, please return to your contribution to the debate.

Senator COONEY—I did not want to misjudge Senator Patterson; I would not do that. These are important pieces of legislation. The importance of this legislation ultimately is this: companies are now perhaps the most central institution in our society. It has been said that some companies have empires around the world in all sorts of different countries. Some companies have incomes of vast proportions. We must stop looking at company law simply as a means of balancing company rights against the rights of others. We must start looking at company law almost as a constitution for companies so that companies have a set of laws that cause them to act in a way best suited to the community as a whole. Those old 19th century ideas that linger, where those who own the company have what are often selfish ends met and where companies are somehow considered to be a benign influence in the world of capitalism, and that is all, must go and we must start to see companies as they really are: as very big forces in a community. The churches do not have the power they used to have and I do not think politics has the power it used to have. Those powers have decreased, but the powers of companies have increased and it is in that light that we should start looking at corporate law. These bills have given me the opportunity to say those things and, having said them, I will now sit down.

Senator LUDWIG (Queensland) (5.44 p.m.)—I follow the remarks of Senator Cooney in this debate and wish to add some short matters to it. I do not intend to take my full

20 minutes. Hopefully, I can say what I want to say in short form. In passing, Senator Cooney referred to the underpinning issues of corporatisation and globalisation which he viewed as going hand in hand. I am not sure if the world is yet ready for a world corporate court. That might be a little further away, although corporations might be pursuing it in their own way.

If it was not for a smart bootmaker, we would not be here today dealing with Corporations Law. The smart bootmaker was Solomon who, in a famous case, started what has brought us to where we are now. The Corporations Law has had a long development, stretching from the 19th century to now. In that long development, there has been an incubation of various concepts that have been teased out and developed. It is an issue that has confronted us throughout the ages. One of the issues that confronted us recently—the second reading speech and the explanatory memorandum call it a ‘recent event’; it has taken two years to deal with *Re Wakim*, which is not recent, in my view—was a difficult issue and now seems to have been resolved, at least for the states of New South Wales and Victoria, although the caveat is that it can be sunsetted in five years or that either state could withdraw from it. From reading the second reading speech and the explanatory memorandum, I understand that the other states will come on board. A couple of caveats also surround their involvement in the system.

In response to Senator Murray’s suggestion of a national scheme, Senator Cooney commented on one of the difficulties that have confronted people not only in Corporations Law but in other jurisdictions and other areas in relation to our federalist system. Unfortunately, I did not hear the contribution by Senator Murray, but one can assume it suggested that it would be a lot easier with a national system—devoid of the necessity of dealing with the states. The case of *Edensor Nominees Pty Ltd* was one of the matters that went through the full Federal Court and then on to the High Court. It was subject to the *Re Wakim* decision and it found it difficult to get around it. In a sense, it found its way through by using the accrued jurisdic-

tion of the Federal Court, rather than dealing with it as the Federal Court did, in saying it was a matter that was subject to *Re Wakim*. I am saying that in short form, so the lawyers that are present might excuse me for that. Page 4 of that decision states:

The significance of the decision in *Re Wakim* appears from the following statement:

‘Australia is a federation of a dualist kind, consistently with the common law tradition. While some provisions in the Constitution provide for co-operation, they do not fundamentally alter its dualist character; indeed, if anything, they reinforce it. The nature of the Australian constitutional system needs to be borne in mind in designing co-operative procedures. The issues at stake essentially are questions of principle.’

When dealing with these areas, we must take on board the dualist nature of our system. We do understand that it has to be a cooperative system and, in truth, that is the strength of our system. It is a federation and we can learn from that. If we then deal with it as a federation and as a dualist system, we can provide excellent responses to it rather than, in some instances, treat it as a single system or a unitary system.

The mechanism that has been adopted in the corporations bills has taken some of the elements of a dualist system on board and has developed a unique solution by using a power that was provided in the Constitution to deal with one of these issues. I refer ostensibly to section 51(xxxvii) of the Constitution, which goes to the broader issue of examining how you would then deal with inconsistencies in matters that arose. The 1890s debates of our founding forefathers, when dealing with the Constitution, went to this provision. We could utilise this provision in obtaining the approval of states to move the federation forward. Section 51(xxxvii) deals with:

... matters referred to the Parliament of the Commonwealth by the Parliament or Parliaments of any State or States, but so that the law shall extend only to States by whose Parliaments the matter is referred, or which afterwards adopt the law ...

Perhaps if we had looked at those provisions a lot earlier and tried a little harder, we

would not be where we are today, although that is a matter of history.

The report of the provisions that deal with the bill itself takes the history right from the inception—at least, there was a national will to invoke a corporations system which was national in its character and which allowed the business world to deal with the national scene and the international scene and to allow both corporate citizens and corporate entities to further their goals. From memory, its incubation was from about 1961 to 1 January 1991, when we came up with a national scheme. It was not for want of trying on the part of the parties who put their minds to developing a national scheme. However, this current reconfiguration of a national scheme will—I trust the government in this one instance—meet the needs of business, meet the needs of being able to deal in a corporate world and meet the requirements of business for certainty in dealing with both legislation and the contracts that it desires to be made.

The corporations bills, then, are a collection of bills in response to the High Court's decision in *Re Wakim* and, later, *Hughes*. The bills are designed to replace the Corporations Act 1989. That present scheme started on 1 January 1991 and is administered by the Australian Securities and Investments Commission. Central to that national scheme were the cross-vesting provisions, which were seen as the solution to establishing a national Corporations Law. As we discovered earlier, examination of the Constitution itself might have highlighted the solution which we have now adopted. However, the cross-vesting legislation did not survive in its entirety when challenged in the High Court. It is a matter of history now that the High Court cast doubt on the constitutional foundation and the important element of the Corporations Law scheme. The term 'cross-vesting' is used to describe legislative arrangements which allow federal, state and territory courts to exercise each other's jurisdictions and which provide for transfers and removals to ensure that cases are heard in the appropriate courts.

So we had a system that said that, in relation to matters where litigants wished to pur-

sue particular cases, they would be transferred to the appropriate jurisdiction to be dealt with. The heart of the cross-vesting legislation was to enable that to occur. The decision in *Re Wakim* made the cross-vesting arrangements invalid to the extent that they tried to confer state jurisdiction on a Federal Court. The general scheme was established by the Jurisdiction of Courts (Cross-Vesting) Act 1987, which was Commonwealth legislation. Reciprocal legislation in the states and territories was designed to give effect to that scheme. It was useful in that a matter could be instituted in a superior court. It was useful in that the matter could then be heard in that superior court, which was deemed appropriate for that time.

The outcome of the process since the cross-vesting legislation gave that power, particularly in the national scheme that was envisaged in the 1991 Corporations Law, was that we would then have a Federal Court which could develop a body of case law, a body of precedent and a sophisticated expertise in dealing with corporations matters. Of course it was highly regarded, and still is highly regarded, so much so that there has been at least a drive—which is reflected in the current bill before us today—to reinstitute the Federal Court into a pre-eminent position as one of our bodies that deal with Corporations Law in a thoughtful, meaningful, pragmatic and appropriate way.

Unfortunately for the Federal Court, the demise of part of the cross-vesting scheme in relation to the corporations part, on which it relied in dealing with the federal inability to confer state jurisdiction, resulted in a significant reduction of its workload. The number of cases that were filed in the Federal Court dropped significantly—in fact, down to a very slow dribble. The matters, consequently, had to be taken and filed in the state supreme courts, and in effect this was a travelling backwards in time to prior to the cross-vesting legislation when the state supreme courts would deal with Corporations Law matters.

Of course, business likewise argued that it was no longer a satisfactory solution to allow matters to go back to the state supreme courts, although this was not a reflection on

the state supreme courts themselves. The short solution to overcome this was seen by the states as at least ensuring that the decisions made by the Federal Court were still sound. The so-called federal courts states jurisdictions act of 1999 was passed. The legislation did two things. Firstly, it provided that parties in judgments of the Federal Court have the same rights as if those judgments were judgments of the state supreme court. Secondly, it provided for state matters commenced in a federal court and part-heard to be transferred to the state supreme court, at least ensuring that parties would not lose their rights.

It did not, however, address what the current bill does—the viability of the national scheme over time—or ensure that the Federal Court would be replaced in its position as the pre-eminent court to deal with Federal Court matters dealing with corporations. The decisions which created so much uncertainty were *Re Wakim* and, to a lesser extent, *Hughes*—although *Hughes* did raise further problems, which I will not go into in great detail today. They are certainly highlighted in a report of the Joint Statutory Committee on Corporations and Securities, which examined this bill in detail and reported in May 2001. This valuable report does provide insightful comment about the problems that arose as a consequence of *Re Wakim* and *Hughes*.

Let us get to the element most needed by business, the community and people who deal with corporations. Corporations are sometimes given the enigmatic appearance of being large organisations which are faceless, but in essence they encourage trade, they deal with trade, they deal with contracts and they allow the ordinary discourse of business. The solution which was put forward came from a joint meeting of the standing committee of the Attorney-General, which agreed in principle sometime back in August 2000 that the preferred realistic option for resolving the current dilemma would be to proceed with a referral system. However, the devil was in the detail, and that unfortunately foundered on some difficult rocks.

The Commonwealth, New South Wales and Victoria did agree to overcome the difficulties in any event. The need to ensure certainty and consistency in this area was certainly going to overcome obstacles that arose. At least the target date for parties is 1 July 2000. At this stage we know that New South Wales and Victoria have signed up. The other states are, we understand, in the process or have signed up as we speak. If not, they are not very far away.

There were some impediments: the growth in the federal area to overcome the states and the states were reticent to give up any of their power in relation to the industrial relations area. The solution which was put forward by the Commonwealth was to provide an objects clause about that matter to ensure that there was no desire by the Commonwealth to overcome, through this mechanism, the states ability to deal with industrial relations on a state basis. One of the good things about the mechanism is that it does allow the states to opt out or to walk away if they find the system not working. I doubt that will happen, as Senator Cooney has said. The desire to have a national uniform system of Corporations Law will ensure that the parties maintain a good working relationship, and it does allow the states to have a little bit more say with the Commonwealth about how a national system will work. It provides a return to certainty.

On the matter of how to solve it in the longer term, the legislation is one of those solutions that can stay. An alternative course that has been suggested is a constitutional change. The Senate, more than most, understands the difficulties that can be presented with trying to achieve a constitutional solution or amendment to the Constitution. Also, other matters that could have been taken up which would have allowed a return to certainty may have been canvassed. But in truth the basis of quickness, the ease of bringing the legislation before us and the certainty of restoring confidence in our Federal Court in dealing with national legislation and the Corporations Law suggested that the referral power would, in effect, be the best solution at this point in time. It was seen as a mechanism to allow flexibility for the parties. That

was also a matter that was at the forefront of the 1890 debates, when that provision in the Constitution was put in. It was seen as a flexibility mechanism in the Constitution.

In conclusion, the New South Wales and Victorian agreement on the referral will ensure that at least the key problems which have been highlighted in the past about the referral system—whether a state retains power to legislate in a matter which it has referred to the Commonwealth, whether a reference may be made subject to conditions in its excise or duration or whether it can in fact have a sunset provision—will not eventuate. These are matters which were answered a while ago now—in the constitutional commission of the 1980s—in the affirmative. They are still alive today. But it would appear from the overall drive to ensure that there is a national scheme that those problems people perceived will not eventuate.

Senator IAN CAMPBELL (*Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts*) (6.03 p.m.)—I genuinely thank all honourable senators for their contribution to the debate and thank Senator Ludwig for being brief, as he promised at the outset of his remarks.

A couple of remarks made by both Senator Tierney and Senator Ludwig do deserve a response and amplification. Senator Ludwig referred to the fact that we have solved the problem as a federation and we have done so in a cooperative way. We did that as a federation back in 1990. Senator Cooney was the chairman of the committee that handled the legislation that put in place the scheme that we will have in place until this legislation comes into effect. It was rudely shaken by the High Court's decision of last year.

Senator Cooney would remember that the then opposition, which I was a very young member of, ensured that that legislation was passed by the Senate: not without proper scrutiny—we did hold a one night hearing and we put it under scrutiny. He would recall, perhaps better than Senator Ludwig, that even to get to the scheme that we put in place as a parliament and as a federation in the

dying days of 1990—it came into effect on 1 January 1991—took an extraordinary amount of effort by the then government. I think Lionel Bowen was the Attorney-General and I think Michael Duffy might have taken over the batten. And it took an extraordinary amount of effort by the parliaments and the Attorneys-General of each of our states and territories, to an extent.

It answers the question that Senator Ludwig asked about why we did not do the referral of powers in those days. I think Senator Cooney and I know the answer to that. States do not give up their power lightly; nor should they. The history of centralised unitary governments is not a good one in terms of protecting the rights of individuals. Australia is blessed with a very strong federation, very much because of the foresight of our founding fathers in ensuring that we had some very strong checks and balances and constitutional and institutional bulwarks against the centralising tendencies of federations. Australia has been very well served there. The evolution of the Corporations Law is a very good example of that.

Senator Cooney—Can you take this interjection? You did a very good job on that committee, if I recall.

Senator IAN CAMPBELL—Senator Cooney, I think I am prepared to accept that interjection. The more interesting point about my involvement, since the honourable senator has raised it, is in fact that I was—as you would know better than most—very cautious about this new scheme. I was particularly cautious because a number of my friends and colleagues in the then state parliament were cautious. You will recall the Hon. Robert Pike, who was very concerned about the 1990 scheme. Senator Lightfoot was not a member of the upper house in that particular year; he was soon thereafter. Our dear, departed Mr Pike was a member.

There was a group of business people in Western Australia, called the WA Opposition Group—a very distinguished group of lawyers led by Mr Laurie Shervington, now of Minter Ellison I think, and then of Northmore, Hale, Davey and Leake—who formed a group of corporate lawyers and other busi-

ness people who were very concerned about the centralisation of the Corporations Law under the Commonwealth. I think I can speak accurately for Mr Shervington, who was very instrumental in ensuring the shape of the law. He was consulted by the then Attorney-General and consulted by Mr Lavarch after the law came into effect. Mr Shervington—along with others, I am sure, in the other outlying smaller states—ensured that the intent of the scheme was that the states did have a say in how ASIC would conduct itself, that there would have to be votes when there were substantive changes to the law and that regulations did maintain the intent of the parliament and the people who forged the new scheme. I was privileged to be the parliamentary secretary with responsibility for ASIC between November 1996 and October 1998. I can say that the states—the ministers in particular; the Attorneys-General who made up the ministerial council on corporations—took their roles very seriously, as they always do in these things.

The Commonwealth, although it tended to get its way, had to work very closely with the states on a range of issues and has had to continue to do so. To answer a question raised by Senator Conroy, those same mechanisms that ensure that the states are heard, are in place in this bill. As all honourable senators have said, this is a very important piece of legislation that creates the constitutional certainty that is required. As a result of reforms, particularly over the past couple of years through the Corporations Law Economic Reform Program, Australia has in place a Corporations Law that is the envy of many jurisdictions around the world.

It is interesting to read the debate that is currently raging in Europe over takeovers reform. There is a clear perception around Europe, internationally and across the English Channel in the city of London over the future of the takeovers regime in Europe. It is quite clear from the debate that is raging about that particular important segment of the Corporations Law that, if Europe does not get their takeovers directive right, it will be a massive competitive disadvantage for businesses headquartering anywhere within the European Union. This throws focus on

the importance of the Corporations Law reforms that this government has put in place over the past couple of years.

It is crucial for a nation of Australia's size—with something less than two per cent of world capital markets—that all of our Corporations Law, and the law governing our financial sector generally, is at the leading edge. You cannot afford to rest in this area—you need to keep your eye on the ball—so I take this opportunity to once again make a plea to the Australian Labor Party and to the Australian Democrats to look at their opposition to the government's takeovers reforms in relation to the follow-on rule. It is a crucial piece of reform. It is a piece of undone business that will ensure that the performance of corporate boards at the top end of town is put under constant pressure through a real and live daily threat to corporate control. There is a reluctance on the part of the Senate to embrace reforms that would ensure that members of boards, sitting in their comfortable leather chairs, are put under a serious day-by-day threat from the marketplace and to ensure that our takeovers law is in sync with the best takeovers provisions in the world, and they are based in the city of London—

Senator Conroy—Just like the club.

Senator IAN CAMPBELL—Senator Conroy talks about the club. The takeovers reforms that we propose would break up the club. Most commentators on Australia's takeover regimes believe that boards are incredibly entrenched because the takeovers laws in Australia, which we have sought to reform, make it very hard to launch a takeover bid. We believe that, to ensure that boards do not become comfortable—to ensure that the clubrooms become far more uncomfortable—they should be subject to the pressure of a follow-on rule and mandatory bids that ensure that control can pass in a freer marketplace.

Senator Conroy interjecting—

Senator IAN CAMPBELL—Senator Conroy wants to defend the comfortable people in the clubs in Collins Street and the clubs in Sydney who become entrenched in their directorships and who are subject to

very little competition for corporate control because the Labor Party and their friends on the crossbenches—the Democrats—refuse to ensure takeovers reform in this country and that the takeover code is left behind. We could have a world leading regime in Australia that ensures particularly that our leading ICT sector companies are able to do mergers and acquisitions to give them scale. We are talking about the Corporations Law, and of course takeovers are a crucial part of that. When it comes to takeovers reform and building a good corporate sector in Australia and a competitive environment for corporate control, I will never let a chance go by.

With those comments, I have provided to Senator Conroy written responses to the particular concerns he raised. If he would like me to put them on the record I would be happy to but, really, they say that there are no substantive changes to the law involved. There was also a reference in Senator Conroy's questions to some points made by Alan Cameron, the former distinguished head of ASIC, in relation to some numbering changes and cross-referencing changes that have been made. Apart from that, I can assure you that there are no substantive policy changes. There is also a summary in the document I have provided to Senator Conroy, which I am happy to have tabled, that talks about the progress of the legislation in each of the state parliaments.

I note that, in my home state of Western Australia, the legislation has been referred to a parliamentary committee. I take this opportunity to commend the bill to that committee and to that parliament. This is an important change that has been made, and I can speak on behalf of Laurie Shervington and the people who have worked very hard on corporations matters in Western Australia for the past decade or so in saying that the business community is very keen to see this law put in place. It is very different from what happened in 1990, when there was a reluctance to put in place a new national scheme. The Western Australian business community, including small business, medium enterprises and very large businesses such as Wesfarmers are very keen to see this new scheme put in place. I call on my parliamentary col-

leagues in the Western Australian parliament to listen very carefully to the business community in Western Australia when enacting this important legislation.

Question resolved in the affirmative.

Bills read a second time, and passed through their remaining stages without amendment or debate.

TRADE PRACTICES AMENDMENT BILL (No. 1) 2000

Consideration of House of Representatives Message

Consideration resumed from 5 April.

(Quorum formed)

Senator IAN CAMPBELL (*Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts*) (6.20 p.m.)—I move:

That the committee insists on the amendments made by the Senate to which the House of Representatives has disagreed.

I would like to make some remarks in relation to the *Trade Practices Amendment Bill (No. 1) 2000*. Senators will recall that the last time this bill was before the Senate the government flagged the view that the provisions we are dealing with, which the ALP, the Democrats and I think some other senators voted to excise from the bill, relates to provisions that enable the ACCC to take representative actions on behalf of them, particularly in relation to the secondary boycott provisions.

The government has made a decision that has been flagged publicly that it will not hold up the many other benefits that will flow from the reform of the Trade Practices Act by seeking to continue the disagreement between the two houses on this issue. I certainly would like to make it clear that the government is committed in a policy sense to pursuing this. We are somewhat bamboozled at the incredible backflip performed by the Australian Labor Party. It is probably not incredible when you are made aware of the policy paucity, the policy laziness, on the other side and also the incredible power that the trade union movement has over Labor Party members and senators. It is not sur-

prising that that power exists, because most members on the other side of the chamber are either active union members or have come from careers within the union movement.

During the last debate, I believe Senator Andrew Murray made the point that he would like to see far greater disclosure of the union movement's donations and influence over the Australian Labor Party. What occurred during debate on this bill earlier this year should ring loud alarm bells with not only Senator Murray and the Australian Democrats but also anyone who cares about parliamentary democracy. We saw on a series of occasions late last year a range of Labor spokesmen making comments about not only how desirable this bill was for Australia but also how desirable this very provision of the bill was for Australia. I quote none other than Joel Fitzgibbon, the shadow spokesman for small business, on 9 November 2000 at approximately 1.22 p.m. in the House of Representatives, when he said:

The ACCC already has the power to take representative actions under parts IVA and V of the act, and it makes sense to extend that to part IV.

.....

This is a sensible amendment and both the Reid committee and the Joint Select Committee on the Retailing Sector unanimously recommended it.

This chap in the other place was very enthusiastic, and he was joined in his enthusiasm by Mr Kim Wilkie, who I might say is very hard to get enthusiastic about anything. But on this issue Mr Wilkie became almost animated, which again is unusual for Mr Wilkie. He said:

It gives small businesses more reasonable powers to be able to seek redress and fairness ...

He is right. On this occasion Mr Wilkie actually got it right. It may have been an aberration, but he is in fact right. He said:

It gives small businesses more reasonable powers to be able to seek redress and fairness in relation to unconscionable conduct. It is a most important bill—

right again, Mr Wilkie—

given the lost opportunities that the government has had since it came to power to amend and improve the Trade Practices Act.

I tell you what, Mr Acting Temporary Chairman, it is pretty hard to amend things like the Trade Practices Act when you have to bring the bills through this place, the Senate, when you have the trade union movement's advocates sitting on the other benches. Mr Wilkie also said:

Small businesses are crying out for fairer competition laws ...

Hear, hear, Mr Wilkie—yes, they are, and they are crying out for representative actions. So Mr Wilkie was behind us at 5.08 p.m. on 9 November, and he was joined by Stephen Martin, another Labor member. On 27 November, Mr Martin said:

As I have indicated, they certainly chose to support the measure that the Trade Practices Act be amended to give the ACCC the power to undertake representative actions and to seek damages on behalf of third parties under part IV of the act—and that is great; Labor certainly supported that.

Stephen Martin would know this, because I think at one stage he was the shadow minister for small business. So he would have actually spoken to small businesses about this. At the risk of boring you, Mr Acting Temporary Chairman, I will just repeat what he said:

... and that is great; Labor certainly supported that.

That is, the power to undertake representative actions and to seek damages on behalf of third parties.

And what are we talking about? What is Mr Martin talking about? He made the point that I made back in March—that is, that taking action under the secondary boycott provisions is something that a Woolworths or a Coles can do because they have a legal department and they have significant resources. If you are the little local super value store or the little local grocery store and you are being affected by a secondary boycott—you might have a lawyer you employ every now and again for contractual or commercial reasons, but you probably never contemplate suing someone and taking action under the Trade Practices Act because of the resources you would require—you would need a bank account of potentially hundreds of thousands of dollars to take these sorts of actions.

The government has sought to put these provisions in the law to ensure that those small businesses—which are obviously in head to head competition with massive nationwide and sometimes internationally based organisations which can afford big legal departments and big legal bills—are provided with an option, a remedy, a course of action that is open to small businesses. Labor has said no—and sadly they have said no to this important provision with the support of the Australian Democrats. Kelvin Thomson, another Labor member of the other place, said:

The ACCC currently has the power in part IVA and part V, so this change will help make the act more consistent and help to protect small business people. Let me also indicate that I think these changes are very modest and that more action is needed in this area generally.

So he was saying that we should go further—but, again, he was supporting it. That was on 28 November 2000 at 4.51 p.m.

What happened between 4.51 p.m. and 5.12 p.m. on 28 November? This is something that Senator Murray should look at very closely. Anyone who is contemplating a vote for Labor, but who is concerned about the incredible and quite often insidious influence of the trade union movement upon people who are elected by the people and come into this place, should look closely at this and ask Labor: who took a phone call on 28 November 2000 between 4.51 p.m., when Mr Kelvin Thomson spoke in the other place, and 5.12 p.m., when Mr Bevis, the shadow minister for industrial relations—not small business; nothing to do with the Trade Practices Act—spoke? It was 21 minutes. That 21 minutes is the closest parallel to the faceless men photograph and description of the Labor Party back when Gough Whitlam was trying to reform the Australian Labor Party. In that 21 minutes a phone call was received by someone in the Labor Party in this building from someone outside the building. We will not hear who they were, Senator Murray, because they do not have to reveal these sorts of things. Mr Bevis said:

... the Labor Party do not believe that the secondary boycott provisions should be dealt with under trade practices law.

Sitting suspended from 6.30 p.m. to 7.30 p.m.

Senator IAN CAMPBELL—The point I was making before we suspended an hour ago was that between 4.51 p.m. and 5.12 p.m. on 28 November—I am assured that it was a period of about 21 minutes—a telephone call was made from someone in the union movement we would suggest and we saw the Labor Party do one of the most miraculous backflips in Australian political history. Within less than half an hour they went from saying, 'What a fantastic amendment this is that we are debating tonight,' to saying—in Mr Bevis's speech on 28 November at 5.12 p.m.—that this was part of some ideological campaign in the industrial relations community by the government. I will remind the chamber that this was 21 minutes later. I find this quite incredible, and it is the only evidence you need to know that the Labor Party in government are certainly a government of the people, by the people, for the people, as long as those people are trade union officials. Twenty-one minutes after Mr Thomson said that this was an important change and a good change to the legislation, Mr Bevis said:

... the Labor Party do not believe that the secondary boycott provisions should be dealt with under trade practices law ... it is our intention to move amendments to carve out the secondary boycott provisions from this bill so that it is clear that the wider, more extensive powers that the bill affords the ACCC are not used as a backdoor method by the government in its ongoing ideological campaign in the industrial relations community.

That comment was made at the same time that Joel Fitzgibbon, the shadow minister for small business, was saying, 'This is a sensible amendment'. Mr Wilkie, the member for Swan, said that 'small businesses are crying out' for this, and Mr Martin said that this would give the ACCC power 'to take representative action and to seek damages on behalf of third parties for breaches of part IV of the act'. That was great. Labor certainly supported that. But 21 minutes and one or two telephone calls later, a huge backflip occurred. We know who is in control of the Labor Party. That seems to be the only reason that Labor have given for this incredible

backflip, this awesome abuse of union power within the Australian political process and this abuse of small business. We want small businesses to be able to go to the ACCC and seek the use of representative actions in the case of alleged secondary boycotts. The Australian Labor Party and the Australian Democrats do not want small businesses to have that open to them. In fact, the union movement do not want the people to have that open to them.

The ALP's contention is that the government could use the powers afforded the ACCC in some mythical, ideological campaign. In fact, the record shows that the ACCC has been in a position to take action against secondary boycotts since the current provisions came into effect in 1997 and in that time has undertaken only a handful of cases. Under section 29 of the act a minister cannot direct the ACCC on part IV matters. As I think all Australians know, the ACCC—and I challenge any member of the Labor Party to allege otherwise—guards this independence closely. Small businesses can take action under the Workplace Relations Act but those actions are necessarily restricted to actions provided for by that act and generally speaking must be employment related. The Workplace Relations Act does not give small business the right to take actions arising out of an alleged breach of the anticompetitive conduct provisions, including the secondary boycott provisions of the Trade Practices Act.

Senator SCHACHT (South Australia) (7.35 p.m.)—The opposition support the position we originally took in the Senate that the [Trade Practices Amendment Bill \(No. 1\) 2000](#) be amended to exclude this government proposal.

Senator Ian Campbell interjecting—

The TEMPORARY CHAIRMAN—Order, Senator Campbell.

Senator SCHACHT—The parliamentary secretary is getting quite excited.

Senator Ian Campbell—I am amused.

Senator SCHACHT—Well, you can be amused or bemused. The parliamentary secretary talked about the government's interest in small business. Over the last 12 months,

the government have let loose on small business the worst regime of regulation and red tape in the history of Federation. That is why out in the electorate small businesses are burning the coalition to pieces in resentment and anger. They were told that they were going to get a better and simpler tax system with the introduction of the GST. They were told that they were going to have a more efficient tax system. They were told in the 1996 election that there would be a 50 per cent reduction in red tape for small business. That was the unequivocal promise by the Prime Minister and the coalition.

The indisputable facts are that, since this government came to office and since the introduction of the new tax system, the tax act has gone from 3,500 pages to over 8,000 pages and the requirement to fill in forms has spiralled out of control. Every day we see stories in the paper of small business being interviewed about the nightmare of red tape and the nightmare of trying to fill in the BAS form. This government said, 'It's only one or two pages, but by the way you have to read a 180-page document to know how to fill the one or two pages in.' So for any minister of this government to get up and say that they are in favour of small business and are trying to help small business is just hypocritical in view of what the government has done to small business. I draw the parliamentary secretary's attention to an article that appeared in today's *Herald Sun* or yesterday's Melbourne *Herald Sun Sunday* about a businessman reconditioning engines in the Alston electorate.

Senator Ian Campbell—Aston?

Senator SCHACHT—Sorry, the Aston electorate. I should not give credit to the Deputy Leader of the Government in the Senate for having an electorate named after him already. This businessman pointed out all of the things I have just said. He has apparently voted Liberal all his life but feels absolutely duded by what this government has done to his small business through the tax changes. So with those introductory remarks, I will explain to the parliamentary secretary and the government why we will reject the message from the House of Representatives.

The [Trade Practices Amendment Bill \(No. 1\) 2000](#) has come back to the Senate tonight in its original form because the government has rejected Labor's proposed amendments. This is confirmation that in this debate the government is prepared to put the big end of town and its obsession with the trade union movement ahead of the small business interests. Again, the only group of people now cheering on the GST and the tax changes are a small circle of mates of the Liberal Party out of the big end of town. Of course, they have bureaucracies in those big, private companies who can handle the paperwork. The GST was drawn up with the influence of the big end of town who knew that they would have accountants and lawyers to help them fill the forms in. They did not care about small business and what they would have to do. So it is clear that, on any issue dealing with the economy, when this government is faced with a conflict between big and small business big business always wins.

We have known since the lower house rejected Labor's amendments that this transmission was coming back to the Senate, and that is why tomorrow my colleague in the lower house Mr Joel Fitzgibbon, the shadow minister for small business, and I who represent him in this place will be introducing private members bills that pick up the recommendations of the retailing committee. What is the government doing today by rejecting this Senate message? It is putting at risk all of those initiatives that have been begging for adoption since 1997. The Reid committee made its recommendations to the parliament, and here we are in the year 2001 still trying as an opposition to get them through the parliament. Why are we having difficulty getting them through the parliament? The government is allowing its intransigence on this issue and its obsessive hatred of the trade union movement—which has just been shown again tonight by the parliamentary secretary, and we hear it in question time day in, day out—to be ahead of the interests of small business.

The government says that these recommendations were adopted by the retailing committee only two years ago, a committee of which I was a member, and we are still

considering them. The government was dragged screaming to the establishment of a retailing committee after Labor took the initiative, and then what did the government do next? It made sure none of the recommendations would ever see the light of day. Mr Bruce Baird, the Liberal member from the lower house, was handed the poisoned chalice as the committee's chair. The government was never serious about implementing any initiatives flowing out of the committee, and it was made abundantly clear to the chair that it would not accept any changes. This was doubly clear when the government rejected the Baird committee's recommendation that a mandatory retail code be established.

The secondary boycott provisions in sections 45D and 45E of the Trade Practices Act are not necessary to implement the objectives of the Reid and Baird committees. What the committees had in mind was the misuse of market power provisions of the act. Currently, the ACCC can take action against a firm guilty of misuse of market power and secure fines of up to \$10 million. However, that penalty is of no assistance to a small business that has been injured by the actions of a larger player in the market. These matters go to sections 46 and 47 of the Trade Practices Act. At no time did either the Reid committee or the Baird committee consider 45D and 45E to be an issue for small business. These were committees chaired by the Liberal Party with a coalition majority on them. That is the point we make. When the committees dealt with these issues, we got bipartisan recommendations. This is what this government, for ideological reasons, now chooses to ignore.

My colleague Mr Fitzgibbon and I will be challenging members of the government to support those bills as a sign of their commitment to small business. This will be a true test of their mettle and a sign to the small business sector of the Howard government's sincerity towards small business. We know that this sector, as I said in my opening remarks, is tax reform weary, battle fatigued and struggling to keep its head above the water in the government imposed GST environment. We have no compunction in rejecting the government's view on this bill.

