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Monday, 26 June 2000

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

CHILDERS BACKPACKER TRAGEDY

The **PRESIDENT**—On behalf of all senators, I express our deepest sympathy to the families and friends of those who were killed and to those injured in the Childers backpackers hostel fire in Queensland. I also wish to highly commend the efforts of rescuers and support teams in the extremely delicate and difficult operations following the fire, and the people of Childers for their support of the backpackers made homeless by the fire. I invite honourable senators to stand in silence in memory of those who died and in sympathy with their loved ones and friends, with whom we join in mourning.

Honourable senators thereupon stood in their places.

INDIRECT TAX LEGISLATION AMENDMENT BILL 2000

Second Reading

Debate resumed from 21 June, on motion by **Senator Ian Campbell**:

That this bill be now read a second time.

Senator LEES (South Australia—Leader of the Australian Democrats) (12.32 p.m.)—The **Indirect Tax Legislation Amendment Bill 2000** is quite extensive. It covers many issues relating to the new tax system, but I am not going to go through each individual matter in detail. It contains a range of amendments that the government has delivered that we pushed very hard for, particularly amendments relating to charities, the public education system—public schools—and small winemakers. I want to start by acknowledging that. I also want to mention a couple of issues on which the government has not as yet delivered. Undertakings have been made by government leadership in those areas, and portfolio ministers have not yet completed what was agreed during the last 12 months.

Let us begin by looking at the good news. Over the last year, the Democrats have been pushing very hard to improve the operation of the GST in respect of charities and not-for-

profit bodies. In our agreement with the government last year, it was an essential part of the agreement that a Charities Consultative Committee be set up. This was chaired by the deputy commissioner, Rick Matthews, and consisted of representatives of the charitable sector. That committee has been a huge success, in large part because of the work of its members—I should single out the excellent work of our nominee on the committee, Associate Professor Myles McGreggor Lownes—also because of the openness to good argument of the tax officials, led by Mr Matthews, and because the Democrats have kept pushing the needs of this sector in our negotiations with government. Since last June, the government has already agreed to make GST exempt the fundraising ventures of not-for-profit organisations in subentities with incomes of less than \$100,000. It has also agreed to broaden GST-free treatment to goods sold for less than 75 per cent of their direct cost and to issue generous rulings on the definition of charities and the tax treatment of things like accommodation, membership fees and journals—to name just a few.

This bill goes even further, containing even more amendments. It includes making GST exempt major one-off fundraising events run by charities, which is something that we first proposed last April. It will allow for more flexible quarterly reporting and the reimbursement of volunteers' expenses. It cleans up compliance costs for tuckshops and allows church groups to eliminate internal transactions for GST purposes. All of these recommendations have come out of the Charities Consultative Committee. Comparing the concessions for charities now available under the GST—as improved by the Democrats' work over the past year—to the treatment of charities by any of the 28 OECD countries with a GST, we really can say that in Australia we will deliver the most generous treatment in terms of zero rating and exemptions. In addition, there are two major new concessions for schools: government schools will now have the same GST-free treatment as charities and private schools, which is something we lobbied very hard for; and equipment leased or hired by schools will be GST free—another one of our key demands. I only hope that the state govern-

ments will make it very clear to schools how this entire section of the act is actually going to impact on them.

The bill also puts into legislation the \$46 million rebate scheme for small winemakers, agreed between the Democrats and the government in September last year. This rebate effectively means that small winemakers with a turnover on cellar door or mail-order sales of less than \$300,000 will be exempt from the wine equalisation tax—WET—with the 15 per cent state rebate and the 14 per cent federal rebate. That means that WET will not apply to around two-thirds of wineries at all—the small, boutique wineries that are so important to our rural and regional tourism industries. In addition, this bill contains 58 pages of other technical amendments to the GST legislation that have flowed out of the industry consultative process and the ATO, which clarify aspects of the law as it pertains to a wide range of issues.

This is the sixth bill amending the GST act that the Senate has dealt with since July last year. This should not be any surprise to those who have been following the implementation of our new tax system. The GST is a new tax system, and it was inevitable that aspects of its operation would be modified as the Australian Taxation Office came to better understand different types of businesses and different sections of industry. The government has been prepared to keep working through technical issues for many business groups as well as for charities, and that has certainly been a real positive.

I will move on to other issues. The government's plan to offer caravan park operators the choice of input taxing or half of the 5.5 per cent rate of the GST was on the table and in the package before we started our negotiations with the government. In principle, we can, and could at that stage, see the merit of this approach. It will overcome the problems that operators would have had in trying to divide between permanent residents and temporary residents and in trying to determine where tax credits could be claimed and where tax credits could not be claimed. Indeed, the operators themselves were very comfortable with this arrangement.

The big question, though, is: what is the impact in the short term on the permanent residents of caravan parks and boarding houses? Has the right rate been chosen? This was a matter of discussion between the Democrats and the Treasurer and the Prime Minister back in June last year, and this is where we accepted the government's undertaking that specific modelling on the issue would be commissioned. We asked the government to model the specific circumstances of specific types of caravan parks and boarding houses, and the government commissioned a study on boarding houses through the Department of Family and Community Services. This was completed in January. It was sent back to the consultant for some reworking and finalised in March. As Senator Newman has told us during question time on a couple of occasions, it was then sent back to Treasury.

This is where the problems seem to have started because, despite our asking for the study on numerous occasions, it finally surfaced only when Channel 9 released sections of it a week or so ago, which did not impress many of us. It seems that the reason it became lost for so long—and certainly once we had read it—was that it was not that favourable in the short term, particularly for residents in homes where there is little, if any, refurbishment and upgrading. We then announced that the best way to overcome this was to halve the rate, and we believed that this was, on all the modelling, the fairest possible outcome. It was clear that the 5.5 per cent rate was not a good deal in the short term for boarding house residents. Indeed, the model that we suggested was the preferred one of the Caravan and Camping Industry Association, the key industry body. Our option—that is, reducing the rate of 5.5 per cent by half to 2.75 per cent—would have resulted in a one per cent to 1¼ per cent rise in boarding house fees. This compares with the rate found in the report of about four per cent under the government's proposal. The suggestion that the Labor Party made that there should not be a tax option but only input taxing would have meant about a 3.6 per cent increase. If you forced the caravan parks and boarding houses to do it, the option that the Labor Party has offered would have

meant at least a 3.6 per cent rise in the short term. Obviously, we could not accept that either.

Very early in the debate, Senator Cook, on behalf of the ALP, announced that the ALP would be voting down our amendment in this chamber, which left us wanting to get a better result, particularly for those in boarding houses and caravan parks where there were not going to be a lot of write-offs. You have to look right across the spectrum and give a full range of options and opportunities to the operators so that they can choose what will give the best result for those who live permanently in their establishments. Even though our rate delivered a better outcome for residents than Labor's input taxing model, the ALP made it very clear that they would vote down our amendment. With no hope of our amendment getting up in the Senate, at the end of the day the Democrats got another \$33 million increase in rent assistance and a guarantee that the ACCC will keep a very tight watch on all operators and that operators will actually be encouraged to get—

Senator Murphy interjecting—

Senator LEES—No, it goes a lot further than what the National Party was able to negotiate, because the reporting back process will be to parliament and the emphasis will be not on what is best for the operator but on what will get the best outcome for their residents. That is the key issue here: the outcome has to be for the residents. It is not as good for caravan park and boarding house residents as our first option, but it is a lot better than the position the ALP left us. One other positive about the option that we have negotiated is that this \$33 million is not just for those living in boarding houses and caravan parks but for all renters who are eligible for rent assistance, and all of the people who are receiving some form of support payment qualify for rent assistance. It will therefore spread to those renting flats, houses, et cetera. It is one of those issues on which we have an outcome, even if it is not the one we preferred.

I will touch briefly on some of the other discussions where we still have what is best described as unfinished business. In particular, this is in the area of the environment,

where I believe there is serious white-anting of our proposals by a number of ministers. They may think that they are white-anting us, but in fact they are white-anting their own government's commitments on issues such as genetically modified foods, the greenhouse trigger and second-hand diesel engines. Unfortunately, quite a list is beginning to grow. They are all in our pending, not yet finalised basket, and we will keep harassing government in whichever ways we can. I say to those ministers: commitments have been given in a number of areas, the issues are not finalised yet and we will be watching with great interest to see the final decision.

In the few minutes I have left, I must touch on the government's advertising campaign. In this area, I think the government has really shot itself in the foot. Obviously, a lot of what is being spent is essential spending. The seminars, the money that is going into the field trips, the web site—although there still seems to be an enormous backlog there—the information packs and a lot of the specific industry targeted assistance are obviously essential, although I note that the ALP seems to have managed to wind it all up into the one basket and talk in very general terms when it criticises one particular series of television ads.

In my view, the spending of \$40 million on those television ads has been largely an exercise in wasting money and alienating some of the people who were on the side of tax reform in the first place. I do not know what sort of research and development the government did. I presumed they had better access to focus groups and polling, which would have told them that the community was after specific details and specific information. As difficult to get across in a 20- or 30-second ad as some of that may be, I would suggest that primary school classes set the exercise of selling basic GST information would have managed it in a more acceptable way—with far more detail—than the government have managed it. Hopefully, people will see the last of the *Unchain My Heart* ads very shortly. I do not think they will be missed. We stayed with tax reform because we thought it was a story worth being involved in. We thought tax reform was essen-

tial. We are very disappointed that we have not had a government program of advertising that gets information across to the many people who are still unnecessarily concerned about how the tax system will help them.

We stayed on the side of tax reform in this debate because we will be seeing more money for schools, hospitals and public transport, et cetera, and we have heard snippets of stories about the additional money that will be raised. The ABN registrations are now running 25 per cent ahead of government forecasts. In other countries where these registrations were well ahead of forecasts—Canada and New Zealand, for example—it led to considerably more money being raised. Indeed, Canada raised 20 per cent more than was forecast, and New Zealand raised 40 per cent more than was forecast. So it has been a worthwhile exercise, and the states will have no excuses for not spending this money where they should: on public services.

The extra \$4.6 billion that it seems will be raised represents an awful lot of black economy and grey economy activity being smoked out of the system, with people now being forced to pay tax. According to the Access Economics report from earlier this week, some states are already out spending the expected windfall. Hopefully, everybody will agree that that is a good news story. Reducing the price of Australian exports is a good news story, as is cracking down on tax avoidance. In particular, removing the wholesale sales tax from orange juice and other items where it never should have been in the first place is a good news story, and so are the long-term increases in pensions and allowances. So it is disappointing that so much of this is not being presented.

We do have to ask why, a week from implementation, the government has now picked a fight with oil companies and created more uncertainty and more consternation in the community that the promises will not be kept. It is almost as though some within government have a death wish. Relying on marketing forecasts and Treasury estimates, predictions and modelling on this particular issue, why aren't we standing up and making sure that basic promises are kept? Also, listening to what the government has been say-

ing on tax reform, why is it not undoing many of the misrepresentations and the bleating from the Labor opposition? I do not believe the government has properly countered a lot of the horror stories that have been, in many cases, on the front pages in our media. So many of those could have been countered and clearly explained. So much of what the opposition has been saying about tax reform is deliberately alarmist, negative and incorrect. But its scare campaign was let run by a government that did not seem to be on the front foot on many of these issues.

Senator Cook—Because it wasn't a scare campaign!

Senator LEES—Senator Cook, you say that it is not a scare campaign, but you would like us to believe that the world is about to end next Saturday and that we are somehow guinea pigs in the world. You would like us to believe we are the first country to introduce a tax on services in this way when, in fact, we are one of the last. We are not guinea pigs. We have designed a system that picks up the better features of other systems in the OECD. You would like us to believe that we are all doomed and that it is going to be the end of the world as we know it, and it is utter nonsense. It has been up to the government to counter a lot of those attacks, but the government's effort in doing that has been very poor. Twenty-seven OECD countries have already made this transition, and 23 of them have food either zero rated or taxed with concessions.

In 1985, then Labor Treasurer Paul Keating went in to bat for a broad based consumption tax, but he was eventually completely rolled on the issue. At that stage, I understand he was backed in cabinet by Kim Beazley and Gareth Evans, but the Labor Party never had the bottle to get in and do it and to raise the money the country needs for services. In 1993, for political purposes, Mr Keating decided to dump this basic principle and to oppose a GST. This is where the Labor Party is now: opposing the new tax system purely for political purposes. The deceit in all of this is that the angst the Labor Party has whipped up in sections of the community has been the result of a campaign which it knows is perpetrating a fraud on the Australian peo-

ple. The past year has seen one of the worst abrogations of responsibility we have ever seen from an opposition party. The opposition should be coming up with new ideas. It should be looking at initiatives.

Senator Cook—We're not imposing this tax; you are!

The ACTING DEPUTY PRESIDENT (Senator Chapman)—Order! Senator Cook, you know interjections are disorderly, and I ask you to abide by the standing orders of the Senate.

Senator Cook—I'm being misrepresented.

The ACTING DEPUTY PRESIDENT—You can make a statement at the conclusion of the debate.

Senator LEES—We would hope to see an opposition pushing the envelope in a constructive manner, looking at new ideas and initiatives. Instead, they have come up with no new alternatives, and they talk vaguely about some sort of a roll-back. But, if we leave untaxed the services sector in this country, the fastest growing part of our economy, we cannot provide the essentials, particularly for people on low incomes—the very people Labor have scared the most with the campaign they have been running. They know more services—indeed, 4.2 per cent more services—are used by the top 10 per cent of income earners. Over four times more services are used by the wealthy, the top 10 per cent of income earners, compared with the bottom 10 per cent, and they know it is a con trip to suggest it is unfair to tax services. It has been a shameful performance from a party that do not seem to have any ideas in this area. They are hoping the polls will go up—and they have. Presumably they think they have done a good job undermining the introduction of our new tax system. But, in 12 months time, they will be seen very clearly for what they have done. (*Time expired*)

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.52 p.m.)—in reply—I thank all honourable senators for their contributions to the second reading de-

bate on the [Indirect Tax Legislation Amendment Bill 2000](#) and particularly the contribution from Senator Lees which I thought, in most of its content, was spot-on. I know from my own perspective, and on behalf of the Treasurer's and the Assistant Treasurer's offices, that we certainly have not been allowing Labor's misrepresentations and their hollow campaign to go unrebutted. We are certainly working hard to ensure that, wherever we pick up a misrepresentation, we quickly rebut it.

As Senator Lees would know better than most, Labor set out many months ago to be a one-trick pony when it comes to the Australian political debate—that is, criticise the GST, criticise the GST and do nothing else—by coming up with a misrepresentation or a scare every day. Virtually every time you track down a Labor Party scare on the GST, you will find that it has no basis in fact or truth, that it is a scare, that it is made up and that it does require rebuttal. Much of the Treasurer's time, the Assistant Treasurer's time and my own time has been spent going onto radio programs and talkback programs around this nation trying to rebut the gross misrepresentations put forward by people such as Mr Beazley and Mr Crean. They seem to believe that it is some sort of substitute for a rigorous, intellectual pursuit of new policies to keep kicking the GST in a misguided and misrepresentative way. You need only to go through any of the transcripts of Mr Beazley's or Mr Crean's contributions on this debate on the radio in the past six months to find that they are generally full of gross misrepresentations and distortions.

Senator Lees will find that ultimately the people of Australia will judge the tax system on how it affects them. We are confident that it will not only improve Australia's economy but also provide a sustainable basis for taxation which will, as Senator Lees has quite properly said, create a substantial increase in the reliability of the tax base, which all goes to the states. It will ensure that the crucial parts of government supplied infrastructure in this nation—education and health in particular but also road funding, which is so crucial to ensuring that Australia is a successful, prosperous and safe nation—will have a

source of funding. You will not have the annual charade of premiers coming to Canberra and having to wait in their hotel rooms and have the envelope slipped under the door with the latest offer from the Commonwealth as to how much money they will have each year.

The states will have a sustainable base of funding from a tax system that is a modern tax system and that replaces the system that Labor stood by for so many years. That is despite the very strong efforts by the younger Treasurer Keating who, as Senator Lees said, put in an enormous effort in the first 18 months of the Labor government, recognising the tax system that he had inherited as a Treasurer in the early 1980s was not sustainable. He used up a lot of his political capital trying to get a consensus of the then Hawke-Keating government to move to a modern tax system. I recommend to anyone who wants to study the development of the new tax system that they carefully read the books—particularly the Keating biography by John Edwards, *Keating: the inside story*—of that era in Australian politics when Mr Keating spent a lot of time and effort and political capital trying to get a modern tax system. Of course, he was brought down by the troglodytes in the Labor Party—those people who did not want change and who wanted to keep everything the way it was—who saw the golden era of the Labor Party as something that should not be fiddled with and who thought we should be careful about change. Labor was not able to stand behind Mr Keating, who was a reformer, who was someone who wanted to modernise the Australian economy and who was brought down. It was one of the biggest failures in his career and Senator Cook, as a personal friend of Mr Keating's at the time, would know that he was devastated by that defeat. That devastation comes out through reading the transcripts at the time and also in the John Edwards book.

Australians did need a new tax system then. We need one now and, within a few days, we will get one. We will get one in spite of the negativity, the whingeing, the carping, the whining, the undermining and the misrepresentation of the Australian Labor Party. What will happen on 1 July is that the

people of Australia will expect more of the Labor Party. They will have a new tax system that has been introduced honestly and openly. We have gone out through advertising and told the Australian people what prices are going to go up and what prices are going to come down.

It is worth contrasting that with what Labor did after the 1993 election when they campaigned against a GST, campaigned against indirect tax increases and promised tax cuts. What did they do after the election—within weeks? They said, 'Look, we're going to increase indirect taxes,' and they went up 20 per cent or 30 per cent in some cases. Labor increased by 10 per cent the taxes on a whole range of necessary day-to-day items in the supermarket, such as toothpaste and toilet paper. As Senator Lees said, the tax on orange juice was increased by 10 per cent; there were increases on a whole range of food items. A whole range of school stationery items—something that people do not know about—was taxed by Labor. Every single item that a kid needs to put in their pencil case when they go to school has a hidden Labor sales tax on it. Labor did not want you to know that other items that are necessities of life were going up. Even when it comes to hardware items, Labor had a 22 per cent tax on a whole range of those things. Mr Dawkins came back after the 1993 election and, with the full support of Senator Cook, who sat in the cabinet room, Labor stuck up all of those taxes.

Those opposite did not take out ads saying, 'Look, by the way, we're putting up the price of wheelbarrows, we're putting up the price of lawn mowers, we're putting up the price of guttering, we're putting up the price of every single hardware item—taps and spouts and everything else you need to build a home,' because they did not compensate you for it. This government is not only compensating people with increases in rental assistance and pension increases and a range of other benefits; we also will be delivering as at 1 July \$12 billion worth of personal tax cuts.