We have no compunction at all in voting against the message from the House of Representatives.

What we do look forward to is the debate in the small business community in the next six months about comparing what this government has done to small business with what the small business future should be under a Labor government with an effective roll-back in a number of areas. We cannot unscramble all the egg, but we will be able to make a number of initiatives to improve the small business environment. With this GST tax reform package, one million small businesses in Australia have been left to hang and in many cases go broke or have their long-term interests destroyed by an ideologically obsessed government. We look forward to the debate in the election campaign. We look forward to small business making it clear to this government that they have been sold a dud and they have had their economic prospects and prosperity wrecked for stupid reasons. The government's bill is a mealy-mouthed effort to divert the attention of the small business community away from the GST imposed havoc and blame the trade union movement. We know that is not going to work, and it has not worked. Therefore, the opposition very strongly rejects the message from the House of Representatives and the government's position.

Senator MURRAY (Western Australia) (7.45 p.m.)—The **Trade Practices Amendment Bill (No. 1) 2000** is a good bill. It is a bill that we welcomed. It took far too long to get to the parliament in the first place, some eight months, but it did introduce five out of the 10 unanimous recommendations of the Liberal, Labor, National and Democrat political parties. So five out of 10 was what came forward, and we fully supported those recommendations and approaches. In that respect, Mr Acting Chairman, you would wonder why the government would put at risk what would be welcome changes by the small business community, for the sake of rejecting two amendments from the Senate that do not alter the existing law at all. The schedule of amendments made by the Senate, to which the House of Representatives has disagreed, states that the ACCC can already

take actions under the secondary boycott provisions and may seek monetary penalties or injunctions; equally, individuals may seek injunctions, damages or an ancillary order under the secondary boycott provisions. So already there are laws, which both we and the government support, which would not be affected if the Senate amendments were to be accepted; they would just not be strengthened in the way that the government wants.

I understand the government's position, but we have not supported it. In preparing myself for today's debate, I had another look at my second reading remarks on this issue. I will repeat them pretty well verbatim, if I may, because not much has changed. At that time I stated that the amendments:

... remove sections 45D and 45E—which deal with secondary boycotts and contracts affecting the supply of goods or services—from section 87, which will provide for representative actions. Sections 45D and 45E are provisions that are, to a greater or lesser extent, related to industrial action by employees or unions. It is fair to say that, from memory, when the retailing sector committee considered the idea of representative actions under part IV of the Trade Practices Act, no attention was paid to those workplace relations provisions being present in part IV.

I was a member of that committee; there is nowhere that I can recall them ever being raised. I continued:

They might have been in the minds of some people but I cannot remember their being discussed. As I recall, most of us were concerned about the ability of the ACCC to take representative actions for things like predatory pricing and anticompetitive behaviour. I make the point that, for small business in particular, there is no other recourse but to the ACCC for anticompetitive behaviour but, where workplace relations matters are concerned, small business has recourse to the Industrial Relations Commission.

The Democrats [did] not see that these two need to be combined or that the need [was] readily apparent. When I, as the Democrats' representative on the committee, concurred in the report, I confess that the issue of secondary boycotts and sections 45D and 45E was not in my mind, and I suspect it was not in the minds of the Labor members of the committee, who also concurred in the report. I have specifically asked the shadow minister, Joel Fitzgibbon, about his mem-

ory of that, and he said it was not in his mind at the time.

So here we have a committee that reviewed certain small business issues and then came to some conclusions, and the government has extended those conclusions to take in an area of concern—that is, of concern to the government but not at all an area of concern for the committee. To my mind, that is just taking a licence with the views of the committee.

I do not in any way say that the government is not entitled to pursue its legitimate policy views; the government would like to see the ACCC take representative actions for industrial relations matters on 45D and E. But we simply see that as being an unnecessary addition to what is a welcome bill. For the government to overturn or refuse to let the bill go through merely for the sake of that small addition would be foolish. Small business is not going to say, 'Well, it's the fault of Labor or the Democrats that we don't have the bill,' because we will be able to explain to them how small the issue is that is being dealt with. They will say, 'It's the government's fault for not giving us these very welcome powers and changes,' which as you know, Minister—through the chair—all parties support; there is no-one who opposes them.

With those remarks, I indicate that the Democrats continue to insist on the amendments that the Senate made. I hope that the government will accept that insistence and, if it feels necessary, come back to this issue from its policy perspective in another way at another time—but not in a way that affects or prevents these particular reforms from being accepted and put into law to the benefit of small business.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (7.52 p.m.)—I would make it clear to Senator Murray that I have moved that the committee does insist on these amendments, which means that we are all in agreement so far. I would make the point that we are not in any way at all attributing something to Mr Fitzgibbon in relation to what may have been in his mind in rela-

tion to agreeing to the committee's report unanimously. He made the point for himself in his own words at 1.22 p.m. on 9 November when he said that the ACCC:

has the power to take representative action under Parts IVA and V of the act, and it makes sense to extend that to Part IV.

... ..

This is a sensible amendment and both the Reid committee and the Joint Select Committee on the Retailing Sector unanimously recommended it.

That is what Mr Fitzgibbon said in the other place, as did a number of his other colleagues. It is certainly quite clear—certainly to me—why the Labor Party have changed their mind. For Senator Schacht to then say we are protecting the big end of town and not looking after small business! This amendment has no great advantage to big business or the big end of town. They are quite capable of taking actions themselves. They have the legal resources—to use your words, Senator Schacht—and the accounting resources, if you want to relate it back to the business activity statements and tax reform. They can do that. This is a representative action which allows smaller businesses without the resources of a legal or accounting department and endless financial resources to seek the assistance of the ACCC in these matters. So on this occasion, the Labor Party is siding with the big end of town, knowingly or unknowingly, and letting small business hang out to dry. To accept Senator Murray's invitation: yes, we will have to revisit this. We would like to see the bill pass, for the good reason Senator Murray has made clear. There is a lot of other good law in it and we are not prepared to see it held up any longer because of an ideological obsession of the Australian Labor Party in relation to defending to the death the rights of a privileged few in our society—the officials of trade union movements.

Question resolved in the affirmative.

Resolution reported; report adopted.

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) BILL 2001

Second Reading

Debate resumed.

(*Quorum formed*)

Senator ALLISON (Victoria) (7.58 p.m.)—This **Family Law Legislation Amendment (Superannuation) Bill 2000** proposes to amend the Family Law Act and other legislation to enable superannuation interests to be divided on marriage breakdown either by agreement or by court order. At present, superannuation interests themselves cannot be split but they can be taken into account by the Family Court. This bill will allow the splitting of interests. In the event of a marriage breakdown it is always preferable for marriage assets to be divided fairly between the parties by agreement. Given the complexity of superannuation, fairness demands that an effort be made to ensure that people make informed choices about the division of superannuation assets. This bill requires that the parties to a financial agreement splitting superannuation assets obtain legal advice prior to entering into such an agreement.

I note that a 1997 survey claimed that the average value of women's superannuation on divorce was just \$5,590, compared with \$26,152 for men. The survey also found that both men and women are ill informed about their spouse's superannuation. In the context of a widespread disparity in superannuation assets and a relatively low level of knowledge about superannuation, the requirement that the parties have their rights explained to them by a professional is a very important safeguard. Other safeguards will exist. Agreements can be set aside if, for example, they are obtained by fraud. The requirement that legal advice be sought prior to entry into an agreement is likely to minimise the number of cases in which that occurs.

We recognise that it will not always be the case that superannuation interests can be split by agreement. It will be necessary for the Family Court to make orders to divide the assets of former spouses. This bill will now allow superannuation interests to be split by court order rather than simply be taken into account. That requires an estimation of the value of existing superannuation interests. In relation to interests in defined benefits plans, that may present significant difficulties, as the present day value of the interest may depend upon future events. Factors such as the

ultimate length of service of an employee and the income at retirement can influence the present value of the benefit. The bill and the regulations propose to deal with that in most cases by using actuarial tables. That will usually be a fair approach; however, I note that in some cases alternative valuation methods will apply. In particular, the cliff vesting provisions and the provisions relating to valuation methods supplied by superannuation funds offer alternatives that may be more appropriate in particular circumstances.

The Democrats support the legislation, but we will monitor its implementation to ensure that it operates fairly and provides a workable solution to the problem of dividing superannuation benefits on divorce.

Senator SHERRY (Tasmania) (8.02 p.m.)—The **Family Law Legislation Amendment (Superannuation) Bill 2000** was introduced into the House of Representatives on 13 April 2000. The bill will amend the Family Law Act 1975 to provide for the division of superannuation interests on marriage breakdown. The bill was seen by the government as being part of an overall reform package which would include regulations under the Superannuation Industry Supervision Act 1993.

Currently, the division of property following marriage breakdown is a matter governed by the Family Law Act 1975. It allows couples to make their own informal arrangements or use the Family Court in a variety of ways to settle matters between the parties, particularly to make property orders under section 79. However, there have been legal difficulties in dealing with superannuation interests because they are not currently defined as property under the Family Law Act. Doubts have also been raised over the Family Court's power to affect the rights of people who are not parties to the marriage—for example, the trustees of superannuation funds. There is doubt not only whether the Family Law Act authorises that but also whether the Commonwealth has the constitutional power to legislate to enable the court to do so.

The Family Court can, and does, take superannuation interests into account and di-

vides other property accordingly. However, that is far from ideal, because it often means that current property—usually the family home—has to be traded off in whole or in part against superannuation that may not be able to be accessed for many years. In many cases, that may leave one person with a house but no retirement income, and the other person with no house but significant retirement income that may not be accessible for many years. As the Attorney-General observed, the proposed legislation is designed to address the inequity and inflexibility of that situation.

In 1998, there were 51,370 divorces in Australia. A recent Australian Bureau of Statistics study of marriages from 1977 to 1994 concluded that about 43 per cent of all marriages end in divorce. Of those, eight per cent occurred within five years of marriage, 19 per cent within 10 years, 32 per cent within 20 years, and 39 per cent within 30 years. On the value of superannuation policies in Australia, the parliamentary *Bills Digest* No. 55 notes:

An increasing number of Australian employees now have superannuation policies. The relative value of those policies is increasing and is projected to continue increasing. In 1986, a report published by the Australian Institute of Family Studies ... revealed that of the men and women surveyed, in about 55 per cent of cases at least one spouse had superannuation. By 1997, 81 per cent of the men and women sampled by the AIFS reported that at least one spouse had superannuation. By 1999, 91 per cent of Australian employees had a superannuation account. AIFS estimates that the percentage of a couple's total net assets represented by superannuation increased from about 14 per cent in the late 1980s to about 25 per cent in the late 1990s.

In the lead-up to this legislation, a series of reports and discussions papers canvassed what to do about problems associated with superannuation in the context of marriage breakdown. For example, as far back as 1987, the report of the Joint Select Committee on the Family Law Acts entitled *Family law in Australia* recommended a discretionary power to enable the court to defer the making of a final order in property proceedings until superannuation benefits had been received.

The Australian Law Reform Commission's report *Matrimonial property* suggests that the notional value of superannuation be included in the value of matrimonial property unless that would lead to inequity. In 1992, the Attorney-General's Department proposed in a discussion paper that on marriage breakdown the vested portion of a person's superannuation interests be reallocated between the parties. In 1992, the Family Law Council recommended that superannuation be divided on marriage breakdown in proportion to the length of cohabitation unless injustice would result. In 1992, the Australian Law Reform Commission's report *Collective investments: superannuation* made several recommendations, including for accumulation schemes that the court be empowered to order the relative entity to divide the superannuation interests and to roll over the non-contributor's share into an approved deposit fund. It also recommended for defined benefit funds that the court be empowered to order the relevant entity to pay an amount to be determined by a prescribed formula into an approved deposit fund and also that, subject to court approval, the parties could agree to vary their shares.

Since then, there have been a number of other reports. Time does not allow me to go into them in great detail, but I should mention that in 1995 the Senate Select Committee on Superannuation and Financial Services, of which I am currently deputy chair, recommended that in view of the lack of progress the resolution of the treatment of superannuation assets on marriage breakdown should be dealt with as a priority.

I would now like to comment briefly on the separate property regime. The proposed legislation will operate against the background of a separate property regime as opposed to a community of property regime. The Attorney-General's Department explained that the fact of marriage does not create any special property rights in the partners. The department added that each party to the marriage retains, until otherwise decided by the court, or until the parties agree otherwise, whatever property he or she may have had prior to the marriage, and any property acquired in separate names during

the marriage. Following marriage breakdown, the court then has a discretion to alter interests in that property. That power is provided under section 79 of the Family Law Act. But it must not make any such orders unless it is just and equitable to do so. In making its orders, the court can take into account a range of factors. Those factors include the contributions, both financial and non-financial, that any spouse has made to the marriage. That includes the acquisition, conservation and improvement of property as well as contributions to the welfare of the family.

A separate property regime has an effect on how superannuation may be divided. The court could not be limited in its jurisdiction only to some amount of superannuation accumulated during the period of cohabitation or marriage. As with all other property, the court has to be given a broad discretion over all superannuation. As the Attorney-General's Department pointed out, the court has to be given two essential matters so that the proposals can operate successfully: firstly, jurisdiction in relation to the subject matter—superannuation; and, secondly, the power to bind third party trustees so that the court's orders could operate successfully.

The legislation proposes to do a number of things. The bill is a continuation of the reform of family law. Under the proposed legislation, couples will be able to divide their superannuation interests on marriage breakdown in the same way that they can divide their other assets. The bill will amend the Family Law Act 1975 to include superannuation within the definition of property, and to allow superannuation to be divided on marriage breakdown in one of two ways: either by agreement of the separating couple, or by court order. The bill will permit separating couples to make binding agreements about how to divide their superannuation interest or interests. This gives people the flexibility to settle their own financial affairs wherever possible and therefore to avoid costly and protracted litigation.

A person holding a superannuation interest may be nearing retirement or another condition of release at which time the actual value of the interest will become known. In such

circumstances, or for other reasons, couples may want to defer an agreement about how their superannuation interests are to be divided. The bill therefore enables couples to make an agreement to flag their superannuation interest. This agreement would prevent the superannuation trustee from dealing with the flagged superannuation interest until the flag has been lifted, either by further agreement or by court order.

The bill also provides that when a superannuation agreement is in force, the trustee of the relevant fund will be required by law to give effect to the agreement. Where a couple has separated but not yet divorced, the bill requires that at least one of them will have to sign a document called a breakdown declaration. This declaration will state that the couple is married, but they have separated at the time of making the declaration. If the value of the superannuation interest is greater than the eligible termination payment threshold determined under the Income Tax Assessment Act 1936, then an additional declaration will be required.

For people to be able to make agreements about dividing their superannuation, they will need information about the fair value of any superannuation interests to be taken into account upon marriage breakdown. For this reason, the bill provides that the superannuation trustee must provide information to the spouse of a partner so that both parties are aware of the details of superannuation interests that are involved.

Valuation is a particularly important issue for defined benefit schemes where there is a vested benefit and an unvested value. The unvested value is generally not accessible until the fund member satisfies certain requirements specified by the fund. This is the most difficult area in reaching an equitable conclusion as to the division of assets. The valuation of an accumulation plan is more easily ascertained. For this reason, the bill provides for different methods of valuing a superannuation interest, depending on the type of interest. The details of how the value is to be calculated, including actuarial information, are to be set out in the regulations. This will ensure that people are aware of the value of the interest they are dealing with in

the agreement, and will also ensure that there can be no dispute about how the value is to be calculated.

It is preferable that people make their own arrangements for dealing with superannuation interests. However, if they are unable to agree, the bill provides for the Family Court to have the jurisdiction and power to make an order to divide superannuation interests. The amendments to the Family Law Act, as proposed in the bill, will apply to all marriages, including those that were dissolved before the amendments commence. The amendments will not apply, however, where a property settlement has been finally concluded, whether by formal agreement or by court order.

As I mentioned earlier, the bill provides for some issues to be dealt with by regulation. These regulations are particularly important and need to be scrutinised very carefully. The matters covered by the consultation draft regulations include the following: the valuation of interests of parties; the calculation of the growth factor for base amounts allocated to nonmember spouses under agreements or court orders; fees payable to trustees for splitting superannuation interests; and other matters such as unsplitable interests and payments, the identification of trustees in some cases, provision of information by trustees, prescribed forms, and how the total withdrawal value of a person's various superannuation interests is calculated.

The Senate superannuation committee, of which I am deputy chair, carried out an exhaustive set of consultations in respect of this legislation. While the minister is here, I would like to acknowledge the extensive cooperation we received from the various government departments—in particular, the Attorney-General's Department—with respect to the committee's consultation on this legislation. Generally, it was much greater cooperation, I might say, than we have normally been accorded in respect of superannuation legislation that appears before the Senate.

As I mentioned, there are a number of difficulties—in particular, in respect of defined

benefit funds. The issues that create the most difficulty were highlighted by the IAA in a submission to the superannuation committee. They include trustee discretion to split a defined benefit interest while in the accumulation phase, the treatment of partial vested accumulation interests, whether the definitions of accumulation phase and payment phase adequately cover the field, problems relating to trustee responsibilities, the order of deduction for members' benefit components, some implications of the treatment of surcharge liability, the appropriate index to adjust the base amount in defined benefit schemes and the application of a vested benefit minimum. These are some of the details that caused the most significant concern before the committee. Having flagged some of the identified difficulties, I would point out that, generally and overwhelmingly, the vast majority of submissions before the Senate committee were supportive of the legislation we are considering this evening.

I would like to mention a couple of other issues in passing. It is not necessarily always to the advantage of one of the partners in the breakdown of a relationship that they receive a superannuation asset. It is usually the female who receives the family home or a monetary value that is related to the value of the family home. Why is that so? The asset in this case can generally be accessed straightaway, through either the sale of the family home or a payment of money in lieu. Given that females are the custodial parent in 90 per cent of cases, this is often to their advantage, rather than waiting for access to moneys at age 55 or later, depending on their date of birth. It is often to their advantage to be able to effectively access their superannuation moneys before access age is reached. So that is one disadvantage. It is not a clear-cut issue, as many would suppose.

Some of the complaints will end up being resolved by the Superannuation Complaints Tribunal. I have no concern about that in itself; however, the Superannuation Complaints Tribunal does still have a significant backlog, following a High Court decision about its powers. The legislation will also require an extensive education campaign to inform the family law community and the

superannuation industry. I would not underestimate the size of that task. I hope that the government is preparing such a campaign—and I certainly hope that it is not one of the propaganda campaigns we have become so used to in recent times in the form of government advertising. There needs to be an education campaign and I sincerely hope that it is focused on the areas that it is required to be focused on. I hope that it is not part of some political propaganda exercise in the lead-up to the election.

A major underlying issue is the adequacy of superannuation contributions. The level of superannuation contributions has been a matter of some public debate in recent times, and that issue underpins the final retirement incomes of the two partners after a relationship breaks down. Another interesting aspect of this concerns me, the Labor opposition and the entire superannuation committee, and that is that the proposed legislation does not deal with de facto and same sex couple relationships. The reason it does not deal with those is that there is no jurisdiction with respect to de facto couples. It is, as I understand it, clearly in state law. It does seem to me that this places married couples at a disadvantage. De facto couples are covered by a state statute, if it exists, or state common law. They will certainly not be covered by these particular provisions.

It was argued before the superannuation committee that this could act as a disincentive to marriage. Whatever one's views about the status and nature of marriage in our society, I do not believe it is a good thing that one particular relationship is discriminated against over another with respect to the dealing of property rights. This is a general problem in the area of property rights where a relationship ends, but the issue of superannuation does highlight a particular problem. The same issue applies to same sex couples. I take issue on principle. Whatever one thinks of same sex couple relationships, the fact is that the property—in this case, superannuation—is the property of the individuals. It is not up to the state to determine what happens to their own personal relationships, and they should be covered by the same provisions that we are considering this evening.

The Labor Party will be supporting this legislation without amendment. We still have some concerns, which we hope will be addressed in the regulations, but it does follow many years of exhaustive consultation. It is necessary legislation. It is important legislation, particularly given superannuation's growth as a major asset of couples in this country. It should be given greater certainty and greater surety and the rules should clearly be laid down so that they can be implemented in a practical way on the regrettable dissolution of a marriage.

Senator HARRIS (Queensland) (8.21 p.m.)—I rise to speak on the **Family Law Legislation Amendment (Superannuation) Bill 2000**. This bill before the chamber tonight has the ability to amend portions of another piece of legislation that is still before the parliament. For substantiation of that we need only look at the bill itself, where the government says:

A Bill for an Act to amend legislation relating to family law, and for related purposes.

It does not define succinctly that it is amending the Family Law Act 1975. What we have here this evening can only be equated in reality with what we so often look at on our TVs with great humour: the *Yes, Minister* program. That is the level we have reached in relation to this bill. We are setting out to amend a piece of legislation that has not even completed its passage through this house.

The superannuation bill will provide for different methods of valuing a superannuation interest, depending on whether the interest is a lump sum or a pension. The details of the information needed and the calculations necessary to value that superannuation and to split it will be contained in the family law regulations. Here, again, we have another problem with the bill that the government is putting forward: it does not give clarity in any way as to how the process will be followed. It merely says that the detail will be in the regulations. There is no doubt that when those regulations are brought before this chamber we will be back in exactly the same situation, where this chamber will have no input into those regulations. We will have no input into the process of how the calcula-

tions are made, other than to accept or reject the regulation. Again, we have legislation that is being driven by a process that this chamber does not have the ability to scrutinise fully or amend.

The bill allows that in some circumstances the parties may agree to defer how the superannuation interest is to be divided. Minister, are we legislating to encourage a person, by deferring the settlement on an unfortunate family break-up, to ensure that they do not agree, because there may be a financial benefit to that person by holding out for a later date at which the settlement may be made? I have grave concerns that this legislation will do this instead of creating a situation of a just and equitable separation. The government on numerous occasions have put before us the fact that the legislation may jeopardise their other main criteria: the ability to have a clean break between partners in a marriage that has deteriorated to the point where they wish to separate. I believe this legislation will delay or defer settlement within a marriage break-up. If it is not the government's intention for that to happen, the government need to very clearly and succinctly, through the debate in the committee stage of this bill, set out how they intend to ensure that that is not the result.

The bill also allows the court to set aside a superannuation agreement in certain circumstances—for example, if it is obtained by fraud, if it was otherwise void or where there was a significant change in circumstances. If you wanted a bill so wide that the courts could basically at any time set aside a superannuation scheme, the government has just handed it to you in the way it has drafted this bill—that is, if this chamber passes the bill unamended, as Senator Sherry has indicated.

Section 79 of the Family Law Act provides that under certain circumstances the court can set aside orders in relation to property interests. Section 79A(1) says:

Where, on application by a person affected by an order made by a court under section 79 in proceedings with respect to the property of the parties to a marriage or either of them, the court is satisfied that:

(a) there has been a miscarriage of justice by reason of fraud, duress, suppression of evidence

(including failure to disclose relevant information), the giving of false evidence or any other circumstance ...

So the act itself sets out the process under which the court can set aside orders and alter property interests. This bill that the government is introducing under section 79 gives the court the ability to change the interests of the parties in a property and, under the new definition of this bill, superannuation will be defined as part of a property settlement. So the court can, if it is satisfied that it is just and equitable, change any agreement that is entered into by those parties.

If we look at some of the other issues that the bill does not address, we see that the issue of great concern is that the bill does not define the time to which the superannuation refers. The bill does not in any way define whether the period over which the superannuation was accumulated was different from the period of the marriage. If a person at a young age enters into a superannuation scheme as an individual and then at a later point enters into a marriage and continues to accumulate that superannuation, the bill does not in any way whatsoever define whether the financial benefit that is derived by that single individual prior to the marriage is excluded from the calculations.

The bill itself also relates to superannuation agreements that I believe would have too much scope for the Family Court itself. It has the possibility to allow the Family Court to interfere with the arrangements that parties have agreed to and also to frustrate the implementation of those agreements.

In the committee stage I will be seeking clarification from the minister to define certain issues in relation to this bill. I will be asking: what are the words 'a significant change in circumstances' going to mean to a person entering into an arrangement? What right of redress will either parties have in relation to settlements made by the courts, if they cannot be agreed to by the partners? Also, I will be asking for clarification from the minister in relation to the splitting of superannuation and whether that spitting will occur in such a way at a defined time that it will deliver for both parties within that process a clean break, so each one can then move

forward in restructuring their lives. Will the parties forever have hanging over them the ability of the other person within that relationship at any given time to go back to the court under section 79 and reopen the issues?

I believe that the bill, because it has the potential to amend legislation that has not even completed its passage through this chamber, should have been set aside until that section of the legislation relating to financial agreements is actually completed. This issue relating to the superannuation could then have been addressed in the knowledge of what could be contained within a financial agreement. Today we certainly do not know what implications that other piece of legislation may have. I will be moving a series of amendments to the bill in the committee stage in an attempt to clarify it and to assure that it will be just and equitable for both partners who enter into these agreements and that, where possible, it will ensure a clean break so that each partner can then set about restructuring their lives.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (8.36 p.m.)—Let me start by thanking honourable senators for their contribution to the debate on this important piece of legislation. The **Family Law Legislation Amendment (Superannuation) Bill 2000** will amend the Family Law Act 1975 to give effect to the government's commitment to enable the division of superannuation on marriage breakdown. For many years now, the Family Court has had to grapple with superannuation being simply a financial resource. It was a contingent interest—it was not one that was available for division immediately upon a separation or upon a court order as a result of property settlement proceedings in the Family Court. So for years there has been this uncertainty. This bill will give relief to all those who go to the Family Court to deal with superannuation, and I think it will serve the community well.

In general terms, the Family Law Legislation Amendment (Superannuation) Bill provides that parties will be able to divide superannuation either in its accumulation phase or in its payment phase by agreement or, where the parties are unable to agree, by

court order. This bill is one component of the legislative package that will implement the new regime.

There are other parts to this. The Family Law Amendment Regulations will deal with the valuation of a superannuation interest. It is a contingent interest, so it is rather difficult to value at any particular point in time, especially when a superannuation benefit accelerates dramatically on the occurrence of some event such as the attainment of a certain age. The second part is the Superannuation Industry Supervision Regulations, which deal with the creation and certain specific circumstances of a new superannuation interest for the nonmember spouse. Of course, an essential part of this package is allowing the nonmember spouse to have this interest in the superannuation. Thirdly, there are consequential amendments to tax, social security and veterans' affairs legislation which deal with the effects of splitting up the superannuation.

This bill was referred to the Senate Select Committee on Superannuation and Financial Services. In considering the bill, the committee looked at preliminary drafts of the Family Law Regulations and the Superannuation Industry Supervision Regulations, which were released for public comment in October last year. The Senate committee's final report made several recommendations for amendments to the legislative proposals. A number of its recommendations are more properly implemented by amendments to the regulations. Others are more appropriately dealt with by legislation, and that has been accommodated in the other place. As well as that, some other amendments have been made by the government in the other place, which have come about as a result of consultation from interested groups, the judiciary and the legal profession. We now have an amended bill, which includes those amendments.

Perhaps the most notable amendment that the government has introduced relates to the concept of a percentage only interest in this bill. A percentage only interest, which will be prescribed under the Family Law Amendment Regulations, will only be able to be split by the specified percentage method

or by a special percentage method applying for such interests. The policy intention is that the interest that will be prescribed to be percentage only interest will be interest for which the only equitable and appropriate method of splitting it is by specifying a percentage rather than a base amount split. That means that, when the superannuation payment becomes payable, the nonmember spouse will have a percentage that would have been ruled by the court or agreed to. This has been a very complex area but one which needed to be dealt with.

I note that Senator Harris has foreshadowed amendments; in fact, he has circulated amendments in the chamber. At this stage, the government are unable to support any of those amendments, and perhaps it is best that we go into the reasons for that during the committee stage. I do thank all those who have contributed to the debate on this bill and also during the course of the inquiry; it has really been dealt with on a bipartisan basis. I think that recognises the importance of this bill. What we have here is a reform to family law which was much needed.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator HARRIS (Queensland) (8.42 p.m.)—I move:

- (1) Clause 5, page 2 (lines 18 to 20), omit subclause (1).

The purpose of this first amendment is to alter the legislation in such a way that the legislation does not impact on marriages that have been dissolved before the start-up time. There are considerable concerns that those who have passed through the process of settling their divorce and have settled their financial arrangements could now find themselves back in the courts if a person has applied to the courts to have the previous settlement reviewed based on section 79 of the Family Law Act.

I have spoken many times in the past in relation to retrospective legislation. If this bill does allow for challenges to be made to past decisions—if this bill were allowed to

retrospectively reopen those issues—it would dissolve into the absolute pits. I believe that that is sufficient to clarify to the chamber that the purpose of this first amendment is to ensure that there is no retrospectivity whatsoever in relation to superannuation under section 79 of the act.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (8.45 p.m.)—The government does not support this amendment. It goes back to those matters that have been settled. It would create chaos if all of those matters that have been settled by agreement or otherwise were reopened. It is a prime object of the Family Law Act that, once parties have split up and there has been a separation and divorce, all financial relationships between them are ended. Common-sense says that what is done is done, we do not reopen it.

Senator HARRIS (Queensland) (8.46 p.m.)—I draw the attention of Senator Ellison to subsection (3) of section 5 of the bill in relation to the application of superannuation amendments. It clearly says:

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

Subsection (1)—that is, the application of superannuation amendments—clearly says:

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

What I am seeking from the minister is a clear understanding that subsection (3) cannot be used to reopen settlements that have been reached prior to the start-up time as defined by the bill.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (8.48 p.m.)—What this bill does is allow the reopening of matters only on the basis of fraud or duress. It is quite obvious that, if an agreement has been obtained by fraud or duress or if a matter has been resolved by fraud or duress, it should not stand and that it should be able to be reopened. That is what this bill provides for—nothing more and nothing less. I think that is quite sensible and

I think that answers Senator Harris's questions. As to its application to marriages that have been dissolved, that is appropriate because it can apply where there is a separation or where there is a dissolution of marriage, and there is the usual time limit that applies.

Senator SHERRY (Tasmania) (8.49 p.m.)—I agree with the minister: it is important that we do have an ability to revisit in the event of fraud or duress. In another Senate committee inquiry we have looked at some cases of tax minimisation schemes involving superannuation. I will not go into all the details. Suffice it to say that there are some people who have been using superannuation trusts to minimise tax, let alone minimise their obligations under the Family Law Act if there is a potential dissolution of a marriage. I am certainly aware that a number of people in this country hide assets in the form of superannuation funds in offshore superannuation trusts. I suspect that it is not only to avoid tax but also in the event of a dissolution of a marriage. I do not believe that those arrangements would be brought to the attention of the other partner in the marriage. In circumstances like that—and, unfortunately, it does occur from what I have been able to observe from the other inquiries of the superannuation committee—where assets are clearly hidden via a superannuation trust in another jurisdiction the matters should be revisited, because I do not think that is fair or reasonable. It is not just unfair and unreasonable to the Australian taxpayer and the tax office but also unfair and unreasonable to the partner from whom the assets have been hidden in the form of a superannuation trust.

Sadly, it does go on. I do not think it is very significant but, where it does go on and the perpetrators are caught, it should be taken into account and, similarly, where duress occurs. I do not believe that in our society we can accept a situation where one partner in a marriage is subject to duress. It is unacceptable and, where it is proven in a court of law—and at times it is not easy to prove, from my understanding of the law—I think that is an appropriate ground on which the arrangements can be revisited if they are the circumstances.

Senator HARRIS (Queensland) (8.51 p.m.)—I have no problems in relation to a miscarriage of justice that has been carried out by fraud. I have some concerns in relation to duress, because there can be duress on both parties in relation to a settlement. To use the terminology in the bill, a 'member spouse' may actually accept a settlement that is less than satisfactory to achieve the possibility of having a clean break and a clean separation. But my concern does go further, because the bill clearly names section 79A(1)(a) as the basis under which a previously settled settlement could be revisited. For the record, section 79A(1)(a) of the Family Law Act 1975 says:

... there has been a miscarriage of justice by reason of fraud, duress, suppression of evidence ... the giving of false evidence or any other circumstance ...

Those latter words raise enormous concerns for me, in that the court can set aside and can, under the terms of the bill, reopen a superannuation settlement, as the act itself clearly says 'or any other circumstance'. That is the section that causes me great concern in relation to the government's wording in paragraph 5 of the bill, which says:

... the superannuation amendments apply to all marriages, including those that were dissolved before the startup time ...

It may not be the intention of the government to revisit those previously settled agreements or court orders, but I believe that, the way the bill is drafted, there is the ability to revisit them if the court so desires, based on the words 'or any other circumstance'.

Amendment not agreed to.

Senator HARRIS (Queensland) (8.55 p.m.)—I move amendment (2) on sheet 2231:

(2) Schedule 1, item 4, page 5 (line 8), after "agreement", insert "of both parties".

This amendment relates to part VIIIB, superannuation interests, and relates to the section which says:

The object of this Part is to allow certain payments (splittable payments) in respect of a superannuation interest to be allocated between the parties to a marriage, either by agreement ...

This amendment inserts the words 'of both parties' after 'agreement'. The sentence would then continue:

or by court order.

The **Family Law Legislation Amendment (Superannuation) Bill 2000** does not define whether it is by agreement of one of the parties—that is, either the member spouse or the nonmember spouse. If the bill is amended to include the words 'of both parties' it will be very clear that it requires both parties to make that agreement or the agreement can be made by court order. I believe the insertion of the words 'of both parties' would clearly define when that is acceptable.

Amendment not agreed to.

Senator HARRIS (Queensland) (8.57 p.m.)—I move amendment (3) on sheet 2231:

- (3) Schedule 1, item 4, page 5 (after line 24), at the end of Subdivision A, add:

90MCA Powers of the Court

The powers of the court under this Part may be exercised only by a Judge.

This amendment relates to the powers of the court. If accepted, the amendment would clearly and succinctly set out that the powers of the court in relation to this section of the bill could be effected only by a judge. I seek clarification from the minister as to whether a determination can be made by a registrar or a Federal Court magistrate, or whether those powers are restricted to that of a judge of the Family Court.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (8.59 p.m.)—A judicial registrar can make a determination which deals with property up to the value of \$700,000.

Senator SHERRY (Tasmania) (8.59 p.m.)—Could the minister explain for my benefit, frankly, the registrar making a determination where property is valued at, I think you said, more than \$700,000—

Senator Ellison—Up to.

Senator SHERRY—Is that all property up to \$700,000?

Senator Ellison—Yes.

Senator SHERRY—Thank you, Minister. If they can do it with respect to other property, superannuation is part of the property asset, and therefore it seems to me perfectly logical and consistent that the current position be maintained and that it should not be confined only to the power of a judge.

Amendment not agreed to.

Senator HARRIS (Queensland) (9.00 p.m.)—I move amendment No. 4 on sheet 2231:

- (4) Schedule 1, item 4, page 9 (line 30) to page 10 (line 2), omit "It does not matter whether or not the superannuation interests are in existence at the time the agreement is made."

This amendment relates to the section of the **Family Law Legislation Amendment (Superannuation) Bill 2000** that clearly talks about superannuation interests being included in the financial agreement. Under section 90MH(1), the bill, as it currently stands, states:

A financial agreement under Part VIIIA may include an agreement that deals with superannuation interests of either or both of the parties to the agreement as if those interests were property. It does not matter whether or not the superannuation interests are in existence at the time the agreement is made.

I believe that it is unjust to have a situation where a spouse may enter into a superannuation agreement either before, during or after the break-up of a marriage and then, according to the wording of the act, have that superannuation included as part of the financial agreement. The way the bill is drafted certainly leaves it open for that to happen, because it clearly states:

It does not matter whether or not the superannuation interests are in existence at the time the agreement is made.

I seek some clarification from the minister as to the specific instances that would require the government to have that section in the bill. What are the circumstances in which a superannuation agreement that is entered into by one spouse, after decisions have been made in relation to the interests of property, would be implemented under this section of the bill?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.03 p.m.)—With due respect, Senator Harris might have missed a point here. The insertion of the sentence, 'It does not matter whether or not the superannuation interests are in existence at the time the agreement is made,' takes away from the financial agreement the ability to include financial interests which have not yet come into being—that is, accumulations pursuant to superannuation. You might have a young couple who have a financial agreement who are about to embark upon a working career or who have just started a working career, and they have a superannuation package which has not yet started to accumulate any interest for them. Understandably, they have a financial agreement. In that agreement, it says that in the event of certain things happening there will be a split in a certain manner. This amendment could do away with that provision and take one step backwards and not have the flexibility that we would envisage by this. That would be a shame, because we need to have financial agreements that can deal with superannuation which is just about to start or which is in process or which could well be almost at its conclusion.

I think Senator Harris is asking, 'How can you have a financial agreement where someone has accumulated interests in a superannuation package?' I think that is quite easily answered. Where you have a husband and wife and one brings into the marriage assets by way of superannuation, then your financial agreement can recognise what was brought into the marriage. It would do that. There would be recognition for that spouse having brought those assets into the marriage. The financial agreement would not result in an unfair windfall, if you like, for the party that does not have the interest in the superannuation, because what you would do in the financial agreement is to recognise what each party brought in respectively. It would be the same as if one party owned a house and the other did not. If Senator Harris was implying that this could enable one party to be unfairly enriched, then that is not the case. It certainly is the opposite. The financial agreement in this case enables the record

to be set down: this is what people have brought in, and this is what people are entitled to in the event of a break-up.

Senator HARRIS (Queensland) (9.06 p.m.)—I thank the minister for his reply, but I seek an additional clarification. At a subsequent time after the superannuation interest had been defined and agreed upon, if the member spouse then agreed to increase their superannuation payments above that level at which they were structured when the agreement was reached, would the benefits from those increased contributions made by the member spouse remain for the benefit of that individual within that agreement? If the agreement were based upon a pension basis—in other words, not a payout at the age under which the superannuation becomes available—how are the administrators of the fund going to be able to determine the equity of each partner?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.08 p.m.)—Firstly, if either party after separation or divorce, or more particularly, I should say, after the resolution of financial matters between themselves, earns more money or obtains further assets, that is normally their own. For instance, if you have made a financial agreement as to how superannuation should be divvied up and the spouse who is a member then says, 'I'm now going to contribute more out of my salary to the superannuation,' from that point on, in the absence of any other agreement, that would be their asset. But, of course, you have to remember that in the financial agreement it could well stipulate that, if the member spouse is to increase contributions, there could be some increased entitlement for the nonmember spouse. So primarily you would look to the financial agreement to see what would happen in the event of a member spouse increasing his or her contributions. In the absence of any agreement though, it would be most likely that the spouse concerned would simply get the benefit of their extra contribution because it would be post-financial agreement, post the severing of financial relations. I think that is a fairly straightforward concept.

Senator HARRIS (Queensland) (9.09 p.m.)—I can accept in a situation where there was a splittable agreement that what Senator Ellison is saying would be achievable, but I have some concerns if it was agreed between the parties that the settlement was not splittable or in relation to a court order that the superannuation was not splittable. I believe that it would be extremely difficult to be able to determine the exact amounts in relation to either a lump sum payment or a pension, even if they had been defined in a percentage settlement in that particular instance. It is for those reasons that I raised this initial amendment—that is, to highlight the difficulties that I believe are going to arise in relation to non-splittable agreements.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.11 p.m.)—Just for the record, the parties can determine how to split the superannuation in a number of ways. It could be by way of specific sums or percentages of pensions, or they may determine that they do not split it at all. So it is in the hands of the parties, and we do not see any problem at all in these financial agreements in relation to superannuation. I do not see any situation at all where the parties would be prevented from being masters of their own destiny.

Amendment not agreed to.

Senator HARRIS (Queensland) (9.12 p.m.)—I move amendment No. 5 on sheet 2231:

- (5) Schedule 1, item 4, page 17 (after line 19), at the end of section 90MS, add:
 - (3) A court cannot make an order under section 79 in relation to a superannuation interest unless the spouses are unable to make a superannuation agreement under Division 2.

The purpose of this amendment is to add at the end of section 90MS:

A court cannot make an order under section 79 in relation to a superannuation interest unless the spouses are unable to make a superannuation agreement under Division 2.

That clearly clarifies the powers of the court and ensures that a court cannot make an order unless the interests of both of the spouses are unable to be accommodated. The only

time the court can actually make such an order is when there has been a total breakdown between two parties in relation to their superannuation interests.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.13 p.m.)—I do not want to prolong things, but I need to put this on the record. This bill provides for exactly what Senator Harris is trying to achieve. Of course the court will not make an order where the parties can sort things out by agreement. I think this amendment is totally unnecessary because this bill very squarely says that the courts will only make an order where the parties cannot come to an agreement themselves. So we do not see the need for this amendment at all.

Amendment not agreed to.

Senator HARRIS (Queensland) (9.14 p.m.)—I move amendment No. 6 on sheet 2231:

- (6) Schedule 1, item 4, page 23 (lines 1 to 6), omit subsection (6).

This amendment seeks to omit subsection (6). I believe that subsection (6) is a denial of natural justice. The bill under subsection (6) states:

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

We are speaking here about an application for disclosure of a person's interests in superannuation. With the way the bill is structured, if the trustee receives an application for information pertaining to a person's interests in the superannuation—and, in this case, if it is the nonmember spouse who is making application for the information—the trustee can be in breach and be fined up to 50 penalty units if the trustee discloses in the particular case to the member spouse that an application has been made for information pertaining to the member spouse's superannuation interests. I believe that any person has the right to know if an application has been made in relation to disclosing information pertaining to their superannuation scheme. In the case I am using, where it is the nonmember spouse applying for the information, I believe the member spouse has

the right to know that an application has been made for that information.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.17 p.m.)—I think that Senator Harris, with due respect, should look at subsection (1), which talks about an eligible person making an application to the trustee for information. It is not necessarily the commencement of proceedings; in fact, it is not. It is just simply the nonmember spouse going to the trustee and making inquiries about the superannuation fund. This protects the nonmember spouse in making that inquiry from running the flag up the pole, if you like. There are a number of reasons for this: it might antagonise the other spouse, or you might have a domestic violence situation—all manner of reasons might come into play. It does not deprive the member spouse of any natural justice because, once the nonmember spouse decides, ‘Well, yes, I’m going to go to court,’ of course proceedings have to be commenced and the application in the court has to be served on the member spouse. So all this talks about is an application for information; that is all it is. It is not an application in court—and that is what I think Senator Harris is confusing it with. He mentions natural justice. Of course you could not make an application to the court—it would be an *ex parte* application—without the other side knowing. You could not do that at all; it would be crazy. This merely talks about an application for information.

Amendment not agreed to.

Senator HARRIS (Queensland) (9.19 p.m.)—I move amendment No. 7:

(7) Schedule 1, item 4, page 23 (lines 7 to 11), omit subsection (7).

This amendment seeks to omit subsection (7). Subsection (7) states:

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

Again we have the situation where the government is proposing to have regulations that

will define or require the trustee to carry out certain actions in relation to the superannuation plan, even after the operative time for a payment split. So I believe that again this will place the member spouse in a situation where details of their own superannuation could be divulged to the nonmember spouse. I believe that this is unjust and inequitable.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.21 p.m.)—Just for the record, subsection (7) in the bill states ‘after the payment is split’, and so obviously people will know what the division of the split is. We really do not see the need for this amendment.

Amendment not agreed to.

Senator HARRIS (Queensland) (9.22 p.m.)—I move amendment No. 8:

(8) Schedule 1, item 4, page 23 (line 10), after “concerned”, insert “, provided that, if any information is given to the non-member spouse, the member is advised of the information so given”.

Amendments (6) and (7) having been resolved in the negative, it becomes very important to put amendment (8) because amendment (8) inserts into the bill a section that would require that any information that is given to a nonmember spouse be duplicated and the member receive a copy of that information. This goes to the basis of equality and equity. If the trustee is required to provide to the nonmember spouse details about the member spouse’s superannuation, then it is imperative that the member spouse receives a duplicate copy. What I am asking for, very, very clearly, is equality between both parties. I would be at a loss to understand why the government would not agree that in a situation where the trustee in actuality does provide information to the nonmember spouse an identical copy of that information be made available to the member spouse.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.24 p.m.)—The government’s proposition is that each of the parties will be advised by the trustee as to their entitlement. I do not think I can make it clearer than that.

Senator HARRIS (Queensland) (9.24 p.m.)—Would the senator, for the purpose of the chamber, relay to us clearly where in the bill the trustee would be required to do that?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (9.24 p.m.)—The subsection refers to regulations. This has been canvassed previously, as I understand, by the Senate committee during its inquiry. The regulations provide for that.

Amendment not agreed to.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

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

Senator Harris—I ask that my dissent be noted.

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2001

Second Reading

Debate resumed.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (9.27 p.m.)—I am pleased to speak on behalf of the opposition tonight on the important subject of the Export Market Development Grants Scheme, which this **Export Market Development Grants Amendment Bill 2001** extends for a further five years beginning in the year 2001-02. Export promotion is vital for Australia. Our own market is too small to sustain our standard of living, so we must make our way in the global economy. For many of our industries, our primary producers for instance, this has been well understood for a long time. For our wool, wheat, meat and mineral producers exports have always been crucial, and they have succeeded in selling to the world despite having to confront massive market distortions in the form of trade barriers and foreign production subsidies. Australia's other industries are also widening their horizons. Our exports of manufactures and services are growing. This is crucial, not only because these industries employ the overwhelming majority of Australians—four out of five Australians work in the service economy—but because they are the fastest

the fastest growing sectors in the global economy. Australia has a competitive edge in many of these areas, whether it is the high-tech fast ferries made by Austal in Western Australia and Incat in Tasmania or the wide range of professional services sold to the regional and global markets by Australian financial, legal, educational and hospitality providers. Australia is already part of the global economy and competing successfully in it. It is a battle not yet won. The global economy is increasingly competitive, and we have to do a much better job of equipping ourselves to compete, a better job of building a knowledge nation. It is in an export oriented economy that Australia's future lies.

The expansion and broadening of Australia's export base over the past 20 years has brought benefits not only in terms of export revenue. The increase in export orientation of our businesses is also changing our industrial landscape. Studies have consistently shown that exporting firms provide better paying and more interesting jobs than firms that rely solely on the domestic market. The most recent study into this issue, conducted jointly by the Australian Bureau of Statistics and the Australian Trade Commission, found that exporting businesses paid their staff on average \$17,000 more than non-exporting businesses—a massive 60 per cent more. Other findings of the study were that export businesses were more likely to employ people on a full-time basis and were more committed to staff training than non-export businesses. So trade is about more than the business bottom line. It is also good news for the wider economy and for Australia's workers. Yet it is sometimes argued that the increasing exposure of the Australian economy to trade is a bad thing for workers. From this assumption comes the conclusion that constraints to trade will benefit workers and that their interests would be served by Australia withdrawing from involvement in the global economy.

I should say that these ideas do not have political boundaries. They are heard across the political spectrum and in the country and city alike. It is true that changing patterns of trade will affect workers in some industries. There are some industries in which Australia

is not as globally competitive as we might wish. But technology is an even more important driver of economic change, and the answer to issues of employment does not lie in trade barriers any more than it lies in trying to hold back new technology. After he had done considerable work on this subject, the Nobel prize winning economist Amartya Sen said recently:

The economic predicament of the poor cannot be reversed by withholding from them the great advantages of contemporary technology, the well-established efficiency of international trade and exchange, and the social as well as economic merits of living in open rather than closed societies. Rather, the main issue is how to make good use of the remarkable benefits of economic intercourse and technological progress in a way that pays adequate attention to the interests of the deprived and the underdog.

Sen identifies the key issue before government today: how to use the tools of government to harness the benefits of trade and shape economic outcomes on the ground. Governments need to recognise that trade can have dislocative effects for particular industries and for particular workers, and they need to respond by implementing policies that ensure that we do not leave people behind. This means constructive industry policy and safety net policies, not an outdated and obsessive attachment to trickle-down economics.

Accepting the economic theory underpinning trade—that is, trade's potential to raise living standards—is important, but even more important is accepting the responsibility that governments have in managing the impact of globalisation. The Howard government tries to tell people that trade is good for them, but it has no strategy for explaining why trade is good for the Australian economy and it has no strategy for dealing with circumstances—real circumstances—where particular industries and workers are adversely affected by changing economic patterns due to trade or some other factor or combination of factors.

The opposition are committed to ensuring that Australia competes successfully in the global economy—we are confident in the ability of Australians to do so—but we do

not believe that the approach based on telling people to take their medicine and sit down is an effective substitute for policies designed to address real, everyday situations. Unlike the government, we are not slaves to the market. Rather, we will seek to use the levers of government to ensure outcomes that deliver the benefits of trade to all Australians, not just to those businesses and individuals already succeeding in the global economy. The Labor Party is proud of the decisive role it played during the Hawke and Keating years in restructuring and internationalising the Australian economy. These changes, frequently opposed by the coalition parties when they were led by Mr Howard in opposition, had many benefits. One was a sea change in the way in which Australian businesses viewed the global economy and a subsequent explosion in our exports. That explosion was based on fundamental restructuring—that is, on something more than US50c to the \$A1.

It was under Labor that Australia became fully connected to the global economy and it was under Labor that trade became a crucial contributor to our national wealth. Trade is now responsible for 40 per cent of our GDP. That came about because we had a view of trade as part of a broader economic framework. We still hold that view and we will work in government to ensure that trade policy serves the economic interests of the entire Australian community.

One part of our work when last in office was the Export Market Development Grants Scheme. That was an original Labor scheme set up by Gough Whitlam and Jim Cairns. The idea was a visionary one, predating the contemporary debate about globalisation and free trade. It was based on a simple premise: that smaller Australian businesses should be encouraged to develop an export culture and seek out export markets, and that they need some help to get started. The Export Market Development Grants Scheme operated effectively from the start, and it was refined by the Hawke and Keating governments. I am pleased to have had a role in that process, having overseen the scheme as minister in 1993-94 and having become well aware of

its effectiveness while also serving as industry minister in the Keating government.

The bill represents the Howard government's response to the latest review of the EMDG conducted by the Austrade board last year. Before talking about the government's weak response to the review, I would like to say something about the Austrade board's findings. The board confirmed that the EMDG is a highly successful program. It is worth noting some of the conclusions of Professor Ron Bewley of the University of New South Wales, who conducted an econometric analysis for the review. Professor Bewley found, amongst other things, that during 1997-98 each grant dollar from the scheme resulted in approximately \$12 in additional exports. He further estimates the additional tax return from these additional exports as being between \$25 million and \$29 million. Beyond the scope of Professor Bewley's analysis, of course, is the flow-on to employment and the other positive effects of this economic activity.

While one should always view the results of that sort of economic analysis with some caution, there is no disputing the central conclusion: the investment made by the taxpayer through the EMDG Scheme is returned many times over in the form of increased economic activity, export and tax revenue, and jobs. The public benefit of government programs is sometimes not as clear as it might be. But the EMDG Scheme has clearly been a success by any measure.

As I have noted, Professor Bewley's work was part of a broader review of the EMDG. The review found that the EMDG was generally meeting its core objective: encouraging the creation, development and expansion of foreign markets for Australian goods, services, intellectual property and know-how. The review also found that business is investing the full value of grants back into export promotion activities. Before approaching the government's response to the board's specific findings, we need to address some core issues about the Howard government's mishandling of the EMDG and its lack of support for small business, the constituency that the government likes to regard as its own.

The fact is that the EMDG has been put through the wringer by the Howard government. The scheme got caught up in the wholesale slashing of government services in 1996-97 when the Howard government took a blunt axe to all government programs, irrespective of their effectiveness. We are still seeing the results of the mess created by the 1996-97 budget, from public services withdrawn only to be subsequently restored in a response to the electoral backlash to government assets privatised and outsourced and their value to the community diluted or lost.

In my shadow portfolio area, resources were slashed from the Department of Foreign Affairs and Trade, diminishing our international influence in a host of ways, including our capacity to support Australian businesses internationally. The EMDG was another baby thrown out with a few drops of bathwater. Despite its success, it was slashed too, giving us an early signal of the impotence in the government of the foreign minister and successive trade ministers, although at least we saw Tim Fischer doing some trade policy work, not just issuing endless press releases congratulating exporters.

It is worth taking a moment to calculate the damage that this government has done to the EMDG. With the funding cap applied in 1997 and extended by this bill until 2006, real funding in 2001-02 will be 37 per cent lower than it was in 1996-97, the last year that Labor's EMDG Scheme operated. Recipients in 1996-97 totalled 3,851. In 2000-01, only 2,956 businesses received funding under the scheme, a decline of nearly 25 per cent. Worse still, the funding cap until 2006 means that, by then, funding in real terms will be barely half of what it was under Labor. To illustrate the point in stark terms, if real funding in 2001-02 had been retained at the 1996-97 level, \$234 million would have been available as grants for Australian exporters next year. Using Professor Bewley's analysis as the basis, this amounts to \$1.1 billion in additional exports forgone, along with approximately \$16 million in additional tax revenue. This is a strange response from a government that still trumpets its support for exporters and small business.

The truth about this government's commitment to this country's small business lies in its performance. The recent budget had absolutely nothing for Australia's small business community. They were entitled to think that they would get some relief. After all, Mr Howard promised before the 1998 election that red tape would be cut by 50 per cent and that the GST would improve small business cash flow and profitability. Of all Mr Howard's broken promises, surely this is the one that rings most hollow to Australian small business today.

The reality is that small business now has the massive, costly and time-consuming burden of the GST, with no help in sight. The budget has no compensation, no simplification, no extension of the write-off period for investment in GST related plant and equipment, and no changes to the many and different thresholds that determine eligibility for the simplified tax system and the simplified accounting method.

Now this bill compounds the disappointment for small business. At a time when the export climate has rarely been better, driven by an ultracompetitive Australian dollar and an improvement in Australia's terms of trade, the bill does nothing to lower the hurdle confronting Australian small business. The favourable exchange rate is, of course, good for exporters although it is not good for all parts of the economy, as shown by the precipitate recent decline in imports of capital goods. But small and medium sized businesses can only benefit from the low Australian dollar if they can get themselves established in export markets, and they can only do that if they have the capital to commit to the necessary promotion and marketing. However, small businesses do not have that ready cash because they have been mugged by the GST—mugged in terms of the capital forgone as a result of GST payments, and mugged in terms of the drain on their financial and human resources from the compliance burden.

This is the context in which we should see this bill: a small business sector in Australia that continues to suffer under the impost of an unfair and regressive tax. And now, as businesses grapple with the GST-BAS

nightmare, we have this half-hearted effort. We should be under no misapprehension: it is not an easy thing to step into exporting, especially for small companies which are perhaps relatively new businesses. Governments can help not just by reimbursing a proportion of marketing costs, as the Export Market Development Grants Scheme does, but also through the technical advice provided by Austrade and the Department of Foreign Affairs and Trade. But this assistance amounts to very little in the face of the incessant GST compliance nightmare.

I have discussed the EMDG funding situation. It is clearly inadequate. It is also a matter of concern that Austrade's administration of the EMDG seems more focused on compliance than on export promotion. Close to 20 per cent of reimbursement claims are rejected by Austrade. This suggests that businesses are not being well enough informed about their entitlements under the scheme. It also raises the question of whether the cap, \$150 million less \$7.5 million in absorbed administrative costs, is dictating decision making under the EMDG. If this is the case, the scheme is meeting the needs of bureaucratic bean counters rather than the needs of small businesses seeking to make their way in the world.

However, there are other concerns about the way the scheme operates identified in the Austrade board review. It is clear, for instance, that smaller businesses have little incentive to claim small grants under the scheme as it is currently constituted. In contrast, larger enterprises with more flexibility to commit to export promotion in the first place stand to benefit from the scheme more directly. This seems to run counter to the rationale of the EMDG, which is to encourage an export outlook amongst businesses that might not otherwise be attracted to the often uncertain export market.

The Export Market Development Grants Scheme needs to focus clearly on the needs of smaller Australian companies. It does not need to provide long-term assistance to companies that are already globally engaged or which already have the capacity to sustain significant export marketing budgets. We are seeing fewer and fewer small businesses ac-

cessing the scheme and we are hearing more and more stories bemoaning the difficulties of accessing the scheme. Yet this bill is complacent. It does not address those concerns and it is clear that the government, having shut the policy shop up until the election, is content to pay lip service to the export needs of our smaller businesses. This bill also continues the Howard government's snub of the Australian tourism sector. For this important sector, too, there is nothing in the budget except, of course, for a hike in the passenger movement charge, one of Mr Howard's non-core taxes which, like his non-core promises, he prefers not to count.

This bill belatedly makes the meetings industry eligible for EMDG grants, something that Labor had agreed to in 1995. Unfortunately, it was another casualty of the 1996-97 budget. Such is their embarrassment about their neglect of the tourism sector, we now have the government making misleading statements about the timing of that sector's inclusion in the EMDG scheme. Two weeks ago we had the member for Cook, who should know better, say that tourism first became eligible for the EMDG under the Howard government. It did not. Inbound tour operators were brought into the scheme in 1990 by the Hawke Labor government. Later, the Keating Labor government expanded the scheme to cover tourism suppliers. It does the government no credit to be compounding their negligent approach to this important industry by seeking to fudge the public record on tourism's access to the EMDG.

Labor will support this bill. Australia's small and medium sized exporters need this scheme to help them get started in the global market. But this bill has been a long time coming—the Austrade board review of the EMDG was completed a year ago—and it represents a tepid and inadequate response to that review. It leaves the EMDG significantly underfunded, and it misses the opportunity to calibrate the scheme more effectively for small businesses. Unfortunately, this is not surprising. It continues the Howard government's sorry record on export promotion and support for small and medium sized Australian companies. Those businesses are entitled

to feel disappointed that their needs are not being addressed by a government that has run out of ideas on trade and that takes Australian small businesses for granted.

When Labor return to office, we will clean up the mess the Howard government has made of export promotion and its wider neglect of Australian small and medium sized businesses. We will do it promptly and in a way that will enable small business to play a much stronger role in the export market. With the dollar at these levels, we should be creaming them everywhere. But if small business cannot get access to the market because of other compliance costs and the GST, it does not matter what the exchange rate is; it will still not succeed. (*Time expired*)

Senator BARTLETT (Queensland) (9.47 p.m.)—I rise to speak on behalf of the Australian Democrats to the [Export Market Development Grants Amendment Bill 2001](#). The Export Market Development Grants Scheme has been in operation since 1974, in various forms, providing funds to small and medium sized businesses in order to assist them with the cost of promoting and developing export markets. By most accounts, the program has been a success. Recent reviews indicate that the scheme has developed an export culture, has assisted businesses to establish products and reputations and has resulted in an increase in export earnings.

A broad range of industries has accessed these funds: the tourism industry, the IT industry and many others. Submissions to the recent review of the scheme indicated a broad level of support for the scheme from businesses. Those submissions also made a number of proposed changes to the scheme, many of which have been incorporated in this bill. Whilst it is positive to see the government supporting investment in small export businesses as a long-term investment in a healthy economy, it is unfortunate they are not more willing or able to take the same long-term view in relation to education, health and the environment.

With one exception, this scheme provides blanket opportunity for people from various industries to access the scheme and, therefore, makes no attempt to articulate social

policy. It is purely economic, dollars and cents, driven. The one exception is the prohibition contained in the bill in relation to X-rated material. The government is saying that it does not want to use taxpayers' funds to subsidise the expansion of an export industry in X-rated material. That is not something the Australian Democrats are expressing any opposition to. It does indicate that there are clearly circumstances where the government is prepared to exclude particular industries—in this case, for social policy reasons—being able to access subsidies under this scheme, even though those industries are not illegal in Australia. Any illegal industry is not able to access this scheme either. That single exemption does not constitute policy, but it does indicate the possibility of achieving policy objectives through financial and market mechanisms.

The Democrats believe the scheme presents an opportunity to represent a comprehensive collection of community values. We are moving a few amendments to the bill which would allow the scheme to reflect more broadly legitimate community concerns and concerns of the Democrats. These amendments do not pretend to be a comprehensive expression of Democrats policy but would serve as the beginning of a framework in which good investments can also be good policy.

Debate interrupted.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Order! It being 9.50 p.m., I propose the question:

That the Senate do now adjourn.

Investor Protection: Corporate Disclosure

Senator WATSON (Tasmania) (9.50 p.m.)—When in Toronto recently, meeting with World Bank and political representatives interested in tightening the financial laws giving enhanced credibility to developing countries, my attention was drawn to news of some proposed new Canadian securities regulations guidelines directing when corporate information should be made public and to whom it should be made public. In Australia, the larger investment managers have an advantage over John Citizen the in-

vestor in that some fund managers, given their size and investment strength, are able to secure advanced private briefings and, in the process, are presented with inside information and other data that can be useful in their giving advice whether to buy, hold or sell certain stock. This information is supplied ahead of information in official company circulars to shareholders.

The Canadian securities regulators have recently recommended tighter disclosure guidelines for companies in order to provide a smoother playing field for all investors. In the past, analysts and other investment professionals have had the upper hand over the average man-in-the-street investor, with better access to key executives at publicly traded companies. This has meant that important information has been filtered through these specialists. That filter has now been removed. This means that everybody in the marketplace, both professional analysts and small private investors, will have the same information at the same time.

Canadian security regulators two weeks ago issued draft disclosure guidelines that will raise the bar on how companies disseminate information, including information on their performance and their future plans. Their recommendations include: adopting a policy that opens analyst conference calls to anybody interested in listening via telephone or the Internet; tighter policies regarding company comment on draft analyst reports to guard against any direct or indirect earnings guidance slipping out; observing a quiet period near the end of the year or the end of the quarter before the publication of earnings; and, lastly, keeping company web sites updated and accurate.

If the policy is officially adopted later in the year, it will be good news for all investors—both people who research their own stock and those who are thinking about becoming more active. The guidelines would not be compulsory, but most firms would be hard-pressed to ignore them. The first and last recommendations regarding conference calls and the Internet are particularly important in the way they provide the prospective investor with a great deal of necessary information when making decisions about their

money. Prospective investors would be encouraged to listen in on the conference calls when executives are available to analysts and the media to account for company performance.

The key executives open up with presentations about the company performance over the past quarter and where the company is headed, followed by a question and answer session. These conference calls will give the investor an insight into the company and a feel for the capability of the management team. Traditionally, only analysts—the people who evaluate the stocks and make the recommendations on their purchases—were allowed to sit in on the conference calls. Opening these conference calls to all interested parties means that investors can make their own judgment on all aspects of their investments. Investors need to pay attention to the questions asked by the experts, which in the past would have been asked behind closed doors.

The recommendation to use the Internet has a great deal of merit as it is now one of the best tools for investors. The Internet enables people to examine a variety of analysts' reports and then compare the information. Investors should also be encouraged to attend annual general meetings and to visit the corporate web sites or one of several independent Internet sites, such as www.globe.investor.com or www.sedar.com.

With the new guidelines proposed by the Canadian securities regulators, one-to-one meetings will be a thing of the past, and all questions will be asked in a public forum. Through these methods investors can gather data on companies' track records and their earnings history. Armed with this material, they can plan their own future with a lot more assurance. Perhaps now is the time for the Australian Stock Exchange and the Australian regulator ASIC to follow the Canadian example.

**Australian Broadcasting Corporation:
Managing Director**

Senator MARK BISHOP (*Western Australia*) (9.55 p.m.)—In tonight's adjournment debate I wish to look at a number of issues raised with the Australian Broadcasting Cor-

poration at the estimates hearing of the Senate Environment, Communications, Information Technology and the Arts Committee earlier this month. I would like to make some comment on what those matters mean for the ABC, its future and its direction.

The ABC, our national public broadcaster, is clearly in trouble. Events have unfolded since Mr Shier became managing director last year that are of serious concern to the opposition. The picture of the direction of the ABC that emerged at estimates hearings can only be described as bleak. Australians revere the ABC. We value it because it is widely considered to be an independent and reliable source of news and information and because it has produced and broadcast Australian programs in a wide variety of genres. There are some worrying signs at the ABC. In recent times there has been a dearth of new Australian programs, particularly Australian drama. Instead, reruns of *Fawlty Towers* and *Yes, Prime Minister* have been slotted in at peak times to fill up programming schedules.