In 1993 Labor put up indirect taxes on all of those items I have mentioned: pens, pencils, pencil cases and paper—and computers. Here we are, trying to build a clever country,

trying to build a nation that is the most connected on earth, trying to get people onto the Internet, and Labor stuck the tax up on computers and modems by 10 per cent. You did not tell anyone that. You are defending a tax system that puts a 22 per cent tax on computers. So, at the entry gate to the knowledge economy, the information economy, that was the Labor Party's policy. Senator Cook every question time screams and yells and says, 'We're not backing the GST, that's not our policy.' He is backing the wholesale sales tax, which is a 22 per cent tax on the knowledge economy. An absolutely stupid policy!

Senator Cook—That is not our policy.

Senator IAN CAMPBELL—We are rolling back that tax, are we? Could we get you on the record there?

Senator Cook—We propose to modify some of those taxes. They will be constantly under review and—

The ACTING DEPUTY PRESIDENT (Senator Chapman)—Order!

Senator Cook—I'm answering the question.

Senator IAN CAMPBELL—This will be a good debate to have. We have a committee stage, and it will be very good for Senator Cook to put down on paper what they were going to do to the 22 per cent tax on computers and modems, because no other Labor spokesman has had the guts to do that. We have just abolished it. On 1 July, that iniquitous, stupid, low brow policy of taxing computers and modems will have gone. It will be out. The tax on all of those items is coming down. The price of computers and modems and all of that equipment will come down from between eight to 15 per cent, the industry tells us. That is a very big blow in favour of building a clever country, a connected society. The Labor Party did not tell people that in 1993, and it did not deliver the tax cuts either.

On 1 July, the people of Australia will be able to see, in stark contrast, the difference between Labor and Liberal. We honestly and fairly and openly brought in a new tax system. We do not underestimate how hard it will be. We do not underestimate the amount of information about it that people need to be

provided with. And we do not apologise for having high profile ads like the *Unchain my heart* TV ads to draw people's attention to all of the different sources of detailed information, either in full-page print ads, in seminars, on hotlines or in all of the other places. If Senator Lees and others think we should increase that information campaign as the days and months roll on, then we will listen very closely to that message because you do need quality information. I do defend those ads because it is very hard to get messages through about what could be seen as turgid sort of information about tax scales, benefits and changes in indirect tax rates. Most marketing people would tell you that you do need some cut-through ads in order to draw people's attention to that information.

So I defend those *Unchain my heart* TV ads. They were a very small portion of the overall budget. Most of the \$430 million-odd, as Senator Lees knows, was spent on seminars, information campaigns, booklets and pamphlets, and the thousands upon thousands of seminars that have been run either by the tax office or by a range of other organisations—including, I believe, the ACTU to inform their members of the changes. So there is a very big difference between the way the government has handled tax reform and the Labor Party has. We will deliver these big tax cuts, which will see people across Australia with a lot more money in their pockets. We will deliver tax cuts on many items and, of course, a new tax on many other items.

Senator Forshaw—A tax on petrol.

Senator IAN CAMPBELL—We have never hidden that. It is not politically popular to go around taxing things that have not been taxed before. That is Politics 101. Your tutor would say, 'Look, it's not popular to go and put a new tax on all of these different things.' Even Mr Keating understood that. He knew that the only way you could get that sort of generational change to take place in a policy way and a politically achievable way would be to ensure that the people most at risk from those new taxes were compensated, and in fact overcompensated, to ensure that they did not feel the brunt of them. That is exactly what the government has done. That is what

Labor was never able to achieve. I think all Australians will come to learn in their own time that the change was worth the pain.

But we do not underestimate the benefits to be gained by so many people, after having gone through the transitional pain, in moving from an old tax system, defended by an old out-of-date Labor Party, to the new tax system. I thank all honourable senators who have contributed to this important debate. I commend the bill to the Senate.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The CHAIRMAN—Order! An explanation has been provided by the Office of Parliamentary Counsel for the government amendments to this bill having been framed as requests, though I note that the explanation has come to us indirectly. The explanation states that the amendments would increase payments out of a standing appropriation. If that is correct, the Senate would normally treat the amendments as requests. In addition, the explanation suggests that amendments should also be requests under the so-called ‘legally possible test’.

The Senate has never accepted that test, which has not been adopted by either house of the parliament and is contrary to the Senate Procedure Committee’s report on the subject. There is no basis for the Office of Parliamentary Counsel to adopt that test. Two of the amendments are merely associated with the amendments which affect expenditure out of the appropriation and, in accordance with the practice of the Senate, these amendments will be treated as amendments. It may be considered appropriate for the Senate to take some steps to ensure that an explanation is received in advance of the Senate’s consideration of amendments in future cases.

The bill.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.06 p.m.)—I have a question. I note the remarks that you have just read into the *Hansard*. I would be grateful if the chair could indicate which of the proposed government amendments satisfy your description of requests and which satisfy

quests and which satisfy your description of amendments so that we can direct our attention to what needs to be done in each case.

I do note your remarks that the Senate may need to turn its attention to requiring the government to provide an explanation of what it is proposing to do. I certainly endorse that view. My reason for rising is that we have had some further amendments tabled by the government. The **Indirect Tax Legislation Amendment Bill 2000** proposes 211 new amendments to the GST legislation. We are four days out from the implementation of the legislation. Those 211 amendments come on the top of 1,700 amendments that the government have made to their own GST legislation before this bill came into this chamber. One does not have to be a political scientist, as the Manager of Government Business was reflecting on a moment ago, to realise that if you have 1,911 amendments to a bill on the GST—a complicated bill—you are apt to confuse people in the community, not to mention the Taxation Office to complicate the issue of tax rulings, as to what it is you are trying to do. We now have an additional number of amendments today.

Throughout the debate, from the time the bill was first introduced into this chamber, I asked the government a set of questions which went to this: is this all there is; is this now what the legislation being proposed by the government looks like or will there be further amendments? Now that we are up to nearly 2,000 amendments to the government’s GST legislation and four days out from its implementation, I ask the government: are there further amendments; are there additional ones that we do not yet know about; can you tell us what is in the works and, if there are any, how many there are?

The CHAIRMAN—On the issue of what are amendments and what are requests, Senator, I would advise you to check the running sheet because they have been listed there as amendments and requests.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (1.07 p.m.)—I table a supplementary memorandum and a further supplementary explanatory memorandum

relating to the government amendments and requests to be moved to the [Indirect Tax Legislation Amendment Bill 2000](#). These memoranda were circulated in the chamber on 21 and 26 June respectively.

Could I just say that Senator Kemp, who joins us now, would have made the point in his second reading contribution that the measures in these bills have been arrived at after extensive information and community education programs, comments from the New Tax System Advisory Board and detailed examination of the law through the Australian Taxation Office's rulings program. They are improvements to the law. I regard it as petty and churlish to start counting amendments to tax laws. I have been in this place for 10 years—I was in opposition for six of them—and I remember this chamber spending day after day, after day, after day, after week, after month and after year debating tax laws amendment bills Nos 1, 2, 3, 4, 5, 6, 7—up to 10 or so a year.

Senator George Campbell interjecting—

Senator IAN CAMPBELL—There were changes upon changes to the wholesale sales tax system to create laws to try to retrospectively fix up rulings made by the Commissioner of Taxation or rulings made by the court or High Court in relation to sales tax measures. Labor say, 'Will there need to be amendments made to the new tax system as the years go by?' The answer will clearly be: yes, there will of course need to be. To answer the interjections of Senator George Campbell, 'Will there need to be changes at the level made to the old tax system?'—we certainly do not think so. We have a much simpler tax system. I remember that, last week or the week before when the ACCC's guide to GST in the supermarket came out, Mr Crean and I debated each other on the radio. He was saying, 'This is still a really complicated system.' The bottom line now at a supermarket is that there are two tax rates; under Labor there were up to four in the supermarket. We have had to draw one line between taxed and untaxed goods; Labor used to have to draw three or four. So it is simpler but it would be wrong to say it is not hard to move from an old system to a new system. We are moving to a much simpler tax

system that should take up a lot less time in the parliament of Australia so that we can devote that time to many other portfolios and much less time fixing up Labor's old tax system. We think we have done that very effectively and everyone will get to see it on 1 July.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.12 p.m.)—I thank the parliamentary secretary for the political speech, but I did ask him a question which he has managed to successfully evade answering. Now that the Assistant Treasurer—the actual minister responsible in this chamber for the new tax system—is at the desk, perhaps he can do better than his colleague the parliamentary secretary.

Senator Kemp—It is very hard to do better than him.

Senator COOK—I take that interjection. It is very hard to do better than Senator Ian Campbell, and in your case, Minister, that would be absolutely right. You will recall that last year when we were debating this legislation I asked you if you could indicate to the chamber, given the bills before us, whether or not the government would have any additional amendments to that legislation. Since that time, there have been close to 2,000 amendments to your own legislation and we are four days from the implementation of it. The question I asked your colleague the parliamentary secretary and which I now ask you is: can you give this chamber an assurance that, in the intervening time between now and when this tax comes into force at midnight on Friday, there will be no further amendments from the government to this legislation?

Senator KEMP (Victoria—Assistant Treasurer) (1.14 p.m.)—Senator, let me make a couple of general points. Of course, each measure sometimes involves quite a few amendments, as you know, so I do not think quoting total numbers of amendments adds hugely to the understanding of what has occurred. The second point is that a lot of these amendments are a result of consultation with the community, and this is a government responding to requests from the community. Sometimes, of course, it is a result of some accountants pointing out particular problems

with the way that a clause is drafted, and it is quite appropriate that the government make these changes.

By trying to put this in a disparaging context, you have not actually picked up the concept that this is a government consulting, this is a government working with the community, this is a government listening and this is a government making refinements, where people have made suggestions. I am not aware of any further amendments, except the ones that have already been announced. If any come to the minds of my advisers, they will tell me and I will inform you in the course of the debate.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.15 p.m.)—I thank the minister for his answer. I was not going to the reason for making amendments. Whether you are right about consulting with the community is an open question, Minister, and one that we may have an opportunity to debate. I was simply wanting to know whether or not there will be any more amendments. The answer that you have given is the answer you gave on day one—that you are not aware of any more amendments—and since then we have had nearly 2,000 of them. I take it, since you have not ruled out the possibility of any amendments, that there will not be any further amendments. I now give you the opportunity in answering the question to rule out any additional amendments. Can you now rule out that there will be further amendments to this legislation before the bill comes into force? Can you rule that issue out?

Senator KEMP (Victoria—Assistant Treasurer) (1.16 p.m.)—I am not aware of any further amendments. I am now looking closely at my advisers, and I notice that the relevant ones are shaking their heads. They are not aware of any that have been announced publicly. I cannot add anything further. I think that is the test, and I think that is a fair, responsible and reasonable answer. Again, I note that, if anyone looks at the 2,000 amendments, they should take them in the context of the comments that I have already made.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.17 p.m.)—Since the form of words in answer to that question now is exactly the

swer to that question now is exactly the same as it was a year ago, and we have had 2,000 amendments—or near enough—in that intervening time, I take it that you are not formally ruling out the possibility of additional amendments between now and the introduction of this legislation?

Senator KEMP (Victoria—Assistant Treasurer) (1.17 p.m.)—Given the time limit and what is happening in the Senate, I think it would be very difficult to bring in anything which is additional. But, as I said, apart from any public announcements that we have made in recent times, I am not aware of any further amendments. I seek leave to move government requests Nos 1 and 2 and amendments Nos 3 and 4 together.

Leave granted.

Senator KEMP—I move:

- (1) Schedule 5, item 5A, page 31 (lines 3 and 4), omit “you make the acquisition for the purpose of providing *fringe benefits”, substitute “the acquisition would (but for this section) be a *GST-creditable benefit on the provision of which *fringe benefits tax is payable”.
- (2) Schedule 5, item 5A, page 31 (lines 11 and 12), omit “you make the importation for the purpose of providing *fringe benefits”, substitute “the importation would (but for this section) be a *GST-creditable benefit on the provision of which *fringe benefits tax is payable”.
- (3) Schedule 5, page 34 (after line 14), after item 10, insert:

10A Section 195-1

Insert:

fringe benefits tax means tax imposed by the *Fringe Benefits Tax Act 1986*.

- (4) Schedule 5, page 34 , after proposed item 10A, insert:

10B Section 195-1

Insert:

GST-creditable benefit has the meaning given by section 149A of the *Fringe Benefits Tax Assessment Act 1986*.

The government is introducing a technical amendment to the bill relating to the interaction of FBT and GST. The provisions as drafted are too broad and should not operate

to deny a financial supply provider an input tax credit or an acquisition where no FBT would be payable. The amendments would ensure that financial supply providers are not denied an input tax credit on an acquisition or importation where no FBT is payable. The amendments will benefit financial supply providers by reducing compliance costs and reflecting the intended outcome.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.19 p.m.)—The minister at the table will be aware that the Labor Party has opposed the introduction of a GST. But since we were defeated in this chamber in our opposition to it, we have supported amendments that the government has proposed in the operation of the GST and in the provisions for tax cuts. The minister would be aware of that. I rise in respect of these further additional amendments that you are now proposing on interaction with fringe benefits tax simply to say that, while not opposed in principle to what you are intending to do, it is a little light on in terms of explanation about what the meaning of these amendments is. Dare I suggest, Minister, that from your slightly mumbled reading of your instructions, the extent to which these amendments go is not entirely clear.

You said, as I recall, that you regarded the existing provisions as being too widely drawn, and there is now a need to more sharply focus on the intention of the fringe benefits tax interaction with the GST. I wonder if you would do this chamber the service, Minister, of explaining more fully what the purposes of these amendments are, by starting with an explanation of where, in your view, the original amendments were too widely drawn.

Senator KEMP (Victoria—Assistant Treasurer) (1.20 p.m.)—I was under the impression, Senator, that you wanted to speed the journey on these things.

Senator Cook—I do want to speed the journey, but I want an explanation.

Senator KEMP—Okay. Let me deal with your issue. The government announced on 22 December that two different FBT gross up rates would apply. A GST inclusive FBT

gross up rate will apply to a situation where input tax credits have been allowed on the acquisition of the fringe benefit, and the existing FBT gross up rate will apply where no GST is payable or where no input credits are claimable on acquisitions. It is acknowledged that this measure does not deal specifically with entities that make input tax supplies but where partial input tax credits are allowed—that is, for fringe benefits. In the absence of any change, they would be subjected to a higher gross up rate on purchases where only a small proportion of the input tax credit is claimable. Conceptually, they should be subject to a higher gross up rate on that part of the fringe benefit that they could claim an input tax credit for. However, it would be difficult to determine the extent of the input tax credit entitlement for goods and services acquired for the purposes of the fringe benefit. To address this issue, item 5A inserts new division 71 into the GST act to deny input tax credits for goods and services acquired or imported for the purpose of providing fringe benefits to employees and the financial supplier that is wholly or partially denied tax credits on its acquisitions. The input tax credits are only denied under this division where the supplier exceeds the financial acquisitions threshold contained in division 189. Where suppliers are denied input tax credits, under new division 71, the existing or lower FBT gross up will apply to the fringe benefit. I hope that deals with the issue.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.23 p.m.)—The opposition is trying to expedite this bill because we are aware that there are only four days to go between now and the introduction of the GST and we would want to try to quell community confusion about what the state of the government's legislation is. So we do want to move quickly, but I reject the onus being shifted to us. It is for the government to bring forward its amendments, should it desire to do so, in appropriate time with adequate explanation so that this chamber can be aware of what it is being asked to vote for. It would be an abdication of our responsibility to the electors if we were to simply tick off amendments which the government described as technical but which had other implications that were

not adequately explained to the chamber. It is for that reason that I have asked for a fuller explanation.

I also convey to the minister that there are a number of other government amendments on the running sheet. When we come to those I would appreciate a full explanation. Some of them have been put down today, and the explanatory memorandum was circulated just a few minutes ago. In those circumstances, with a debate on the foot like this, it does require the government at least to show some respect for the requirement of senators to be properly advised as to what the intent of its amendments might be. We reject any suggestion that that constitutes delay. It does not; it constitutes proper considerations of issues and the discharge of our responsibilities in the interests of the electorate. That having been said, we will support these amendments and requests at this time.

The TEMPORARY CHAIRMAN (Senator Chapman)—The question is that requests 1 and 2 and amendments 3 and 4 be agreed to.

Question resolved in the affirmative.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.25 p.m.)—I move opposition amendment No. 1 on sheet 1834:

- (1) Page 65 (after line 4), after Schedule 10A, insert:

Schedule 10B—Residents in caravan parks and boarding houses

A New Tax System (Goods and Services Tax) Act 1999

1 Section 195-1 (definition of commercial residential premises)

Repeal the definition, substitute:

commercial residential premises means:

- (a) a hotel, motel, inn, hostel or boarding house; or
- (b) premises used to provide accommodation in connection with a *school; or
- (c) a *ship that is mainly let out on hire in the ordinary course of a *business of letting ships out on hire; or
- (d) a ship that is mainly used for entertainment or transport in the ordinary

course of a *business of providing ships for entertainment or transport; or

- (e) a caravan park or a camping ground; or
- (f) anything similar to *residential premises described in paragraphs (a) to (e).

However, it does not include:

- (g) premises to the extent that they are used to provide accommodation to students or in connection with an *education institution that is not a *school; or
- (h) any of the following:
 - (i) an inn, hostel or boarding house; or
 - (ii) a caravan park or a camping ground; or
 - (iii) anything similar to the *residential premises described in subparagraphs (i) or (ii);
 if used by an individual for *long-term accommodation.

2 Section 195-1 (definition of residential premises)

Repeal the definition, substitute:

residential premises means land or a building occupied or intended to be occupied as a residence, and includes:

- (a) a *floating home; or
- (b) any of the following:
 - (i) an inn, hostel or boarding house; or
 - (ii) a caravan park or a camping ground; or
 - (iii) anything similar to the *residential premises described in subparagraphs (i) or (ii);
 if used by an individual for *long-term accommodation.

This amendment deals with the applicability of this tax for residents of caravan parks and boarding houses. As such, this amendment is quite important to the Labor Party because we believe that there is evidence of discrimination against people who, in the main but not always, are low income earners who live in boarding houses and who live in caravan parks. In the federal electorate of Kalgoorlie, for example—I have my electorate office in

the city of Kalgoorlie—there are some 14,000-odd residents of caravan parks. In the electorate of Richmond—the electorate for which Minister Anthony, representing the National Party, is a member—there are some 6,000 residents of caravan parks. In that electorate and the electorate of Minister Vaile in the other place, those constituents were told prior to the last election that there would be no GST on caravan rents. They were lobbied and, if they voted for the government, they were induced to vote on that belief. We know that that is not true. We know that the National Party is twisting in the wind on this matter, and we know that they have been trumped in the negotiations about it by the Australian Democrats.

But it is a question of discrimination—people who live in penthouses do not have to pay the tax when people who live in caravan parks do—against lower income earners or retired Australians enjoying their sunset years travelling the country and in the cold of an Australian southern winter taking up residence in the northern climes of this country. Discrimination is being practised by the government. We do not support this tax. We do not support this tax at all. We have campaigned solidly against it. We do not support the discrimination involved in this either. We believe that the amendment that I have had crafted and circulated will deal with that and deal with that properly. So we commend the amendment to the chamber.

Before I sit down and anticipate a reply to my remarks from the minister, there are a number of questions that we want to pursue about this matter. In order to put those questions into proper context, it is necessary to canvass some of the background about this issue. Last year when the Australian Democrats decided that there would be a GST and that they would break from their former position and negotiate what they regarded as an acceptable GST with the government, they announced that part of their terms was that there would be no GST on residents in caravan parks and boarding houses. That was a commitment that they made. A lot can be said, and much has been, about the Democrats rattling on their previous position about no GST and negotiating with the government

in the manner in which they did in order to bring in a GST.

Let us pursue the position of the Australian Democrats for a moment. The Democrats tell us that in those negotiations they requested, and had an agreement from the government, that particular modelling be undertaken to see what the impact of the tax would be on lower income Australians in caravan parks and boarding houses. Indeed, that point was made in her speech on the second reading by Senator Lees just now. What we have, though, is an example of not being dinkum about what you announce. Clearly, the Democrats—and the government, for that matter—did not mind the headline in which they said they were moving to remove this tax and this unfair discrimination of residents of caravan parks and boarding houses. They did not mind the headline. But what did they do to actually deliver on the commitment? The fine print does matter; the difference between the headline and the fine print is what actually happens. In this case, what actually happened was that the government was requested to conduct some modelling, and some modelling occurred. The Democrats now complain that they asked for the information to be provided to them but it was not provided to them. One could question how sincere or conscientious was their commitment to obtaining the information, because we know that Econotech, the government's favourite private sector modellers, always give you the answer that you pay them to get. We know that they conducted the sort of modelling that the government wanted, but we know that the government never provided that information to the Australian Democrats and, although meekly asking, the Australian Democrats never put their foot in the door and insisted on obtaining it.

Senator Kemp—I rise on a point of order. I seek a ruling. Senator Cook has made an attack that somehow Econotech is for hire and will provide any answers that anyone wants. That was an unfortunate slur.

The TEMPORARY CHAIRMAN (Senator George Campbell)—There is no point of order.

Senator Kemp—Senator Cook is better than that, and I give him the opportunity to withdraw.

The TEMPORARY CHAIRMAN—There is no point of order. Resume your seat.

Senator COOK—The minister said ‘Econotech’, but the actual firm was Econotech, Minister, and the modeller was Chris Murphy, the Prime Minister’s preferred economic modeller. I do not withdraw my remarks, because every piece of modelling I have seen come out of that outfit suits the needs of the government, despite the empirical truths, and the government refers to it in order to bolster a weak argument.

Let me go back. The government did not provide this information to the Democrats. And what happened? The Democrats apparently did not insist strongly enough. But last Monday night, on the Channel 9 news, the Canberra political correspondent for Channel 9, Laurie Oakes, actually had a copy of the report that the Democrats had not received, and he provided some insights into the findings of Econotech’s study. The insight was—surprise, surprise!—that there would in fact be higher costs and charges to Australian residents living in caravan parks and boarding houses. Did the government release this information? Did the government, in an information campaign to ordinary Australians, provide the facts? Did the Democrats persist in pushing for it? No. It came down to an investigative reporter on Channel 9 to blow the cover on what was clearly a cover-up.

And it is not as if this is the first time. Just look at events this week. We have a cover-up on providing the information about Econotech’s study done at the request of the Democrats, and the government then proceeds to negotiate a package of compensation as a consequence of that report becoming public. It beggars the mind to wonder: if Channel 9 had not got a copy of the report and leaked it, would there ever have been any proposal for compensation at all? Or would it be a case of ordinary Australians who just happen to live in caravan parks and boarding houses getting slugged in the neck yet again and ‘Oops! Another mistake; but who cares; we got away with it?’ That is the attitude of the government.

It is not as if that was the only thing this week. Yesterday, the Prime Minister admitted that the undertaking he gave to the Australian electorate on petrol pricing was not the truth. He admitted that it was not the truth at all. And now there is another hidden piece of government modelling which he has used to justify his assertions, contested by the oil companies in Australia. One thing you might say about the oil companies—and there is a lot that can be said about them—is that they do not lack the resources to model costs in their own industry; they do know what those cost structures are, and they are entitled to be believed when they pooh-pooh what the government says is the case. If the government is right, let them produce the report that the Prime Minister referred to yesterday that says that he is right and the oil companies are wrong and that Australians will not have to pay an extra 1.5c per litre for petroleum under the GST.

I mention that not because it is the issue before the chair; no doubt we will deal with this matter, and preferably before Friday, when the tax clicks in and Australians will have no choice about reversing it—no choice except for what we can do if we come to government. I mention it because of the pattern of deceit that is applicable here. Why didn’t the government, as soon as it knew Econotech’s report findings, be honest with the Australian people and produce them? Why didn’t the Democrats press for that information to come out? Why was there a flurry of activity to do something about this point only at the time at which it was leaked on Channel 9? This is the mushroom treatment: keep them in the dark and feed them on rubbish and hope that the whole thing will be washed away. Well, it will not be washed away in this chamber.

There has been quite an unseemly rush to claim credit, among the coalition and the Australian Democrats, for the now negotiated compensation package. There is a range of questions that flow from the very compensation measures. The law is not proposed to be changed; and the tax increases will apply. But there is now a \$33 million compensation package that is going to offset the impact on low income earners living in caravan parks.

They would not have got this had the report not been leaked on Channel 9, but now we have got it as a compensation package. There is a range of questions that go to whether this adequately meets the issue and whether only people in the worst circumstances—but not people adversely affected across the board—get the package. Under which section of maximum entitlement do people get a package but those on less than maximum entitlement do not? There is a range of questions like that.

The government has not introduced any legislation for this package, and the first and most obvious question, which I now ask the minister to note and reply to, is: when are you going to bring forward legislation to give meaning to your commitment that there will be a \$33 million compensation package to residents in caravan parks and boarding homes? Or do you not intend to bring it forward? Do you intend to escape parliamentary scrutiny and do it as an administrative measure? How will the appropriation of the extra money be made? I put those questions to you, Minister, and I hope that you will answer them.

Secondly, we know from the government's press release—the Treasurer said it in black and white—that there will be extra monitoring provided. What extra monitoring will there be in addition to the much vaunted monitoring on price increases that the government is supposed to have on foot now? Most Australians believe, with considerable justification, that prices have already gone up in anticipation of the GST, and they constantly are told, 'Well, this is not true because we've got these price police running around making sure it does not happen.' But the evidence is before our eyes every time we shop at the supermarket. So what additional monitoring is to be provided here to protect these residents? That is the second group of questions. Then I have some questions to both the National Party and the Australian Democrats. I see the National Party is not represented in this chamber at the moment, but I do see a representative of the Australian Democrats in the chamber. I have questions to both those parties.

Since Senator Meg Lees, here a few minutes ago and in a press release last week, claimed credit for negotiating the extra \$33 million, I ask: is that true? I ask the Australian Democrats: did it result from a negotiation between you and the Commonwealth government, the Treasurer? Was that your doing or was it not? I have a question to ask of the National Party. I note that they are not represented in the chamber, but they are part of the coalition and they do monitor the televised broadcasts of these debates. I ask Senator Boswell to attend the chamber if he is watching, and to answer this question: last week the Deputy Prime Minister, Mr Anderson, and the president of the National Party claimed credit for negotiating the \$33 billion extra compensation. I ask Senator Boswell: is that true? Was it the National Party that negotiated it and not the Australian Democrats? Thirdly, I ask you, Minister, who negotiated it with you? Which party can rightly claim to have negotiated this compensation package? Was it the National Party—as claimed by their president and by the Deputy Prime Minister, Mr Anderson—or was it the Australian Democrats—or did both do it?

This is the problem we have in this place: deals are done offstage, in the cloakroom, in order to get over an immediate parliamentary problem and to get over the fact that Australians actively disbelieve this government and what it says about the GST. Let us get a few of these things out in the open. Let us see what is the case. Who did negotiate this, and why did the government sit on the report for so long? (*Time expired*)

Senator BARTLETT (Queensland) (1.40 p.m.)—Firstly, in relation to the direct question that Senator Cook asked the Democrats to answer, I am happy to respond that my knowledge of the process that led to extra money for rent assistance for many renters around Australia is that quite obviously it was a direct result of Democrat discussions with—and representations and concerns expressed to—the government, specifically the Treasurer. I do not know whether the Treasurer had other meetings with National Party people; they certainly were not in the room at the same time as the Democrats were talking with the Treasurer. But the fact is that the

announcement by the Treasurer of this extra money for renters—a significant increase, as I think all senators would acknowledge—was made in conjunction with the release of letters confirming that agreement between the Treasurer and Senator Lees. I think that gives a pretty clear indication that it was an agreement between the Democrats and the government. It was obviously a direct result of Democrat concerns and representations to ensure that concerns about the potential negative impact on renters were addressed.

It is worth mentioning the report that Senator Cook mentioned in relation to boarding houses. I think his own comments detailing the history of that report recognised that that report was a specific result of Democrat actions—that there would not be a report and that we would not even have the information were it not for the Democrats. I very much agree with Senator Cook's comments about it being appalling that the government took so long to release that report and about the circumstances under which it happened. The extreme annoyance of the Democrats about those matters, along with other matters, is pretty clearly on the record. Our concern about these issues clearly is not just driven by our concern for caravan parks—which have got most of the attention, and it is appropriate that this issue be examined—but even more so by our concern for the potential impact on boarding house residents. Clearly, people in boarding houses are amongst the least well-off, and it was the concerns the Democrats had that led us to try to have the government produce more information about the potential impact. Whilst it was produced very late and under very inappropriate circumstances, it was nonetheless produced. As a result of that, further concerns were raised by the Democrats and we were able to get further assistance provided.

The Democrats themselves indicated that it was not necessarily the best outcome. We would have preferred the opportunity to reduce the tax from 5½ per cent to 2.75 per cent; we think that would have been better targeted at the boarding house and caravan park people who were the focus of the debate. But the ALP made it clear that they would not support such a change, so we were

in a position where our preferred option was not able to get up in terms of the legislative amendments, so we pursued other options. Ironically, they cost the government twice as much—but that is, I guess, their choosing—and they actually provide for an increase in rent assistance for people across the board rather than just those in caravan parks and boarding houses.

I would be interested in the minister's response. Given that Senator Cook directed the questions to him, I will let the minister respond to his questions about what the enforcement procedures and the monitoring and education processes will be that the government also agreed to enhance. I trust the minister will answer those questions in appropriate detail. I think it is an important part of the approach to the impact on caravan park and boarding house residents, because we are now finally about to move—for better or worse—into a new tax system. That is probably a key point to make.

As all senators would know, I was not one of those Democrats that supported us moving to this new tax system. But that decision was made nearly 12 months ago now. In fact, the anniversary may well be upon us today or tomorrow. That decision has been made, and we are now going to get it. So I think it is appropriate for all parties, regardless of whether they were supportive or not of the GST, to recognise we are going to get it and to start looking at how it is going to operate in practice, how we can improve it if necessary and how we can ensure that the tax we are going to get does not negatively impact on the less well-off.

One of the interesting things with this Labor amendment—and I think it is an extra by-product, if you like, of the Democrat pressure over rental costs in caravan parks and boarding houses—is that for the first time we do have a clear commitment, a clear indication, from the ALP about one component of what their roll-back is going to be. They are on the record—and I presume they will stay on the record—about this issue. I guess in that sense we have flushed out the ALP on one small component of what their roll-back package will be, and I look forward to seeing more details about that over time.

There were some comments—and I am sure there will be some more before this debate is out—about inappropriateness of back-room deals, et cetera. As I have already explained, the Democrats' preferred option was to move an amendment to this legislation reducing the tax rate. Because the ALP indicated they were not going to support that, that legislative approach was not open to us. So we had to negotiate about it. I think we have been quite open. Obviously, our concerns and irritation about the process were quite public. The outcome is quite public. I hope the minister will give further flesh to the details of how that is going to work.

But there is some idea that it is only Democrats and the coalition that reach agreements about issues. If we look at other bills that are on the *Notice Paper* that we are debating this week it is clear-cut that a lot are to do with the new business tax arrangement. Let us not forget the agreement—the Costello-Crean agreement—on the whole business tax deal, which provided huge tax cuts for the highest income earners and gave a blank cheque to the Treasurer. It was an agreement reached outside the chamber between the Treasurer and the shadow Treasurer. Presumably, the ALP thought that was the way to go—to give massive tax cuts in capital gains tax.

Senator Sherry—You supported a massive new tax on just about anything—the GST.

Senator BARTLETT—I did? There must be some sensitivity in the opposition, as they react whenever that major deal between the ALP and the Liberals about giving massive tax cuts to the highest income earners is mentioned. But that is part of that whole business tax deal that they did—the Costello-Crean deal. We are dealing with that legislation and the outcome of that now. The opposition are locked into that, because they basically gave Mr Costello a blank cheque to implement his business tax package. That is a decision they chose to make. I think it is appropriate to emphasise it, because it really gives the lie to the suggestion that somehow or other there is something particularly evil and nasty about the Democrats going to the government and saying, 'There are people

here who are potentially disadvantaged. We think you should do something about it,' and delivering an outcome that produces something better. There is no doubt that people will be better off as a result of this extra money that will be provided to renters, and that is the crucial component.

Senator Sherry—So, if we withdraw our support for business tax reform, will you withdraw your support for the GST?

Senator BARTLETT—Will I withdraw my support for the GST? I did not support it in the first place. It would not be too hard for me. Senator Sherry is making an offer to withdraw from the business tax package. I am sure that is an official Labor Party position.

Senator Sherry—If the Democrats withdraw from the GST.

Senator BARTLETT—If you are wanting to enter into negotiations about that, it would be an interesting line for Mr Crean to try to run—that they are now prepared to even consider backing off from their business tax deal with the coalition. I would be interested in him making that statement, if that is a position he wants to take.

Senator SHERRY—It was conditional on you lot supporting the GST.

The TEMPORARY CHAIRMAN (Senator George Campbell)—Order! I suggest that, if you want to negotiate a new deal, you do it in the lobby.

Senator BARTLETT—In any case, in getting back to the amendment before the chamber, I would like to provide a bit of time for the minister to respond to some of the questions Senator Cook made directly to the government, because I would be interested in those answers as well in terms of getting the specific detail on the record. It is important to be able to deliver extra assistance to people who are amongst the least well-off, and there is no doubt that those who are in receipt of full rent assistance come into that category. Certainly I am not going to apologise for supporting any change which provides a positive improvement, regardless of my personal position about the broader tax package, because, as I say, the tax system is coming in

and we now have to deal with trying to continue to address any problems that may arise.

One of the other important aspects to note as we are moving into the new tax system is we will finally shift from debate over economic modelling about what is going to happen to proper assessment of what actually is happening and what actually does happen. We can move out of debating mathematical hypotheses into accurate assessment of what the actual outcome is. That will be a positive change. It will be incumbent on all parties, the Democrats included, where the reality does not match all of the different modelling and possible negatives flow up, to put forward positive solutions to address them. I hope the ALP will move on from continually just saying they oppose the GST—I think people have figured that out; as I say, the decision about it made over a year ago—to now putting forward proposals to improve the situation.

Senator MURPHY (Tasmania) (1.52 p.m.)—Mr Temporary Chairman—

Senator Kemp—We always like to hear from you, Shayne.

Senator MURPHY—I am pleased you say that, Minister. It is interesting to have listened to Senator Bartlett again claim on behalf of the Democrats their success—I do not whether it is success or not—in getting another \$33 million for those people living in caravan parks, hostels and the like. It is unfortunate that the minister did not take up the opportunity to answer before and say whether or not it was the Democrats. Or is the minister agreeing with the Democrats' claim that they were the ones who were successful? Or was it the case that it was the National Party, who are still to be represented in this chamber in what is a very important debate for the people they claim to represent so adequately? They are not in the chamber, they have failed to front up and put aside Senator Bartlett's claim about the \$33 million and to actually put the real position here.

If the National Party did not negotiate that, then this is another aspect of the total deceit that this government has been going on with with regard to the introduction of the new tax system, the GST. We have heard over a long

period of time now all of the claims that have been made. From going right back to the original ANTS package and documents that dealt with all of these issues in terms of the claims, I understood that modelling had been done at that point in time to work out the effects of these things, so that there was some appropriate assessment of what the impact of price rises would be. But yet not on one occasion, not once, through the introduction of the legislation has it been the case that the claims in the ANTS package have been accurate.

A number of things remain to be tested, but one of those that will probably not be tested until it is introduced is the tax cuts. When we were going through the debate about the impacts of increased costs we heard, '10 per cent is 10 per cent is 10 per cent.' 'It will be nothing like 10 per cent,' was put by the ACCC time and again. The government backed the ACCC, which is supposed to be the price watchdog, into a corner and told them that they had to support the government's position. I give them credit where credit is due. They endeavoured to do that. But as the thing unravelling and as more information came out from the business community on this new simple tax, it became abundantly clear that the statements on behalf of the ACCC that they could not foresee any price rises anywhere near 10 per cent was just fundamentally wrong.

If we look at the issue of rents—and this goes to the modelling that took so long to surface—I think the ANTS package said that the impact of the GST on residential rents would be 2.3 per cent. But of course the Econtech report shows that it will be 4.7 per cent. If you look at that across the country in terms of the medium rent per week increases, you will see that that will be quite significant. If you take somebody who is going to get supposed tax cuts of \$30 or \$40 per week and then take the rent increases, the supermarket purchase price increases, the petrol increases, the electricity increases and all of the other price increases that are going to occur as a result of the introduction of the GST, it is just simply not enough.

We have been coming into this chamber time and again, just on the petrol issue alone,

saying that petrol prices will go up with the introduction of the GST. We have been told time and again by the Prime Minister and the Treasurer, 'Oh, no.' The Assistant Treasurer always said, 'It need not rise.' The Minister for Financial Services and Regulation said that petrol prices will actually go down as a result of the GST—they will go down, not up. Of course none of that has come to fruition. The poor old Prime Minister had to front up on Sunday and finally admit that the price of petrol was in fact going to go up. He was trying to do the best to deliver on his promises, but the price of petrol was going to go up. This is despite the headland speeches—

Senator Sherry—The poor old National Party.