A number of issues have been raised in relation to the staffing of the ABC. There has been considerable restructuring, changing of staff and turnover of staff, particularly at a senior level, during Mr Shier's administration at the ABC. Mr Shier advised the Senate committee that several headhunting firms were retained to source alternative staff for a range of senior positions at the ABC upon his commencement at the ABC. Mr Shier has expended exorbitant sums on redundancies, higher salaries for staff to replace those made redundant or who have resigned, and fees for the services of headhunters. One example of this is the two staff who were hired to replace Ms Sue Masters upon her resignation as head of drama last year. It has been reported that the two replacements were on salary packages of \$270,000 and \$230,000. Together, that is more than five times what the previous occupant, Ms Masters, received for doing her job so well. We await the ABC's confirmation or denial of those figures in responses to questions that were taken on notice.

Despite this substantial financial commitment to salaries for the new heads of drama,

no programs have been produced or commissioned. This failure to perform is remarkable in view of reports that the head of drama, Mr Tony Virgo, spent considerable time and resources lunching and dining with the independent film industry. His reported corporate credit card bill of \$9,000 for December and \$1,000 for a single week in January is shocking, considering the failure to convert the expenditure into programs. But like a number of Mr Shier's appointments, Mr Tony Virgo did not stay too long. The recent resignation of Gail Jarvis is another indictment of either the managing director's inability to select appropriate staff or his management of the ABC.

Certainly, the managing director's management style has been the subject of intense criticism. Structural changes at the ABC have been misguided and have failed. Mr Shier's own vision for the ABC's development, commissioning and production of programs has proven unworkable. Mr Shier's master plan was to create an overarching division of the ABC to concentrate on development. This division has failed to develop anything. Mr Shier has been again forced to restructure the ABC as a consequence of this new division's failure. Mr Guy Dunstan was appointed by Mr Shier as director of program content and development. He warned Mr Shier that the plan for restructure was unworkable. Mr Shier sacked Mr Dunstan but subsequently implemented his ideas by returning executive producers to producing programs. Morale within the ABC is reportedly very low. This is a concern for an organisation whose success rests exclusively on the performance of its staff.

There have been a number of allegations of interference with the independence of the ABC since Mr Shier took over as managing director early last year. Based on notes that reportedly document a conversation on 29 January this year between Mr Shier and Gail Jarvis during a meeting of executive directors—Ms Jarvis was appointed by Mr Shier as director of television—allegations of political interference with the ABC's independence have arisen. The document reveals an attempt by Mr Shier to prevent *Littlemore* from airing. During the conversation, Mr

Shier claimed to have the support of the board and the minister to base programming decisions exclusively on the basis of a ratings threshold.

Many Australians would argue that what distinguishes the ABC from the commercial stations is the emphasis on ratings. Ratings are the bottom line for commercial television stations; they should not be the bottom line for Australia's national broadcaster. The ABC should be at liberty to make decisions independent of government—decisions on how it will best fulfil its charter. The ABC's value lies in its independence. The minister has publicly stated that while he favours increased standards of accountability for the ABC, that does not mean a high ratings benchmark is necessary. While Mr Shier apparently places such great emphasis on ratings, he has failed if ratings are a measure of his success. The ABC's ratings have been declining in recent times. Indeed, over the four months from February through to the end of May of this year, ratings in the ABC have declined by 25 per cent.

Another action that suggests that the ABC's independence is compromised was the decision of the head of audit of the ABC, Mr Hodgkinson, to refer to the Australian Federal Police the leak to the press of an internal ABC document. Mr Hodgkinson referred the matter as one of possible fraud. Precisely why this was considered to be potential fraud remains unclear. However, understandably, many staff were distressed at being subjected to interviews by the Federal Police. I fail to see that this action could be objectively perceived as anything short of intimidation or a deliberate plan to negate opposition to the new administration.

It is clear that the ABC is in crisis and that this is a direct, possibly even intended, consequence of the way Mr Shier is managing that organisation. The changes in terms of restructuring, personnel and culture are seemingly the obvious consequence of an attempt to control the impact of the ABC. Since Mr Shier took over the helm at the ABC, that nothing has been developed by his 'development division' suggests that perhaps it is a lack of vision or completely inappropriate vision by Mr Shier that is destroying

the ABC, rather than his vision for a change of culture within the ABC.

Whatever the reason for the changes that have been taking place, they are disturbing for anyone who is concerned to see the ABC retain its independence into the future. The opposition calls on Mr Shier to acknowledge the detrimental consequences of his actions and to seek to ameliorate those consequences and maintain the ABC's independence.

Maritime Exploration of Australia: Anniversary

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (10.02 p.m.)—A month from now, on 18 July 2001, our calendars should mark what is an important date in the history of the maritime exploration of Australia. I rise to mention this because parliament will not be sitting on the actual anniversary and because I believe we would have a keener and more substantial understanding of our own nationhood if we were to better understand and celebrate more the significant events that have shaped our history and our identity.

On 18 July 1801, Lieutenant Matthew Flinders—as he then was—commander of the *Investigator*, weighed anchor at Spithead off Portsmouth and sailed for New Holland. The *Investigator* was formerly the *Xenophon*, a north country collier of 334 tonnes which had been built in 1795. In appearance it looked much like the *Endeavour* and was chosen for many of the same reasons. Unfortunately for Flinders, its conversion and fitting out for scientific and survey work had been improperly done and, as he discovered at sea, it leaked badly.

In the history of his voyage of exploration, published in 1814, Flinders described the occasion of his departure in a typically modest and self-effacing way:

At sea, the Western Approaches, Tuesday, 21 July 1801. On July 18 we sailed from Spithead; and in the afternoon of the 20th, having a light breeze from the eastward, with fine weather, our departure was taken from the Start, bearing N.18° W. five or six leagues.

Flinders was 27 years of age but already had a distinguished record. In 1791, he had sailed with William Bligh in *Providence* as a mid-

shipman and taken observations at Point Venus, the observatory set up earlier in Tahiti by the then Lieutenant James Cook on the voyage that led to Cook's discovery of the east coast of Australia. Later, with George Bass, in a small boat, the *Tom Thumb*, Flinders helped chart part of the south-east coast of Australia and prove Tasmania was an island by sailing through and naming Bass Strait.

In 1801, when Flinders sailed from Spithead, France and Britain were at war. Indeed, the Flinders history goes on to say:

On the following day we fell in with Vice Admiral Sir Andrew Mitchell, and a detachment of four three-deck ships from the grand fleet cruising before Brest.

Flinders, however, sailed with a passport approved by France and signed by the French Minister for Marine and Colonies granting him the right to go about his scientific work and exploration unmolested.

In the pantheon of the great maritime explorers of Australia, by popular acclaim Flinders is rated just behind Cook. He lived in the great age of exploration but even by the standards of the time he accomplished astonishing feats of discovery, of coastal surveying and in the natural sciences. Even by modern standards, his charts of the Australian coast are outstanding. Many of them were in common use right up to and during the Second World War. What is perhaps just as significant is that he more than anyone else is responsible for giving our nation its modern name, Australia. Up until when Flinders drew the first complete map of our country, several piecemeal maps were in circulation, with great expanses of coast simply imagined or just joined by straight lines. The most common name given to this incomplete chart at the time was 'New Holland'. When Flinders completed his map, he called the country he had charted 'Australia'. This was not the first time he had used that name. Even before he sailed he referred to New Holland as Australia and on first meeting Aborigines near Port Lincoln described them in the ship's log as 'Australians'.

After all his work, adventures and exploration in Australia, and after seven years captivity on the French colony of Isle de

France—Mauritius—Flinders finally came home to England a virtual nonentity. Cook had returned a hero. Flinders came back to a nation at war and, despite all he had achieved, a nation too engaged in fighting Napoleon to pay him much heed. Although something like due recognition has been given to Flinders since, the extent of what he did is still not well understood. As a country, we could do more to honour his achievement.

But on 18 July 1801 there was another expedition of science and discovery which was already in Australia. Australians know little about Nicolas Baudin, yet his achievements rank near those of Flinders. Baudin led two ships on an expedition which sailed from La Havre on Sunday, 19 October 1800. It was a triumphal departure. The ships, the *Geographe* and the *Naturaliste*, also had a passport for scientific purposes. This had been granted by the British and had to be presented to the commander of a British frigate blockading the port at the time of the departure so that Baudin's ships could be given free passage.

The *Geographe* and the *Naturaliste* were later described by Francois Peron, who joined the expedition as a zoologist, as 'the *Geographe*, a fine corvette of 30 guns, drawing from 15 to 16 feet water, an excellent sailor, but rather too slightly built for such service; and the *Naturaliste*, a large and strong built store ship, drawing much about the same waters as the *Geographe*, not so good a sailor, but more seaworthy and, on that account, much superior to the corvette.' The poor sailing qualities of the *Naturaliste* were to retard the expedition and frustrate Baudin for most of the time the expedition was at sea.

By the time Flinders left the *Solent*, the two French ships were in Shark Bay in Western Australia, having first touched Australian land near Cape Leeuwin on 25 April 1801. As Flinders was clearing the western approaches, the French had charted the southwest coast of Western Australia and Rottnest Island, had laboriously navigated the Swan River and were working on maps of the Shark Bay region. Any map of Western Australia will testify to their presence: Point

D'Entrecasteaux, Cape Hamelin, Cape Freycinet, Cape Mentelle, Cape Clairault, Cape Naturaliste, Geographe Bay, Cape Bouvard, Heirisson Island, Freycinet Estuary, Hamelin Pool, Naturaliste Channel, Cape St Cricq, Cape Ronsard, Cape Cuvier, Cape Dupuy, Le Grande Island, Dalhambrey Island, Poissonier Point, Cape Bossut, Lagrange Bay, Cape Latouche Treville, Cape Bertholet, Lapepide Island, Lapepide Channel, Cape Leveque, Boneparte Archipelago, Montague Sound, Cape Voltaire, Montesquieu Island and Cape Bernier.

Many of his names have also been kept for landmarks in South Australia and, as you would know, Mr Acting Deputy President Calvert, in Tasmania as well. Baudin was a sailor who worked his way up through the ranks. This and his apparent autocratic manner did not endear him to many in his crew and the savants that sailed with him. He had been dangerously ill for many months before he died on 16 September 1803 'around the middle of the day' at Port Northwest, Isle de France.

Although Flinders was relatively ignored upon his return, his reputation was restored by the middle of the 19th century. Those that sailed with Baudin traduced his reputation when they returned to France. Even now, although he is one of France's greatest explorers, his achievements are not properly recognised. Nothing he surveyed did he name after himself. The only permanent geographical reminder of his presence in Australia is the Baudin Rocks in the Great Australian Bight, named by Matthew Flinders.

In Australia's popular memory he is etched as an indistinct figure and not given real substance by a clear understanding of his historical role. He is perhaps best remembered because of his chance rendezvous off the site of where Victor Harbour now stands in Encounter Bay in April 1802. When they met, both commanders would have been right to assume that Britain and France would be at war. However, as men of science and exploration, both bearing passports to allow them free passage, they met in peace. In many respects they were rivals but it is to their enduring credit that they met peacefully

and emerged in a spirit of cooperation. In our modern world that encounter between hostile flags should be a powerful symbol. For multicultural Australia, where tolerance and understanding are central, it shows what can be achieved and, because they met as equals in exploration and science, it demonstrates the international nature of the science ideal. All these are valid interpretations of the events and should be emblematic for contemporary Australia.

Mr Acting Deputy President, in April next year we will celebrate the 200th anniversary of that meeting. Anyone who wants a more complete understanding of what Flinders and Baudin achieved should read Anthony J. Brown's very literate, authoritative and vivid history of their voyages, *Ill Starred Captains Flinders and Baudin*, published by Crawford House Publishing, Adelaide, Australia. As well as learning more about our early maritime exploration, any reader will be enjoyably entertained by Brown's lively prose and the effortless way in which he intertwines the stories of these two great explorers and renders them with compelling insight and understanding. I acknowledge this book as the source of the quotes that I have used tonight.

I understand that Anthony Brown is also the historical consultant to the Encounter committee, which is organising a celebration of Flinders's and Baudin's meeting next April. This parliament could well mark the occasion by transmitting a message of congratulations to the committee and supporting its work. I indicate that at the appropriate time I will move a notice of motion in these terms in order to give the Senate that opportunity. In the meantime, let me commend the committee in its efforts to commemorate this historical meeting. It is important in bringing our history alive and to deepen our understanding of our heritage.

Senate adjourned at 10.13 p.m.

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

A New Tax System (Goods and Services Tax) Act—Regulations—Statutory Rules 2001 No. 126.

Administrative Appeals Tribunal Act—Regulations—Statutory Rules 2001 No. 126.

Aged Care Act—

Allocation Amendment Principles 2001 (No. 2).

Classification Amendment Principles 2001 (No. 1).

Determination under section 44-29, dated 24 May 2001.

Residential Care Subsidy Amendment Principles 2001 (No. 1).

Residential Care Subsidy Amendment Principles 2001 (No. 2).

Air Navigation Act—Regulations—Statutory Rules 2001 No. 125.

Australian Bureau of Statistics Act—Proposal Nos 7 and 8 of 2001.

Australian Meat and Live-stock Industry Act—Australian Meat and Live-stock Industry (Live Sheep Exports to Saudi Arabia) Amendment Order 2001 (No. 1).

Australian Prudential Regulation Authority Act—Australian Prudential Regulation Authority (Commonwealth Costs) Determination 2001.

Authorised Deposit-taking Institutions Supervisory Levy Imposition Act—Authorised Deposit-taking Institutions Supervisory Levy Imposition Determination 2001.

Authorised Non-operating Holding Companies Supervisory Levy Imposition Act—Authorised Non-operating Holding Companies Supervisory Levy Imposition Determination 2001.

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—

Civil Aviation Amendment Order (No. 7) 2001.

Civil Aviation Amendment Order (No. 8) 2001.

Civil Aviation Amendment Order (No. 9) 2001.

Directives—Part—

105, 17, 18 [6], 21 [3], 22, 23 [2], 28 [4], 29 [6] and 30 [4] May; and 1 [11] June 2001.

106, dated 28 and 30 May; and 1 June 2001.

107, dated 28 May 2001.

Instruments Nos CASA 180/01, CASA 181/01, CASA 186/01 and CASA 213/01-CASA 215/01.

Class Ruling CR 2001/16-CR 2001/22.

Commonwealth Authorities and Companies Act—

Commonwealth Authorities and Companies Amendment Orders 2001 (No. 1).

Commonwealth Authorities and Companies (Financial Statements 2000-2001) Orders.

Commonwealth Authorities and Companies (Financial Statements 2001-2002) Orders.

Notice pursuant to paragraphs 45(1)(a) and (c)—Participation in formation and membership of Enterprise and Career Education Foundation Limited.

Crimes Act—Regulations—Statutory Rules 2001 No. 105.

Customs Act—

CEO Instruments of Approval Nos 3 and 4 of 2001.

Regulations—Statutory Rules 2001 No. 119.

Defence Act—Determination under section—

58B—Defence Determinations 2001/14-2000/16.

58H—Defence Force Remuneration Tribunal—Determinations Nos 6-10 of 2001.

Environment Protection and Biodiversity Conservation Act—Instrument under section—

178 amending list of threatened species, dated 9 and 29 March 2001.

181 amending list of threatened ecological communities, dated 9 March 2001.

183 amending list of key threatening processes, dated 9 March 2001.

Export Control Act—Export Control (Orders) Regulations—Export Control (Fees) Amendment Orders 2001 (No. 1).

Export Market Development Grants Act—Determination 1/2001—Determination of the Balance Distribution Date for grant year 1999-00 and Initial Payment Ceiling Amount for grant year 2000-01.

Family Law Act—Regulations—Statutory Rules 2001 No. 117.

Federal Court of Australia Act—Rules of Court—Statutory Rules 2001 No. 127.

Financial Management and Accountability Act—

Financial Management and Accountability Amendment Orders 2001 (No. 2).

Financial Management and Accountability (Financial Statements 2000-2001) Orders.

Financial Management and Accountability (Financial Statements 2001-2002) Orders.

Fuel Sales Grants Act—Regulations—Statutory Rules 2001 No. 121.

Gene Technology Act—Regulations—Statutory Rules 2001 No. 106.

General Insurance Supervisory Levy Imposition Act—General Insurance Supervisory Levy Imposition Determination 2001.

Health Insurance Act—Regulations—Statutory Rules 2001 No. 122.

Higher Education Funding Act—Determination under section—

15—Determinations Nos T14, T15 and T21 of 2001.

27—Determination No. T16 of 2001.

Income Tax Assessment Act 1936—Regulations—Statutory Rules 2001 Nos 104 and 107.

International Monetary Agreements Act—National interest statement—Amendment, dated 23 March 2001, varying Australian Government loan to Papua New Guinea, dated 14 December 2000.

Life Insurance Supervisory Levy Imposition Act—Life Insurance Supervisory Levy Imposition Determination 2001.

Murray-Darling Basin Act—Murray-Darling Basin Agreement—Revised Schedule D—Application of Agreement to Queensland.

Mutual Assistance in Criminal Matters Act—Regulations—Statutory Rules 2001 No. 120.

National Health Act—

Determination under Schedule 1—PHI 6/2001.

Regulations—Statutory Rules 2001 No. 123.

National Residue Survey (Customs) Levy Act, National Residue Survey (Excise) Levy Act and Primary Industries Levies

and Charges Collection Act—Regulations—Statutory Rules 2001 No. 115.

Primary Industries (Customs) Charges Act—Regulations—Statutory Rules 2001 Nos 108 and 112.

Primary Industries (Customs) Charges Act, Primary Industries (Excise) Levies Act and Primary Industries Levies and Charges Collection Act—Regulations—Statutory Rules 2001 No. 111.

Primary Industries (Excise) Levies Act—Regulations—Statutory Rules 2001 Nos 109 and 113.

Primary Industries Levies and Charges Collection Act—Regulations—Statutory Rules 2001 Nos 110 and 114.

Private Health Insurance Incentives Act—Regulations—Statutory Rules 2001 No. 124.

Product Rulings—

PR 98/5 (Addendum).

PR 1999/11 (Addendum), PR 1999/61 (Addendum) and PR 1999/77 (Addendum).

PR 2000/7 (Addendum), PR 2000/12 (Addendum), PR 2000/31 (Addendum), PR 2000/41 (Addendum), PR 2000/59 (Addendum), PR 2000/64 (Addendum), PR 2000/70 (Addendum), PR 2000/78 (Addendum), PR 2000/92 (Addendum), PR 2000/98 (Addendum) and PR 2000/100 (Addendum).

PR 2001/1 (Addendum), PR 2001/3 (Addendum), PR 2001/9 (Addendum), PR 2001/13 (Addendum), PR 2001/15 (Addendum), PR 2001/21 (Addendum), PR 2001/25 (Addendum), PR 2001/28 (Addendum), PR 2001/31 (Addendum), PR 2001/45 (Addendum), PR 2001/48 (Addendum), PR 2001/67-PR 2001/86 and PR 2001/71 (Addendum).

Radiocommunications Act—Radiocommunications (Foreign Space Objects) Amendment Determination 2001 (No. 1).

Radiocommunications (Receiver Licence Tax) Act—Radiocommunications (Receiver Licence Tax) Determination 2001.

Radiocommunications (Transmitter Licence Tax) Act—

Radiocommunications (Transmitter Licence Tax) Amendment Determination 2001 (No. 3).

Radiocommunications (Transmitter Licence Tax) Determination 2001.

Remuneration Tribunal Act—

Determination—

2001/03: Parliamentary office holders – Additional salary.

2001/06: Remuneration and Allowances for Holders of Full-Time Public Office.

2001/07: Remuneration and Allowances for Holders of Part-Time Public Office.

2001/08: Remuneration and Allowances for the Chairperson, Deputy Chairperson and Member of the Australian Securities and Investments Commission.

2001/09: Members of Parliament – Entitlements.

2001/10: Members of Parliament – Entitlements.

2001/11: Secretaries of Departments and Specified Statutory Officers – Remuneration and Allowances.

Report No. 1 of 2001—Ministers of State: Salaries Additional to the Basic Parliamentary Salary.

Retirement Savings Account Providers Supervisory Levy Imposition Act—Retirement Savings Account Providers Supervisory Levy Imposition Determination 2001.

Sex Discrimination Act—Regulations—Statutory Rules 2001 No. 118.

Superannuation Act 1976—

Declaration—Statutory Rules 2001 No. 128.

Superannuation (CSS) Deferred Transfer Value Payment (AvSuper) Determination No. 2.

Superannuation Contributions Determinations SCD 2001/1-SCD 2001/4.

Superannuation Guarantee Determination SGD 2001/1.

Superannuation Supervisory Levy Imposition Act—Superannuation Supervisory Levy Imposition Determination 2001.

Sydney Airport Curfew Act—Dispensations granted under section 20—Dispensations Nos 7/01 and 8/01.

Taxation Determinations TD 2001/2, TD 2001/11-TD 2001/14.

Taxation Ruling TR 2001/2 (Addendum).

Telecommunications Act—

Declaration of Prohibited Customer Equipment Mobile Phone Booster Amplifiers for Global System for Mobiles ("GSM") and Code Division Multiple Access ("CDMA") Mobile Telecommunications Services.

Telecommunications Labelling (Customer Equipment and Customer Cabling) Amendment Notice 2001 (No. 1).

Telecommunications (Consumer Protection and Service Standards) Act—Telecommunications (Consumer Protection and Service Standards) (ATS Marketing Plans) Determination 2001 (No. 1).

Textile, Clothing and Footwear Strategic Investment Program Act—Textile, Clothing and Footwear Strategic Investment Program Scheme Amendment 2001 (No. 2).

Veterans' Entitlements Act—

Instruments under section 196B—Instruments Nos 27-48 of 2001.

Regulations—Statutory Rules 2001 Nos 102 and 103.

Workplace Relations Act—Rules—Statutory Rules 2001 No. 101.

PROCLAMATIONS

Proclamations by His Excellency the Governor-General were tabled, notifying that he had proclaimed the following Act and provisions of Acts to come into operation on the dates specified:

Education Services for Overseas Students Act 2000—Act (except sections 1 and 2)—4 June 2001 (*Gazette* No. S 175, 17 May 2001).

Education Services for Overseas Students (Assurance Fund Contributions) Act 2000—4 June 2001 (*Gazette* No. S 175, 17 May 2001).

Education Services for Overseas Students (Consequential and Transitional) Act 2000—Act (except sections 1 and 2, and Schedule 4)—4 June 2001 (*Gazette* No. S 175, 17 May 2001).

Health Legislation Amendment Act (No. 1) 2001—Schedule 1—8 June 2001 (*Gazette* No. S 193, 31 May 2001).

Migration Legislation Amendment (Integrity of Regional Migration Schemes) Act 2001—Act (except item 4 of Schedule 1)—1 July 2001 (*Gazette* No. GN 22, 6 June 2001).

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Prime Minister and Cabinet Portfolio: Australia Week, United Kingdom**(Question No. 2172)**

Senator Faulkner asked the Minister representing the Prime Minister, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Hill—The Prime Minister has provided the following answer to the honourable senator's question:

The Department of the Prime Minister and Cabinet was involved in the preparation for the Australia Week trip to the United Kingdom in 2000.

- (a) The department was involved in preparations (briefing, logistics) for the Prime Minister's bilateral visit to the United Kingdom, which comprised an important element of his commitments during Australia Week. In respect of Australia Week, the department was involved in providing advice to the Prime Minister on the composition, entitlements and costs of the delegation to London.
- (b) The direct cost to the department is estimated at \$107,327.
- (c) This sum covers the travel, accommodation and allowances for departmental staff who travelled to London for Australia Week and printing of the official programme.
- (d) Various staff were involved in these preparations as part of their normal duties in the department. All staff are based in Australia.
- (e) Five departmental staff travelled overseas. One staff member travelled prior to the official party; the remaining four staff travelled with the official party.
- (f) The staff member travelling before the official party left Australia to ensure that appropriate arrangements were in place for the official party. The staff accompanying the Prime Minister provided advice and administrative support for the visit.
- (g) No. Costs will be met from within the department's usual appropriation.

Transport and Regional Services Portfolio: Australia Week, United Kingdom**(Question No. 2173)**

Senator Faulkner asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

Neither the Department, nor any agency in the portfolio has had any involvement, or expects to have any involvement, in the preparation for the Australia Week visit to the United Kingdom.

Treasury Portfolio: Australia Week, United Kingdom**(Question No. 2174)**

Senator Faulkner asked the Minister representing the Treasurer, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Kemp—The Treasurer has provided the following answer to the honourable senator's question:

The Treasury and the Australian Prudential and Regulatory Authority (APRA) were both involved in Australia Week.

- (a) The Treasury through the Axiss organised a half day conference on 4 July to promote Australia as an international finance centre in the Asia Pacific. The Chairman of the APRA Board spoke at the Conference. Axiss also organised a dinner on the evening of 4 July for Chairpersons and CEOs of international financial service companies.
- (b) The total direct cost to the Treasury was around \$180,000. The direct cost to APRA was \$11,164.61.
- (c) The cost of organising the conference, dinner and the travel and accommodation costs of the CEO and the Promotions Manager of Axiss, and the travel and accommodation costs of the APRA Board Chairman.
- (d) Other than the involvement of the CEO of Axiss as a speaker, two Axiss staff-members, based in Australia, were involved in preparations as part of their normal duties. APRA's involvement was limited to that of the Board Chairman.
- (e) The CEO and the Promotions Manager of Axiss and the APRA Board Chairman were the only portfolio staff who travelled to London and they did so at the time of Australia Week.
- (f) The CEO of Axiss and the APRA Board Chairman spoke at the conference. The Promotions Manager of Axiss assisted in managing the Conference.
- (g) No. Costs were met from within the portfolio's budget.

Trade Portfolio: Australia Week, United Kingdom**(Question No. 2175)**

Senator Faulkner asked the Minister representing the Minister for Trade, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Hill—The Minister for Trade has provided the following answer to the honourable senator's question:

The Australian Trade Commission (Austrade) was involved in five food related events plus the announcement of an IT contract to supply the UK Employment Service with touch screen kiosks in London during Australia Week.

- (a) The total cost was approximately \$2,500.

- (b) This sum covered the general promotional items (banners and flags).
- (c) Two staff members were involved. Both staff members are based in London.
- (d) N/a
- (e) N/a
- (f) No. The cost will be met from Austrade Europe budget.

Environment and Heritage Portfolio: Australia Week, United Kingdom

(Question No. 2176)

Senator Faulkner asked the Minister for the Environment and Heritage, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Hill—The answer to the honourable senator's question is as follows:

Nil response.

Arts and the Centenary of Federation Portfolio: Australia Week, United Kingdom

(Question No. 2177)

Senator Faulkner asked the Minister representing the Minister for Arts and the Centenary of Federation, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Alston—The Minister for Arts and the Centenary of Federation has provided the following answer to the honourable senator's question:

Department of Communications, Information Technology and the Arts

- (a) The Department was involved in arrangements for the Minister's travel program.
- (b) The cost to the Department was \$18,179.
- (c) The cost includes travel and associated expenses for an accompanying Departmental officer.
- (d) Various Departmental officers were involved in the preparations consistent with their normal duties. All staff are based in Australia.
- (e) One Departmental officer accompanied the Minister overseas.
- (f) The accompanying Departmental officer advised and assisted the Minister at meetings, visits and functions relating to the portfolio.
- (g) The Department will not be supplemented for these costs. All costs will be met from within the Department's budget.

Australia Council

- (a) The Australia Council, in partnership with the National Council for the Centenary of Federation is presenting an arts program entitled 'Heads Up - Australian Arts 100' from 30 June till 9 July in central London.
- (b) The cost to the Australia Council was: \$398,000.

- (c) The cost includes funding for 20 separate projects/events across visual arts, crafts, theatre, dance, music, literature and new media arts; plus travel and associated expenses for two staff members.
- (d) Two Australia Council staff were involved in the preparations. Both are located in Australia.
- (e) Two Australia Council staff were in London during Australia Week. They were: Jennifer Bott, General Manager and Philip Rolfe, Director, Audience and Market Development. Neither is part of the official party. Jennifer Bott arrived in London on 1 July and departed 8 July. Philip Rolfe arrived on 29 June and departed on 10 July.
- (f) Both took an active part in the arts program - attending all performances and openings. Both undertook media interviews. Both represented the interests of the Australia Council in meetings with British arts counterparts.
- (g) The Australia Council will not be supplemented for these costs. All costs will be met from within the Australia Council's budget.

National Gallery of Australia

- (a) The National Gallery of Australia was approached by the Australian High Commissioner in London to provide works of art for an exhibition at Australia House during Australia Week. A National Gallery of Australia Travelling Exhibition Arthur Boyd and the Exile of Imagination was selected. The work of important Australian artist Arthur Boyd was considered the most appropriate for this exhibition given that the works were created in the United Kingdom and the close links that Arthur Boyd had with both Australia and the United Kingdom.
- (b) The cost of this project was approximated at \$200,000 of which \$162,000 was provided through sponsorship from the National Australia Group.
- (c) The cost includes funding for:

Freight	\$75,000
Design and Wall construction	\$82,000
Crate storage	\$4,000
Airfares and accommodation	\$29,000
Contingency (currency fluctuation)	\$10,000
Sub total	\$200,000
Less sponsorship	\$162, 000
Total	\$ 38,000

- (d) Various staff were involved in preparations for the project consistent with their normal duties. All staff are based in Australia.
- (e) Five Gallery staff travelled to London, including one courier part funded through a professional development grant and the Director who will attend the opening in London before attending the Annual meeting of International Art Museum Directors in Amsterdam.
- (f) Gallery staff prepared, arranged transport, accompanied, installed and promoted the exhibition.
- (g) The Gallery will not be supplemented for these costs. However, the Gallery secured \$162,000 corporate sponsorship (National Australia Group) and the remaining costs will be met from within the Gallery's budget.

SBS

- (a) SBS Television entered into a pool coverage of Australia Week with other Australian Networks. SBS television also sent one reporter separate from the official party to provide packages for SBS World News and SBS World News Tonight.
- (b) The estimated cost to SBS was \$17, 098.
- (c) The cost includes travel and associated expenses for the reporter and broadcasting related expenses.
- (d) Various staff were involved in the preparations consistent with their normal duties. All staff were based in Australia.
- (e) One staff member travelled overseas and was not part of the official party.
- (f) To report on Australia Week.
- (g) No. Costs will be met from within the Agency's usual appropriation.

ScreenSound Australia

- (a) Dr Jeff Brownrigg, Director of the National Centenary of Federation community history project, The Peoples Voice, presented a lecture entitled 'Voices of the Empire' and represented ScreenSound Australia, at the Federation Conference.
- (b) The cost of Dr Brownrigg's attendance at the London conference (3 days) is estimated at \$900.00
- (c) The cost includes associated expenses for Dr Brownrigg's attendance at the Federation conference.
- (d) One Australian-based ScreenSound Australia staff member was involved.
- (e) One staff member travelled overseas and was not part of the official party.
- (f) Dr Brownrigg presented a lecture entitled 'Voices of the Empire' and represented ScreenSound Australia, at the Federation Conference.
- (g) No. Funding for the London component of the trip was from within ScreenSound Australia's budget.

ABC

The ABC has not had any involvement in the preparation for the Australia Week trip to the United Kingdom in 2000. However, the ABC provided coverage of the Australia Week trip and activities on News and Current Affairs and other appropriate programs.

National Council for the Centenary of Federation

- (a) The National Council for the Centenary of Federation was involved in the preparation for the arrangements and program of activities for Australia Week in London.
- (b) The cost to the National Council was approximated at \$405,000.
- (c) The cost included funding for:

Arts Festival - Heads Up:

Australian Arts 100	\$340,000
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Historian's Conference:

Australia Britain 1900-2000 A Unique Relationship	\$45,000
Westminster Abbey Service	\$20,000

- (d) Various staff were involved in preparations for Australia Week consistent with their normal duties. All staff are based in Australia.
- (e) No departmental staff travelled overseas.
- (f) Not applicable.
- (g) The National Council will not be supplemented for these costs. All costs will be met from funds already allocated to the Council.

**Employment, Workplace Relations and Small Business Portfolio: Australia Week,
United Kingdom
(Question No. 2178)**

Senator Faulkner asked the Minister representing the Minister for Employment, Workplace Relations and Small Business, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Alston—The Minister for Employment, Workplace Relations and Small Business has provided the following answer to the honourable senator's question:

Nil response.