Senator MURPHY—It will be interesting to hear from the National Party ultimately as to whether or not they had any say in the \$33 million.

Senator McGauran—Of course we did.

Senator MURPHY—I take the interjection from Senator McGauran: 'Of course we did.'

Senator Sherry—That's not what the Democrats just said.

Senator MURPHY—Senator McGauran, when you get the opportunity, you should stand up and explain to us what contribution you made, because at the moment the Democrats say it is zilch, zero; you had no impact and no effect whatsoever. We are and have been opposed to the GST and are opposed to the process that the Democrats have supported with regard to those people who, not by choice, find themselves living in caravan parks or boarding houses because of their financial circumstances. Yet, as Senator Cook pointed out, you are not going to impose any tax on somebody who rents the top floor of one of the highest rental properties in Canberra or anywhere else. There is no GST for them.

Senator Conroy—Penthouse Pete.

Senator MURPHY—If you are not one of the Penthouse Petes or the Penthouse Julians and if, by virtue of your financial circumstances, you have to live in a caravan park or a hostel, which as I said many people do,

then you are going to get it in the neck. It is just another cost impost on you as a result of the GST. The amendment we have moved will go a long way to assisting the people in caravan parks or hostels. We are simply opposed to what the government and the Democrats are doing because it is discrimination at its worst. Another amendment that Senator Cook will move will also assist those who are discriminated against in this way. We have seen the Democrats' form and we have seen the National Party's form when it comes to high rollers and gambling, the casino amendment. Senator McGauran, who is the only National Party senator in here at the moment, will have his chance to explain the difference between those poor people, those less financially well off who have to live in caravan parks and get it in the neck, and those who can sit in the top room, spend their money and not pay anything. That is the question that Senator McGauran and his colleagues have to answer. That is the issue that they have to take up.

Progress reported.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Petrol Prices

Senator COOK (2.00 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Does the government stand by Minister Vaile's statement, made on 9 September 1998, when he said:

The coalition is promoting greater competition in the retail petrol market and ensuring that the GST has zero impact at the pump.

Will the minister guarantee that from this Saturday the GST will have zero impact on the price of petrol, as promised by Minister Vaile?

Senator KEMP—I thank Senator Cook for that very predictable question. It was not a surprise that I got the first question, Senator Cook; I think I flagged that to you just three minutes ago. Let me make it clear that the government's commitment has always been that the price of petrol need not rise as a result of the GST. That is the commitment the government went to the election on, that is the commitment that the government made to the Australian people, and we intend to ensure it is delivered on.

Senator COOK—I note that does not answer the question. Madam President, I ask a supplementary question. I refer to Minister Vaile's further statement in that press release:

Some in the motor industry predict more expensive petrol as a result of the GST. They are wrong.

Does that mean that Shell spokesman Mr Ian Mackenzie was wrong when he said last Friday:

The effect of this package is that the tax on petrol has been increased.

If he is wrong, would the minister please explain to the chamber how he is wrong?

Senator KEMP—The government's position is that oil companies are no different from any other company. They have a legal and moral obligation to pass on the benefits of tax reform to the consumer. The Labor Party, in its desperate effort to create scares, has decided to align itself with people whose views may differ—I guess that is the role of the Labor Party. But the government's position on this is very clear. As I stated in my response to Senator Cook's first question, and as I have indicated in my response to his supplementary, the oil companies have a legal and moral obligation to pass on the benefits of tax reform to Australians.

Workplace Relations: Policies

Senator TCHEN (2.03 p.m.)—My question is to the Minister representing the Minister for Employment, Workplace Relations and Small Business, Senator Alston. Minister, would you inform the Senate what workplace relations policies the coalition government has introduced to benefit workers and businesses? Is the minister aware of any alternative policy approaches to workplace relations, and what threats would these alternative approaches pose to Australia's continued and continuing economic growth?

Senator ALSTON—If ever there was a single issue that divides the major parties, it is this one. We take the view that workplaces are places where you ought to be able to generate productivity increases, deliver real increases in earnings, share productivity gains and have performance based pay and employee share ownership schemes. In other words, they ought to be places where people can cooperate, get together constructively

and produce more and better outcomes faster and more efficiently that will benefit not just the firms themselves but the workers and their families. The crowd on the other side of the chamber constantly tell us that somehow they represent the ordinary workers of Australia, that they are the peoples' party and that they believe in workers' rights and all that sort of nonsense. But look at their track record, Madam President. We actually introduced freedom of association laws to let workers decide if they want to be a member of a union or not. We made strike pay illegal. We put the secondary boycott provisions in the Trade Practices Act because we knew that sympathy strikes were basically a very crude form of political, industrial and, ultimately, economic blackmail. We made all these changes because we knew they would lead to much better outcomes for workers themselves. We did not like the turmoil of the old national stoppages, and we did want to ensure that there were exemptions for small businesses from the unfair dismissals provisions. We did support—and still do support—youth wages, and we support democracy in unions through secret ballots.

These are all the sorts of things that are in the process of being rolled back. They are all being rolled back because the national executive got together a few days ago and said, 'Good God! What are we going to do? We've got to wheel out poor old Mr Beazley, who cannot even bear to read the newspapers without bursting into tears because he cops a bit of stick.' Well, he ought to cop a lot more stick. Their concern was that they had to present something at this upcoming talkfest of unionists where, of course, he is going to be a keynote speaker. Sharan Burrow let the cat out of the bag in no uncertain terms. She started off dripping with sanctimony by talking about how the unions represented Australia's working men and women and are concerned about the plight of working families. But then what did she say? 'The first thing we are going to do is campaign for minimum wages of \$500 a week for union members.' She is not interested in average workers or ordinary non-unionists. 'We are going to get out there and campaign for union members'—in other words, just another grubby little special interest group.

This is the outfit that Mr Beazley is going along to talk to shortly. It is a classic report to shareholders. He is going to tell them what he has done to deliver the goods over the last 12 months. Presumably, he will also tell them what he thinks of the charter of rights proposal that has been put forward for workplace delegates so that you will be able to use the boss's phone, fax and email. What will you use it for? If you are Senator Conroy or if you are the secretary of the union, the charter of rights will say, 'You're entitled to a federal preselection, so you can spend all your time on the phone campaigning for that.' If you are just an organiser or a shop steward, basically you will have to campaign at state level, so you will spend all the boss's time out there chasing votes, rounding up delegates and belting them over the head to make sure that they support you. In other words, not five minutes will be spent on improving the plight of ordinary workers, trying to achieve productivity increases or in any shape or form acting in the best interests of anyone other than themselves. It is a disgrace. We are now told that Labor will not spell out the detail of their alternative to secondary boycotts but that they might re-establish a special labour court. Once again, as we know, it would not be a real court at all, just a place where industrial muscle is used—the only language that those on the other side understand. (*Time expired*)

Goods and Services Tax: Petrol Prices

Senator LUDWIG (2.08 p.m.)—My question without notice is to Senator Kemp, the Assistant Treasurer. I refer to the Howard government's petrol excise fuel fudge and in particular to the government's claim in its announcement of last Thursday:

Cost reductions that will flow to the industry as a result of tax reform are estimated to reduce the price of petrol ... by around 1.5c per litre.

Will the minister guarantee that this supposed 1.5c per litre saving will flow through immediately from this Saturday? If not, when will the full 1.5c per litre saving be passed on to consumers in the form of lower fuel prices?

Senator KEMP—The cost savings generated by tax reform accruing to the petroleum industry have, as the senator said, been estimated at 1.5c per litre for petrol and diesel.

This figure was derived from the Treasury's Price Revenue Incidence Simulation Model, PRISMOD.

Senator Murphy—In other words, a smokescreen.

Senator KEMP—I will come to you in a minute, Senator, seeing as you provoked me. I was not going to say anything nasty about you today, but just hold on. The PRISMOD figures on the effects of indirect tax changes were released in the tax reform, 'not a new tax, a new tax system'—the so-called ANTS package. This was a document released by the Treasurer in August 1998.

Senator Conroy—What assumptions does it make on price effects?

Senator KEMP—Just hold on, Senator.

The PRESIDENT—Order! Senator Conroy, there is another occasion for you to ask a question.

Senator KEMP—Thank you, Madam President. I appreciate your protection from the abuse of Senator Conroy. Unless it relates to Senator Murphy's interjection, I believe PRISMOD's accuracy has been accepted by former Labor federal governments as well as by various state and territory governments, including Labor governments, in the inter-governmental agreement on the reform of Commonwealth-state financial relations. You will be interested to know that the states and territories accepted estimates based on PRISMOD in negotiating the IGA with the Commonwealth. In other words, the point I am making to you is that these estimates were based on the PRISMOD model. It was a model which was accepted by the former Labor government—and if there is anyone who wishes to query that, they are quite welcome to stand up. It has been accepted by state and territory governments, including Labor governments, in negotiating their IGA with the Commonwealth.

I do not think this debate with the government is really so much about modelling as about Labor wanting to align themselves with the oil companies. I think that is a bit unfortunate, to be quite frank. If you interpret what Labor were saying, they clearly believe that oil companies may well be entitled to a windfall gain at the expense of consumers. We do

not accept that. Let me make it clear that the government's view is that the oil companies are no different from any other company in Australia. As I have said—and in relation to Senator Cook's remarks—they have a legal and moral obligation to pass on the benefits of tax reform to consumers. With the reduction in excise to around 6.7c per litre, the introduction of the Fuel Sales Grants Scheme and the oil companies complying with their obligation to pass on the benefits of tax reform, there is no reason why the price of petrol need rise as a result of tax reform.

Senator LUDWIG—Madam President, I have a supplementary question. Is Shell spokesman, Mr Ian McKenzie, correct in claiming:

The Government has taken 6.7c off in excise and has replaced it with an 8c GST.

Does this mean—and this is the case according to Shell—that petrol is going up by a minimum of 1.3c per litre and that it is all due to the GST, something that the Prime Minister promised would not happen?

Senator KEMP—It sends you into fits of despair. You go through the basis on which these figures are calculated very carefully. You might as well not have spoken, to be quite frank, Senator Ludwig, with all the shooting that you did to that first answer. I know you had the supplementary all written out, and I know it is a bit awkward if the supplementary is covered in the response that I give you—

The PRESIDENT—Minister, you should direct your remarks to the chair.

Senator KEMP—In addition to the 6.7c per litre—let me go through it with you again—the cost savings generated by tax reform accruing to the petroleum industry have been estimated at 1.5c per litre for petrol and diesel. That is the position. On this latest pathetic effort at a scare campaign by the Labor Party, I conclude my remarks by reiterating that there is no reason why the price of petrol need rise as a result of tax reform. (*Time expired*)

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President's Gallery of former

President and Western Australian senator Michael Beahan. I welcome you on your return to the chamber.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Diesel Fuel

Senator TIERNEY (2.14 p.m.)—My question is to the Leader of the Government in the Senate, Senator Hill. Will the minister inform the Senate how communities in rural and regional Australia will benefit from cuts to diesel fuel excise under the GST? Is the minister aware of any alternative policy approaches? What would the impact of these policies be if they were implemented?

Senator HILL—It is a very important question. Australia's new tax system, which comes into force this Saturday, will deliver benefits to all Australians, including \$12 billion in personal income tax cuts, the removal of \$7 billion to \$8 billion of embedded taxes and the removal of \$3.5 billion of taxes from our exporters, with all exports being GST free. There are major benefits for all Australians through reduced fuel costs. The new tax system will deliver a cut of 24c a litre for diesel fuel in rural areas—a major boost for our rural and regional communities, who rely so heavily on the transport sector. Despite Labor's negative scare campaign, our farmers recognise they are on a winner with the new tax system. Dale Perkins, President of the South Australian Farmers Federation, stated earlier this month:

Well, overall, because of the reduction in other taxes and particularly tax on fuel, the rural and regional people and the primary producers will be beneficiaries out of the new tax system.

The farmers are saying that they will be better off because fuel taxes will be lower.

Opposition senators interjecting—

The PRESIDENT—Order! Several senators on my left are literally shouting across the chamber. Your behaviour is disorderly.

Senator HILL—Fuel is also effectively 10 per cent cheaper for small businesses, due to the GST rebate. Our government has taken every reasonable step possible to ensure that Australians need not pay more for petrol be-

cause of the GST. Again we get the Labor scare campaign, but Labor is going to keep the GST. If Labor is going to keep the GST, what is it going to do about petrol? We heard Mr Crean have a go at that this morning on the radio. Rather than have a go, he was ducking and weaving when asked that specific question. Asked time and time again, he refused to answer. What did he say? He said, 'Look, the question of our position on roll-back will be known in advance of the next election, when we know what the budget position is.' That is not what he said about caravans last week; he was prepared to have a go at Labor policy on caravans. But, on fuel taxes today, he was silent. Why won't he take a position on fuel? Because on fuel tax increases, Labor has form.

Senator Conroy—He's not going to Paris, though.

Senator HILL—Senator Conroy, listen to this: fuel excise rose by about 26c a litre over Labor's 13 years of government, with no relief for rural and regional Australia. But, of course, Labor said that there would be compensation for all Australians. That became the notorious l-a-w tax cuts, which all Australians know Labor never delivered. The last time Labor ran a scare campaign on the GST was in the election campaign of 1993, and the Australian people ended up getting ripped off by about \$7 billion a year in increased taxes. That is Labor's record. So, in summary, you cannot trust Labor on petrol prices, you cannot trust Labor on taxes and you cannot trust Labor on roll-back.

Goods and Services Tax: Petrol Prices

Senator CONROY (2.19 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Is the minister aware of the Treasurer's promise to Australian motorists of 7 September 1998, when he said:

The Government's proposed New Tax System will not lead to any increase in petrol prices.

That is 'will not', Senator Kemp. Can the minister confirm that, unless the price of petrol is 73.7c per litre or less, the price of petrol for most motorists will be going up this Saturday as a result of the GST? Where in Australia is the price of petrol currently below 73.7c per litre?

Senator KEMP—Senator Conroy is getting progressively more desperate. Our commitment to the Australian people was very clear. It was stated constantly during the election, it has been stated constantly since then and I have stated it twice in question time today. The position is simply that there is no reason why the price of petrol need rise as a result of tax reform.

Senator Conroy—Costello said 'will not'.

The PRESIDENT—Order! Senator Conroy, you have asked a question. The minister now has the call to deal with it, and you may ask a supplementary question if you wish to at the end of this. But you should not sit and shout all through the answer.

Senator KEMP—Thank you, Madam President. Your help is certainly appreciated. The price of petrol changes as result of many factors. One is exchange rates; another is the price on world markets. That is very well known. But there is no reason why the price of petrol need rise as a result of tax reform. That is the very clear commitment that we went to the public with, and the government will deliver on the commitment.

Senator CONROY—Madam President, I ask a supplementary question. Why is it more important for the Treasurer to be in Paris rather than be explaining to rural and regional Australia why the fuel price differential between country and city motorists is about to get worse as a result of the GST? Is it not a fact that the Treasurer's only policies for the bush are to slash the wages of rural and regional workers and to put up the price of their petrol?

Senator KEMP—Truly, Senator Conroy is becoming more and more desperate. This tax package delivers huge reforms to regional and rural Australia. We are waiting for some confirmation from the Labor Party that they will accept the changes we have made to fuel excise which will deliver massive savings. We are aware that the Labor Party wants to have a roll back. But if you roll back something; you have to roll forward something. Are they going to back to their bad old ways and raise the price of excise or are they going to cut back on the income tax cuts? People know that if you roll something back you

have to roll something forward. That is the question which the public will certainly ask the Labor Party and will want to get some specific assurances about. This package is particularly good for rural and regional Australia. It is something this government, particularly the Treasurer, is very proud of. (*Time expired*).

Research and Development: Business Investment

Senator LEES (2.23 p.m.)—My question is also to the Assistant Treasurer, Senator Kemp, representing the Treasurer. Is the minister aware of the OECD research released by the council, which is meeting in Paris at the moment and being chaired by our Treasurer, showing that investment in innovation and research and development is a key factor in promoting jobs and growth? Is he aware that these reports show that Australia is down at 20 out of 29 countries in terms of business investment in research and development? Is the minister concerned that business investment in R&D fell sharply as a direct result of this government's decision to cut the R&D tax concession?

Senator KEMP—I am glad you referred to the OECD report. I have not read the report in detail but I understand the government got a tremendous pat on the back from that report.

Senator Lees—Not from R&D.

Senator KEMP—I am not sure that was clear from the way you phrased your question, Senator. I have not been fully briefed on this report, but my impression is this report gave a very big pat on the back for Australia. It showed that Australia is one of the great growth economies in the world today and that Australia is a country that we can all be proud of. We can be proud of the management of the Howard government in making sure that we have achieved this particular goal. This piece of paper has just appeared magically, but there is an article in the *Sydney Morning Herald* that states:

Australia is identified in a new OECD report as one of the six countries which were the fast-growth new economies of the 1990s.

... ..

The Growth Project was investigating why only a handful of OECD economies—the United States, Australia, Denmark, Ireland, The Netherlands and Norway—had performed better than other OECD countries ...

Senator Lees—Madam President, I raise a point of order. The Assistant Treasurer is half way through his answer and still has not mentioned research and development. My question is directed to the section of that report that relates to research and development and future jobs.

The PRESIDENT—There is no point of order.

Senator KEMP—What we are showing is the policy mix that this government has got together.

Senator Lees interjecting—

Senator KEMP—Senator Lees shakes her head, but I would have thought it was a source of great pride for all Australians. The Labor Party will not enjoy this because this report actually shows how well the Australian economy is going. I have been able to confirm that Australia is one of those stand-out economies and an economy which people are looking at to find out which was the policy mix that got us to this position. In relation to research and development, as I said, I have not read the report but I have no doubt there were some comments made in this area. But I point out, Senator Lees, that my colleague Senator Minchin in this chamber handles research and development.

Senator Lees—You have the tax concessions.

Senator KEMP—If you had hinted to me earlier on that you were going to ask about this report, I would have made sure that I got a full briefing on it. If I can add to my remarks at a later time, I will.

Senator LEES—Madam President, my supplementary question to the Assistant Treasurer is specifically looking at the tax concession this government removed for research and development—watered down considerably. I ask the minister: is he at all concerned at the after-effects of this government's decision to change the tax treatment for research and development? It is one issue to look at the current situation; it is a com-

pletely different issue to look to the future at future jobs and at future growth without the spending we need on research and development by our industries.

Senator KEMP—Again, thanks to one of my colleagues, another bit of paper has magically appeared on my desk. Let me make it clear that the government strongly supports Australian science and innovation. We have provided almost \$4.5 billion for 2000-01. We have increased general science programs. We are providing over \$614 million for medical research. The relative level of R&D in universities and government agencies is very good, and I am advised that in that measure we are ahead of the US, Japan, UK and Canada. We are also providing some \$851 million for business R&D and innovation. There are a variety of other measures. Since coming into office we have strengthened venture capital through initiating the innovation investment fund and re-vamping pooled development funds. All in all, I think it is a very good record. But, if there is anything more I can add, I will provide it to you. (*Time expired*)

Goods and Services Tax: Petrol Prices

Senator FAULKNER (2.29 p.m.)—My question is directed to Senator Kemp, the Assistant Treasurer. Given that the Prime Minister has accepted that he did promise that the GST would not increase the price of petrol and that this promise was not just part of the parry and thrust of an election campaign, why is the Prime Minister reneging on this promise?

Senator KEMP—The short answer is: he is not.

Senator FAULKNER—Madam President, I ask a supplementary question. Given that yesterday Mr Oakes put to the Prime Minister:

You say, parry and thrust of the campaign ... you gave an address to the nation on August 98, and you said, the GST will not increase the price of petrol for the ordinary man ... but it will—

and Mr Howard responded:

I've just accepted that ... Well, I mean, I accept that point—

I ask again: why is Mr Howard reneging on the promise he made that the GST would not increase the price of petrol?

Senator KEMP—This will not be an all-time first, but the answer to the first question I gave is the answer to the second question: he is not reneging.

Families: United Nations Proposals

Senator HARRADINE (2.30 p.m.)—My question is addressed to the Minister for Family and Community Services and the Minister Assisting the Prime Minister for the Status of Women. On Friday evening, 9 June this year, the committee of the whole of the UN session on women, development and peace had before it proposals to strengthen policies in support of the family. Why did Australia vote against the inclusion of those policies, which were designed 'to ensure that all activities of the United Nations system which impact on the family contribute to its protection'?

Senator NEWMAN—I am not sure which specific measure Senator Harradine is referring to because that committee worked for nearly six days, while it was intended to work for about five days, and it went on for 24 hours after everybody's security passes had expired. Nevertheless, the Australian delegation was very strong—and I emphasise 'very strong'—to maintain Australian government policy. It depends on the particular measure that you are referring to, Senator. The document that finally emerged from this tortuous UN process was very, very long. There were some delegations which wanted to take the status of women backwards, there were some delegations that wanted to take the status of women further forward.

The Australian delegation maintained the Australian government's policy on all the issues that came before it and did not, in fact, in any way walk away from its support for the family, Senator. So I am surprised that you put your question in that way. I do know that there was a very inaccurate media report that appeared in the *Herald Sun*, I think when we were on our way back from the UN meeting, and it referred to the fact that this was all going to happen in a week's time. But that was either speculative or grossly misin-

formed. I do not know whether that is what you are referring to.

Senator HARRADINE—Madam President, I ask a supplementary question. I do not think I could have been more specific. Minister, I did quote from part of the resolution which was before you. Is it not a fact that the JUSCANZ representative rose and said that JUSCANZ, as a whole, would vote against it, and that you were there and you did not raise the flag in dissent from the JUSCANZ people? Or is being in ‘good company’, as the Department of Foreign Affairs and others say, better than upholding the policy of the government?

Senator NEWMAN—I have informally offered a briefing to Senator Harradine about the UN meeting, and obviously he has not yet had an opportunity to take that up. I am still not sure of precisely what he is referring to because there were many, many resolutions related to such matters. If he is referring to the foreign affairs aid, which is a matter he has pursued in Senate estimates and in the Senate over the years, the wording of the Beijing platform for action five years ago was absolutely adhered to word for word. It went neither backwards nor forwards, Senator. If that is what you are referring to in terms of abortion assistance for women in foreign countries, then there was no change to the existing position. I do not know whether that is what you are referring to. There were a lot of resolutions over many hours, many of them going until 4 o'clock in the morning.

Goods and Services Tax: Price Increases

Senator MARK BISHOP (2.36 p.m.)—My question is addressed to the Assistant Treasurer, Senator Kemp. Minister, what is the GST price rule? Is it ‘no price will rise by more than 10 per cent’, as defined in the ACCC publication *GST talk 3*; or is it ‘no price should increase by more than 10 per cent’, as defined in the ACCC publication *GST News for Business 2*?

Senator KEMP—Let me make this clear: the ACCC pricing guidelines, which were issued on 9 March, indicate that no price should rise by more than 10 per cent as a result of the new tax system changes. The

Trade Practices Act requires the ACCC to issue written guidelines when it considers that prices are unreasonable; hence, the guidelines derive from their authority. That is what the ACCC pricing guidelines state and they are certainly the guidelines that the ACCC will be following.

Senator MARK BISHOP—I think that was the wrong answer, Madam President. Anyway, I ask a supplementary question. Does the minister agree that the difference between ‘will’ and ‘should’ is significant? Which is more accurate in the context of the GST price rule?

Senator KEMP—Madam President, I think there is a play on semantics here. There clearly is. Senator, the ACCC will be enforcing its guidelines—that is what the ACCC is there for—and I have stated for you what those guidelines are.

Tax Reform: Information Campaign

Senator COONAN (2.38 p.m.)—My question without notice is to the Special Minister of State, Senator Ellison. Will the minister advise the Senate what is being done to update business, individuals and families about the obligations and benefits of the new tax system? Is the minister aware of any reports of the campaign’s success to date?

Senator ELLISON—I thank Senator Coonan for what is a very important question with just days to go to the biggest tax reform this country has ever seen. Of course, when you are dealing with reforming the tax system of a \$500 billion economy, you need an information campaign which is going to reach all Australians. What we have done is reach out to pensioners, to families, to individuals, to business both big and small, to interest groups and to community organisations. To date, we have had over 2.3 million calls to tax reform info lines. We have also had some 12 million publications sent out to businesses. We have had in excess of 90 million hits to our web site in relation to our tax reform. We have had 150,000 requests for individual visits from the Australian Taxation Office and we have had 129,000 of those visits completed, and some 200,000 Australians have had the benefit of over 1,000 seminars around this country. We also have to

look at the demand we have just had for the food index, which we published for all Australians, and at the fact that the Australian Taxation Office has had to reprint another 100,000 of them for the Australian people. We have also had the ACCC's 'Everyday shopping guide to the GST'—a very useful kit indeed for average Australians who want to know about the GST and how it will affect prices. We have also mailed out 10 million copies of the tax reform booklet which details the scales in relation to family benefits table, tax cuts that normal Australians will enjoy and the prices that will be affected—

Opposition senators interjecting—

The PRESIDENT—Order! The level of shouting amongst some senators on my left is absolutely unacceptable and in breach of the standing orders.

Senator Murphy interjecting—

The PRESIDENT—Senator Murphy, I have just drawn senators' attention to the fact that shouting is disorderly.

Senator ELLISON—The Labor opposition do not want to know about this. It does not want the Australian people to know about the new tax reform. In fact, today we had the Leader of the Opposition saying, 'The advertising campaign should never have occurred and I am putting in parliament today a bill that will make sure it won't happen again.' It is outrageous that the Leader of the Opposition is saying that the Australian people do not deserve to know about this tax reform campaign. It flies in the face of what his own frontbench have said. His frontbencher, Mr Crean, has said, 'Australian people want to know; they want to know about this campaign.' In fact, you even had Senator Faulkner saying that you can make out a case for people having a right to know about a government program. It shows the division in the ranks of the opposition. You have got the opposition leader saying that this campaign should never have happened and you have got his frontbench saying that people want more information. In fact, a poll in the *Daily Telegraph* today shows that people are still looking for more information.

This campaign is on track. We have seen that with the ABN registrations—2.7 million

registrations, which is half a million more than we expected. That is good news. It shows that people listened to what was being said and took action as a result of that. We will not shy away from telling the Australian people about the new tax reform and we will not shy away from telling pensioners about the four per cent increase in the pension. We will not shy away from telling families about the benefits that will be available to them, nor about the tax cuts that will be available to the average Australian worker. We are sending out, through print literature, radio, television, seminars, individual visits and the web site, information to the Australian community to put them in a position to understand what the tax reform is all about. (*Time expired*)

Goods and Services Tax: Tollways

Senator JACINTA COLLINS (2.42 p.m.)—My question is to Senator Kemp, Assistant Treasurer. Can the minister explain why Melbourne CityLink tolls are rising by 11 per cent from 1 July? This is made up of a full 10 per cent GST and a regular quarterly toll rise of just over one per cent. Didn't Minister Hockey say on 12 January in regard to the M2 tollway in Sydney:

... certain other costs associated with running the tollway will come down like, for example, petrol prices will come down and various other prices, transportation prices, will come down.

If prices are indeed coming down for tollway operators, as claimed by Mr Hockey, why are CityLink tolls going up by 11 per cent?

Senator KEMP—Senator, you indicated that, of the 11 per cent, 10 per cent was attributed to tax changes. I think that is what you said. I think in fairness to your question that you did not actually say it was 11 per cent; you said it was 10 per cent. Senator, if you are unhappy about what is happening with tolls in Victoria, you may well care to refer them to the ACCC. I have not gone through all the books of CityLink, so I cannot claim any particular knowledge of their costs. If you feel that there is a problem with that matter, then that is a matter which could be referred to the ACCC.

Senator JACINTA COLLINS—I ask a supplementary question, Madam President.

Minister, is it then a fact that Mr Hockey was just plain wrong and he was in fact trying to mislead tollway users on the impact of the GST on their toll fares? Or if indeed he was not wrong on these basic facts, will Minister Hockey now be requesting that the ACCC investigate CityLink's proposed increase of 11 per cent?

Senator KEMP—I will go over the *Hansard* again, but in your question you said that there was a 10 per cent rise as a result of tax reform. I think that is what you said, as far as I can recall, Senator, so don't keep on saying 11 per cent. It may be due to other factors, but you said 10 per cent. I have said this once or twice before in this chamber, but I do not normally take quotations from the other side of the chamber on their face value.

Senator Robert Ray—You've never once come back and corrected any.

Senator KEMP—They are the sorts of things that you would look closely at. Above all, Senator Ray knows how selective quotations can be. Senator Ray, you have not come back to correct the outrageous assertions that you made recently by omitting two key quotations. You are the person that makes one very careful about accepting quotations from the Labor Party. (*Time expired*)

The PRESIDENT—Senator Kemp, you should not direct your remarks directly across the chamber.

Social Welfare: Policy

Senator BARTLETT (2.46 p.m.)—My question is to the Minister for Family and Community Services, and it relates to the welfare reform process. I remind the minister of her previous comments that social policy would be the next major reform priority of the Howard government and also that the final green paper developed by the independent reference group, which the minister established, would be completed by 30 June and would be made public thereafter. Can the minister confirm for the Senate that the final report of the reference group will be made public and indicate when that will be occurring?

Senator NEWMAN—The answer to Senator's Bartlett question is yes, it will be made public; I have said that on a number of

occasions. It will be made public after I have received it and cabinet has had a chance to know what is in it.

Senator BARTLETT—I ask a supplementary question, Madam President. I remind the minister of her initial statement that it would be completed by 30 June. I ask her again to indicate when the report is likely to appear. Given the amount of time and energy which community and welfare groups have put, and are putting, into the government's consultation process, will the government refrain from trying to make further major changes to our welfare system until such time that the report from the Welfare Reform Reference Group has been finalised and has been made public?

Senator NEWMAN—There has been no change from the timetable which was proposed by the government and accepted by the reference group. I understand they are on track to finishing their work by the end of this month. It will then be printed and be available to the government. As for any amendments to social security or welfare legislation, measures that were announced in the budget will be proceeding in the normal way in the budgetary process and through the Senate. Other than that, we of course are as keenly awaiting the result of the final report as anybody else in the community. You have given me an opportunity to thank those who are involved in welfare service delivery and welfare policy. I think Australia has achieved a national discussion which has been reasoned and contributory, and I value that because that is what I asked for last year, as you will recall. (*Time expired*)

Goods and Services Tax: Local Government

Senator ROBERT RAY (2.48 p.m.)—My question is to the Assistant Treasurer, Senator Kemp. Has the minister's attention been drawn to a brochure produced by the Melbourne City Council entitled 'GST and the City of Melbourne—Your Questions Answered'? Has the minister's attention been drawn to the fact that the brochure lists a number of services provided by the council to which the GST will apply—including the release of towed vehicles, swim passes at city baths, wedding permits and parking meter

fees—and that the cost of these services will each rise by 10 per cent? Minister, given that your own GST tax package estimated that local government would be expected to save \$70 million each year, how is it that the full impact of the GST on these items is being transferred to consumers?

Senator KEMP—The first point I make is that I have not looked at this brochure. I think, as someone living in the area, I would be posted a copy of that brochure. The second point I make is that, if what Senator Ray has said is accurate—and I have been burnt by you as well, Senator; not only Conroy, but you have stated information in this chamber which has not been accurate—

The PRESIDENT—You mean Senator Conroy.

Senator KEMP—I correct myself: I mean Senator Conroy. I will check to see if those services have risen by 10 per cent and whether there is any further information I can give to Senator Ray. I am not sure whether or not these have been approved. I will need to get information on that. They may have been discussed with the ACCC. I think, rather than making a direct comment on them, I will have those examined to see whether I can provide you with any further information.

The third point I make, which relates also to the question I received from Senator Collins, is that, in fact, all of this money goes to the state government. All of this money—the GST—that Senator Collins was worried about in relation to tolls goes to state governments. I do not think there is any particular debate on that matter. Let me make it clear that the government would be very concerned indeed if there were attempts by anybody, whether it be business—large or small—or whether it be local governments or oil companies, to exploit the transitional phase from the existing tax system to the new tax system.

Senator ROBERT RAY—Madam President, I ask a supplementary question. There is one matter arising from Senator Kemp's answer. Senator Kemp said that the local government might consult with the ACCC. Does the ACCC have any power over local government in regard to these prices?

Senator KEMP—I will check on that issue. Local government can seek advice on these matters. Frankly, in relation to these matters, if people have been providing excessive price rises the public would want to know.

Rural and Regional Australia: Rural Communities Grants Programme

Senator KNOWLES (2.52 p.m.)—My question is to the Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald. Can the minister advise the Senate of progress with the Howard government's \$25.7 million Rural Communities Grants Programme? How do these grants build on the broader coalition strategy to assist and benefit people living in regional Australia?

Senator IAN MACDONALD—Senator Knowles continues to display her real interest in good policy for rural and regional Australians, particularly in Western Australia. Senator Knowles, I am very pleased to have announced today 27 new Rural Communities Grants Programme projects, totalling over half a million dollars, bringing the total sum to 241 communities around Australia which have been assisted by this program—communities that have received some \$22 million from the federal government. These projects being funded today cover such areas as information technology, information provision and community development. They have all been supported by an independent Rural Communities Grants Programme advisory committee.

Senator Knowles would be particularly interested to know that of those 27 grants one grant has gone to the Collie Family Centre. We have given \$10,000 to that centre to employ an editor to establish, produce and distribute a regular newsletter. Senator Knowles would also be interested to know that the Cunderdin and district's telecentre will receive some \$13,000 to employ an information officer to provide information on government programs and services. The Stawell Gymnastics Club will receive \$3,000 to purchase equipment for that club. They are only small grants but they are the sorts of things that mean a lot in rural and regional communities. These announcements build on the

federal government's real commitment to rural and regional Australia and build upon the recent announcement we made of a new \$90 million program, called the Regional Solutions Package, that will work to support communities to find local solutions to local problems.

What we are doing in rural and regional Australia is in such stark contrast to what the Labor Party are doing. First of all, we have a policy for rural and regional Australia and we have been building on that policy. We have been providing real assistance to local communities to help themselves. In contrast, the Labor Party have no policy whatsoever; and when asked about it in estimates their spokesman said, 'We'll tell you about our policy but it will be after the next election.' So they have no policy now; it will be there after the election.

I have heard some questions today about fuel. We know what the coalition's fuel policy is—24c a litre cheaper for diesel for transport in rural and regional Australia. What is the Labor Party's policy on that matter? First of all, they said that they are going to keep the GST. One would hope that if they did that they would at least keep our reduction in fuel excise. But what did Mr Crean say on 31 March on ABC radio in central Queensland?

Senator Mackay—What did you say about big trucks last week?

Senator IAN MACDONALD—I think you were there, Senator Mackay, with Mr Crean. He said, 'As we think there should be a mix of policies, we're not proposing to alter the fuel excise regime.' So while they are going to keep the GST, they are also going to keep the current fuel excise regime. So as far as Labor are concerned, they will keep the GST but they will keep fuel excise at 46c a litre for those country motorists. That shows just how interested the Labor Party are in rural and regional Australia. As I say, that is in stark contrast to the Liberal and National parties, which are all about working with communities, helping people to help themselves. *(Time expired)*

Goods and Services Tax: Real Estate Commissions

Senator O'BRIEN (2.57 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Can the minister inform the Senate whether GST is payable on real estate commissions on contracts which are exchanged before 1 July but will be not settled until after that date?

Senator KEMP—I would like to get some appropriate advice and give that to you.

Senator O'BRIEN—Madam President, I ask a supplementary question. Just when does the Howard government deem the real estate agent's service has been provided—when the buyer and seller are introduced, when an offer is made, when contracts are exchanged, or when settlement is undertaken?

Honourable senators interjecting—

The PRESIDENT—Order! Senator Kemp needs to hear the question that is being asked and there are too many people making a noise.

Senator O'BRIEN—Is the minister aware that the Real Estate Institute of New South Wales believes that GST is payable on settlements made after 1 July but the National Real Estate Institute is advising that GST can be avoided by proving that introduction of buyer and seller occurred before 1 July? Can the Assistant Treasurer, who, after all, has ministerial responsibility for GST implementation, provide a definitive answer for the many real estate buyers and sellers with thousands of dollars each riding on this important decision and a number of settlements which will occur on 1 July or on Monday. *(Time expired)*

Senator KEMP—Yes, I will get advice from the tax office on that.

Organised Crime: People Smuggling

Senator MASON (3.00 p.m.)—My question is to the Minister for Justice and Customs, Senator Vanstone. The minister would be aware of comments by United Nations Under-Secretary-General Pino Arlacchi that trafficking in people is the fastest-growing business of organised crime. Will the minister inform the Senate of steps being taken by the coalition government to combat trafficking in human beings?