**Family and Community Services Portfolio: Australia Week, United Kingdom
(Question No. 2179)**

Senator Faulkner asked the Minister for Family and Community Services, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Vanstone—The answer to the honourable senator's question is as follows:
Nil response.

**Foreign Affairs Portfolio: Australia Week, United Kingdom
(Question No. 2180)**

Senator Faulkner asked the Minister representing the Minister for Foreign Affairs, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator's question:

As set out in the Department's response to Question No. 2596.

**Defence Portfolio: Australia Week, United Kingdom
(Question No. 2181)**

Senator Faulkner asked the Minister representing the Minister for Defence, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Minchin—The Minister for Defence has provided the following answer to the honourable senator's question:

- (a) Following the receipt of a formal invitation from the United Kingdom Ministry of Defence to mount Queen's Guards at Buckingham Palace, St James' Palace and the Tower of London, Army Headquarters was involved with planning and liaison and sent a reconnaissance party of three to London. Australian Defence Staff in London have provided advice and assistance to Army Headquarters, and have acted as liaison between Army Headquarters and the United Kingdom Ministry of Defence.
- (b) and (c) The detailed costings are as follows:

Air fares – Australia's Federation Guard	\$307,530
Air fares – RMC Band	\$74,370
Air fares – support personnel	\$16,080
Freight	\$92,400
Internal transport	\$1,200
Messing	\$4,500
Travelling allowance	\$271,464
Entertainment	\$6,250
TOTAL	\$773,794

- (d) Australian Defence Force contingent consisted of Australia's Federation Guard (153), the Band of the Royal Military College of Australia (37) and the Command party from Army Headquarters (8). Overseas involvement included a training team of 3 from the Coldstream Guards and assistance from the Australian Defence Staff in London.
- (e) 198 personnel travelled overseas. An advance party of 6 departed on 15 June 2000, and parties of 146 and 46 departed on 21 and 22 June 2000 respectively. The contingent returned on 22 and 27 July 2000.
- (f) The activity involved the mounting of Queen's Guards at Buckingham Palace, St James' Palace and the Tower of London during the period 1-20 July 2000. The guards were conducted simultaneously and were both ceremonial and operational in nature.
- Other activities included:
- 26 June 2000 Band involvement at the opening of the Art Gallery in Australia House by the Princess Royal.
- 28 June 2000 Concert recital at Royal Military School of Music.
- 5 July 2000 Dinner music at Guildhall/Catafalque Party at Cenotaph.
- 7 July 2000 Street lining detachment for Her Majesty the Queen and Prime Minister at Westminster Abbey.
- 10 July 2000 Visit to Chelsea Hospital.
- (g) There will be no supplementation to Defence. The cost will be absorbed within the Defence budget.

Health and Aged Care Portfolio: Australia Week, United Kingdom
(Question No. 2182)

Senator Faulkner asked the Minister for representing the Minister for Health and Aged Care, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator's question:

Neither the department, nor any agency within the portfolio, has had or is expected to have any involvement in the preparation for the Australia Week trip to the United Kingdom in 2000.

Finance and Administration Portfolio: Australia Week, United Kingdom
(Question No. 2183)

Senator Faulkner asked the Minister representing the Minister for Finance and Administration, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the na-

ture of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Abetz—The Minister for Finance and Administration has provided the following answer to the honourable senator's question:

Nil response.

**Education, Training and Youth Affairs Portfolio: Australia Week, United Kingdom
(Question No. 2184)**

Senator Faulkner asked the Minister representing the Minister for Education, Training and Youth Affairs, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Ellison—The Minister for Education, Training and Youth Affairs has provided the following answer to the honourable senator's question:

Nil response.

**Industry, Science and Resources Portfolio: Australia Week, United Kingdom
(Question No. 2185)**

Senator Faulkner asked the Minister for Industry, Science and Resources, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Minchin—The answer to the honourable senator's question is as follows:

Nil response.

**Attorney-General's Portfolio: Australia Week, United Kingdom
(Question No. 2186)**

Senator Faulkner asked the Minister representing Attorney-General, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Ellison—The Attorney-General has provided the following answer to the honourable senator's question:

Australian Federal Police

- (a) to (g) The Australian Federal Police (AFP) involvement related to close personal protection of the Prime Minister. It is established practice not to disclose information that may impinge upon operational security matters. Appropriate AFP resources were deployed and costs were met from within AFP's appropriations.

High Court of Australia

The High Court of Australia was involved in Australia Week celebrations in London in 2000.

- (a) The Chief Justice of Australia, accompanied by another Justice of the High Court, attended various official activities during Australia Week.
- (b) There was no cost to the High Court, as the visit coincided with the Justices' attendance at legal conferences.
- (c) Not applicable.
- (d) The Justices' personal staff arranged the visits as part of their normal duties. They are all based in Australia.
- (e) No High Court staff travelled overseas in connection with the celebrations.
- (f) Not applicable.
- (g) Not applicable - no cost involved.

Solicitor-General

The Solicitor-General, Mr David Bennett QC, was in London during Australia Week on recreation leave and he was invited to attend functions. No costs accrued to the Department.

**Immigration and Multicultural Affairs Portfolio: Australia Week, United Kingdom
(Question No. 2187)**

Senator Faulkner asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Ellison—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator's question:

Nil response.

**Agriculture, Fisheries and Forestry Portfolio: Australia Week, United Kingdom
(Question No. 2188)**

Senator Faulkner asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for

the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Ellison—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator's question:

Nil Response.

**Veterans' Affairs Portfolio: Australia Week, United Kingdom
(Question No. 2189)**

Senator Faulkner asked the Minister representing the Minister for Veteran's Affairs, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Ellison—The Minister for Veteran's Affairs has provided the following answer to the honourable senator's question:

- (a) Provide health support and advice to the Prime Minister and party and other Australian attendees, as required.
- (b) No costs were incurred by the Department. The costs of the physician referred to in para (e) below were met out of the overseas ministerial travel vote. A limited amount of pharmaceutical items for acute treatment are provided to attending doctor by Department of Defence.
- (c) As above.
- (d) Principal Medical Adviser only – based in Australia.
- (e) One – Physician is member of Prime Minister's official party.
- (f) Provide health support as above.
- (g) No.

**Aboriginal and Torres Strait Islander Affairs Portfolio: Australia Week, United Kingdom
(Question No. 2190)**

Senator Faulkner asked the Minister representing the Minister for Aboriginal and Torres Strait Islander Affairs, upon notice, on 26 April 2000:

Has the department, or any agency within the portfolio, had any involvement, or expect to be involved, in the preparation for the Australia Week trip to the United Kingdom in 2000; if so: (a) what is the nature of that involvement; (b) what is the total cost, or expected total cost, of this involvement; (c) what are the specific components of this cost; (d) how many staff will be involved with these preparations and are these staff based in Australia or overseas; (e) how many portfolio staff are expected to travel overseas, and will this be with the official party, or prior to the party's travel; (f) what is the purpose for the involvement of these officers; and (g) will the department/agency budget be supplemented for these costs; if not, how will the department/agency involvement be funded.

Senator Hill—The Minister for Aboriginal and Torres Strait Islander Affairs has provided the following answer to the honourable senator's question:

- (a) The Commission has had some involvement at officer level in discussions with Departmental representatives on matters expected to be addressed by the Prime Minister in discussions with the British Government;
- (b) A small amount of senior officer time in discussions;
- (c) N/A;

- (d) One to two officers at various points for minimal time, based in Canberra;
- (e) Nil;
- (f) N/A;
- (g) N/A.

Department of Foreign Affairs and Trade: Unauthorised Computer Access
(Question No. 2969)

Senator O'Brien asked the Minister representing the Minister for Trade, upon notice, on 3 October 2000:

- (1) What systems are in place to ensure there is no external unauthorised access to departmental computer systems or computer systems operated by agencies for which the Minister is responsible.
- (2) Since 1 January 1999, has there been any external unauthorised access to computer systems operated by the department or agencies for which the Minister is responsible; if so, in each case: (a) when did the external unauthorised access of the computer system occur; (b) what was the nature of the unauthorised access; (c) how was it detected; and (d) what action was taken as a result of the unauthorised access.
- (3) Where external unauthorised access of a computer system has occurred: (a) what was the security status of the computer system; (b) what action was taken to identify the person who illegally accessed the system; and (c) what was the result of that action.

Senator Hill—The Minister for Trade has provided the following answer to the honourable senator's question:

Austrade

- (1) All Austrade's computer systems are accessed through the Global Austrade Information Network (GAIN). The GAIN is secured from external unauthorised access by controlling physical access to the offices where connected PCs are located as well as requiring user names and passwords. A firewall is used to prevent any external unauthorised access to the GAIN through the Internet.
- (2) Austrade is not aware of any external unauthorised access to its computer systems.
- (3) Not applicable.

EFIC

- (1) EFIC has a firewall which checks all new incoming information to ensure that the existing information on the network is protected and not corrupted, and defined processes for the monitoring and reporting of information in various security logs. Security logs record who, when and where somebody is getting access to the network. Internal and external auditors review policies and procedures and their application.
- (2) No.
- (3) Not applicable.

Civil Aviation Safety Authority
(Question No. 3120)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 October 2000:

Since 1 January 2000, has any member of the Board of the Civil Aviation Safety Authority breached the provisions of the Civil Aviation Act 1988, the Civil Aviation Regulations or Civil Aviation Orders; if so: (a) who was the board member that committed the breach; (b) what was the nature of the breach; (c) when did the breach occur; and (d) what action was taken as a result of the breach.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

(a)-(d) Dr Paul Scully-Power, Chairman of the CASA Board, fully addressed this matter on Friday, 4 May 2001 in Canberra when he made a public statement at the Senate Rural and Regional Affairs and Transport Legislation Committee hearing into 'CASA administration – air operator maintenance, regulation and oversight' (refer: pg 235 of Senate Hansard).

Midyear Economic and Fiscal Outlook**(Question No. 3178)**

Senator Sherry asked the Minister representing the Minister for Finance and Administration, upon notice, on 30 November 2000:

- (1) (a) What is the difference between the headline cash balance and the underlying cash balance, Mid-year Economic and Fiscal Outlook 2000-01 (MYEFO), p.26; and (b) how is this 4-yearly total different to the total figure identified for proceeds from the asset sales program at p.122, table C3 of the MYEFO.
- (2) Can the department provide a reconciliation of the difference between the underlying cash balance and the headline cash balance for each year for those items above \$5 million in any one year.

A response to the preceding should be answered in the following format in order to be consistent with the MYEFO 2000-01 (figures from MYEFO 2000-01):

(\$b)	2000-01	2001-02	2002-03	2003-04
Underlying cash balance	4.3	4.7	7.6	12.9
Remaining 50.1% of Telstra				
Sale of National Rail Corporation				
Sale of Commonwealth properties				
Etc etc				
Headline cash balance	10.9	13.6	23.2	19.1

- (3) The Australian Office of Financial Managements 1999-2000 annual report indicates, at p.150, that in the 1999-2000 financial year, it cost \$6.4 billion to repurchase \$6.1 billion worth of debt or a premium of about 5 per cent. What assumptions are included in the budget papers for the repurchase of Commonwealth debt flowing from the sale of the balance of Telstra.
- (4) How do the growth assumptions for capital gains tax flowing from the sale of the remainder of Telstra affect the budget aggregates.
- (5) What analysis has the department undertaken to determine whether selling the rest of Telstra makes economic sense, ie is the loss of dividends (incorporating the assumed dividend growth in the budget papers) more than offset by ongoing PDI savings from debt retirement; is so, what are the details; if not, why not and how can the sale proceed without this analysis being done.
- (6) Is it correct to assume that the way in which the department usually decides to include new policy estimates in the Commonwealth forward estimates would involve a Cabinet submission, any financial commitment would be detailed, the timing of the commitment would be specified and the processes for review and evaluation would be detailed.
- (7) (a) When did the Government decide to go ahead with the Telstra 2 sale; and (b) how was this decision made.
- (8) When did the department adjust the estimates from including two-thirds of Telstra in the budget papers to 16.6 per cent.
- (9) (a) What assumptions and estimates were made of dividends forgone; dividend growth; debt retirement; PDI savings; sale costs and capital gains tax impacts; and (b) can details be provided of any changes to these assumptions and the authority for such changes.
- (10) Please outline any other relevant matters that affected the budget aggregates which have not been outlined in question (9).
- (11) Has the timetable for the sale of the balance of Telstra been changed following the release of the Besley report.
- (12) What is the latest date by which additional equity in Telstra would need to be sold to remain consistent with the budget forward estimates.
- (13) Consistent with the broad sentiments of the Charter of Budget Honesty, has the department (in light of the Besley findings and the Senate resolution of 16 March 2000) given further consideration to modifying the Statement of Budget Risks; if not, why not.
- (14) (a) What provision has been made in the Commonwealths contingency reserve for the non-sale of Telstra; (b) if there is no provision, why is this so, given that there is a real risk of budget ag-

gregates being materially overstated; and (c) how does this fit with the provisions of the Charter of Budget Honesty.

(15) What are the estimates for PDI contained in the 2000-01 Budget.

(16) (a) What were the dates and amounts of public debt retired with the proceeds of the sale of the first tranche (33.3 per cent) of Telstra and what were the PDI savings for each of these retirements; (b) where is this detailed in the budget papers; and (c) can the same information be provided for the Telstra T2 sale (16.6 per cent).

Senator Abetz—The Minister for Finance and Administration has provided the following answer to the honourable senator's question:

(1) The difference between the underlying and headline cash balance reported on page 26 of the 2000-01 MYEFO is net advances (ie the underlying cash balance excludes net advances) as mentioned in evidence by Dr Boxall. This figure is shown in table D3 on page 144 of the same document which shows the derivation of the two cash measures. Net advances are referred to as "net cash flows from investments in financial assets for policy purposes" as this is the terminology used by the ABS.

Net advances include the following cash transactions:

- Net public policy loans including loan repayments from State and Territory governments and net loans to students under HECS.
- Equity injections into public enterprises offset by the proceeds from sale of government enterprises.

(2) The difference between the underlying cash balance and the headline cash balance for each year is comprised of the following:

(\$b)	2000-01	2001-02	2002-03	2003-04
Underlying cash balance	4.3	4.7	7.6	12.9
Cash received				
Proceeds from asset sale programme (i)	6.3	9.8	16.6	6.8
Net loans, advances and HECS	0.5	0	0	0
Cash used				
Net loans, advances and HECS	0	-0.7	-0.7	-0.4
GFS adjustments	-0.2	-0.2	-0.2	-0.2
Net advances	6.6	8.9	15.7	6.2
Headline cash balance	10.9	13.6	23.2	19.1

(i) The estimated proceeds and timetable for individual assets sales are commercially confidential. Public release of such information could adversely affect the Commonwealth's financial interests.

- (3) As advised by the AOFM, when estimating, undertaking and reporting debt related transactions, the AOFM does not hypothecate individual cash flows, including from asset sales. With respect to preparing estimates for future debt repurchases, it is assumed that debt will be repurchased at yields prevailing at the time the estimates are prepared. Where prevailing yields are lower than the coupons on the debt securities to be repurchased, premiums result. The repurchase cost also includes accrued interest on the securities.
- (4) As advised by Treasury, capital gains tax revenue estimates included in the budget aggregates do not take into account the sale of specific assets, including Telstra.
- (5) The Department has undertaken analysis to assess the loss of Telstra dividends compared to the savings in PDI. The analysis indicates that it makes economic sense to sell the Commonwealth's remaining shareholding in Telstra. However it would be inappropriate to provide details on the future proceeds or the dividends implications of selling Telstra as it could adversely affect the Commonwealth's financial interests by revealing the estimated sale profile and sale proceeds.
- (6) New policy measures are included in the estimates to reflect Government decisions (including decisions taken outside of Cabinet where there is clear authority for the decision to be reflected in

the estimates). The amount and timing of the financial commitment would normally be specified in the relevant documentation. The details of any review and evaluation would be dependent on the nature of the measure.

- (7) The Government announced its intention to sell the balance of its shareholding in Telstra in March 1998. Enabling legislation was introduced to Parliament in March 1998. Following the General Election in October 1998, the Government confirmed its intention to proceed with the sale of its remaining shares in Telstra and reintroduced legislation to Parliament in November 1998.
- (8) The estimates have reflected the sale of two-thirds of Telstra since the announcement of the Government's policy intention to proceed with the sale of the Commonwealth's remaining equity in March 1998.
- (9) The information requested cannot be provided as it is commercially confidential. Public release of such information could adversely affect the Commonwealth's financial interests. As noted in the response to question (4), capital gains tax revenue estimates do not take into account the sale of specific assets, including Telstra.
- (10) N/A.
- (11) The Government updates its estimates twice a year: once at Budget time and once at the time of the MYEFO. Accordingly, the updating of estimates has been considered in the context of the 2001-02 Budget. The Government has committed that it will not introduce legislation relating to the sale of the Government's remaining shareholding in Telstra until it is satisfied arrangements exist to deliver adequate services, in particular to rural and regional Australia. The Government's immediate priority is to get more services into rural and regional areas. At the present time, the Government is not satisfied that such arrangements are in place and believes more work needs to be done, including in the context of the response to the Telecommunications Service Inquiry into the adequacy of service levels in rural and regional areas.
- (12) The anticipated timetable for the further sale of Telstra is commercially confidential. Public release of such information could adversely affect the Commonwealth's financial interests.
- (13) The MYEFO Statement of Risks is consistent with the Charter of Budget Honesty Act 1998. Entries to the Statement of Risks are reviewed in the context of estimates updates. As stated in the response to question 11, the updating of estimates has been considered in the context of the 2001-02 Budget.
- (14)
 - (a) There is no provision in the contingency reserve for the non-sale of Telstra.
 - (b) The purpose of the contingency reserve is to ensure that the aggregate estimates are robust and based on the best information available at the time of publication of the relevant budget estimates. It generally includes bulk adjustments along with estimates that are of a commercial-in-confidence nature. Material risks to the fiscal outlook are included in the Statement of Risks in accordance with the Charter of Budget Honesty Act 1998.
 - (c) Under Section 12 of the Charter of Budget Honesty Act 1998, the budget economic and fiscal outlook report is to "take into account, to the fullest extent possible, all Government decisions and all other circumstances that may have a material effect on the fiscal and economic outlook". The MYEFO Statement of Risks is consistent with this section of the Charter of Budget Honesty Act 1998.
- (15) As advised by Treasury, Table C2 on page 8-29 in the 2000-01 Budget Paper No.1 contains details of interest income and other interest expenses estimates. The net of these estimates (net interest) are considered to be approximate estimates for public debt interest or PDI (they include some relatively small interest expenses and revenues not related to the Commonwealth's net debt portfolio, such as interest expenses on tax overpayments).
- (16) As advised by the AOFM, as noted in the response to question 3, when estimating, undertaking and reporting debt related transactions, the AOFM does not hypothecate individual cash flows, including from asset sales. It is therefore not possible to identify amounts and dates of public debt retired with the proceeds of the sale of the first and second tranches of Telstra and the PDI savings for each of the retirements. For 1999-2000, details of Commonwealth Government securities redeemed during the year are provided in the Australian Office of Financial Management Annual Report. For earlier years, details are provided in the Treasury publication, Commonwealth Debt Management.

**Transport and Regional Services Portfolio: Contracts to Deloitte Touche Tohmatsu
(Question No. 3253)**

Senator Robert Ray asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 January 2001:

- (1) What contracts has the department or any agency of the department provided to the firm Deloitte Touche Tohmatsu in the 1999-2000 financial year.
- (2) In each instance what was the purpose of the work undertaken by Deloitte Touche Tohmatsu.
- (3) In each instance what has been the cost to the department of the contract.
- (4) In each instance what selection process was used to select Deloitte Touche Tohmatsu (open tender, short list or some other process).

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) I am advised by my Department and agencies within my portfolio that they have entered into 5 contracts with Deloitte Touche Tohmatsu in the 1999-2000 financial year.

The answers to parts (2) to (4) of the question are set out in the table below:

(2) Purpose	(3) Cost	(4) Selection process
CONTRACTS AWARDED BY Department OF TRANSPORT AND REGIONAL SERVICES		
SAP support services	\$ 672,575.45	Extension of prior contract following satisfactory supply of services in previous year and familiarity with the Department's systems
CONTRACTS AWARDED BY AIRSERVICES AUSTRALIA		
Risk Management Framework & Methodology	\$ 85,083.00	Restricted Quotation
CONTRACTS AWARDED BY AUSTRALIAN MARITIME SAFETY AUTHORITY		
Development of the Marine Incident Reporting System	No expenditure in 1999/2000	Open Tender
CONTRACTS AWARDED BY NATIONAL CAPITAL AUTHORITY		
Review and development of performance measures	\$ 7,560.00	Selected from list of shortlisted firms
Review of Government procurement procedures	\$ 2,268.00	Selected from list of shortlisted firms

**Transport and Regional Services Portfolio: Contracts to KPMG
(Question No. 3270)**

Senator Robert Ray asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 January 2001:

- (1) What contracts has the department or any agency of the department provided to the firm KPMG in the 1999-2000 financial year.
- (2) In each instance what was the purpose of the work undertaken by KPMG.
- (3) In each instance what has been the cost to the department of the contract.
- (4) In each instance what selection process was used to select KPMG (open tender, short list or some other process).

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) I am advised by my Department and agencies within my portfolio that they have entered into 6 contracts with KPMG in the 1999-2000 financial year.

The answers to parts (2) to (4) of the question are set out in the table below:

(2) Purpose	(3) Cost	(4) Selection process
CONTRACTS AWARDED BY DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES		
Provide internal audit services for the Secretary's quarterly checks	\$ 10,500.00	Restricted tender from amongst prequalified panellists
Provide FBT financial advisory services	\$ 22,865.00	Sole supplier selected on the basis of their familiarity with software package used by DoTRS for FBT management
CONTRACTS AWARDED BY ALBURY-WODONGA DEVELOPMENT CORP		
Provide internal audit services	\$ 30,108.00	Direct re-engagement following satisfactory services for same purpose
CONTRACTS AWARDED BY AIRSERVICES AUSTRALIA		
Review Fraud Control Plan for part of Air-services	\$ 4,000.00	Preferred Supplier
Provision of accounting advice	\$ 3,000.00	Restricted Quotation
CONTRACTS AWARDED BY NATIONAL CAPITAL AUTHORITY		
Probity advice in relation to procurement of services	\$ 6,345.00	Preferred Supplier based on their prior expertise and value

Transport and Regional Services Portfolio: Contracts to Ernst & Young

(Question No. 3304)

Senator Robert Ray asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 January 2001:

- (1) What contracts has the department or any agency of the department provided to the firm Ernst and Young in the 1999-2000 financial year.
- (2) In each instance what was the purpose of the work undertaken by Ernst and Young.
- (3) In each instance what has been the cost to the department of the contract.
- (4) In each instance what selection process was used to select Ernst and Young (open tender, short list or some other process).

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) The Portfolio provided 9 contracts to the firm Ernst & Young in the 1999-2000 financial year.

The answers to parts (2) to (4) of the question are set out in the table below:

(2) Purpose	(3) Cost	(4) Selection process
CONTRACTS AWARDED BY DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES		
Provide an activity based costing model	\$ 44,408.13	Extension of activities provided for under a contract awarded in 1998-99 following a request for tender process
Assist in the development and drafting of business plan for Territories and Regional Support Division	\$ 17,924.39	Sole supplier, selected on the basis of their familiarity with the T&RS Division's business activities
Provide advice and services in relation to the Department's tax arrangements	\$ 350,975.00	Selected from a panel set up by the Dept of Finance and Administration
CONTRACTS AWARDED BY AIRSERVICES AUSTRALIA		
Career management workshop for staff departing Airservices	\$ 154,000.00	Open Tender
CONTRACTS AWARDED BY AUSTRALIAN MARITIME COLLEGE		
Provision of 2-day Seminar for college	\$ 4,000.00	Direct Selection

(2)Purpose	(3)Cost	(4)Selection process
staff		
CONTRACTS AWARDED BY civil aviation safety authority		
Development of CASA Business Plan	\$ 16,200.00	Quotations
Recruitment consultancy services for position of Secretary to the CASA Board	\$ 28,100.00	Quotations
CONTRACTS AWARDED BY NATIONAL CAPITAL AUTHORITY		
Assist the Authority with the implementation of GST compliance	\$ 81,704.00	Selected from a panel set up by the Dept of Finance and Administration
Assist the Authority on internal audit functions	\$ 6,300.00	Restricted tender

**Transport and Regional Services Portfolio: Contracts to Arthur Andersen
(Question No. 3321)**

Senator Robert Ray asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 January 2001:

- (1) What contracts has the department or any agency of the department provided to the firm Arthur Andersen in the 1999-2000 financial year.
- (2) In each instance what was the purpose of the work undertaken by Arthur Andersen.
- (3) In each instance what has been the cost to the department of the contract.
- (4) In each instance what selection process was used to select Arthur Andersen (open tender, short list or some other process).

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) I am advised by my Department and agencies within my portfolio that they have entered into 3 contracts with Arthur Andersen in the 1999-2000 financial year.

The answers to parts (2) to (4) of the question are set out in the table below:

(2) Purpose	(3) Cost	(4) Selection process
CONTRACTS AWARDED BY AIRSERVICES AUSTRALIA		
Taxation Consultancy.	\$ 365,256.00	Restricted Tender
Valuation of the Alan Woods Building	\$ 6,000.00	Restricted Quotation
Review of Year-end Accounting Issues	\$ 15,530.00	Restricted Quotation

**Electorate Offices: Rental Cost
(Question No. 3337)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in New South Wales occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in New South Wales for members of the House of Representatives is as follows:

MEMBER	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Abbott, The Hon Tony	Level 2, 17-19 Sydney Road, Manly	\$34,624.49
Albanese, Anthony	332-334 Marrickville Road, Marrickville	\$47,154.60

MEMBER	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Anderson, The Hon John	Level 1, 342-344 Conadilly Street, Gunnedah	\$21,699.41
Andren, Peter	The Reliance Centre, 203-209 Russell Street, Bathurst	\$26,125.20
Anthony, The Hon Larry	107-111 Pacific Highway, Tweed Heads South	\$26,562.49
Baird, The Hon Bruce	551 Kingsway, Miranda	\$49,733.00
Bartlett, Kerry	Ground Floor, 186-188 Macquarie Street, Springwood	\$72,500.00
Bishop, The Hon Bronwyn	657-659 Pittwater Road, Dee Why	\$62,000.00
Brereton, The Hon Laurence	Level 6, 806-812 Anzac Parade, Maroubra	\$45,461.04
Cadman, The Hon Alan	Ground Floor, 23 Terminus Street, Castle Hill	\$48,232.65
Cameron, Ross	Ground Floor, 314 Church Street, Parramatta	\$50,400.00
Causley, The Hon Ian	Ground Floor, 82 Prince Street, Grafton	\$29,100.00
Crosio, The Hon Janice	Ground Floor, 115 The Crescent, Fairfield	\$34,320.00
Fahey, The Hon John	39 John Street, Camden	\$36,900.00
Ferguson, Laurie	3rd Floor, Granville Towers, 10 Bridge Street, Granville	\$38,470.35
Fischer, The Hon Tim	Ground Floor, 520 Swift Street, Albury	\$36,877.50
Fitzgibbon, Joel	Level 1, 45 Vincent Street, Cessnock	\$37,350.08
Gash, Joanna	24 Berry Street, Nowra	\$35,360.00
Hall, Jill	26 Macquarie Street, Belmont	\$28,600.00
Hatton, Michael	41-45 Rickard Road, Bankstown	\$38,990.00
Hoare, Kelly	180 Main Road, Speers Point	\$34,440.00
Hockey, The Hon Joe	Level 2, 32 Walker Street, North Sydney	\$47,884.49
Hollis, Colin	1st Floor, 187 Princes Highway, Albion Park Rail	\$19,760.00
Horne, Robert	11 Mitchell Drive, East Maitland	\$53,368.70
Howard, The Hon John	230 Victoria Road, Gladesville	\$50,484.80
Hull, Kay	Ground Floor, 28 Bayliss Street, Wagga Wagga	\$37,130.00
Irwin, Julia	1st Floor, 203-209 Northumberland Street, Liverpool	\$40,502.84
Kelly, The Hon Jackie	The Terraces, 12 Tindale Street, Penrith	\$64,180.04
Latham, Mark	171-179 Queen Street, Campbelltown	\$23,211.48
Lawler, Tony	153 Brisbane Street, Dubbo	\$32,877.13
Lawler, Tony	Brookfield House, 275 Argent Street, Broken Hill	\$10,756.52
Lee, The Hon Michael	211B The Entrance Road, The Entrance	\$55,192.00
Lloyd, Jim	53 - 61 Mann Street, Gosford	\$32,180.00
Lloyd, Jim	91-99 Mann Street, Gosford	\$0.00**
Martin, The Hon Stephen	1st Floor, 83-85 Railway Street, Corrimal	\$25,365.00
McClelland, Robert	Ground Floor, 22-24 Regent Street, Kogarah	\$54,927.00
McLeay, The Hon Leo	Second Floor, 1-5 Commercial Road, Kingsgrove	\$37,063.33
Melham, Daryl	6 & 8 Blamey Street, Revesby	\$39,646.71
Morris, Allan	Mackies Bldg, 451 Hunter Street, Newcastle	\$36,028.96
Mossfield, Frank	Kildare Court, 15-17 Kildare Road, Blacktown	\$49,000.00
Murphy, John	185G Burwood Road, Burwood	\$37,500.00
Nairn, Gary	Ground Floor, City Link Plaza, Morrisset St, Queanbeyan	\$30,000.00
Nehl, Gary	Ground Floor, 39 Little Street, Coffs Harbour	\$39,160.00
Nelson, The Hon Brendan	Ground Floor, 12-16 Tryon Road, Lindfield	\$71,038.65
Plibersek, Tanya	Level 3, 6-10 Mallett Street, Camperdown	\$41,076.00
Price, The Hon Roger	Daniel Thomas Plaza, 6 Mount Street, Mt Druitt	\$50,464.56
Ruddock, The Hon Philip	Level 3, 20 George Street, Hornsby	\$42,000.00
Schultz, Albert	Ground Floor, 189-191 Auburn Street, Goulburn	\$27,616.00
St Clair, Stuart	150-152 Rusden Street, Armidale	\$22,400.00
Thomson, The Hon Andrew	First Floor, 53 Cross Street, Double Bay	\$84,745.00
Vaile, The Hon Mark	219 Victoria Street, Taree	\$28,000.00
Vale, Danna	9-15 East Parade, Sutherland	\$58,774.50

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

** Mr Lloyd relocated to 91-99 Mann Street on 23/06/00. Under the terms of the new lease the first twelve months are rent free.

Electorate Offices: Rental Cost

(Question No. 3338)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in Queensland occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in Queensland for members of the House of Representatives is as follows:

MEMBER	ELECTORATE OFFICE Address	ANNUAL LEASE COST*
Bevis, The Hon Archibald	209 Days Road, Grange	\$46,831.85
Brough, The Hon Malcolm	110 Morayfield Road, Caboolture	\$40,146.00
Elson, Kay	Post Office Plaza, 8 Main Street, Beenleigh	\$51,132.75
Emerson, Craig	Logan Central Plaz, 38-74 Wembley Road, Woodridge	\$45,402.45
Entsch, The Hon Warren	140 Mulgrave Road, Cairns	\$36,800.00
Entsch, The Hon Warren	100 Douglas Street, Thursday Island	\$20,300.25
Gambaro, Teresa	27 Redcliffe Parade, Redcliffe	\$29,343.61
Hargrave, Gary	952 Ipswich Road, Moorooka	\$42,692.82
Jull, The Hon David	3366 Pacific Highway, Springwood	\$56,152.72
Katter, The Hon Robert	52 Miles Street, Mount Isa	\$15,703.50
Katter, The Hon Robert	Regent Arcade, 26 Edith Street, Innisfail	\$31,422.10
Kelly, De-Anne	36 Wood Street, Mackay	\$25,209.58
Kernot, Cheryl	Strathpine Homemaker's Centre, 183-199 Gympie Rd, Strathpine Qld	\$38,340.00
Lindsay, Peter	Nathan Business Centre, Ross River Rd & Nathan St, Townsville	\$52,300.00
Livermore, Kirsten	145-149 East Street, Rockhampton	\$25,306.44
Macfarlane, Ian	2 Condamine Centre, Bell Street Mall, Toowoomba	\$28,606.04
May, Margaret	Robina Town Centre, Robina	\$30,515.84
Moore, The Hon John	31 Station Road, Indooroopilly	\$36,240.00
Neville, Paul	Suncorp Arcade, Bourbong/Woongarra St, Bundaberg	\$33,762.30
Rippoll, Bernard	179 Brisbane Road, Goodna	\$57,152.00
Rudd, Kevin	653 Wynnum Road, Morningside	\$35,331.59
Sciacca, The Hon Con	29 Mt Cotton Road, Capalaba	\$56,921.12
Scott, The Hon Bruce	59 Condamine Street, Dalby	\$26,625.00
Scott, The Hon Bruce	115 Egerton Street, Emerald	\$20,439.74
Slipper, The Hon Peter	118-149 Aerodrome Road, Maroochydore	\$58,876.54
Somlyay, The Hon Alexander	5-7 Birtwill Street, Coolum	\$48,111.00
Sullivan, The Hon Kathryn	3 Short Street, Southport	\$32,727.92
Swan, Wayne	Nundah Post Office Building, Cnr Sandgate & Buckland Roads, Nundah	\$34,390.00
Thompson, Cameron	Brassall Shopping Centre, Hunter Street, Brassall	\$56,032.00
Truss, The Hon Warren	319-325 Kent Street, Maryborough	\$33,058.70

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost**(Question No. 3339)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in South Australia occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in South Australia for members of the House of Representatives is as follows:

Member	ELECTORATE OFFICE Address	ANNUAL LEASE COST*
Andrew, The Hon Neil	10 Adelaide Road, Gawler	\$25,272.00
Cox, David	209 Main South Road, Morphett Vale	\$24,862.40
Downer, The Hon Alexander	76 Mt Barker Road, Stirling	\$26,389.44
Draper, Trish	959 North East Road, Modbury	\$39,448.66
Evans, Martyn	Bank Walk, Elizabeth City Centre, Elizabeth	\$63,526.92
Gallus, The Hon Chris	4 Byron Street, Glenelg	\$41,700.00
Pyne, Chris	38 The Parade, Norwood	\$24,000.00
Sawford, Rodney	220 Commercial Road, Port Adelaide	\$38,320.00
Secker, Patrick	37 Adelaide Road, Murray Bridge	\$21,153.40
Southcott, Andrew	760 Marion Road, Marion	\$24,000.00
Wakelin, Barry	Flinders Arcade, Ellen Street, Port Pirie	\$8,700.00
Wakelin, Barry	45A Playford Avenue, Whyalla	\$20,000.00
Worth, The Hon Trish	Legal And General Building, 165 Grenfell Street, Adelaide	\$43,236.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost

(Question No. 3340)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in Tasmania occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in Tasmania for members of the House of Representatives is as follows:

MEMBER	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Adams, The Hon Dick	53B Main Road, Perth	\$18,202.70
Kerr, The Hon Duncan	Commonwealth Government Centre, 188 Collins Street, Hobart	\$61,680.00
O'Byrne, Michelle	37-39 George Street, Launceston	\$54,500.45
Quick, Harry	Covehill Fair Shopping Centre, Bridgewater	\$37,834.37
Sidebottom, Peter	32 Wilmot Street, Burnie	\$44,000.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost

(Question No. 3341)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in Victoria occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in Victoria for members of the House of Representatives is as follows:

Member	ELECTORATE OFFICE Address	ANNUAL LEASE COST*
Andrews, Kevin	651-653 Doncaster Rd, 3018, Doncaster	\$28,800.00
Bailey, Fran	Ground Floor, 237 Maroondah Highway, Healesville	\$25,760.00
Barresi, Phillip	602 Whitehorse Road, Mitcham	\$26,127.00
Billson, Bruce	20 Davey Street, Frankston	\$32,796.00
Burke, Anna	523-525 Station Street, Box Hill	\$45,432.00
Byrne, Anthony	347 Lonsdale Street, Dandenong	\$39,648.36
Charles, Bob	252 Dorset Rd, Boronia	\$24,369.00
Costello, The Hon Peter	Ground Floor, 1027-1029 High St, Armadale	\$81,440.64
Crean, The Hon Simon	401 Clayton Road, Clayton	\$57,200.00
Danby, Michael	117- 119 Fitzroy Street, St Kilda	\$55,000.00
Ferguson, Martin	Ground Floor, 48 High St, Northcote	\$23,887.50
Forrest, John	Ground Floor (Shop 1), 54-60 Campbell St, Swan Hill	\$17,140.00
Georgiou, Petro	695 Burke Road, Hawthorn	\$45,500.00
Gibbons, Steve	Galvin Chambers, Cnr Williamson & Myers Sts, Bendigo	\$34,876.80
Gillard, Julia	Ground Floor, 36 Synnot St, Werribee	\$30,000.00
Griffin, Alan	Waverley Gardens S/C, Cnr Police & Jacksons Rds, Mulgrave	\$54,000.00
Hawker, David	190 Gray St, Hamilton	\$35,758.00
Jenkins, Harry	Ground Floor, Cnr Mcleans Rd & Nathan Court, Bundoora	\$26,000.00
Kemp, The Hon Dr David	368 Centre Rd, Bentleigh	\$32,709.60
Lieberman, The Hon Lou	Ground Floor, 117 Murphy Street, Wangaratta	\$26,400.00
Macklin, Jenny	149 Burgundy Street, Heidelberg	\$29,400.00
McArthur, Stewart	Ground Floor, 75 High St, Belmont	\$18,000.00
McGauran, The Hon Peter	98 Raymond St, Sale	\$18,300.00
Nugent, Peter	426-430 Burwood Highway, Wantirna	\$38,500.00
O'Connor, Gavan	1st Floor, 235 Ryrie St, Geelong	\$25,650.00
O'Keefe, The Hon Neil	1st Floor, 143 Mollison St, Kyneton	\$20,710.00
Reith, The Hon Peter	184 Salmon Street, Hastings	\$27,000.00
Ronaldson, The Hon Michael	Ground Floor, 5 Lydiard Street North, Ballarat	\$32,530.25
Roxon, Nicola	Ground Floor, 204 Nicholson St, Footscray	\$29,470.00
Sercombe, Robert	Milleara Mall, Cnr Milleara Rd & Buckley St, Keilor East	\$57,652.19
Stone, The Hon Dr Sharman	426 Wyndham Street, Shepparton	\$48,000.00
Tanner, Lindsay	Ground Floor, 102 Victoria St, Carlton	\$30,438.00
Theophanous, The Hon Dr Andrew	Station Centre, 1100 Pascoe Vale Road, Broadmeadows	\$62,442.92
Thomson, Kelvin	Ground Floor, 1-3 Munro St, Coburg	\$29,500.00
Wilton, Gregory	62 High Street, Cranbourne	\$41,300.00
Wooldridge, The Hon Dr Michael	16-18 Croydon Road, Croydon	\$20,674.00
Zahra, Christian	18-20 Kirk Street, Moe	\$27,830.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3342)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in Western Australia occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in Western Australia for members of the House of Representatives is as follows:

MEMBER	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Beazley, The Hon Kim	18 Council Avenue, Rockingham	\$38,000.00
Bishop, Julie	414 Rockeby Road, Subiaco	\$40,000.00
Edwards, The Hon Graham	Kingsway City Shopping Centre, 168 Wanneroo Road, Landsdale	\$41,496.00
Gerick, Jane	2328 Albany Hwy, Gosnells	\$31,500.00
Haase, Barry	Cnr Tonkin & Throssell Streets, Port Hedland	\$18,148.08
Haase, Barry	Post Office Building, Hannan Street, Kalgoorlie	\$36,000.00
Lawrence, The Hon Carmen	62 Wray Avenue, Fremantle	\$24,000.00
Mcfarlane, Jann	25 Scarborough Beach Road, Scarborough	\$27,804.35
Moylan, The Hon Judi	Midland Square Shopping Centre, Midland	\$50,400.00
Prosser, The Hon Geoff	82 Blair Street, Bunbury	\$37,000.00
Smith, Stephen	43 Old Perth Road, Bassendean	\$27,500.00
Tuckey, The Hon Wilson	Ground Floor, 23 Chapman Road, Geraldton	\$10,994.40
Washer, Mal	3 Boas Avenue, Joondalup	\$52,900.00
Wilkie, Kim	2-4 Mint Street, Victoria Park	\$26,760.00
Williams, The Hon Daryl	Gateway Business Centre, Andrea Lane, Booragoon	\$31,320.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3343)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in the Australian Capital Territory occupied by members of the House of Representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in the Australian Capital Territory for members of the House of Representatives is as follows:

MEMBER	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Ellis, Annette	205 Anketell Street, Greenway	\$57,474.50
McMullan, The Hon Bob	Melbourne Building, 55 Northbourne Avenue, Canberra City	\$51,188.55

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3344)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office in the Northern Territory occupied by members of the House of representatives.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in the Northern Territory for members of the House of Representatives is as follows:

MEMBER	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Snowdon, Warren	32 Cavenagh Street, Darwin	\$60,780.00
Snowdon, Warren	Yeperenye Shopping Centre, 36-38 Hartley Street, Alice Springs	\$41,985.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

**Electorate Offices: Rental Cost
(Question No. 3345)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by New South Wales senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in New South Wales for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Bourne, Vicki	56-70 Phillip Street, Sydney	\$39,000.00
Campbell, George	56-70 Phillip Street, Sydney	\$39,000.00
Coonan, Helen	56-70 Phillip Street, Sydney	\$41,762.50
Faulkner, The Hon John	Ground Floor, 1-3 Park Avenue, Drummoyne	\$70,906.50
Forshaw, Michael	56-70 Phillip Street, Sydney	\$39,000.00
Heffernan, The Hon Bill	Level 17, Westfield Towers, 100 William Street, Sydney	\$53,625.00
Hutchins, Stephen	Level 6, 56 Station Street, Parramatta	\$33,696.51
Macdonald, Sandy	467 Peel Street, Tamworth	\$25,950.00
Payne, Marise	3rd floor, 2-12 Macquarie St, Parramatta	\$63,750.00
Ridgeway, Aden	10 Roberts Street, Rozelle	\$54,600.00
Tierney, John	Level 3, 251 Wharf Road, Newcastle	\$43,474.25
West, Sue	Ground Floor, 196 Lords Place, Orange	\$43,060.13

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

**Electorate Offices: Rental Cost
(Question No. 3346)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by Queensland senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in Queensland for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Bartlett, Andrew	Central Brunswick, 421 Brunswick Street, Fortitude Valley	\$44,136.77
Boswell, The Hon Ron	Commonwealth Parliament Offices, 1 Eagle Street, Brisbane	\$46,700.43
Brandis, George	Commonwealth Parliament Offices, 1 Eagle Street, Brisbane	\$42,872.53
Gibbs, Brenda	22 South Street, Ipswich	\$32,537.03
Harris, Len	Hayden Commonwealth Centre, East And South Streets, Ipswich	\$27,480.00
Herron, The Hon John	67 Astor Terrace, Spring Hill	\$26,980.00
Hogg, John	876 Old Cleveland Road, Carina	\$53,826.32

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Ludwig, Joseph	Beenleigh Marketplace Shp Cntr George St, Beenleigh	\$68,607.96
Macdonald, The Hon Ian	131 Denham Street, Townsville	\$37,000.00
Mason, Brett	2166 Logan Road, Upper Mt Gravatt	\$47,375.00
McLucas, Jan	Commonwealth Centre, Cnr Grafton & Shields Street, Cairns	\$49,500.00
Woodley, John	Central Brunswick, 421 Brunswick Street, Fortitude Valley	\$43,776.77

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3347)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by South Australian senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in South Australia for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Bolkus, The Hon Nick	101 Henley Beach Road, Mile End	\$46,109.88
Chapman, Grant	16 Topham Mall, Adelaide	\$34,272.00
Crowley, The Hon Rosemary	354 King William Street, Adelaide	\$33,000.00
Ferguson, Alan	12th Floor, 100 King William Street, Adelaide	\$31,948.80
Ferris, Jeannie	12th Floor, 100 King William Street, Adelaide	\$25,558.00
Hill, The Hon Robert	13th Floor, 100 King William Street, Adelaide	\$38,999.00
Lees, Meg	722 Anzac Highway, Glenelg	\$29,500.00
Minchin, The Hon Nick	423 Henley Beach Road, Brooklyn Park	\$27,500.00
Quirke, John	762 Anzac Highway, Glenelg	\$25,900.00
Schacht, The Hon Chris	57-61 Main North Road, Medindie Gardens	\$35,196.00
Stott Despoja, Natasha	212-214 Grenfell Street, Adelaide	\$30,000.00
Vanstone, The Hon Amanda	100 Pirie Street, Adelaide	\$56,897.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3348)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by Tasmanian senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in Tasmania for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Abetz, The Hon Eric	Highbury, 136 Davey Street, Hobart	\$35,190.68
Brown, Bob	Level 9, Marine Board Bldg, 1 Franklin Wharf, Mania, Hobart	\$41,745.00
Calvert, Paul	17 Bligh Street, Rosny Park	\$34,100.00
Denman, Kay	Hartman Building, 31 King Edward Street, Ulverstone	\$15,607.84
Gibson, The Hon Brian	IBM Building, 147 Macquarie Street, Hobart	\$44,200.00
Harradine, Brian	1 Franklin Wharf, Hobart	\$40,863.00
Mackay, Sue	Commonwealth Government Centre, 188 Collins Street, Hobart	\$44,415.00
Murphy, Shayne	59C Brisbane Street, Launceston	\$39,060.00
Newman, The Hon Jocelyn	11 Elphin Rd, Launceston	\$22,326.00
O'Brien, Kerry	Bennell House, 44 Charles Street, Launceston	\$29,474.84
Sherry, The Hon Nick	AMP Building, 23 Stewart Street, Devonport	\$43,000.00
Watson, John	42-48 St Johns Street, Launceston	\$33,000.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost
(Question No. 3349)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by Victorian senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (1) & (2)

The annual lease cost and address for each electorate office in Victoria for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Allison, Lyn	1st Floor, 62 Wellington Parade, East Melbourne	\$28,750.00
Alston, The Hon Richard	Level 6, Casselden Place, 2 Lonsdale St, Melbourne	\$35,250.00
Carr, Kim	62 Lygon Street, Carlton	\$37,455.50
Collins, Jacinta	410 Burwood Highway, Wantirna	\$23,100.00
Conroy, Stephen	Level 16, 90 Collins St, Melbourne	\$45,000.00
Cooney, Barney	Ground Floor, 102 Victoria St, Carlton	\$30,438.00
Kemp, The Hon Rod	Ground Floor, 12 Pascoe Vale Rd, Moonee Ponds	\$40,755.00
McGauran, Julian	45 Collins Street, Melbourne	\$46,315.00
Patterson, The Hon Kay	Ground Floor, 270 Clayton Rd, Clayton	\$29,396.20
Ray, The Hon Robert	Level 2, 424 St Kilda Rd, Melbourne	\$25,200.00
Tchen, Tseben	62 Smith St, Collingwood	\$44,000.00
Troeth, The Hon Judith	322-332 St Kilda Rd, St Kilda	\$32,500.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost
(Question No. 3350)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by Western Australia senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in Western Australia for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Bishop, Mark	443 Albany Highway, Victoria Park	\$20,500.00
Campbell, The Hon Ian	Levels 38 & 39, Exchange Plaza, Perth	\$32,400.00
Cook, The Hon Peter	345 Hannan Street, Kalgoorlie	\$31,800.00
Crane, Winston	890 Albany Highway, East Victoria Park	\$28,000.00
Eggleston, Alan	26 Charles St, South Perth	\$30,000.00
Ellison, The Hon Chris	89 Aberdeen St, Northbridge	\$30,000.00
Evans, Chris	235 High Street, Fremantle	\$32,000.00
Grieg, Brian	151 - 155 Brisbane Street, Perth	\$30,000.00
Knowles, Susan	24 Colin Street, West Perth	\$28,000.00
Lightfoot, Ross	3rd Floor, Durack Centre, Perth	\$20,587.50
Mckiernan, Jim	Woodvale Shopping Centr, 153 Trappers Drive, Woodvale	\$37,720.00
Murray, Andrew	111 Colin Street, West Perth	\$26,090.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3351)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by Australian Capital Territory senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in the Australian Capital Territory for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Lundy, Kate	11 London Circuit, Canberra City	\$52,931.70
Reid, The Hon Margaret	Ground Floor, 62 Northbourne Ave, Canberra City	\$51,690.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Rental Cost (Question No. 3352)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (1) What is the address of every electorate office occupied by Northern Territory senators.
- (2) What is the annual cost of renting each of these offices.

Senator Abetz—The answer to the honourable senator's question is as follows:

(1) & (2)

The annual lease cost and address for each electorate office in the Northern Territory for Senators is as follows:

SENATOR	ELECTORATE OFFICE ADDRESS	ANNUAL LEASE COST*
Crossin, Trish Senator	25 Chung Wah Terrace, Palmerston	\$53,380.00
Tambling, Grant Senator	80 The Esplanade, Darwin	\$39,780.00

* The figures listed are the annual lease cost as at 30 June 2000 as specified in the lease documents. Some leases include outgoings in this cost.

Electorate Offices: Parking Space

(Question No. 3353)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

Are there any instances where the department pays for more than one parking space for electorate offices; if so, where and at what cost.

Senator Abetz—The answer to the honourable senator's question is as follows:

No. There are however a number of instances where more than one parking space is included in the lease of a particular electorate office at no extra cost. In all instances where this is the case the Commonwealth makes no additional payment for such parking spaces.

Electorate Offices: Reported Break-ins

(Question No. 3354)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

During the 1999-2000 financial year, were there any reported break-ins in electorate offices; if so, how many.

Senator Abetz—The answer to the honourable senator's question is as follows:

Yes, there were 10 reported break-ins.

Electorate Offices: Advertising

(Question No. 3355)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

What was the cost, in the 1999-2000 financial year, for advertising electorate office locations for senators and members.

Senator Abetz—The answer to the honourable senator's question is as follows:

The cost during 1999-2000 was \$10,047.47.

Electorate Offices: Stocktakes

(Question No. 3356)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in New South Wales electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake is undertaken on a three year rolling cycle. A stocktake has been undertaken in all electorate offices in the last three years. (b) Nil.

Electorate Offices: Stocktakes

(Question No. 3357)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in Queensland electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all electorate offices was undertaken during 2000. (b) Nil.

Electorate Offices: Stocktakes**(Question No. 3358)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in South Australian electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all electorate offices was undertaken during 2000. (b) \$1,700.00.

Electorate Offices: Stocktakes**(Question No. 3359)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in Tasmanian electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all electorate offices was undertaken during 2000. (b) Nil.

Electorate Offices: Stocktakes**(Question No. 3360)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in Western Australian electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all but three electorate offices was undertaken during 2000. The three offices not included in the stocktake during 2000 are located in remote parts of Western Australia. A stocktake was undertaken in two of the offices in 1999 and in the third office in 1998. (b) Nil.

Electorate Offices: Stocktakes**(Question No. 3361)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in Australian Capital Territory electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all electorate offices was undertaken during 2000. (b) Nil.

Electorate Offices: Stocktakes**(Question No. 3362)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in Victorian electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all electorate offices was undertaken during 1999. (b) Nil.

Electorate Offices: Stocktakes**(Question No. 3363)**

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

- (a) When was the last stocktake undertaken with regard to furniture in Northern Territory electorate offices; and (b) what was the value of missing items.

Senator Abetz—The answer to the honourable senator's question is as follows:

- (a) A stocktake of all electorate offices was undertaken during 2000. (b) Nil.

Senators' and Members' Vehicles: Satellite Telephone Service

(Question No. 3364)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

Which senators and members have a satellite telephone service installed in their vehicle.

Senator Abetz—The answer to the honourable senator's question is as follows:

According to the records held by the Department the following senators and members have satellite telephone services installed in their private plated electorate vehicle:

Mr Tony Lawler MP, Member for Parkes; and

Mr Bob Katter MP, Member for Kennedy (has a satellite telephone car kit installed for a hand held satellite phone).

Senators and Members: Reimbursement for Parking Costs

(Question No. 3365)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 25 January 2001:

What were the total reimbursement costs, in the 1999-2000 financial year, for parking incurred by senators and members whose electorate offices are located outside the capital city limit, when visiting their capital city on parliamentary business.

Senator Abetz—The answer to the honourable senator's question is as follows:

The total cost for 1999-2000 was \$1931.00.

Department of Finance and Administration: Value of Market Research

(Question No. 3392)

Senator Robert Ray asked the Minister representing the Minister for Finance and Administration, upon notice, on 29 January 2001:

- (1) What has been the total value of market research sought by the department and any agencies of the department for the 1999-2000 financial year.
- (2) What was the purpose of each contract let.
- (3) In each instance: (a) how many firms were invited to submit proposals; and (b) how many tender proposals were received.
- (4) In each instance, which firm was selected to conduct the research.
- (5) In each instance: (a) what was the estimated or contract price of the research work; and (b) what was the actual amount expended by the department or any agency of the department.

Senator Abetz—The Minister for Finance and Administration has supplied the following answer to the honourable senator's question:

In order to answer the Honourable Senator's question, DOFA has gone out to each of the agencies within the Finance and Administration Portfolio. Each of these responses are listed below:

DOFA

- (1) \$30,742.
- (2) Gather customer feedback in relation to removal services.
- (3) (a) four, (b) two.
- (4) New Focus Research.
- (5) (a) \$75,099, (b) \$30,742.

OFFICE OF ASSET SALES AND IT OUTSOURCING (OASITO)

- (1) \$985,342.
- (2) To conduct qualitative, quantitative, tracking and post sale research in the Commonwealth's sale of its' 16.6% equity of Telstra.
- (3) (a) nine, (b) six.
- (4) DBM Consultants Pty Ltd.
- (5) \$985,342.

AUSTRALIAN ELECTORAL COMMISSION (AEC)

- (1) \$164,583.
- (2) There were three contracts let by the AEC:
 - Federal Referendum advertising benchmark and tracking research and post referendum survey;
 - Research on the Federal Referendum advertising campaign for indigenous electors; and
 - Determine the proportion of Australian citizens who are enrolled to vote, at their current address, for Australian federal or state elections.
- (3) (a)
 - The proposal process for Referendum advertising research (ie both tracking and indigenous) was conducted as a single process (ie tenders were asked to submit a proposal for both parts of the project). Four firms were invited to submit proposals.
 - Enrolment research – four firms were invited to submit proposals.(b)
 - Referendum advertising research (ie both tracking and indigenous) – four tender proposals were received.
 - Enrolment research – two proposals were received.
- (4) Eureka Strategic Research was selected to conduct the Federal Referendum advertising benchmark and tracking research and post referendum survey.
 - ARTD Management and Research, who submitted a proposal as part of Eureka Strategic Research's proposal, was selected to conduct research on the Federal Referendum advertising campaign for indigenous electors.
 - Newspan Market research was selected to undertake the enrolment research.
- (5) (a)
 - Eureka Strategic Research - \$131,803.
 - ARTD Management and Research - \$19,500.
 - Newspan Market Research - \$1,800 per regular survey. \$4,560 should the AEC require a consolidated report with some analysis. One consolidated report was requested in March 2000.(b)
 - Eureka Strategic Research - \$131,803.
 - ARTD Management and Research - \$19,500.
 - Newspan Market Research - \$13,280.

COMSUPER

- (1) \$57,192.35.
- (2) To establish client satisfaction levels.
- (3) Ongoing contract.
- (4) Orima Research Pty Ltd.
- (5) \$57,192.35.

PSS BOARD

- (1) \$19,340.
- (2) There were two contacts let by the PSS Board:
 - Focus Group to ascertain views of scheme members about their scheme; and
 - Focus Group of scheme members to establish usage and experience with financial planners.
- (3) (a) One.

- (b) One (in both instances).
- (4) Orima Research Pty Ltd was selected in both instances.
- (5) (a)
- Focus Group to ascertain view - \$17,700.
 - Focus Group to establish usage of financial planners - \$1,640.

COMMONWEALTH GRANTS COMMISSION (CGC)

The CGC has provided a nil response to this question.

**Roads: Scoresby Freeway
(Question No. 3438)**

Senator Allison asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 26 February 2001:

With reference to funding for the Scoresby Freeway in Melbourne:

- (1) Has the Federal Government called for or prepared an assessment of the greenhouse implications of proceeding with the freeway.
- (2) Has the Minister seen the submission by the Australian Railway Association on the environmental effects statement for the Scoresby Transport Corridor, which says the freeway will increase transport energy consumption, greenhouse gas emissions from transport and car dependent urban sprawl.
- (3) Has the Victorian State Government been asked to provide a response to that claim.
- (4) Does the Minister agree with comments made by Professor Roger Eade, Chairman of the inquiry panel for the Scoresby Transport Corridors environmental effects statement, that a new more strategic approach to environmental assessment should now be made with regard to the freeway; if so, has the Federal Government called on the State Government to do so; if not, why not.
- (5) Does the Minister agree with the comments by Professor Bill Russell, reported in the Sunday Age of 28 January 2001, that what we need is an integrated approach to land use and transport planning. What we've got is a road justification-driven approach, and that the Victorian focus on free-ways was against the world-wide trend to get people out of cars and onto public transport.
- (6) Will the Minister require the State Government to fully investigate a public transport option before committing Commonwealth monies to the project.
- (7) Has the Minister canvassed with the State Government the option of providing a rail link along the freeway.
- (8) Has the State Government raised this as an option.
- (9) What was the view of the councils consulted with regard to a rail link option.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

(1), (2), (3), (4) & (5) The Victorian Government prepared an Environmental Effects Statement which was exhibited for public comment, and then examined by an independent inquiry panel.

The Commonwealth's environmental requirements are defined under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC,) which state that Commonwealth approval of a project is required only when the proposal has, or will have, a significant impact on one or more of six specified matters of National Environmental Significance.

Only two of the six specified matters are relevant to Commonwealth roads funding: (a) threatened species and their habitats and (b) migratory species.

In the case of the Scoresby road project, the Environmental Effects Statement was completed ahead of the EPBC Act coming into effect. Any need to refer the Scoresby proposal under the EPBC Act is being investigated by Victoria, and if found necessary, a referral document to the Commonwealth will be prepared.

All specific questions relating to the environmental impacts of the Scoresby project, and the process used for planning, should be referred in the first instance to the Victorian Government.

(6), (7) & (8) The Commonwealth expects the Government of Victoria to take a holistic approach in developing the Scoresby project.

I note that the Victorian Minister for Transport, the Hon Peter Batchelor MP, announced on 2 May 2001 a Victorian Government commitment of \$2 million to commence detailed planning and development of public transport options for the Scoresby transport corridor.

The views of councils that were initially consulted during planning for the Scoresby freeway is a matter for the Victorian Government to address.

However, late last year the Minister for Transport and Regional Services met a delegation of councils affected by the proposed Scoresby Freeway. They were unanimous in their support for the freeway and for the development of a complementary public transport system, including a rail link option.

Fuel: Liquid Petroleum Gas

(Question No. 3446)

Senator Allison asked the Minister for the Environment and Heritage, upon notice, on 26 February 2001:

- (1) Is the Government concerned that the number of liquid petroleum gas (LPG) conversions has dropped significantly since the rise in LPG prices.
- (2) What measures does the Government propose to take to arrest this decline.

Senator Hill—The answer to the honourable senator's question is as follows:

- (1) Since late 1998 the price of LPG has increased at a faster rate than other petroleum based fuels in line with a sustained increase in world demand for LPG. Australian prices rose to reflect the Saudi Aramco Contract Price for propane which is the internationally recognised reference point for LPG prices. The depreciation of the Australian dollar has further compounded the rate of increase in the LPG price. The impact of the price increase has further been magnified by LPG's lower energy density when compared with other petroleum based fuels.

The Government recognises the potential impact of the rapid price increase, and is actively promoting the use of LPG through a number of measures.

- (2) From January 2000, the Government has offered a subsidy to convert buses and heavy commercial vehicles to operate on LPG and compressed natural gas (CNG) through the Alternative Fuels Conversion Program (AFCP) which is funded at a total of \$75 million over 4 years.

In July 2000, the Government also introduced a grant of 11.925 cents per litre under the Diesel and Alternative Fuels Grants Scheme (DAFGS) to eligible heavy commercial vehicle and bus operators using LPG.

Through these programs the Government is assisting the LPG industry to expand into an area of the fleet that has previously been dominated by the use of diesel fuel.

In this financial year the Government has also provided \$60,000 in funding under the Natural Heritage Trust Air Pollution in Major Cities Program to the Australian LPG Association (ALPGA) Autogas Challenge Program for the promotion of LPG to corporate and government fleet operators.

Some State and Territory Governments have followed our lead.

The former Western Australian State Government introduced a \$500 rebate to private motorists using LPG; and

The ACT Government offers a 20 per cent rebate on the registration fee on LPG vehicles.

It should also be noted that there continues to be a strong interest in the use of LPG which has enabled Ford to introduce its LPG dedicated Falcon.

Department of Transport and Regional Services: Information Technology Outsourcing

(Question No. 3461)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services with reference to the outsourcing of information technology, upon notice, on 27 February 2001:

- (1) What negotiations took place regarding project specifications prior to the requests for tender being developed.

- (2) Did the Office of Asset Sales and Information Technology (OASITO) negotiate with the department separately from, or in conjunction with, external service providers.
- (3) Did any consultation take place with OASITO to develop the project specification, as part of the development of the request for tender.
- (4)
 - (a) Was there an independent review of the department prior to the request for tender being developed and released.
 - (b) Who conducted that review.
 - (c) Who paid for the review and what did it cost.
 - (d) What role did OASITO play in the review.
- (5) Were there any changes to the project specifications from the release of the request for tender to the final version of the contract; if so, what were those changes.
- (6) Did those differences have an impact on the cost to the department of the outsourcing.
- (7) Did the department have input into the development of the project specification, the request for tender and the final contract.
- (8) What processes were put into place to ensure OASITO understood the department's business and any particular requirements the department had.
- (9)
 - (a) Who was responsible for evaluating the tenders.
 - (b) What was the process for evaluating the tenders.
- (10)
 - (a) How was the process of evaluating tenders carried out.
 - (b) Was the department involved in each stage of the process; if not from what stages was the department excluded.
- (11) Specifically, was the department involved in the industry development evaluation stage of the process.
- (12) Was the involvement of the department in the tender evaluation process as a separate entity or as a member of a cluster group.
- (13) At any time in any of the tender evaluation processes, did the cluster grouping make a recommendation for a particular tenderer which did not conform with OASITO's views; if so:
 - (a) What was the nature of the recommendation; and
 - (b) What was the basis for the difference of opinion.
- (14) How was the difference of opinion resolved in each case, what was the outcome.
- (15) Were there any interim reports or discussion papers issued by OASITO setting out the different points of view, the basis for the differences and proposed courses of action.
- (16) Did OASITO award a contract during any process to an external service provider, which was not the service provider recommended by the agencies as a group.
- (17) Did the department develop, or have any role in developing, the tender evaluation reports.
- (18) Can a copy of these tender evaluation reports be made available.
- (19) What role did the department play in contract negotiations.
- (20) Did the department have its own legal representation during the contract negotiation stages.
- (21) What components were outsourced, what services does the external service provider provide to the department.
- (22)
 - (a) Why was it deemed necessary to sell to the provider the hardware at the commencement of the contract and buy the hardware back from the provider at the end of the contract; and
 - (b) Is this a normal arrangement.
- (23)
 - (a) Were both mainframe and desktop components included in the hardware transfer; and
 - (b) What is the life of the departments mainframe; and
 - (c) Why was the mainframe included in the transfer.
- (24)
 - (a) What is the life of a desktop unit; and
 - (b) When did the department last replace its desktop units; and

- (c) When is the external service provider scheduled to replace the departments desktop units.
- (25) What is the department's potential liability for re-acquisition at the end of the contract.
- (26) What provision is there in the departments contract for the adoption of new technology.
- (27) What impact do the terms of the contract have on the ability of the department to adopt new technology during the life of the contract.
- (28) Will the department be required to make additional payments in order to access new technology under the contract.
- (29) What advice did the department provide to the Department of Finance and Administration or OASITO in relation to potential savings from the outsourcing prior to actually outsourcing.
- (30) Was any liability for the re-acquisition of assets (guarantee buy back) at the end of a contract factored into the savings estimates.
- (31) Did the departments estimates of cost savings differ from OASITOs; if so, what was the quantum of the difference and how were the different figures arrived at.
- (32) Were OASITO's projections of cost savings accurate; if not, why not.
- (33) What expenditure was incurred by the department in preparing for outsourcing.
- (34) Has outsourcing been cost effective for the department.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) The department was involved in negotiations with Office of Government Information Technology (OGIT), (later OASITO), in relation to project specification. While OASITO had a basic framework in place, the department worked with OASITO to populate this framework and to refine the process ahead. In particular the department assisted OASITO in finding the other Group 5 members with similar business needs and IT requirements.
- (2) No. OASITO probity protocols precluded such interaction.
- (3) Group members met extensively with OGIT/OASITO prior to the release of the RFT. At these meetings, the RFT was drafted based on the OGIT/OASITO template which was significantly modified to meet Group 5 requirements.
- (4) (a) No.
(b) N/A.
(c) N/A.
(d) N/A.
- (5) Changes were made to the timing of significant phases throughout the process as a result of business needs and the October 1998 Federal Election and subsequent Machinery of Government Changes (MoGC). Following the election and MoGC changes, the Department of Workplace Relations and Small Business (DWRSB) gained Employment from the then Department of Employment Education and Youth Affairs. This change significantly altered the Group by introducing mainframe requirements. As a result DWRSB removed itself from the Group, with the agreement of the Group and OASITO.
- (6) The changes in project specification did not substantially alter the cost to the department.
- (7) Yes.
- (8) OASITO prepared a paper which clearly articulated the roles and responsibilities of agencies, as well as their own organisation. This formed the basis for ensuring that agency business and particular requirements were included in the RFT and contract.
- (9) (a) Group 5 members were responsible for undertaking the 'service and risk' and financial evaluations of tenders. Department of Industry Science and Resources (DISR) later replaced by the Department of Communications, Information Technology, the Arts (DoCITA), in conjunction with industry advisers, was responsible for evaluating the Industry Development (ID) aspect of the bids. OASITO provided representatives on the 'service and risk' and financial evaluation teams.