Senator VANSTONE—I thank Senator Mason for his question. I am aware of Mr Arlacchi's comments—not the full detail of them, but certainly that portion that I have seen I endorse. I met Mr Arlacchi in April, when he was chairing the UN crime prevention congress in Vienna, and I took the opportunity then to explain Australia's actions to him in relation to what is a growing problem not only for Australia but for the rest of the world. It is clearly agreed by Mr Arlacchi, me and everyone else at the conference that only through international cooperative action can people-smuggling hope to be controlled globally. Mr Arlacchi makes a very important point. Trafficking in human beings is the fastest-growing area of transnational organised crime. The figures he quotes are both striking and disturbing. He points out that over four centuries of slavery 11.5 million people were moved out of Africa but that over the last decade alone, 30 million women and children have been trafficked within and from South-East Asia for sexual purposes and sweatshop labour.

Clearly, the world is in the midst of a new type of slavery epidemic. The dimension is comparable to slave trading during the days of the old Spanish galleons. Mr Arlacchi labels the problem as the biggest violation of human rights in the world, and calls for the reintroduction of antislavery laws where they have lapsed or have been taken off the books. When we came to government, our antislavery laws were out of date—I do not blame the previous government for that; they could not have expected that this problem would come up in the way that it did—but I am pleased to say that we moved very quickly to change that, with the endorsement of the now opposition, the Democrats, the Greens and, I think, Senator Harradine. This parliament can be very proud that we were among the first to update our slavery laws. Some in the states thought it inappropriate at the time, but it has now been clearly shown to be something that we needed to do. It was one of the first pieces of legislation that I asked to be prepared and, while it was not passed in record time through both chambers, it was nonetheless passed with bipartisan support. I repeat that it is something that the Australian parliament should be proud of: we are world leaders in

this respect. That legislation creates a very serious offence of sexual slavery and a serious but lesser offence of sexual servitude. Penalties for the offences of slavery are 25 years for sexual slavery and 15 years for sexual servitude, although 19 years if it is an aggravated offence.

The government followed this by creating the serious offences of people smuggling. These offences target the organisers of people smuggling and have penalties of up to 20 years. Smugglers prey on the dispossessed and the desperate. They charge exorbitant fees, take no responsibility for their customers and, in fact, do not deliver what they promise to their customers they will deliver. We can recall the events in Europe last week where 58 people died in the attempt to be smuggled across the Channel into the United Kingdom. That tragic incident does highlight how ruthless these organisers are. They are criminals. It shows clearly why we need to treat these offences as serious crimes. Australia will not tolerate this barbaric trade in human beings, and we are pleased to say that, with the support of all members of this and the other chamber, we have done something about it.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Political Funding

Senator KEMP (Victoria—Assistant Treasurer) (3.04 p.m.)—Last Tuesday Senator Brown asked me a question, and I seek leave to incorporate a response in *Hansard*.

Leave granted.

The response read as follows—

On Tuesday 20 June 2000, (Hansard page: 14322) Senator Brown asked me:

As you will be aware, after the last election some \$33 million was disbursed in public funding to political parties, and as a consideration for supply we can expect this will be reduced by \$3 million at the next election under the GST. However, the Australian Electoral Commission, acting on Taxation Office advice, is advising political parties that public funding will not be subject to the GST. I ask the Assistant Treasurer: why is that so?

Why is the earlier advice from the Deputy Commissioner of Taxation, Mr Rick Matthews, that public funding is subject to GST being reversed? Secondly, if public funding is not subject to the GST as a consideration for supply, the technical term, I ask: will such similar considerations for supply as public lending rights for authors, and the Dairy Industry Adjustment Program also be exempt from the GST?

The answer to the honourable senator's question is as follows:

Broadly speaking, a government grant will be taxable if the grant can be regarded as consideration for a taxable supply by a registered person. Whether a grant is taxable depends on the facts of the particular case.

With regard to election funding, the Australian Taxation Office has recently provided advice that public funding for election purposes will not generally be regarded as consideration for a taxable supply. Consequently, the payments will not usually be subject to GST.

The Australian Taxation Office changed its view of the GST treatment of these payments after obtaining further information and consulting with the Australian Electoral Commission.

I am also advised that payments under the Dairy Industry Adjustment Program are not subject to GST.

However, with regard to payments for public lending rights to authors, I am advised that if an author is registered, the payment will generally be taxable if it is regarded as consideration for a taxable supply, but the author will be entitled to input tax credits on acquisitions that relate to carrying on his or her business. The GST treatment of payments for public lending rights also depends on the facts of the case.

Goods and Services Tax: Petrol Prices

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (3.04 p.m.)—I move:

That the Senate take note of the answers, given by the Assistant Treasurer (Senator Kemp), to questions without notice asked today, relating to the goods and services tax and petrol prices.

Australian motorists have now been unequivocally proven to have been right not to trust this government. This government has been about misleading them. No-one needs to go any further than the *Sunday* program yesterday when the evidence of that statement was made manifest when the Prime Minister, caught by interviewer Laurie Oakes, had to

admit that he had misled the Australian people, that he had misled Australia about the price of petrol under the GST and that in fact petrol prices would not be going up but would be going up by 1.5c per litre, at a time when petrol prices are higher than they have been for some time, due to the higher per barrel price because of the current OPEC attitude to petrol pricing.

There are three issues here. Firstly, the Prime Minister relies on secret and unrevealed modelling to justify his claim—which I will come to in a moment—that petrol prices 'need not go up'. It is about time that this government, which tries to justify its promises by secret work of the Treasury, paid for by taxpayers, was required to put down in the parliament the documentation that justifies their view. Secondly, what is also unequivocal is that prices will rise by 1.5c from midnight on Friday, four days from now, as a consequence of what this government is doing. The price rises will be due to the GST. There is no doubt about that. So assertions before the election, when they tried to dupe this community about the impact of the GST, were wrong. The third point about all of this is that it proves again that the government's words cannot be trusted. The Prime Minister, after all, said that there would never ever be a GST. In four days time, there will be. Did he tell the truth then? No. Is he telling the truth now? Well, in my submission, certainly not—and on the Laurie Oakes program yesterday he admitted that he was not.

And what do we have here? An effort to confuse Australians about exactly what the promise was. In the so-called bible of the GST, the ANTS package—the publication sent to us before the election—it said petrol prices 'need not rise'. Remember those words: need not rise. But what did the Prime Minister say to Alan Jones on 14 August 1998:

Under our plan the excise will be reduced to accommodate the GST so that it is no dearer at the pump for any motorist.

He was joined in a chorus by his frontbenchers and other members that petrol prices 'will not go up'. The official statement: 'need not go up'. The attitude to the electorate, what they told the people of Australia: 'will not go

up', and this minister today said, 'It makes no difference. The ALP's trying to be pedantic.' Trying to be pedantic!

Let us put a few real life propositions. What if a barman says to an underage drinker, 'I need not serve you,' compared with, 'I will not serve you'? If he says 'I will not', he is not going to serve him. If he says 'I need not', he is saying, 'I may serve him.' What would a lawyer mean if he said to his client, 'You need not plead guilty,' as opposed to, 'You will not plead guilty'? What would the chorus girl mean if she said to the sailor, 'I need not agree to your proposition,' compared with, 'I will not agree to your proposition'? There is no doubt that in real life situations Australians can spot the lying. 'Need not' means it might; 'will not' means it will not. This government misled the Australian community prior to the last election when it said it 'need not', but told everyone it 'will not'. We now know it will: 1.5c extra per litre is the price motorists in Australia will have to pay because of the GST. What does the government try to do? Blame the oil companies. There are a lot of things you could say about oil companies, but they do know their pricing structures. The government should reveal the secret report, and it should not say 'they need not'; they should say 'they will'. (*Time expired*)

Senator GIBSON (Tasmania) (3.09 p.m.)—I rise to speak on the motion moved by Senator Cook to take note of the answer given by the Assistant Treasurer, Senator Kemp, to a question without notice asked by Senator Cook today, relating to the GST and petrol prices. Why? Because we have had weeks and weeks of opposition questioning of government ministers about tax reform. And why are they doing this? They are concentrating on the minutiae of the tax reform process and leaving the big picture aside. Why did the government take on the role, nearly three years ago, of announcing to the public that tax reform was required? Basically because many reports and advice to governments of both sides of politics, going back over a long time—going back to the Asprey committee in 1995—have said that the Australian tax system was too complicated and unfair, and recommended urgent

reform. There have been several attempts in the past to reform the tax system and, as we all remember, those attempts failed. But Prime Minister John Howard went to the last election with the platform of reforming the Australian tax system and doing it thoroughly and cleanly—and that is what we have done.

Why did we want to do this? The evidence is clear to everybody who has had anything to do with the tax system in Australia. Firstly, most consumers in Australia did not even know they were paying indirect tax. They did not know that there were different levels of indirect tax, wholesale sales tax. The main grades were 12 per cent, 22 per cent and 32 per cent. This current year those taxes raised revenue of over \$15 billion. The Labor Party put up those rates back in the past when they were in power. But most consumers did not know they were paying them. The rules about the various levels were complex and, again, not understood. There was a lot of disputation in the courts about the boundaries between those rates. You have to ask: why did we have this inefficient, unfair indirect tax system when the rest of the world moved to VAT or GST years ago? Only a couple of small countries in Africa are still caught with wholesale sales tax. The government decided that we had to tackle the system and change the indirect tax system; hence we have gone to the simpler GST.

Income taxes were unfair and, again, there was lots of evidence to the government over many years that the incentives for people to work hard, to save and to work extra had been destroyed because of the high marginal tax rates. A person on average weekly earnings, which in Australia is about \$38,000 per year, currently faces marginal tax rates, for every extra dollar they get, of 43c and 47c in the dollar. We made a decision that we had to reduce those tax rates for ordinary workers. So, in the proposal which starts next Saturday, income tax rates will come down substantially for all income earners, but particularly for those on the middle income range, in other words between \$20,000 per annum and \$50,000 annum. Their marginal tax rates will come down to 30c in the dollar. That is a great difference from the tax rates which they currently pay. Hence there is an incentive for

ordinary workers to work extra hours—to do overtime, to work at weekends, to do extra jobs—to create wealth and income for their families.

Also in the past we have had terrible fuel taxes. What did the Labor Party do? They substantially increased fuel taxes during their 13 years in power and made the cost of running regional Australia much more expensive. So again the evidence was clear. And what have we done? We have proposed to substantially reduce fuel and general transport costs: fuels by 24c a litre for trucking. In addition to that, the GST will come off for everyone running a business. Remember that there is a 22 per cent wholesale sales tax on trucks, tyres, parts—everything to do with trucking—so transport costs will come down substantially. The Road Transport Forum, in giving evidence to the Senate select committee last year, said that long-distance transport costs will come down by something like 15 per cent. And yet the Labor Party persists in criticising us in minute detail about the tax system. Australia will be much better off with the new tax system. (*Time expired*)

Senator CONROY (Victoria) (3.15 p.m.)—Yesterday on the *Sunday* program Prime Minister John Howard was cruelly exposed by Laurie Oakes for the lies and deceit that he has been involved in perpetrating—

The DEPUTY PRESIDENT—Senator Conroy, it is not parliamentary to accuse a member of either place of that behaviour.

Senator CONROY—I withdraw. The Prime Minister was exposed for having massively misled the Australian public over petrol prices. He was exposed by Laurie Oakes. I do not think that Terry McCrann in the *Weekend Australian* could have put it any better. He said:

The Government deserves everything it gets from fiddling the beer excise—and now also the petrol excise—in clear breach of John Howard's promise that no child should ever live in more expensive beer and petrol poverty. Or something like that.

Senator Sherry—He is not a supporter of ours, is he?

Senator CONROY—He continues:

The 1.5c per litre “saving” that is supposed to justify only a 6.7c cut in the petrol excise instead of the 8c needed to offset the GST is a figment of Costello's imagination and an obviously fevered or fatigued Treasury model.

That was Terry McCrann—not, as Senator Sherry has indicated, a known supporter of the Labor Party. But Laurie Oakes was not going to let the Prime Minister squirm off the hook yesterday. The Prime Minister tried every trick in the book to dodge his responsibility. He made a range of comments about oil companies, but Laurie Oakes was not letting him go. Laurie Oakes said:

But the bottom line, Prime Minister, is you promised petrol prices will not rise as a result of the GST, and next Saturday they're going to rise because of the GST.

And they argued about cost savings. And Howard says:

Well, I don't know how the Business Council can argue that.

And Laurie Oakes says:

They say they've got independent modelling.

And the Prime Minister says:

Well, we had modelling done too, perhaps we should exchange models.

Then the reporter, Laurie Oakes, says:

Will you release that publicly?

And the Prime Minister of course runs for cover: 'I'll talk to the Treasurer about that when he gets back,' from Paris, he says. So some time between the Treasurer flying back from Paris and the Prime Minister flying off to London, hopefully Treasury will get a chance to release its modelling. But the truth of the Treasury modelling—it is a model, for those who have not dealt in this area before, called PRISM—*is that PRISM is like any economic model: it will produce you results that are based on the assumptions you put into it. As was shown and argued about in the hearings of the Senate Select Committee on a New Tax System, the government treasury model called PRISM makes the following assumption: all cost savings from the new tax system are passed on 100 per cent on 1 July. That is the assumption made by the model.*

Senator McGauran—Why shouldn't they be?

Senator CONROY—If you are a petrol company and you have a refinery it is rather hard to knock the refinery down and rebuild it all on day one to gain the embedded cost savings. It is rather hard, Senator McGauran. It is actually not possible to make a cost saving on an existing building. They are talking about when you replace your plant and equipment. When you build your new refinery you get your savings. It is like the petrol tankers that Mr Howard keeps talking about, the spare parts. There is no cost saving on 1 July from new petrol tankers being purchased, because you are still driving the old petrol tankers. That is why—when Minister for Transport and Regional Services, John Anderson, said that the amount had been identified by the Australian Automobile Association—the association's own submission makes it clear that these savings were based on long-run estimates, with much of the cost reduction coming from capital investment and assuming all savings were passed on to the consumer.

That is the key. It is a capital investment. You cannot just knock the plant down. You do not just sell the computer you have got in your office today. You do not just sell your tanker that is driving the petrol. You do not run out and put on a whole bunch of new tyres on 1 July. On those cost savings even the ACCC will not enforce this dictum by the Prime Minister. The ACCC's own booklet that they released said there is at least six months before the prices that they have advertised can be met. This Prime Minister knows it. Senator Hill knows it. Senator McGauran knows it. This is the great lie to cover up how this government has deceived and misled the Australian public. (*Time expired*)

Senator McGAURAN (Victoria) (3.20 p.m.)—Economics is not Senator Conroy's strong point. No wonder. I was worried about him last Thursday in general business, that he was doing too much head kicking and not talking enough about policy. But now I know why Senator Conroy grooms himself as the head kicker of the Labor Party: because when it comes to economics or any other debate of depth he has not got it. It does not make

sense. Senator Conroy, are you actually saying there are no savings at all?

The DEPUTY PRESIDENT—Would you address the chair please, Senator McGauran.

Senator McGAURAN—Are you saying there are no savings at all for the oil companies? Are you supporting the oil companies on this?

The DEPUTY PRESIDENT—Order! Senator McGauran. Address the chair, please.

Senator McGAURAN—What strange bedfellows we have today.

The DEPUTY PRESIDENT—Address the chair please.

Senator McGAURAN—We have the Labor Party supporting the oil companies. I wonder what the oil companies think of the Labor Party's industrial relations wind back, the abolition of 45D. I wonder what the oil companies would think about getting into bed with that lot over there.

Senator Sherry—Get back to petrol. What has this to do with petrol?

Senator McGAURAN—Tell me now. Senator Sherry interjects—

The DEPUTY PRESIDENT—Senator McGauran—

Senator McGAURAN—Through you.

The DEPUTY PRESIDENT—No. All interjections are disorderly, so please address the chair and stop seeking interjections.

Senator McGAURAN—I am puzzled, if not amazed, that the oil companies are saying there are no savings to be got. The Labor Party are of course opportunistically supporting the oil companies on this. This is a total falsehood. There are savings there, according to Treasury models and common-sense, of up to 1.5c a litre.

Senator Sherry—Up to 1.5.

Senator McGAURAN—There are, Senator Sherry. Just for starters, every time a truck leaves the terminal there is 24c a litre in the diesel fuel rebate scheme. Of course there is the abolition of the wholesale sales tax. There is an array of cascading savings which the oil companies absurdly are not admitting to, and that is backed by the Labor Party. If

the oil companies want to get into bed with the Labor Party, they had better realise that the Labor Party are the ones who will wind back every saving possible in regard to taxes—in fact, their policy is to increase taxes—and of course they will wind back the industrial relations reform that this government has brought in. I think the oil companies are showing themselves in this particular debate to be absolutely flawed in denying that there are any savings. They have an obligation to pass on those savings, just as Woolworths and other companies have an obligation to pass on the savings. If not, we will send in the ACCC.

Senator Carr—Will we?

Senator McGAURAN—It just so happens that I saw Professor Fels at the airport today. He looked very refreshed and invigorated.

Senator Carr—What did he say?

Senator McGAURAN—He didn't talk to me, Senator Carr.

Senator Carr—He didn't talk to you?

Senator McGAURAN—He is far too busy and has far too much on his mind. I can just imagine the little gleam in his eye when he read today's papers about the oil companies. They have a duty to pass on those particular savings. We have met our commitments in regard to the election.

I saw that Laurie Oakes interview and I do not know what Senator Conroy was talking about. I think he had five minutes to pad out and decided to read the whole interview out. The only interview I remember where anyone got crushed by Laurie Oakes was the one with Daryl Melham. That was probably the most notorious interview on the *Sunday* show. If Senator Conroy were trying to make the point that Laurie Oakes floored the Prime Minister, then that is absurd. The Prime Minister simply put up our policy, which is that from 1 July there will be a reduction of 8.2c a litre in excise. That is made up of 1.5c by the oil companies and 6.7c by the government. That is for unleaded petrol, diesel and leaded petrol. This is a reduction of 6.7c by the government. The total of 8.2c is based on a strike rate of 90. The cost reduction in excise is around \$2.2 billion. That is in stark

contrast to the Labor Party's 13 years in government where prices for diesel, leaded petrol and unleaded petrol went up some 24c. We are in fact reducing the cost of petrol excise in this tax package.

As my colleague Senator Gibson pointed out, there is very good reason why within four days we will be introducing this new tax package with all its compensation. We have a lot staked in it. We have our fate and fortunes staked in it.

Senator Carr—You do.

Senator McGAURAN—As you do. So we await 1 July. (*Time expired*)

Senator SHERRY (Tasmania) (3.25 p.m.)—We are taking note of Senator Kemp's totally inadequate answers in respect of the increase in petrol prices. I am following on from Senator McGauran. If those people listening are not aware, Senator McGauran is a National Party senator. Normally he speaks on behalf of the coalition or the Liberal Party, but he singly fails as a National Party senator to defend the interests of people living in rural and regional Australia. He did make a fairly predictable attack on my colleague Senator Conroy and inferred that he has not got it. I think they were the words that Senator McGauran used.

What do Senator McGauran's own colleagues in this so-called coalition think of Senator McGauran and the National Party? I notice that the federal Liberal member for the seat of Wannon, Mr David Hawker, said:

... the National Party was finished as a future political power. I can see no reason on the horizon for people to vote National ... I think at some stage the National Party has to draw the line and decide to either merge with the Liberal Party or become a rump.

Another of Senator McGauran's coalition colleagues, the Liberal MP for the seat of Murray, Mrs Stone, who won the seat from the National Party, has called for the abandonment of an agreement between the coalition that prevented Liberal Party members from challenging sitting National Party MPs. One Liberal Party source said, 'Moves by the Nationals to abandon the coalition could cost the party its one Senate representative.' And whom are they talking about? They are talk-

ing about Senator McGauran representing the National Party. Frankly, Senator McGauran, I am not surprised that Mr Fels did not speak to you. He would not recognise you as a senator representing the National Party.

The point to this debate is Senator McGauran claims that oil companies refuse to pass on the savings. That is not correct. The oil companies are saying that there is not 1.5c a litre in savings from day one. Anyone who has any knowledge of the GST—and, Senator McGauran, I would think that would include even you with your urbane, intellectual economic background—would recognise that the cost savings in this particular area would not flow through from day one, as my colleague Senator Conroy has explained to you. But, unfortunately, you have failed to understand this.

Senator McGauran, why have the National Party swallowed this deal from their dominant Liberal Party coalition member—a deal that will see petrol prices rise in rural and regional Australia? What have the National Party done about this particular problem? They have done nothing. In fact it is even worse. The National Party are just the doormats of this coalition.

Senator Carr—There are so submissive.

Senator SHERRY—They are totally submissive. They do everything that the Liberal Party wants to do and they singularly fail to represent the interests of rural and regional Australia. We have had a number of commitments in respect of petrol prices. We have had words from the Treasurer last year. The Treasurer, Mr Costello, said in his press release of 7 September: 'The government's proposed new tax system will not lead to any increase in petrol prices.' We have had words from the Prime Minister: 'Petrol prices need not rise.' We have had words from other ministers: 'Petrol prices will not rise.' Then we had the Prime Minister's latest attempt fudge the issue when, interviewed by Laurie Oakes on the *Sunday* program at the weekend, he tried to cover up his embarrassment about the increasing petrol prices in rural and regional areas by saying that the document said petrol prices 'need not rise' and that it was part of the 'thrust and parry of campaigning'. You use tougher words—that is

what the Prime Minister said. It makes you think of the words he used in respect of the GST some years ago—the never ever promise.

It makes you think of the commitment of the Prime Minister with respect to beer prices. When the Prime Minister said that beer prices would not go up by more than 1.9 per cent, he was referring to packaged beer and not a glass of beer. It makes you think about the continual misleading statements made by the Prime Minister, the Treasurer and people like Senator McGauran, who is supposed to represent the interests of rural and regional Australia. In my home state of Tasmania, petrol prices will go up in Devonport by almost 1c a litre to almost 92.4c a litre as a result of the failure of this government to deliver on its promise that petrol prices would not go up because of a GST. (*Time expired*)

Question resolved in the affirmative.

Families: United Nations Proposals

Senator HARRADINE (Tasmania) (3.31 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Family and Community Services (Senator Newman), to a question without notice asked by Senator Harradine today, relating to the position taken by Australia on family policies at the special session of the United Nations General Assembly on 9 June 2000.

The purpose of my motion is to elaborate on this matter; it is no reflection on Senator Newman, for whom I have the greatest respect. I believe, however, that she has been not well served on this matter. It is important to note that Australia is part of the JUSCANZ group, which comprises Japan, the United States, Canada, Australia and New Zealand, and I think South Korea is coming into it. That organisation appears to speak on our behalf. I want to make the statement that Australia missed out on a golden opportunity in the New York document to strengthen support for the family.

Let me be quite specific about what is being said here. Over a number of days, in various meetings, consideration had been given to proposals to strengthen the policy on families in the document. That eventually got

down to the bottom line contained in the following two statements:

In a number of countries, policies and programs have been implemented to strengthen the family in performing its societal and developmental roles, including the recognition of the vital role of women in their respective families and gender equality as essential to family wellbeing ...

and:

... to ensure that all activities of the United Nations system which impact on the family contribute to its protection. Continue policies and actions to build family friendly societies, in particular through taking a more focused and coordinated approach by the United Nations system.

It was those two family friendly propositions that were opposed by the JUSCANZ group; they were opposed on the Thursday afternoon. In fact, an EU representative got up and said, 'Why do we want to be talking about families here?' A United States representative got up and spoke 'on behalf of all members of JUSCANZ'. That is dobbing Australia in! He opposed those two family friendly propositions, so they were bracketed. The issue came before the committee of the whole of the UN session on women, development and peace on the Friday afternoon. In the evening there was a situation where the United States delegate got up and, on behalf of all members of JUSCANZ, said they would not accept the proposition at all. That was a family friendly proposition; it was an improvement on the document. The Howard government stands before these people supposedly representing a family friendly country.

I know that certain messages were coming from the bureaucracy in Canberra: 'If you are in good company—' and what that means is that, if those JUSCANZ nations are onside, you should just go for it. Haven't we got enough independence in Australia to follow our own foreign policy and our own policies in international fora? If they are family friendly policies, why did we maintain our silence? Silence, of course, signifies consent. Why didn't we wave the flag and oppose what JUSCANZ said on our behalf? That is what I am asking for, whether it be from this government or from any other government.
(Time expired)

Question resolved in the affirmative.

CENTENARY OF FEDERATION: JOINT SITTING

The PRESIDENT—Senators will recall that on Monday, 5 June 2000, I tabled an invitation from the houses of the Victorian parliament to the Senate to participate in the proposed commemorative sittings in Melbourne in 2001.

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

That—

- (1) The Senate accepts the invitation extended by the Houses of the Parliament of Victoria on 10 May 2000, and conveyed by the letter of 11 May 2000 signed by the President of the Legislative Council and the Speaker of the Legislative Assembly, for the Senate to meet at the Royal Exhibition Buildings in Melbourne on 9 May 2001 and at Parliament House in Melbourne on 10 May 2001, to mark the centenary of the first sittings of the Houses of the Commonwealth Parliament on 9 and 10 May 1901.
- (2) The Senate thanks the Houses of the Victorian Parliament for this invitation.
- (3) The President convey this resolution to the President of the Legislative Council and the Speaker of the Legislative Assembly.
- (4) The President, with appropriate consultation with senators, and in conjunction with the Speaker of the House of Representatives, the President of the Legislative Council and the Speaker of the Legislative Assembly, make the necessary arrangements for the commemorative sittings.

PRIVILEGE

The PRESIDENT—Order! The Chairman of the Joint Committee on Corporations and Securities, Senator Chapman, in a letter dated 22 June 2000 has raised a matter of privilege pursuant to standing order 81. The matter relates to a submission which the committee received on a confidential basis and which was subsequently published in two newspapers without the authorisation of the committee. The chairman's letter indicates that the committee has undertaken the steps which committees are required to undertake in such cases by the resolution of the Senate of 20 June 1996. The committee has endeavoured to discover the source of the disclosure

by the means set out in the resolution. The committee has also formed the conclusion that the disclosure had a tendency substantially to interfere with the work of the committee and actually caused substantial interference. The chairman's description of the nature of the document reinforces this conclusion.

I am required by standing order 81 to determine whether a motion to refer the matter to the Privileges Committee should have precedence, having regard to the criteria set out in resolution 4 of the Senate's privileges resolution. Those criteria are:

(a) the principle that the Senate's power to adjudge and deal with contempts should be used only where it is necessary to provide reasonable protection for the Senate and its committees and for senators against improper acts tending substantially to obstruct them in the performance of their functions, and should not be used in respect of matters which appear to be of a trivial nature or unworthy of the attention of the Senate; and

(b) the existence of any remedy other than that power for any act which may be held to be a contempt.

Past rulings of presidents have indicated that precedence will be given to a matter if it is capable of being held by the Senate of meeting criterion (a) and there is no other readily available remedy. The matter raised by the Joint Committee on Corporations and Securities clearly meets those criteria. I therefore determine that precedence be given to a motion to refer the matter to the Privileges Committee, and I table the letter from the committee. A notice of motion may now be given to refer the matter to the Privileges Committee.

NOTICES

Presentation

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

That the following matter be referred to the Committee of Privileges:

Having regard to the letter dated 22 June 2000 to the President from the Chairman of the Parliamentary Joint Committee on Corporations and Securities, whether there was an unauthorised disclosure of a submission to the Joint Committee on Corporations and Securities,

and, if so, whether a contempt was committed by any person in relation to that disclosure.

PETITIONS

The Clerk—A petition has been lodged for presentation as follows:

Fremantle Barracks: Sale

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

The petition of the undersigned show: our commitment to retaining the Artillery Barracks, Burt Street, Fremantle, Western Australia, and all buildings pertaining thereof, as it now stands, together with the inclusion of the Army Museum of Western Australia as part of that site.

Your petitioners respectfully request that the Senate overturn any proposal to sell or lease the site for any purpose, other than its present use.

by **Senator Lightfoot** (from 12,256 citizens).

Petition received.

NOTICES

Presentation

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

That the Parliamentary Joint Committee on Corporations and Securities be authorised to hold a public meeting during the sitting of the Senate on 28 June 2000, from 5.30 pm, to take evidence for the committee's inquiry into aspects of the regulation of proprietary companies.

Senator Brown to move, two sitting days after today:

That the Senate—

- (a) notes the call by Aung San Suu Kyi in Burma, and by the Free Burma Action Committee in Australia, for the cancellation of the human rights training program offered by Australia to the Burmese military regime; and
- (b) calls on the Australian Government to withdraw funding from the program unless and until it gains the approval of the democratically-elected leader of Burma, Aung San Suu Kyi.

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

That there be laid on the table, no later than 4 pm on 28 June 2000, by the Assistant Treasurer (Senator Kemp), a copy of the economic modelling, including the methodology and assumptions, relating to petrol pricing and

referred to by the Prime Minister (Mr Howard) in his interview on the Channel Nine *Sunday* program on 25 June 2000.

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

That the Senate—

(a) notes that:

- (i) the Dusseldorp Skills Foundation has released a background paper prepared by Curtain Consulting entitled, *Mutual Obligation: Policy and Practice in Australia compared with the UK*,
 - (ii) the paper contrasts the strong recognition of citizens' rights and entitlements under the United Kingdom (UK) model of mutual obligation with the 'tough rhetoric about the responsibilities of citizens but little focus on the obligations of government beyond ensuring the basic sustenance of its citizens' in the Australian model, and
 - (iii) the paper cites other important differences in the two models, including the greater role of personal advisers or case managers in the UK model, and the direct involvement of UK businesses to create jobs in partnership with mutual obligation schemes;
- (b) affirms the finding of the paper that in the Australian mutual obligation context, 'a number of features of the operation of work for the dole undermine its capacity to achieve employment outcomes';
- (c) urges the Federal Government to address the deficiencies in the Work for the Dole program, namely, that it does not aim to create employment opportunities for participants, that it does not offer training or skills development and that it provides neither adequate support for participants nor sufficient protection for their rights; and
- (d) suggests that the best means of achieving this would be to abolish the Work for the Dole program and re-direct its funding to intensive assistance, which provides specialised and tailored assistance and ongoing support to job seekers in the context of a partnership between the community and business sectors.

Withdrawal

Senator McGAURAN (Victoria) (3.42 p.m.)—Pursuant to notice given at the last day of sitting, on behalf of Senator Coonan and the Regulations and Ordinances Committee, I now withdraw business of the Senate notices of motion Nos 1, 2 and 3 standing in her name for today.

LEAVE OF ABSENCE

Motion (by **Senator O'Brien**)—by leave—agreed to:

That leave of absence be granted to Senator Evans for the period 26 June to 30 June 2000 inclusive, on account of ill health.

NOTICES

Postponement

Items of business were postponed as follows:

General business notice of motion no. 605 standing in the name of Senator Woodley for today, relating to the Australian dairy industry, postponed till 27 June 2000.

COMMITTEES

Superannuation and Financial Services

Committee

Meeting

Motion (by **Senator McGauran**, at the request of **Senator Watson**) agreed to:

That the Select Committee on Superannuation and Financial Services be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on 26 June 2000, from 8 pm, for its consideration on the provisions of the New Business Tax System (Miscellaneous) Bill (No. 2) 2000.

DELEGATION REPORTS

Parliamentary Delegation to Papua New Guinea and the Solomon Islands

The DEPUTY PRESIDENT—On behalf of the President, I present the report of the Australian Parliamentary Delegation to Papua New Guinea and the Solomon Islands, which took place from 26 April to 4 May 2000, and seek leave to incorporate a tabling statement in *Hansard*.

Leave granted.

The statement read as follows—

It gives me great pleasure as the Delegation Leader to present the report of the Australian Parliamentary Delegation to Papua New Guinea and Solomon Islands that took place between 26 April and 4 May 2000.

When arrangements for the visit were being agreed with the two host countries there was little inkling of what was to subsequently transpire, especially in the Solomon Islands. And, while the Delegation was made aware of the situation that was developing in the Solomon Islands, it had returned to Australia before most of the more serious incidents occurred. The report is therefore a record of the Delegation's visit and does not address these subsequent events.

I believe that the Delegation was very worthwhile. It undertook an extensive program of meetings with Parliamentary and Government representatives in both Papua New Guinea and the Solomon Islands. These meetings enabled the Delegation to foster and strengthen existing ties between our countries and to gain an appreciation of the aspirations and needs of our hosts.

The Delegation also saw at first hand the very much appreciated work of AusAID in helping, particularly, isolated rural communities to enjoy services -such as educational and health facilities - which we take for granted.

We were also given the opportunity to visit the Ok Tedi mine in the Western Province of Papua New Guinea, about which the members of the Delegation will henceforth have the opportunity to comment with the benefit of personal observation.

I wish to pay credit to my fellow Delegation members: Mr Duncan Kerr MP, who was Deputy Leader, Senator Tsebin Tchen, Mr John Forrest MP, Mr Allan Morris MP and Dr Mal Washer MP, for their positive contributions to the success of the visit.

I would also like to recognise the efforts of the Delegation Secretary, Mick McLean, and of Danielle Hyndes, from my staff, for their efficient organisation and recording of the Delegation's program.

Finally, I wish to record a vote of thanks to Australian Federal Police officers John Rixon and Nigel Bolton who accompanied the Delegation and who made a considerable personal as well as professional contribution to the smooth operations of the visit.

BUDGET 1999-2000

Consideration by Legislation Committees

Additional Information

Senator McGAURAN (Victoria) (3.44 p.m.)—On behalf of the Finance and Public Administration Legislation Committee, I present additional information relating to the committee hearings on the additional estimates for 1999-2000. I also present, on behalf of the Rural and Regional Affairs and Transport Legislation Committee, additional information relating to the committee's supplementary hearings on the additional estimates for 1999-2000.

COMMITTEES

Electoral Matters Committee

Report

Senator MASON (Queensland) (3.45 p.m.)—On behalf of the Joint Standing Committee on Electoral Matters, I present the report entitled *The 1998 federal election: report of the inquiry into the conduct of the 1998 federal election and matters related thereto* together with minutes of proceedings. I 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 is the first report of the Joint Committee on Electoral Matters in this parliament, and it addresses the 1998 federal election. I will very briefly discuss two matters that the report focused on: firstly, the regulation of the internal structure, administration and dispute resolution processes of political parties; and, secondly, problems for the electoral process arising from section 44 of the Constitution. It was suggested during committee hearings that the Electoral Act should be amended to allow for greater oversight of the internal constitutional arrangements of political parties. That is for two principal reasons. The first reason is that political parties receive public funding, and the argument is therefore that parties should lend themselves to greater scrutiny because the taxpayers foot the bill. The second reason is that political parties are now subject to much greater scrutiny in the courts.

In this environment, you might argue that it would be appropriate to provide a more comprehensive legal regime relating to membership, the preselection process and the method of amending party constitutions. The committee debated this at great length. At present, courts restrain themselves from implying terms and provisions into party constitutions. Judges simply interpret party constitutions and do no more. So long as those rules are being fairly applied, irrespective of what they are, that is sufficient. They do not adjudicate on the wisdom or fairness of the rules themselves. There is not as yet, although it may be developing, a common-law set of party rules. In those circumstances, the committee focused on recommending a clarification of the definition of a 'member of a political party'.

My last point relates to the question of section 44, particularly section 44(iv), of the Commonwealth Constitution. This subsection disqualifies certain people from being chosen, or sitting, as members of either house of parliament—specifically, those who 'hold any office of profit under the Crown'. This particular provision had some impact on me. I was forced to resign from my previous occupation 10 months before taking up my seat here principally because no unequivocal legal advice could be given. I would have been disqualified under section 44 of the Constitution. I raise this for good public policy reasons.

Senator Carr—Yes—conflict of interest!

Senator MASON—Thank you, Senator Carr. I raise it because the status of public servants and people employed by universities and other public instrumentalities is quite uncertain under the law at the moment. I appreciate that provisions are made in the Public Service Act and so forth for people to resign and then to come back, but those provisions are not universal, and there is still an enormous amount of uncertainty. It is a pity that public employees may be dissuaded from entering political life on the basis of this great uncertainty.

With respect to section 44, the committee did make one significant recommendation. The committee recommended a referendum to nullify the most prominent consequence of

section 44, and that is the potential for disqualification from elected office of those holding dual citizenship, by virtue of section 44(i). Honourable senators will remember the case of Mrs Heather Hill, senator-elect for One Nation. That case was decided by the Court of Disputed Returns in July last year, and the committee has recommended that the rule be changed such that, in future, as soon as someone nominates, that disqualification will no longer apply.

I would like to thank the Australian Electoral Commission and the members of the community who contributed to this review. I would also like to thank our Chairman, Mr Gary Nairn, and our Deputy Chairman, Mr Laurie Ferguson. The committee acted with a generous spirit throughout the inquiry and it was a great joy to participate in the inquiry. I thank all members for their assistance and I also thank the secretariat. I commend the report to the Senate.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.51 p.m.)—I wish to speak to the motion before the Senate. The opposition members of the Joint Standing Committee on Electoral Matters identified nine recommendations of the joint standing committee's report entitled *The 1998 federal election: report of the inquiry into the conduct of the 1998 federal election and matters related thereto* that the opposition does not support. Let me deal very quickly with those recommendations.