- (b) Three assessments of the tenders against the published evaluation criteria were conducted separately and in parallel: (i) ID evaluation, (ii) service and risk evaluation and (iii) financial evaluation. The financial evaluation was kept separate in order to avoid biasing the outcome of the assessment of tenderers' technical and corporate offerings ('service and risk').

The findings of the service and risk evaluation were combined with the financial evaluation in a final evaluation report which was prepared by the evaluation teams and endorsed by the Group 5 Evaluation Committee. The Evaluation Coordinator had a key role in coordinating the final evaluation report. This committee consisted of representatives from each Group 5 agency and was also chaired by OASITO.

The combined service and risk and financial evaluation report was considered by the Group 5 Steering Committee which consisted of senior representatives from each Group 5 agency. The Steering Committee was also chaired by OASITO.

After acceptance by the Group 5 Steering Committee, the combined service and risk and financial evaluation report was presented to the Options Committee. This committee consisted of independent experts and ID representatives from DISR (then from DoCITA after the ID function was transferred to that agency). The Options Committee was chaired by OASITO. The Committee separately received the industry development report. Based on the latter report and the combined 'service and risk' and financial evaluation report, the Options Committee made a recommendation to the Minister for Finance and Administration on the successful tenderer. Group 5 agencies were not represented on the Options Committee (with the exception of the ID representatives).

In the case of the Group 5 process, the 'service and risk' evaluation involved a shortlisting process prior to the final evaluation finding (30 September 1998). Those tenderers that had clearly failed the mandatory service and risk evaluation criteria were excluded from further consideration part way through the evaluation process.

- (10) (a) The process described in 9b was used to evaluate tenders.
- (b) The department had representatives on all evaluation teams, with the exception of the ID evaluation. The department had representation on the Evaluation Committee, Group 5 Management Committee and the Steering Committee, but did not have representation on the Options Committee.
- (11) No.
- (12) As a member of Group 5, bearing in mind individual departmental requirements.
- (13) No.
 - (a) N/A.
 - (b) N/A.
- (14) N/A.
- (15) N/A.
- (16) No.
- (17) Yes.
- (18) OASITO is the 'caretaker' of these reports. As such this request should be passed to them.
- (19) The department provided staff to assist in contract negotiations.
- (20) The department had no separate legal representation during contract negotiations.
- (21) All desktop/Local Area Network (LAN) computing infrastructure, software and services including LAN servers, network equipment and help desk; Midrange computing infrastructure, software and services; Data network Wide Area Network (WAN) services, with telecommunications carriage service component procured on a pass-through basis; Voice (telephony) infrastructure and services, with telecommunications carriage service component procured on a pass-through basis; and Applications development and maintenance services.
- (22) (a) The sale of assets to the external service provider on commencement of the contract and buy back by the Commonwealth on expiration was part of the standard OASITO model. The Group 5 Steering Committee considered this and determined that the agencies would not be disadvantaged under this model.

- (b) The department understands that this arrangement was normal for IT Outsourcing under the standard OASITO model.
- (23) (a) The department, and the Group, do not operate mainframe hardware. Desktop components were included in the sale of hardware.
 - (b) N/A.
 - (c) N/A.
- (24) (a) Under the services agreement, desktops are normally replaced on reaching 3 years of age.
 - (b) The department is progressively replacing its desktop equipment as per 24a.
 - (c) On a rolling program when units reach 3 years of age.
- (25) The services agreement provides Group member agencies the option of either purchasing assets used solely for the Group at written down book value, OR, to take over the leased equipment leased by the external service provider. Under the agreement software is retained in the Commonwealth's name and managed by the external service provider, the exception being some back end server and network software.
- (26) Desktop equipment specifications are required to be updated in line with market trends every 6 months by the external service provider. LAN and other 'backend' infrastructure is upgraded by the external service provider at their risk depending on the ability of that infrastructure to support the contracted service levels. The external service provider is required to prepare technology plans and update these at regular intervals in order to project future technology requirements and align these to stated agency business requirements.
- (27) The services agreement is non-exclusive. It allows the department to seek new technologies not only from the external service provider, but also from other service providers.
- (28) The department would be required to make additional payments to access new technologies where the new technologies fall outside the external service provider's contracted obligations in relation to evolving the service it provides. This may be as a result of a significant change in the department's business requirements.
- (29) The department provided no independent advice to Department of Finance and Administration (DoFA) in relation to potential savings from outsourcing.
- (30) No.
- (31) No. The department used the OASITO model to determine cost savings.
- (32) See question 31. The projections were derived from the model and were accurate at the time of entry.
- (33) The department incurred approximately \$390,000 in staff and running costs while preparing for outsourcing.
- (34) Performance in the first year was consistent with projections in the cost model.

**Department of Transport and Regional Services: Information Technology Outsourcing
(Question No. 3462)**

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services with reference to the outsourcing of information technology, upon notice, on 27 February 2001:

- (1) What service delivery standards were agreed between the department and the Office of Asset Sales and Information Technology Outsourcing (OASITO) prior to finalisation of contracts.
- (2) What was the nature of the negotiations or discussions that took place between OASITO and the department in relation to service delivery standards prior to the finalisation of contracts and were service delivery standards written into those contracts.
- (3) How are service delivery standards measured and reported on and are service credits being imposed.
- (4) (a) Have the contractual arrangements been able to provide adequately for effective levels of service.

- (b) Has the department experienced higher levels of service or lower levels of service since its IT requirements have been outsourced.
- (5) (a) What, if any, have been the major problems; and
- (b) What, if any, have been the improvements in the service delivery.
- (6) Are the costs of any down time and poor service delivery factored into the savings figures.
- (7) Has the department been required to request services that are outside those provided for under the contract; if so, what have been the extra contract services required and the costs of the provision of those services.
- (8) Have the departments operations been constrained because it is unable to provide service because it has not been specified under the contract.
- (9) What outages did the department experience during the contract period.
- (10) What service credits have been imposed because of the outages.
- (11) Has the external service provider been able to ensure continuity of contracted staff servicing the department.
- (12) Is there any indication that the changes to the taxation system, which deems contractors/self-employed persons to be employees and bound by PAYE (pay as you earn) requirements, have impacted on the continuity of services by people employed by external service providers or by sole contractors.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) The department's requirements for service delivery standards were incorporated into the services agreement. These include Local Area Network (LAN) availability, Helpdesk, problem resolution, application availability, voice availability and moves, adds and changes (eg this includes physical moves of equipment, loading of software, password changes and creations).
- (2) The department was given the opportunity to reflect its service delivery requirements through the preparation of the Request for Tender (RFT). These requirements are reflected in the contract.
- (3) Service delivery standards are measured and reported by the external service provider on a monthly basis. These are checked against information gathered and held by the department. The department has imposed all service credits available.
- (4) (a) The contractual arrangements set forth a minimum level of service delivery that is considered acceptable to the department. These arrangements allow the contractor to focus on the areas the department mandates as most important.
- (b) Prior to outsourcing the department did not record all service standards and levels that are now required of the contractor. It is therefore difficult to assess pre and post service delivery levels with any precision. There was initially a decrease in some levels of service in the post hand over period, however service delivery has generally been improving.
- (5) (a) The major problems have been a lack of knowledge of the legacy BANYAN network operating system, including the termination of support arrangements for the system by the original provider and helpdesk services.
- (b) The department is being moved to a new Standard Operating Environment based on industry standard operating systems. The external service provider has improved helpdesk services through improved training of their staff and provision of additional resources.
- (6) No. The evaluation was conducted on the basis that service standards and levels are met.
- (7) The contract provides scope for a comprehensive range of IT&T services. As such, services not specifically defined under the contract can be provided by the external service provider at additional cost. To date the department has had the external service provider provide some additional services such as non-standard hardware/software. The cost to the department of these additional services is approximately \$0.97m.
- (8) No. The contract is non-exclusive. This results in the department being able to use other parties for the provision of services outside the contract.
- (9) The list of outages is at attachment A.

- (10) All penalties due as a result of the outages have been imposed and represent approximately 4.5% of service charges to date.
- (11) The contractor has provided sufficient staff to meet the day to day needs of the department.
- (12) The department is not aware of any impact on continuity of people employed by the contractor as a result of taxation changes.

Attachment A

Failure Date	Length of outage
12/07/99	2 days
16/07/99	3 days
30/07/99	3 days
25/08/99	1 day
1/09/99	4 days
7/09/99	2 days
16/09/99	1 day for email
14/10/99	2 days
5/01/00	2.5 days
14/12/99	8 days
22/09/99	1 day
1/02/00	3 days on and off
23/02/00	22.5 hours
19/08/00	3 days
21/06/00	3 days
28/09/00	1.75 days
17/11/00	1 day
2/01/01	1 day

**Department of Transport and Regional Services: Information Technology Outsourcing
(Question No. 3463)**

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services with reference to the outsourcing of information technology, upon notice, on 27 February 2001:

- (1) What weight did the department give to privacy.
- (2) What consideration was given by the department to privacy matters:
 - (a) in the request for tender; and
 - (b) in the contract.
- (3) What were the cost implications of the departments privacy requirements.
- (4) Was the department satisfied that the external service provider was able to guarantee appropriate privacy protection.
- (5) What weight did the department give to intellectual property matters.
- (6) What consideration was given to intellectual property matters:
 - (a) in the request for tender,
 - (b) in the contract.
- (7) Has the department valued the intellectual property component of its information technology requirements; if so, what was that value.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) Privacy was an important issue for all Group 5 agencies. Significant work went into preparing measures to safeguard against breaches in privacy requirements.
- (2) (a) Tenderers had to agree to the privacy provisions in the proposed Group 5 services agreement and were assessed on their expressed compliance in this area. Data security is also related to

privacy protection and was examined closely and in depth during the evaluation process. Assistance from the Defence Signals Directorate was obtained during the evaluation.

- (b) The external service provider is obligated to comply with the Privacy Act, with Australian Communications - Electronic Security Instruction (ASCI) 33 and the Protective Security Manual.
- (3) The pricing in the Group 5 services agreement is not constructed in a way that enables attribution of cost to the privacy provisions. The privacy provisions primarily embody codes of practice for Advantra staff and in themselves are unlikely to add significant cost to the services.
- (4) Yes.
- (5) Intellectual Property (IP) was an important issue for all Group 5 agencies. Significant work went into preparing measures to safeguard against loss of IP.
- (6) (a) During the tender process, tenderers were required to state their compliance with the IP provisions of the proposed services agreement and were evaluated on that basis.
(b) The Group 5 services agreement contains a substantial section on protection of IP rights.
- (7) No.

**Department of Transport and Regional Services: Information Technology Outsourcing
(Question No. 3464)**

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services with reference to the outsourcing of information technology, upon notice, on 27 February 2001:

- (1) Did the department have input into the Review of the whole of government information technology outsourcing initiative conducted by Mr Richard Humphry; if so, was that input written or oral and did the department meet with Mr Humphry.
- (2) Were any meeting notes or minutes taken or any documentation at all developed out of these meetings.
- (3) Did the review secretariat discuss any meeting notes with the department or distribute any meeting notes to the department for comment.
- (4) Will the department continue to outsource at the conclusion of the present contract.
- (5) What implications, including financial, hardware and software, will it have on the department if it decides not to continue with its present contract provider.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) The department had two separate occasions to provide oral input into the Humphry Review. The Secretary met with Mr Humphry to discuss the department's perspective on the initiative. Secondly, the Group 5 Management Committee, of which the department is a member, met with the Humphry Secretariat.
- (2) No notes or minutes were taken during the meeting between the Secretary and Mr Humphry. Minutes of the Group 5 Management Committee meeting with the Humphry Secretariat were taken by the Group 5 Contract Management Office.
- (3) No.
- (4) The department will make an assessment closer to the end of the term of the current contract about the best option in light of the agency's business requirements, its likely future needs and government policy.
- (5) Modelling of the financial implications has not been undertaken at this stage, but will need to be assessed as part of any decision about future outsourcing.

A substantial portion of software is still retained in this agency's name (an exception is the 'back end' server network software which is licensed by the external service provider).

In the event that outsourcing continues, the hardware or leases will be transferred to the successful external service provider. The costing of this transfer will necessarily form part of the external service provider's pricing.

As most Group 5 equipment is leased by our external service provider, there is unlikely to be any significant cost spike associated with bringing such equipment back in-house should in-sourcing be the preferred choice at the end of the contract term.

**Department of Transport and Regional Services: Information Technology Outsourcing
(Question No. 3465)**

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services with reference to the outsourcing of information technology, upon notice, on 27 February 2001:

- (1) What proportion of the cost of the initial Group 5 contract for the outsourcing of information technology can be attributed to the department.
- (2) Is this figure still an accurate assessment of the value of the contract.
- (3) What payments have been made by the department to date.
- (4) What payments have been made to Advantra Pty Ltd which are within the contract.
- (5) What payments have been made by the department for services not covered by the initial contract.
- (6) What exposure does the department face in relation to software licensing and development provided during the course of the contract.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

- (1) Approximately 29% can be attributed to this department.
- (2) Yes.
- (3) Payments to the external service provider, excluding pass through charges, but including service credits, projects and non-standard items are \$6.99m. This covers the period July 1999 to January 2001.
- (4) Payments made to Advantra for the period July 1999 to January 2001 for contracted services was \$6.02m.
- (5) For the period July 1999 to January 2001 the department paid Advantra \$0.97m for projects and non-standard equipment, not covered by the initial contract.
- (6) Substantial portions of software licenses are still held in the agency's name (the primary exception being 'back end' network and system software). Software licenses are to be novated back to the agency or another external service provider by Advantra at the end of the contract term. Specific software developed for the department, is owned by the department.

Prawns: White Spot Virus

(Question No. 3494)

Senator Woodley asked the Minister for the Environment and Heritage, upon notice, on 6 March 2001:

- (1) (a) Can the Minister confirm that, pursuant to the Quarantine Amendment Act 1999, the Director of the Australian Quarantine and Inspection Service (AQIS) is required to seek advice from the Federal Minister for the Environment in relation to quarantine decisions where there is a possibility of significant impact on the environment; and (b) can the Minister advise whether the Director has sought his advice in relation to the prawn and prawn-related products import risk analysis assessment released by AQIS in September 2000; if not, does the Minister think it is advisable that the Director seeks the Minister's advice prior to making a decision in respect of future prawn imports.
- (2) (a) Is the Minister aware of the findings of a study published in the United States in 1999 which showed that Infectious Hypodermal and Haematopoietic Necrosis Virus (IHHNV) a virus not unlike the White Spot Virus, had a major impact on prawn stocks in the Gulf of California, with the study finding that, 'Beginning with the 1987-88 season, landings of blue shrimp decreased by about 1 000 tonnes per year for four consecutive years. Stocks began to recover only after about six years. This is the best chronological association of a disease and wild population effects currently known'; (b) as Australia is thought to be free from exotic pathogens such as IHHNV and

White Spot Virus, does the Minister accept that the practice of importing large volumes of uncooked prawns known to be infected these viruses presents an unacceptable risk to Australia's marine environment; and areas of world heritage significance, such as the Great Barrier Reef; and (c) what, if anything does the department intend to do about this situation.

- (3) (a) Can the Minister confirm that due to the difficulties of studying marine animal populations there have been very few scientific studies of the effects of pathogens on wild stocks of prawns; (b) as viruses such as White Spot Virus, Yellow Head Virus and IHNV are not known to exist in the Australian environment, does it not follow that there is little, if any, basis for determining the possible environmental impact of such an incursion; and (c) does the Minister agree that continuing to allow virus-infected prawn imports into Australia is inconsistent with the precautionary principle as stated in the Environment Protection and Biodiversity Conservation Act 1999.
- (4) (a) Is the Minister aware that the World Wide Fund for Nature is calling for a ban on uncooked prawn imports into Australia; (b) is the Minister aware that recreational anglers are supporting these calls; (c) is the Minister aware that the Northern Territory, Queensland, New South Wales and Tasmanian governments are all supportive of a ban on uncooked prawn imports until adequate quarantine measures are developed to ensure long-term protection of the Australian marine environment and disease-free status; and (d) does the Minister support such a moratorium.

Senator Hill—The answer to the honourable senator's question is as follows:

- (1) (a) Pursuant to the Quarantine Amendment Act 1999, the Director of Quarantine must seek advice from me before making a decision, if the implementation of that decision is likely to result in a significant risk of harm to the environment.
- (b) The Director of Quarantine has not yet referred this matter to me. The decision as to whether or not a given matter should be referred to me is one for the Director of Quarantine.
- (2) (a) Officers of my Department have indicated that they are aware of this study.
- (b) I accept that there is a theoretical potential for a significant impact on the marine environment if 'large volumes of uncooked prawns known to be infected with these viruses' are imported and then released to the environment. It is my understanding that Biosecurity Australia has done an assessment of the likelihood of these diseases becoming established in the Australian environment and has taken appropriate steps to maintain Australia's appropriate level of protection. It is not my understanding that Biosecurity Australia intends to allow 'large volumes of uncooked prawns known to be infected with these viruses' to be imported and released into the environment. It is understood that any such imports will be labelled 'for human consumption only'.
- (c) My Department is continuing discussions with Biosecurity Australia regarding the incorporation of environmental advice into the consideration of importation proposals.
- (3) (a) My Department advises me that there have been only limited scientific studies for a number of possible reasons including the difficulties in studying marine animal populations.
- (b) It is not correct to assert that there is little basis for an environmental assessment.
- (c) I do not regard the approach taken by Biosecurity Australia on this matter to be inconsistent with the precautionary principle.
- (4) (a) Yes.
- (b) Yes.
- (c) Yes.
- (d) The issue of what conditions should be imposed in relation to uncooked prawn imports is ultimately a matter for the Minister for Agriculture, Fisheries and Forestry, the Hon Warren Truss MP, and Biosecurity Australia.

Hotels: Foreign Employees

(Question No. 3496)

Senator O'Brien asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 6 March 2001:

- (1) For the years 2001 and 2002, has the department received and/or granted applications for the employment of foreign hotel housekeepers, cleaners or room attendants; if so, for which hotel, or hotel group, have these applications come from and/or been granted.
- (2) For the years 2001 and 2002, how many foreign hotel housekeepers, cleaners and room attendants have been given permission to be employed in Australia.

Senator Ellison—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator's question:

- (1) and (2) I refer the Senator to my answer to Question No. 3495.

Bovine Spongiform Encephalopathy

(Question No. 3501)

Senator Brown asked the Minister for Agriculture, Fisheries and Forestry, with reference to the answer to Question on Notice No. 3195 (Senate *Hansard*, 27 February 2001, p. 22060), upon notice, on 7 March 2001:

- (1) Why is it legal to feed meat and bone meal to pigs and poultry in Australia.
- (2) (a) Specifically, what is the scientific evidence that these species cannot develop an encephalopathy or Bovine Spongiform Encephalopathy-like disease from such rations; and (b) what is "specified mammalian material" and does this include kangaroo meat.

Senator Alston—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator's question:

- (1) It is legal to feed meat and bone meal to pigs and poultry in Australia because these species do not pose a hazard with regard to the transmissible spongiform encephalopathies. This proposition is supported by clinical, experimental and general biological evidence.
- (2) (a) Clinical evidence is derived from experience with the epidemic of BSE in the United Kingdom. It has been estimated that approximately 750,000 BSE-infected cattle entered the food chain in the UK between 1974 and 1995. High-risk material from these animals would have ended up in meat and bone meal fed to pigs, poultry and cattle. Note that pigs and poultry are omnivorous animals and meat and bone meal has long been an important component of their rations. Furthermore, the amount of meat and bone meal fed to pigs and poultry would have been relatively higher than that fed to cattle. While there were over 179,000 confirmed cases of BSE in cattle, no cases of transmissible spongiform encephalopathy were discovered in pigs or poultry.

Investigations of BSE-infected cattle that were born after the ban on the feeding of meat and bone meal showed that cases were clustered in areas where pig and poultry raising was high. Significantly, meat meal was still included in the rations of pig and poultry but BSE only appeared in cattle probably as a result of the cross-contamination of feed.

Experimental evidence comes from studies to test whether a species barrier exists for BSE infection in pigs and poultry. In trials piglets were not infected when fed BSE-contaminated material. However, infection resulted when piglets were infected by direct inoculation into the peritoneal cavity or the brain. Domestic fowl were not infected when fed BSE-contaminated material or inoculated into the brain.

Additional evidence comes from general biology. First, and indirect, is that pigs and the domestic fowl are cannibalistic by their nature and are likely to be adapted to this habit. Second, chicken prions do not bind copper, pointing to an entirely different metabolism that may rule out the transmissible spongiform encephalopathies. Thirdly, chickens are unusual in that they mount immune responses against bovine prions and may be protected in this way. Fourth, the prion protein gene of the pig has overall similarity of 77% to 88% compared with the prion gene from other mammalian species. The prion gene of the chicken has 55% similarity or homology compared with the genes for mammals. This degree of dissimilarity is likely to be important in determining whether the first step in infection with BSE can occur in pigs and poultry.

- (b) Specific mammalian material is a term used to describe what is banned from feeding to ruminant animals like sheep and cattle in order to close off the possibility of an epidemic of

transmissible spongiform encephalopathy in Australia's livestock. It originally included meat and bone meal prepared from ruminant animals. Now it also includes kangaroo meat.

On 9th March 2001 ARMCANZ extended the range of banned material to include porcine, equine, or macropod materials, blood and blood products, inspected meat products (which have been cooked and offered for human food and further heat processed into animal food) and poultry (offal and feather) meals and fish meals. This decision places Australia in the forefront of animal feeding practices throughout the world.

Newstart and Youth Allowances

(Question No. 3503)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 8 March 2001:

- (1) From November 1999 to March 2001 what were the monthly number of: (a) Youth Allowance (unemployed) recipients; and (b) Newstart Allowance recipients.
- (2) From November 1999 to March 2001 what were the monthly number of long-term (greater than 12 months) unemployed: (a) Youth Allowance (unemployed) recipients; and (b) Newstart Allowance recipients.
- (3) From November 1999 to March 2001 what were the monthly number of new claims for: (a) Youth Allowance (unemployed); and (b) Newstart Allowance.
- (4) From November 1999 to March 2001 what were the monthly number of new grants for: (a) Youth Allowance (unemployed); and (b) Newstart Allowance.
- (5) From November 1999 to March 2001 what were the monthly number of exits from: (a) Youth Allowance (unemployed); and (b) Newstart Allowance.

Senator Vanstone—The answer to the honourable senator's question is as follows:

- (1)(a) From November 1999 to February 2001, the monthly number of Youth Allowance (unemployed) recipients is given in table below. Data for March 2001 is not currently available.

<u>Month/Year</u>	<u>Youth Allowance (unemployed)</u>
Nov-99	81,257
Dec-99	98,495
Jan-00	98,495
Feb-00	91,151
Mar-00	85,714
Apr-00	84,560
May-00	83,198
Jun-00	82,408
Jul-00	80,052
Aug-00	76,760
Sep-00	75,328
Oct-00	73,608
Nov-00	76,537
Dec-00	91,862
Jan-01	93,101
Feb-01	87,859

- (1)(b) From November 1999 to February 2001 the monthly number of Newstart Allowance recipients is given in table below. Data for March 2001 is not currently available.

Month/Year	NSA customers
Nov-99	612,860
Dec-99	621,429
Jan-00	642,816
Feb-00	636,586
Mar-00	623,584
Apr-00	609,653
May-00	599,284
Jun-00	589,911
Jul-00	575,945
Aug-00	568,812
Sep-00	561,977
Oct-00	558,419
Nov-00	560,242
Dec-00	576,313
Jan-01	597,497
Feb-01	599,170

- (2)(a) From November 1999 to March 2001 the monthly long term number of (12 months or more on income support) Youth Allowance (unemployed) recipients is given in table below. Data for March 2001 is not currently available.

Month/Year	Youth Allowance (unemployed)
Nov-99	40,400
Dec-99	52,543*
Jan-00	52,181*
Feb-00	48,882
Mar-00	46,241
Apr-00	45,087
May-00	44,000
Jun-00	43,231
Jul-00	42,900
Aug-00	41,200
Sep-00	39,900
Oct-00	38,300
Nov-00	39,600
Dec-00	50,200*
Jan-01	50,600*
Feb-01	47,000

Note: - * Increases due to seasonal factors. Largely due to full time students on Youth Allowance claiming unemployment benefits.

- (2)(b) From November 1999 to March 2001 the monthly number of long-term (12 months or more on income support) Newstart Allowance recipients is given in table below. Data for March 2001 is not currently available.

Month/Year	Data
Nov-99	382,500
Dec-99	385,487
Jan-00	391,354
Feb-00	388,327
Mar-00	380,906
Apr-00	373,634
May-00	368,519
Jun-00	363,561
Jul-00	355,900
Aug-00	350,900
Sep-00	345,300
Oct-00	340,300
Nov-00	337,700
Dec-00	341,500
January-01	346,600
Feb-01	344,900

- (3)(a) From November 1999 to February 2001 the monthly number of new claims for Youth Allowance (unemployed) is given in table below. Data for March 2001 is not currently available. The monthly number of Youth Allowance (Unemployed) claims granted each month is an estimate calculated against the total number of claims granted for that month.

Month/Year	Data
Nov-99	5,999
Dec-99	9,990
January-00	10,862
Feb-00	14,689
Mar-00	15,990
Apr-00	8,457
May-00	8,325
Jun-00	8,861
Jul-00	7,481
Aug-00	7,058
Sep-00	7,358
Oct-00	5,440
Nov-00	5,728
Dec-00	7,358
January-01	13,405
Feb-01	15,184

- (3)(b) From November 1999 to February 2001 the monthly number of new claims for Newstart Allowance is given in table below. Data for March 2001 is not currently available.

Month/Year	NSA new claims
Nov-99	48,446
Dec-99	66,146
January-00	48,962
Feb-00	45,384
Mar-00	53,974
Apr-00	37,380
May-00	40,851
Jun-00	49,861
Jul-00	55,184
Aug-00	59,127
Sep-00	80,795
Oct-00	67,222
Nov-00	74,968
Dec-00	100,458
January-01	81,499
Feb-01	77,585

- (4)(a) From November 1999 to March 2001 the monthly number of new grants for Youth Allowance (unemployed) is given in table below. Data for March 2001 is not currently available, it will be available on 12 April 2001. The monthly number of grants of Youth Allowance (unemployed) is an estimate of the total grants for Youth Allowance.

Month/Year	Youth Allowance (unemployed) grants
Nov-99	4,612
Dec-99	7,707
January-00	8,617
Feb-00	11,932
Mar-00	12,640
Apr-00	6,389
May-00	6,327
Jun-00	6,662
Jul-00	5,818
Aug-00	5,440
Sep-00	5,844
Oct-00	4,415
Nov-00	5,728
Dec-00	7,358
January-01	13,405
Feb-01	15,184

- (4)(b) From November 1999 to March 2001 the monthly number of new grants for Newstart Allowance is given in table below. Data for March 2001 is not currently available.

<u>Month/Year</u>	<u>NSA grants</u>
Nov-99	46,442
Dec-99	64,328
January-00	53,302
Feb-00	50,269
Mar-00	57,184
Apr-00	41,029
May-00	46,154
Jun-00	52,974
Jul-00	48,291
Aug-00	49,446
Sep-00	61,087
Oct-00	49,990
Nov-00	54,711
Dec-00	75,063
January-01	62,911
Feb-01	59,249

- (5)(a) From November 1999 to March 2001 the monthly number of exits from Youth Allowance (unemployed) is not readily available. To obtain this data would require a significant diversion of the Department's resources.
- (5)(b) From November 1999 to February 2001 the monthly number of exits (cancellations) from New-start Allowance is given in table below. Data for March 2001 is not currently available. Monthly data derived from fortnightly data.

<u>Month/Year</u>	<u>NSA (cancellations)</u>
Nov-99	56,097
Dec-99	71,173
January-00	49,049
Feb-00	54,502
Mar-00	58,481
Apr-00	51,689
May-00	52,013
Jun-00	75,488
Jul-00	51,252
Aug-00	54,877
Sep-00	50,543
Oct-00	52,565
Nov-00	49,175
Dec-00	68,334
January-01	46,056
Feb-01	59,730

Transport and Regional Services Portfolio: Parliament House Employees**(Question No. 3509)**

Senator Faulkner asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 13 March 2001:

- (1) How many Australian Public Service (APS) officers whose salary is being paid, either in whole or in part, by the department or any portfolio agency, are currently employed in any capacity in Parliament House (excluding all persons employed under the Members of Parliament (Staff) Act).
- (2) For each of those persons currently employed in Parliament, and without naming those persons, please provide: (a) the capacity in which they are acting; (b) the senator's or member's office in which they are employed, or the functional area if they are employed in a parliamentary department; (c) the APS salary level paid to that person; and (d) the period of employment.
- (3) Please provide the same details for any such persons not currently employed but who have been so employed at any time during the past year.

Senator Ian Macdonald—The answer to the honourable senator's question is as follows:

- (1) As at 13 March 2001, five Australian Public Service (APS) officers, whose salary was being paid either in whole or in part by the Department of Transport and Regional Services or any portfolio agency, were employed in Parliament House.

(2)

(b) Member/ Senator	(a) Number and position	(c) Level paid	(d) Period of employment
Hon John Anderson MP	Two Departmental Liaison Officers (DLOs)	One EL2	14/2/00 – present
	and one temporary adviser*	One EL1	11/12/00 - present
		SES Band 1	20/2/01 - present
Senator Macdonald	One DLO	EL2	23/11/98 - present
Senator Boswell	One DLO	EL2	14/8/00 - present

* Pending filling of position

(3)

(b) Member/ Senator	(a) Number and position	(c) Level paid	(d) Period of employment since 13 /3/00
Hon John Anderson MP	DLO	EL2	Before 13/3/00 – 8/12/00
	Temporary DLO*	EL1	16-25/10/00
	Temporary DLO*	EL1	8/6/00 – 3/8/00
	Temporary DLO*	EL2	28/2/00 – 10/4/00
	Temporary administrative assistant	APS4	14-20/2/01 (half days only)
	Temporary assistant adviser*	APS5	
	Temporary assistant adviser*	APS6	19/10/00 – 3/11/00
	Temporary assistant adviser*	SPAO2	4/7/00 – 25/8/00
	Temporary media adviser*		22-28/5/00
Senator Macdonald			2-15/10/00
			30/10/00 – 12/11/00
	Temporary DLO*	EL1	30/10/00 – 1/12/00
	Temporary DLO*	EL1	12-27/10/00
Senator Boswell	Temporary DLO*	EL1	17-28/7/00
	DLO	EL1	24/1/00 – 11/8/00
	Temporary DLO*	APS6	17/1/01 – 2/2/01

* Normal occupant of position on leave.

Industry, Science and Resources Portfolio: Parliament House Employees**(Question No. 3519)**

Senator Faulkner asked the Minister for Industry, Science and Resources, upon notice, on 13 March 2001:

- (1) How many Australian Public Service (APS) officers whose salary is being paid, either in whole or in part, by the department or any portfolio agency, are currently employed in any capacity in Parliament House (excluding all persons employed under the Members of Parliament (Staff) Act).
- (2) For each of those persons currently employed in Parliament, and without naming those persons, please provide: (a) the capacity in which they are acting; (b) the senator's or member's office in which they are employed, or the functional area if they are employed in a parliamentary department; (c) the APS salary level paid to that person; and (d) the period of employment.
- (3) Please provide the same details for any such persons not currently employed but who have been so employed at any time during the past year.

Senator Minchin—The answer to the honourable senator's question is as follows:

- (1) The total number of APS officers whose salary is being paid by the Department, or any of its portfolio agencies, currently employed in any capacity in Parliament House is 4.
- (2) Employed as at 13 March 2001

Capacity	Office employed in	APS Salary Level	Period of employment
DLO*	Senator the Hon Nick Minchin	EL2	1 year, 7 months, 3 weeks
DLO	Senator the Hon Nick Minchin	EL2	1 year, 2 weeks
DLO	The Hon Jackie Kelly, MP	EL1	3 weeks
DLO	The Hon Warren Entsch, MP	EL1	2 years, 4 months, 1 week

* Departmental Liaison Officer.

- (3) Not currently employed (employed during the period 14 March 2000 - 13 March 2001)#

Capacity	Office employed in	APS Salary Level	Period of employment
Acting DLO	Senator the Hon Nick Minchin	EL1	3 weeks
Acting Adviser *	Senator the Hon Nick Minchin	SES2	2 weeks
Acting Adviser ##	Senator the Hon Nick Minchin	EL2	2½ months
DLO	The Hon Jackie Kelly, MP	EL2	1 year, 1½ months
Acting DLO	The Hon Jackie Kelly, MP	APS6	3½ weeks
Acting DLO##	The Hon Jackie Kelly, MP	APS6	3 weeks
Acting Adviser ##	The Hon Jackie Kelly, MP	EL2	6 months, 3 weeks
Administrative assistance	The Hon Jackie Kelly, MP	APS6	2 months, 1 week
Administrative assistance	The Hon Jackie Kelly, MP	APS4	2 weeks
Administrative assistance	The Hon Jackie Kelly, MP	APS4	1½ weeks

does not include staff employed in the stated period for less than a week.

position vacant - pending permanent filling.

* during scheduled leave of Senior Adviser.

Family and Community Services Portfolio: Parliament House Employees

(Question No. 3524)

Senator Faulkner asked the Minister for Family and Community Services, upon notice, on 13 March 2001:

- (1) How many Australian Public Service (APS) officers whose salary is being paid, either in whole or in part, by the department or any portfolio agency, are currently employed in any capacity in Parliament House (excluding all persons employed under the Members of Parliament (Staff) Act).
- (2) For each of those persons currently employed in Parliament, and without naming those persons, please provide: (a) the capacity in which they are acting; (b) the senator's or member's office in which they are employed, or the functional area if they are employed in a parliamentary department; (c) the APS salary level paid to that person; and (d) the period of employment.

- (3) Please provide the same details for any such persons not currently employed but who have been so employed at any time during the past year.

Senator Vanstone—The answer to the honourable senator's question is as follows:

As at 3 April 2001:

- (1) 5.
(2)

Capacity	Office	APS Salary level	Period to Date
Departmental Liaison Officer (DLO)	Minister Family & Community Services	FaCS EL1 APS Exec 1	14 months
DLO	Minister Family & Community Services	FaCS EL2(B) APS Exec 2	2 weeks
DLO	Minister Family & Community Services	FaCS EL1 APS Exec 1	11 months
DLO	Minister for Community Services	APS EL2	8 months
DLO	Minister for Community Services	FaCS EL1 APS Exec 1	12 months
(3)			
Capacity	Office	APS Salary Level	Period
Receptionist relief	Minister for Community Services	APS 3 - 4	20 days
Receptionist relief	Minister for Family & Community Services	FaCS B2 APS 3 - 4	10 days
Legislation Liaison Officer	Minister for Family & Community Services	Legal Officer Grade 1 (Legal Officer)	20 days
A/g Adviser	Minister For Family & Community Services	FaCS EL2(B) APS Exec 2	3 months
A/g Adviser	Minister for Community Services	APS EL2	3 months
DLO	Minister for Community Services	APS EL1	3 months
DLO	Minister for Family & Community Services	FaCS EL1 APS Exec 1	18 months
DLO	Minister for Family & Community Services	FaCS EL1 APS Exec 1	1 week

**Civil Aviation Safety Authority: Scheduled Flights
(Question No. 3530)**

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 22 March 2001:

- (1) Was the statement by the Director of the Civil Aviation Safety Authority (CASA) at the National Press Club on 21 February 2001, that it is twice as safe to fly on a scheduled flight in Australasia as it is in the next two safest regions of North America and Europe, based on the Australian Transport Safety Bureau 2000 report; if so, can the Minister identify the specific reference in that report upon which the Director relied.
- (2) Were there any other sources relied upon by the Director of CASA when he made the above statement; if so, what were those other sources.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

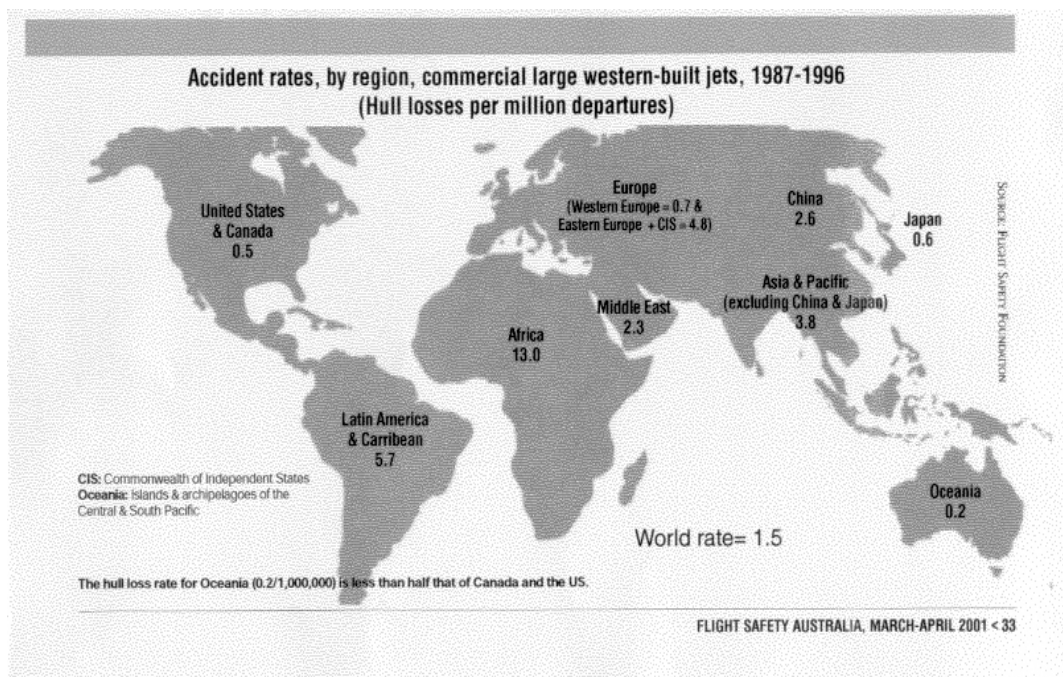
The Civil Aviation Safety Authority (CASA) has provided the following advice:

- (1) and (2)

The statement made by Mr Mick Toller, Director of Aviation Safety - CASA, at the address given to the National Press Club on 21 February 2001 that it was twice as safe to fly on a scheduled

flight in Australasia as it is in the next two safest regions of North America and Europe was based on information provided by the Flight Safety Foundation.

The Flight Safety Foundation is an independent, non-political, non-profit, international organisation engaged in research, auditing, education, advocacy and publishing to improve aviation safety. A graph sourced from the Flight Safety Foundation confirming Mick Toller's statement is attached.



Rural Transaction Centres: Queensland (Question No. 3537)

Senator Ludwig asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 27 March 2001:

- (1) (a) How many rural transaction centres are currently operational in Queensland; and (b) where are they located.
- (2) (a) How many rural transaction centres are scheduled to be opened by 1 July 2001; and (b) where will they be located.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

Question 1

- (a) Seven
- (b) Aramac; Bell; Blackbutt; Crows Nest; Kalbar; Wallumbilla; Yuleba.

Question 2

- (a) 29
- (b)

NSW

Ashford; Bombala; Bulahdelah; Coonabarabran; Eugowra; Gresford; Greta; Gulargambone; Guyra; Hallidays Point; Mendooran; Ulong; Urana.

NT

Mataranka

QLD

Aramac; Bell; Blackbutt; Crows Nest; Kalbar; Surat; Wallumbilla; Yuleba.

SA

Port Broughton

TAS

Nubeena; St Marys.

VIC

Welshpool; Dunolly; Glenthompson.

WA

Kojonup

Regional Solutions Programs: Services and Funding**(Question No. 3556 amended response)**

Senator Mackay asked the Minister for Regional Services, Territories and Local Government, upon notice, on 2 April 2001:

- (1) Can details be provided, including: (a) the funding amount; (b) the nature of the program; and (c) the reasons for the selection of each of these projects, for the following three Regional Solutions Programs:
 - (i) Delivery of TradeStart services in Alice Springs, Northern Territory;
 - (ii) TradeStart officer for the Gascoyne Junction, Western Australia region; and
 - (iii) the Austrade program centre in Kununurra, Western Australia for the Kimberley Development Commission.
- (2) Can the Minister explain: (a) the role of the department in providing Austrade services to these areas; and (b) why the funding for these programs has come from the Department of Transport and Regional Services and not the Department of Foreign Affairs and Trade.
- (3) What was the nature and level of communication and liaison between Austrade and the department over the allocation of funding to these projects.
- (4) Did Austrade recommend and/or provide any details of these projects to the department.

Senator Ian Macdonald—Further to my answer to question No. 3556, which appeared in *Hansard*, 24 May 2001, I would like to provide the following amended response:

- (1) (a) The contributions from the Regional Solutions Programme only to these three projects respectively are: \$66,000; \$66,000; and \$63,509.
 - (b) The three projects involve establishing TradeStart offices in those locations, in conjunction with Austrade.
 - (c) The three projects were selected to meet local community needs, which were identified through the Northern Australia Forum process, and are consistent with market research conducted by Austrade.
- (2) (a) The Department of Transport and Regional Services is not providing Austrade services. The Department administers the Regional Solutions Programme, which offers a high level of flexibility in meeting the needs of regions and communities. This includes a capacity to fill gaps from other programmes, through which it has provided support with Austrade to establish the TradeStart services.
 - (b) The projects are jointly supported by Austrade and Transport and Regional Services as a collaborative response to an identified need.
- (3) Collaborative funding arrangements for the TradeStart services were extensively discussed with Austrade through the Commonwealth Working Group for Regional Forums and through the projects' assessment process.
- (4) Yes.

Salt Ash Weapons Range
(Question No. 3558)

Senator Bourne asked the Minister representing the Minister for Defence, upon notice, on 3 April 2001:

- (1) Can the Minister confirm that air force jets are currently based at, and/or are using, the Salt Ash weapons range.
- (2) What is the purpose of the frequent flights from the Salt Ash weapons range.
- (3) Where do the jets fly to and what is the total area affected by their flight path.
- (4) (a) Is the Minister aware of community concerns about the use of the Salt Ash weapons range in this area; and (b) what steps are being taken to remedy these concerns.
- (5) Have any studies been carried out to determine the impact of noise and other pollution on local residents.
- (6) Has an environmental impact statement been conducted to determine the impact on the local wildlife and natural habitat.
- (7) Have any studies been conducted to investigate the impact this noise may have on tourism in the area.
- (8) Do jets jettison fuel over the area.
- (9) Have local residents been offered any form of compensation because of property devaluations in the area due to noise pollution emanating from the jets.
- (10) Are there any plans to move such flights to a more remote area.

Senator Minchin—The Minister for Defence has provided the following answer to the honourable senator's question:

- (1) The Salt Ash Air Weapons Range (SAWR) is used as an integral component of the Royal Australian Air Force (RAAF) fighter pilot training and currency program conducted at RAAF Base Williamtown. F/A-18 Hornet and Hawk jet aircraft use the Range.
- (2) Flights at SAWR are undertaken to develop and maintain essential pilot skills.
- (3) Air Force jets fly from RAAF Base Williamtown to over-water training areas and the SAWR. Training activities at the range are centered on the range impact area of 1 square kilometre, utilising a north-south approach and departure axis. While a number of flight paths used for training overfly the same areas, the total area affected by the longest flight path used for range activities is approximately 80 square kilometres.
- (4) (a) Yes.
(b) Defence has initiated a number of studies aimed at reducing the impact of aircraft noise on the surrounding communities, without impacting on RAAF training requirements. Air Force regularly informs the local community of events and activities at the base. A 'hot-line' has been established to answer public concerns and queries relating to military aircraft activities.
- (5) The impact of noise from airfields on surrounding land must be properly managed. The Department of Defence produces Australian Noise Exposure Forecasts (ANEFs) for all its military airfields to provide information to local planning authorities. ANEF maps indicate those areas where certain types of development are either permissible or should not be allowed. The first ANEFs for RAAF Williamtown and SAWR were produced in 1984.
- (6) An Environmental Impact Study was prepared under the provisions of the Commonwealth Environment Protection (Impact of Proposals) Act 1974, in May 1983, for the introduction of the F/A-18 Hornet aircraft. The Study considered the impact of aircraft activities on the local wildlife and natural habitat. In addition, an environmental management plan for the Range is being progressively developed.
- (7) Defence is not aware of any studies that have been conducted to investigate the impact of aircraft noise on tourism in the area. In part, the provision of ANEFs should ensure the compatibility of tourism activities with RAAF Williamtown and the SAWR.
- (8) No.

- (9) No. RAAF Williamtown has been in operation since 1941 and the SAWR since 1953. Hence, the purchase price of any properties acquired, particularly over the last few decades, should have reflected their location near the airfield or Range.
- (10) The RAAF already undertakes a proportion of its training in remote locations such as Tindal. Training in these locations also encompasses the use of high explosive munitions. There needs to be a balance in the disposition of military air bases. RAAF Williamtown provides substantial benefits in terms of military training including costs, regional economic investment, recruitment and retention, spouse employment and access to educational facilities.

Iraq: Oil for Food Program

(Question No. 3565)

Senator Bourne asked the Minister representing the Minister for Foreign Affairs, upon notice, on 17 April 2001:

- (1) What evidence does the Government have that the 'Oil for Food' program in Iraq is alleviating poverty.
- (2) How much of Iraq's oil revenue has been allocated to supply food since December 1996.
- (3) Has the Government taken into account deductions such as war reparations when making these calculations.
- (4) How much does the Iraqi Government have available to spend on basic needs such as food, health care, education, water, sewerage, and transport etc, per capita, after the payment of war reparations, administration costs of the scheme and infrastructure costs.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator's question:

- (1) The Oil for Food program (OFP) is not designed as a poverty alleviation program. It is a temporary measure to provide for the humanitarian needs of the Iraqi people, and needs to be assessed on that basis. That said, it is difficult to assess the impact of the Oil for Food program in isolation, as a range of factors have affected Iraq's economic situation. For example, the current regional drought has had an adverse effect on Iraq's food production, while the cost of the eight-year Iran-Iraq war severely depleted Iraq's economy.

United Nations Security Council Resolution 1302 of 8 June 2000 called for the appointment of independent experts to prepare a comprehensive report and analysis of the humanitarian situation in Iraq. However, the Iraqi Government has refused to cooperate with this initiative, meaning that a comprehensive, independent report on the humanitarian situation in Iraq is not available.

Nevertheless, there are indicators which suggest that conditions in Iraq have improved sharply under the Oil for Food program. For example, UN data show that the average daily food ration in Iraq has increased from around 1,275 kilocalories per person per day in 1996 (before the program began) to about 2,270 kilocalories in January 2001. Production of sheep, goat and chicken meat and milk have risen sharply in recent years. The Economist Intelligence Unit estimates that Iraq's GDP has increased more than three-fold since 1996, albeit from a low base. The abolition, in December 1999, of the ceiling on Iraqi oil exports under the Oil for Food program – together with higher oil prices – saw the value of Iraqi oil exports rise by over 300 per cent between 1997 and 2000.

- (2) There is no specific allocation for food per se under the Oil for Food program. Funds allocated to the humanitarian program may be spent on a range of humanitarian supplies – including food, medicine and a range of civilian infrastructure equipment – as well as on oil industry spare parts and equipment to the value of US\$600 million every six months. The Iraqi Government and, in the case of the three Northern governorates, the responsible UN agencies, are free to determine the proportion of the funds available under the humanitarian program which is allocated to food.

Between 10 December 1996 and 28 February 2001 Iraq's total oil revenue amounted to the equivalent of some \$US39.6 billion. Of this amount, around \$US25.7 billion (or an average of 65 per cent) was allocated to the humanitarian program. United Nations Security Council Resolution 1330 of 5 December 2000 decided that an average of around 72 per cent of proceeds from the current six-month phase (Phase IX) of the Oil for Food program will be allocated to the humanitarian

program. UNSCR 1330 also expressed the Security Council's intention to establish a mechanism to review the appropriateness of this allocation.

Between 10 December 1996 and 28 February 2001, food supply contracts valued at US\$8.2 billion were lodged for approval with UN. This represents 32 per cent of the total allocation to the humanitarian program, and 21 per cent of Iraq's total oil revenue, over this period.

The Iraqi regime reportedly also earns substantial revenue from oil smuggling. However, evidence suggests that this revenue is spent on luxury items for members of the regime, not on the humanitarian needs of the ordinary Iraqi.

- (3) Yes.
- (4) The resources available to the Iraqi Government for expenditure on its citizens' needs include its share of export revenue under the Oil For Food program, taxation receipts and other revenue earned from domestic economic activity and the proceeds from oil smuggling.

As noted above, around US\$25.7 billion was allocated to the humanitarian program between 10 December 1996 and 28 February 2001. Over the same period, oil smuggling has contributed substantial funds (over US\$1 billion in 1999 alone, according to Economist Intelligence Unit estimates) to the Iraqi regime. The Iraqi Government's revenues from domestic economic activity are unknown, as it has not published financial accounts for some time, but they are substantial given the government's extensive involvement in the domestic economy. For example, the IMF estimates that, in 1993 (the last year for which IMF estimates are available) government consumption amounted to 13.9 per cent of GDP and gross fixed capital formation (much of which would be Government-controlled) amounted to a further 14.5 per cent of GDP.

The paucity of information on Iraqi Government domestic revenues, and the difficulty of quantifying the proceeds from oil smuggling, mean that it is not possible to give a comprehensive estimate of the total funds the Iraqi Government has available to spend on its citizens' needs.

International Convention Against the Recruitment, Use, Financing and Training of Mercenaries

(Question No. 3566)

Senator Bourne asked the Minister representing the Minister for Foreign Affairs, upon notice, on 17 April 2001:

- (1) Did the Minister state in a press release in July 1997 that this Convention was a 'top priority' for this Government.
- (2) Can the Minister explain why the Government has not signed the Convention, which has been open to signatures since 1990.
- (3) When will the Government sign and ratify this Convention.

Senator Hill—The answer to the honourable senator's question is as follows:

- (1) Yes.
- (2) Article 18, paragraph 1 of the Convention provides that "The present Convention shall be open for signature by all States until 31 December 1990 at United Nations Headquarters in New York" (emphasis added). The Australian Government of the time did not sign the Convention. It was therefore at no time possible for the present Government (which took office over five years after the Convention ceased to be open for signature) to sign the Convention.
- (3) As explained above, the Government cannot sign the Convention, as it ceased to be open for signature from 1 January 1991. Australia may accede to the Convention in accordance with Article 18, paragraph 3. The Government intends to submit the Convention to the Joint Standing Committee on Treaties for its consideration once domestic and international consultation on the Convention is completed, and once the full extent of the necessary legislation to implement the Convention in Australia is known.

Commonwealth Small Arms Factory, Lithgow

(Question No. 3567)

Senator Bourne asked the Minister representing the Minister for Defence, upon notice, on 18 April 2001:

- (1) With reference to the Commonwealth Small Arms Factory (Lithgow facility):
 - (a) did it become ADI Lithgow facility: if so, when did this happen;
 - (b) is this facility still in production;
 - (c) when did production of L1a1 (FN-FAL) and L2a1 (FN-FALO) begin and end;
 - (d) how many of these rifles were produced; and
 - (e) were they exported.
- (2) With reference to the Australian Defence Industries Ltd (ADI):
 - (a) is the 5.56 mm FN Minimi (Australian designation F89) built under licence in Australia by ADI; if not: (i) does ADI produce several parts, and (ii) who does the final assembly;
 - (b) is ADI capable of producing the receivers;
 - (c) are these products exported; and
 - (d) what are the production figures per year.
- (3) Did the Government Ammunition Factory (Footscray) produce SS-109 (5.56 mm) ammunition.
- (4) With reference to the ADI Benalla - Ammunition Facility:
 - (a) does it produce SS-109 (5.56 mm) ammunition;
 - (b) what are the production figures per year; and
 - (c) how many employees does this facility have.

Senator Minchin—The Minister for Defence has provided the following answer to the honourable senator's question:

- (1)
 - (a) The Small Arms Factory became the ADI Lithgow Factory on 3 May 1989.
 - (b) The Department of Defence is unable to be of assistance as ADI Limited is now a commercial company. The answer to this question would best be pursued with ADI.
 - (c) Production of the L1a1 SLR rifles (FN-FAL0 variant) commenced in Lithgow in 1959. ADI Lithgow should be approached for information concerning when production ceased and in relation to the L2a1.
 - (d) and (e) See response to part (1) (b).
- (2) (a) – (d) See response to part (1) (b).
- (3) No.
- (4) (a) – (c) See response to part (1) (b).

Australian Customs: Medically Prescribed Hemp Seed Oil
(Question No. 3570)

Senator Greig asked the Minister for Justice and Customs, upon notice, on 30 April 2001:

With reference to Customs Officers in Perth who recently confiscated medication (cold-pressed hemp seed oil) from a chronically ill person suffering multiple sclerosis, arriving from the United Kingdom, despite prior notification and a letter to Customs from his general practitioner (GP) that the medication was needed:

- (1) Does the Minister find it acceptable that Customs Officers claim it will take 37 days to analyse the material, given that prior notification was given to Australian Customs accompanied by a letter from a GP in England.
- (2) Why will it take so long to analyse a substance that is available over the counter in the United Kingdom.
- (3) Does the Minister agree that in this case all reasonable steps were taken by the traveller to notify authorities of his intentions.
- (4) Does the Minister find it acceptable that, having followed all reasonable steps to notify authorities of his intentions, the chronically ill person was subjected to four hours of interrogation at Perth airport by Federal Police.
- (5) Is it acceptable that a chronically ill person will be without his prescribed medication for an extended period of time.

Senator Ellison—The answer to the honourable senator's question is as follows:

- (1) The hemp seed oil was transferred to the Australian Federal Police (AFP) following the passenger's arrival at Perth Airport on 26 March 2001 and sent to the Australian Government Analytical Laboratories (AGAL) in Sydney on 2 April 2001 for expert chemical analysis. The AFP does not have the capability to perform these types of tests. The passenger was advised by the AFP case officer in Perth that it would take at least until 1 May 2001 before a result could be expected.

Customs had previously advised the passenger that hemp oil was a prohibited import unless it was for medical treatment, prescribed by a medical practitioner and supplied in accordance with that prescription.

If these conditions could not be satisfied, an import permit would be required from the Therapeutic Goods Administration.

On arrival the passenger presented to Customs officers a letter from his GP that confirmed his medical condition and asking that the patient be given special consideration with aircraft seat allocation. This letter contained no mention of hemp oil.

- (2) The AFP uses the services of AGAL to analyse all routine seizures under a Service Level Agreement that stipulates a time frame of 15 working days from receipt of the substance by AGAL to the issuing of results. Transportation delays, particularly from Perth, impact on the total time required.

The hemp seed oil was forwarded to AGAL on 2 April 2001. Initial results of the analysis received by the AFP on 14 May 2001 indicate there was no narcotic substance in the oil.

- (3) In response to inquiries by the passenger prior to travel, he was informed by Customs that the importation of hemp oil into Australia was prohibited unless he could produce evidence that a doctor had prescribed the substance for a medical condition or obtain authority to import from the Therapeutic Goods Administration office in Canberra. The passenger satisfied neither of these conditions upon presenting to Customs.

In his subsequent interview with AFP officers, the passenger produced a second letter from his doctor in the UK recommending that hemp oil would be beneficial in the treatment of his condition.

- (4) The passenger was with AFP at Perth Airport for 1 hour 10 minutes from 3.50 pm to 5.00 pm. During this time every possible concern was shown for his welfare. The actual record of interview took 34 minutes, from 4.22 pm to 4.56 pm.

Prior to that, Customs records show that the passenger's flight arrived at Perth Airport a little after 2.30 pm and he was processed through the passport control point at 2.39 pm. After collecting his baggage, the passenger was referred for further examination, having declared prohibited goods. It was approximately 3.20 pm before an examination bench became available. This delay in the baggage retrieval and examination area was due to congestion caused by three flights arriving within a short space of time and additional foot and mouth disease check processes. While 30 minutes is longer than expected for the Customs examination, a lot of this time was taken up with answering the passenger's queries about the importation of hemp oil with reference to Customs legislation.

- (5) When presenting to Customs the passenger did not demonstrate that he satisfied the required conditions under Australian law for the importation of hemp seed oil.

While the letter from the passenger's doctor was technically not a prescription, it provided sufficient evidence to support the passenger's claim. Had it been produced to Customs at the time of arrival, the goods could have been released.

The results of the chemical analysis confirmed the oil contained no narcotic substance. The passenger returned to the UK on 13 May 2001. As a result the AFP is arranging to return the oil to him.

AusAid: Kikori Integrated Conservation and Development Project

(Question No. 3571)

Senator Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 1 May 2001:

- (1) Has the World Wide Fund for Nature applied to AusAid for funding for the Kikori Integrated Conservation and Development Project (KICDP).
- (2) Has the grant been approved; if so, how much has been approved.
- (3) When was the first application for the grant made.
- (4) For what has funding been sought.
- (5) If a grant has been applied for, but not yet approved, what amount has been sought.
- (6) Is the Kikori Pacific Limited (KPL) eco-forestry project a part of the broader KICDP.
- (7) Is the Minister aware that the Papua New Guinea Forestry Authority recently stated that the KPL project does not have approval to be logging mangroves.
- (8) When was AusAid first made aware that the KPL eco-forestry project that was established by the World Wide Fund for Nature was logging mangroves.
- (9) What action, if any, did AusAid take when it received this information.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator's question:

1. World Wide Fund for Nature (WWF) has not currently nor has it in the past applied for or received AusAID funds specifically to support the Kikori Integrated Conservation and Development Project (KICDP). KICDP was established in 1993 by WWF-United States.
2. Not applicable.
3. Not applicable.
4. Not applicable.

5. WWF, Australia is a fully-accredited Non-Government Organisation with AusAID and receives an annual funding allocation. The accreditation process requires the agency to establish its financial capacity and its adherence to the principles of sustainable development.

In 1999/2000 WWF received \$159,309 in funding from the overseas aid program to support the WWF "Sustainable Forest Management in Melanesia" program. One out of nine components of this program was support for eco-enterprises in key forest locations and included a review of the financial situation of Kikori Pacific Limited (KPL).

In 2000/2001 WWF received \$143,248 in funding from the overseas aid program to support the WWF "Sustainable Forest Management Program in PNG". The focus of this program is the management of the environment and natural forest resources on a sustainable basis with the objectives of:

- support for small scale community based forestry management; and
- assistance to government to reform the system of forest planning in PNG

One out of five proposed components of this program is support for two community enterprises in key forest locations including the development and implementation of a business plan for KPL.

6. Kikori Pacific Limited (KPL) was established under the KICDP in 1996. After initial funding support through the WWF United States, it was designed to operate as a separate commercial entity. KPL currently receives no funds from KICDP and in that sense is not part of the KICDP.
7. No.
8. I am aware of the press reports on the issue.
9. AusAID has undertaken enquiries to clarify the situation. As a result of those enquiries, AusAID considers that the allegations that KPL is logging mangroves currently remain unsubstantiated. AusAID understands that the main business of KPL is training local forest groups in sustainable eco-forestry and sawmilling timber from raw logs sold by small-scale local forestry groups. It also markets the sawn timber of the local eco-forestry company Iviri Timber Investments. It does not undertake harvesting of forest timber. AusAID funding in 1999-00 was for a financial review of KPL.

The PNG Office of Environment and Conservation (OEC) in Port Moresby is undertaking a full investigation into the allegations. WWF has indicated its willingness to cooperate fully with the OEC investigation and has notified AusAID that it was delaying further activity in relation to KPL.

under the "Sustainable Forest Management Program in PNG". AusAID will follow the outcomes of the OEC investigation.

Citizenship Application Charge

(Question No. 3576)

Senator Brown asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 7 May 2001:

- (1) Is there a fee, of \$300 or otherwise, for immigrant Australians wishing to become naturalised citizens; if so, why.
- (2) Are there any provisions for waiving of this fee; if so, what are they.
- (3) Is the Minister aware of objections to the fee or that it is deterring anyone from becoming a naturalised citizen.

Senator Ellison—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator's question:

- (1) The citizenship by grant application charge is set at \$120 per application in order to recover processing costs. This approach is in line with the Government's position that beneficiaries of services provided by the Government should, as far as possible, bear the costs of these services. The citizenship application charge has remained at its current level since 1 January 1998.
- (2) It is a requirement under the Australian Citizenship Act 1948 that a payment be made as part of the citizenship application process.

A concession charge, set at \$20 per application, is available to persons who are permanently financially disadvantaged, as evidenced by their being in receipt of certain social security or veterans' pensions and allowances. In addition, the charge is waived for former British child migrants as well as for children included on a parent's application.

- (3) The Australian Citizenship Council gave consideration to the citizenship by grant application charge and the concession charge. On balance, the Council recommended that this charge, and other appropriate citizenship application charges, continue to be levied on a cost recovery basis.

The Government endorsed this recommendation. The Government will keep the list of pensions that give rise to citizenship concessions under review.

Objections to the citizenship application charge have been raised with me from time to time. However, given the existence of a generous concession regime, I believe that the citizenship application charge is not a barrier to the acquisition of Australian citizenship, including by those who are permanently financially disadvantaged.

Drugs: Premarin

(Question No. 3582)

Senator Bartlett asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 11 May 2001:

- (1) Has the department received applications and/or provided research and development or other funding to companies involved in the production of the pharmaceutical Premarin.
- (2) If funding has or is soon to be given to such companies, how much funding has or is to be provided and what are the names of these companies.
- (3) Are there synthetic versions of Premarin currently available in Australia; if so, why is funding being provided for the production of non-synthetic Premarin.

Senator Alston—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator's question:

- (1) No.
- (2) Not applicable.
- (3) Not relevant to this portfolio.