Firstly, I will deal with recommendations Nos 3 and 36. There was a time when the motto at the AEC and the motto governing electoral laws was 'easy to enrol and easy to vote'. It seems that the coalition government really want to put a stop to that. The coalition want to make it harder for people to enrol; they want to make it harder for people who need assistance on polling day to have and cast a secret vote. Recommendation No. 3 of the committee proposed that electoral rolls close on the day the writ is issued and, for existing electors updating address details, the rolls for an election close at 6 p.m. on the third day after the issue of the writ.

When the government recently proposed these fundamentally undemocratic measures

they were—quite rightly, in my view—rejected by the Senate. The Senate was concerned with the potential for disenfranchising thousands of voters at each election by the early closure of the rolls. Closing the rolls as soon as an election is called will potentially disenfranchise about 80,000 new enrollees at each election—mostly young Australians and new Australian citizens. Further, evidence given by the Australian Electoral Commission to the committee shows that a majority of the 320,000 people who notified a change of address did so at the last available opportunity. The restriction on enrolment recommended by the committee would massively distort the electoral rolls of this country. It would lead to a totally unacceptable situation where more than 200,000 voters were enrolled at a non-current address. When the Senate last considered this particular measure, I acknowledge that the Democrats spoke strongly against the early closure of the rolls. I hope that the Democrats will continue to take a principled position on this issue, though I am concerned that on a number of occasions they seem to be swayed by poor government argumentation in this chamber—the GST being one well-known recent example.

Recommendation No. 36 provides that the Commonwealth Electoral Act be amended to explicitly prevent scrutineers from providing assisted votes. This recommendation comes from a Northern Territory CLP beat-up. No credible evidence was presented to say that the current system was not working. Currently, the elector decides who will assist them. That is a very practical way of dealing with assisted voting. It is fair and it preserves the secrecy of an individual's vote. It does not compromise an elector's rights, nor does it in any way compromise the proper functioning of polling booths, nor does it compromise the integrity of the electoral process. I would point out that the Australian Electoral Commission's submission to the committee stated:

The AEC is of the view that the current federal legislation relating to assisted voting is operating properly as the parliament intended and should be left unamended.

Opposition members of the Joint Standing Committee agree with that assessment by the AEC. The act allows an individual elector a say about who is to assist them in voting. Appropriately, the elector is able to choose somebody that they trust. The opposition believe that individual electors should not be limited in choosing who may assist them to cast a formal vote, should they need assistance in the polling booth. The majority of places where assisted voting occurs are small, relatively isolated communities where presiding officers or polling officials in the booth are known to electors. The advantage of a voter's friend is that an elector has someone they nominate and they are comfortable with assisting them to vote. If an elector wants a scrutineer to assist them to vote formally, then the opposition believe such a request is certainly no impediment at all to the democratic process.

I will briefly turn to recommendation No. 11 of the report, which deals with the electoral roll being accessible on the Internet for name and address search purposes and a CD-ROM of the roll being provided to public libraries without Internet access. It is worth noting here that the AEC is going to circulate an Internet issues paper soon. I think it is appropriate that we proceed very cautiously with any integration of the electoral roll and the Internet. We all know about the recent controversy surrounding the illegal release of electoral roll information by the AEC to the Taxation Office and the proposed illegal use of that information by the tax office to mail out a prime ministerial letter with GST propaganda, which was of great concern to the opposition. I think there was also a very significant degree of public disquiet about that. We believe recommendation No. 11 should be deferred until the AEC reports on the operations of sections 81 to 92 of the Commonwealth Electoral Act and also reports on the issues arising from the recent illegal release of electoral roll information. The opposition will be closely examining the privacy implications that arise from the AEC Internet issues paper when we see it.

Recommendations Nos 45 and 46 both propose to increase from \$1,500 to \$3,000 the threshold for disclosing and reporting

donations. Opposition committee members oppose both these recommendations. We say that increasing these donation thresholds has absolutely no policy merit at all. It will only diminish the transparency of the disclosure laws and allow further donations to parties and to candidates to go undisclosed. It is of concern to the opposition that the joint standing committee is supporting such a recommendation so soon after the tabling of the AEC's funding and disclosure report from the 1998 federal election. I commend the debate on this particular issue in the Senate during the sitting last week, particularly the contribution made by opposition senators.

The AEC's report on funding and disclosure raised a number of specific concerns about the fundraising activities of the Liberal Party's associated entity, the cutely named Greenfields Foundation, and its exploitation of the disclosure rules and disclosure provisions of the act. The AEC recommended closure of the loophole that allowed a body such as Greenfields to prosper, because there is no way of tracing the real source of funds to political parties if that sort of scam is allowed to continue. Directly relevant to this recommendation, the AEC report also noted that 'the only practical deterrent to donation splitting is to maintain a low disclosure threshold.' The opposition also opposed recommendations Nos 17, 27 and 39 of the report.

We do await draft legislation that might arise from matters covered by the JSCM report. As we did recently at the committee stage of the previous electoral legislation, we will be arguing for accessible and transparent electoral laws. We will be opposing any measures that weaken the integrity or the fairness of Australia's electoral laws. (*Time expired*)

Senator BARTLETT (Queensland) (4.01 p.m.)—As one of the two Democrat senators on the Joint Standing Committee on Electoral Matters, I also rise to speak to this important report and commend it in its entirety as a worthwhile resource and document in itself as well as obviously setting out the position and views of the opposition and Democrat members of the committee on a range of different issues. I would probably start by urg-

ing the government to consider this report promptly, along with the AEC report to which Senator Faulkner just referred, and to act and respond very quickly.

The Prime Minister is on record a couple of times now as saying that the next federal election will be at the end of next year, presumably meaning sometime in the second half of the year. I think it is quite important that any proposed changes to the laws under which that election will be held are made clearly and well and truly in advance. People will then be clear about what the rules are and, in particular, the AEC, being the body that oversees the election, will have time to adapt and make any changes that may be required as a consequence of changes to the law. Unfortunately, on a few occasions in previous years, we have had changes to the act going through very shortly before an election has been held. This obviously has put the Electoral Commission, in particular, in a very difficult position. Also, it has made it more difficult to get information out to the public about any changes that may have been made that are important to them. Certainly, my initial response or comment on this report is to urge the government to respond quickly and to bring forward legislation quickly so that the issues can be considered by the Senate—not just issues raised in this report but also those raised in the Australian Electoral Commission funding and disclosure report which was debated at some length in this chamber last Thursday.

Both my colleague Senator Murray and I have put in a minority report of 20-odd pages. We have focused our attention not so much on indicating which recommendations in the majority report we do or do not agree with but more on putting forward additional suggestions on the part of the Democrats, some of which I believe are important and do need emphasising. The issue of access to the roll is one that is quite topical in terms of both inappropriate access and use of the roll, as planned by the government just recently, and issues such as whether or not to enable the roll, in some form or another, to be accessed through the Net are also important. I think that issues relating to the use of the

Internet as part of our electoral process need further consideration and discussion.

But, if we are looking at the fundamental principle of trying to make our electoral system as accessible as possible, as user friendly as possible, particularly to younger people, who most statistics indicate are less likely to be enrolled in or engaged with our political system, we do need to explore options for the use of the Internet. Obviously, as part of that, we have to ensure that security is adequately addressed and that privacy implications are adequately addressed. The Democrats certainly would not support any changes that did not meet those core criteria. But, as long as those core criteria are met, we can look at and consider issues such as accessing the roll through the Net in the not too distant future—I believe it already can be done through the Net in New Zealand—and also issues such as voting through the Net. I think that is a little further down the track but, nonetheless, it is an issue that I think we need to start exploring now.

The Democrat members on the committee have outlined our views in terms of caretaker conventions for government advertising and our views that general government advertising conventions be legislated. This is obviously relevant in terms of the recent advertising campaign for the tax package, the infamous Joe Cocker advertisements. Clearly, it was an unjustifiable and inappropriate use of taxpayers' funds to attempt to sell a tax package in that way—and those advertisements certainly do not do that in any effective way.

Opposition senators interjecting—

Senator BARTLETT—That is a clear-cut position of the Democrats, all Democrats. Whether or not we supported the tax package, we certainly did not support those particular advertisements. It is also relevant in terms of the advertising campaign before the last federal election, again on the GST and related tax proposals. That again all Democrats are on record as strongly opposing. I think the important issue is that it is one thing to go around saying that an advertising campaign is disgraceful and appalling but another to put in place legislative mechanisms to prevent such a misuse of taxpayers' funds occur-

ring in the future. Certainly the Democrats have tried to address that in our comments.

Then there are issues that the Democrats have spoken about many times in this chamber and, indeed, in the chamber in Old Parliament House—even back to the days of Senator Michael Macklin, my predecessor from Queensland—in terms of reform of how-to-vote card laws and truth in political advertising, a change that was made by the Senate and the parliament once but was then repealed before we had a chance to test it in an election. That issue is something that the Democrats have campaigned on long and hard for many years, and we continue to highlight it here.

Other aspects around funding and disclosure are considered at some length. My colleague Senator Murray has moved amendments to legislation on this, as well as on registration of political parties and party constitutions, a number of times and will continue to do so. I note that the fairly mild recommendation in the majority report on this is one which Labor members of the committee have indicated their opposition to. I think that is a bit unfortunate. The main body of the report has a recommendation that the definition of a member of a political party be expanded to include a few very benign requirements such as: they have actually paid a membership fee, they remain a valid member and have been formally accepted as a member according to the party's rules, and they are not a member of more than one party at the same time. That is relevant because to be a registered political party and to be able to run as a candidate for a political party at a federal election, you have to be registered under the law as set out in the act and administered by the AEC.

At the moment, we have quite a large number of political parties registered that I think any objective observer would acknowledge are not genuine political parties. The extreme outcome of this is what we saw in the New South Wales state election and the upper house ballot paper where a huge number of parties were clearly front parties and not genuine parties. People had been listed as members of those parties without them even being aware that that was case; they had

signed a petition and their names were now being put forward to the State Electoral Commission as indication of their membership of a party. Those sorts of practices are clearly fraudulent and mislead people about the validity of a political party. The Democrats strongly support putting in place mechanisms to prevent that sort of activity. I am a bit surprised that opposition members do not support that. Indeed, we believe that it should go further than what is recommended in the report, which we have outlined in our minority report. When you look at the requirements in place to govern the operation of companies and even the operation of incorporated associations and compare them to political parties that receive significant amounts of public funding—something the Democrats do support—then we believe it is appropriate that a body potentially able to receive significant amounts of public funding should at least have some minimum standards that they have to address to be recognised as a political party and therefore be eligible to represent themselves as such and receive funding as such in an election. That is an area that we certainly hope the government gives proper consideration to and looks at taking on board.

I would like to thank the secretariat and the other members of the committee. It was a fairly long process. We travelled to many parts of the country. Indeed, the hearings that were conducted in the Northern Territory, Alice Springs and in the fairly remote area of Maningrida were a real eye-opener to me in terms of the different challenges that face both the Electoral Commission and us as legislators in trying to ensure that we have an electoral system that enables all people to participate wherever possible and to actually have a say in who gets to represent them in this place and who gets to be part of both the government and the parliament. It is crucial that we have as user-friendly an electoral system as possible for people from all parts of the community. That should be a focus of any proposed changes to electoral law and in any consideration and review of them. I think this report does that fairly comprehensively. It does not go as far in some directions as the Democrats would like and it does go down a few paths that we have some concerns about,

but obviously we will have to wait and see what the government comes back with in terms of proposed amendments to the legislation, in responses to the recommendation contained here and in the AEC's report. We will consider those when they are raised.

Senator HARRADINE (Tasmania) (4.11 p.m.)—I simply rise to indicate that as a member of a parliamentary party one is not disadvantaged when it comes to the electoral process. I have not had the opportunity of reading the report—and this may have been discussed in the report itself—but I agree entirely with what the last speaker, Senator Bartlett, said. It appeared at least to be a blot on the system if that system allowed mushroom political parties to operate as front organisations for either other political parties or other organisations and to do so without the need to have either a formal structure such as a constitution, rules, membership fees and so on or a member of a political party elected. I am thinking of when I am next due to stand in—

Senator Conroy—In 2012?

Senator HARRADINE—No, it is not 2012. I will probably have been here 29 years when that occasion comes about. One needs to be forward looking and one would be concerned if the legislation were amended so as to disadvantage a member of this parliament contesting the seat. Those of you who were about during the discussions on the electoral legislation some time ago—and I happened to be a member of the committee at that stage—will recall that the list system of voting was vigorously opposed by some members of parliament.

The list system of voting is suitable for the major parties and, to a certain extent, the substantial minor parties, such as the Democrats. One thought was that the list system of voting was not an open system where the electors were able to pick and choose between candidates like, for example, the Tasmanian Hare-Clark system. Nevertheless, the parliament did vote to endorse the list system of voting and incorporate that in the legislation. That means that if you did not have access to that list system of voting, you would be on the second part of the ballot paper and stand very little chance of being elected. I put to

the Senate that, when the government are looking at any amendments, they might spare a thought for parliamentary party—I was going to say ‘privileges’—equal status.

Question resolved in the affirmative.

DELEGATION REPORTS

Parliamentary Delegation to Tanzania 103rd Inter-Parliamentary Conference, Amman

Senator McKIERNAN (Western Australia) (4.16 p.m.)—by leave—I table the report of the Parliamentary Delegation to Tanzania from 22 April to 27 April 2000 and the 103rd Inter-Parliamentary Conference, held in Amman from 30 April to 6 May 2000. I seek leave to move a motion in relation to the report.

Senator McKIERNAN—I move:

That the Senate take note of the document.

The 103rd IPU Conference debated and discussed a range of topics, including achieving peace, stability and development, dialogue among civilisations and cultures, and the Australian proposed agenda item on people smuggling.

All members of the delegation played an active role throughout the entire conference, participating in all facets of the conference agenda. I would like to take the opportunity to thank all members of the delegation, particularly the leader, Speaker Andrew, for their companionship and friendship throughout the conference and bilateral visit. The adviser to the delegation at the IPU conference from the department of foreign affairs, Mr Jonathan Brown, was of enormous assistance to the delegation. His good humour was also appreciated. On behalf of the delegation, I acknowledge the assistance of the delegation secretary, Peter Keele, and thank him for his companionship, as well. I am firmly of the view that the report would have been further enhanced if the photograph of Mr Keele and Her Royal Highness Queen Noor had been placed on its cover! It is a very famous photograph.

Once again, the Australian delegation played a major role at the IPU conference and was instrumental in helping to formulate two of the three major resolutions adopted by

the conference. In particular, our delegation was successful in having its proposal calling for international action and cooperation to combat people smuggling accepted as the conference supplementary item. Our proposal was combined with an Arab nation’s proposal on refugees initiated by Algeria. The tragic event in Dover, England last week where 58 people being smuggled into Britain were found dead in a container again highlighted the need for international action and cooperation to stop this horrendous and evil trade.

The drafting committee, chaired by a colleague from South Africa, adopted balanced, principled and non-discriminatory proposals in the refugee draft resolution. However, and perhaps not surprisingly for a conference held in the Middle East, regional interests later came into play. The draft resolution was amended during the deliberations of the first committee meeting to include reference to one, and one only, group of refugees. The amendment highlighted the plight of Palestinian refugees and, in so doing, reduced in importance the millions of refugees in other parts of the world, including those from countries in the region. This was of patent expediency to delegates from countries that produce refugees and also to a British delegate who was on a personal crusade.

The delegation from Bosnia and Herzegovina expressed regret that the resolution contained no reference to refugees and displaced people in south-east Europe. Australia echoed this view in suggesting that the consensus resolution of the drafting committee would have been a more preferable and more helpful way of expressing support for efforts to seek a just settlement to the refugee problem in the Middle East, a matter that Australia is strongly committed to as part of a just, secure and comprehensive peace settlement.

Australia participated on two drafting committees: I was on the committee dealing with the refugee and people smuggling item, and the member for Fairfax, Alex Somlyay, chaired the drafting committee dealing with peace, stability and development. The member for Prospect, Janice Crosio, was elected to the Coordinating Committee of Women Parliamentarians and was also elected as a substitute member on the Middle East Ques-

tions Committee. The delegation leader, Speaker Neil Andrew, acted as one of the vice-presidents of the conference and chaired part of the general debate on the political, economic and social situation in the world.

As at previous conferences, the delegation held meetings with the Speaker of the Indonesian parliament as well as with representatives of the Indonesian IPU group and the Yugoslav IPU group. The matter of East Timor and refugees was discussed with the Indonesians, and we took the opportunity, when talking to the Yugoslav delegation, to acknowledge and express gratitude for the release from custody of the Australian aid workers and their Yugoslav adviser.

Turning now to the bilateral visit to Tanzania, I would like to make a few brief comments. The parliamentary delegation's visit to Tanzania coincided with Easter and Anzac Day. We commemorated Anzac Day at a dawn service at the Commonwealth war graves in Dar es Salaam, together with representatives from New Zealand, Turkey, Canada, Britain, India, Pakistan, France and South Africa. The official program for the bilateral visit included meetings with the President of Tanzania, Mr Mkapa, the Speaker of the parliament, Mr Msekwa, and a number of parliamentarians from both the government and opposition. These meetings enabled the delegation to discuss a range of issues, including the strength of the bilateral relationship between our two countries, the progress of economic reforms in Tanzania, the opening up of the economy and foreign investment, the plight of refugees on the borders with Burundi and Rwanda, the political tensions in Zanzibar, constitutional and parliamentary reform and the readiness to accept a fully operational multiparty system, and the scope to direct more funds into areas such as health and education. The discussions were both frank and informative, leaving the delegation with a very clear impression that Tanzania, although still very poor, is making steady progress and is prepared to undertake the necessary reforms to lift the country out of poverty.

Of particular interest to the delegation was the opportunity to see at first hand the impact of Australian investment in Tanzania and the

expenditure of Australian aid money. The delegation visited an Australian run gold mine at Nzega, 700 kilometres north-west of Dar es Salaam. The mine is owned and operated by Resolute Ltd of Western Australia. The company is not only providing employment opportunities for people in the region but also undertaking a very comprehensive community development program. The delegation was given the honour of attending and officially opening both a primary and a secondary school in the district. Resolute Ltd has funded both schools. The company has set a very worthwhile benchmark for other foreign investors. Helping with the economic and social development of the country is a very innovative and community minded approach.

The Golden Pride Mine is an open-cut operation, producing around 180,000 ounces of gold per annum. The company is taking great care to revegetate the land around the site and has put in place world best practice to deal with its waste and by-products. This is one overseas Australian mining operation that all Australians can take great pride in. In the report, we record the Speaker's praise for the individual role of Mr Grant Pierce, a man of enormous energy and enthusiasm. Mr Pierce, the Operations Manager, is the driving force behind many of the community projects that make the Golden Pride Mine an excellent example of how a foreign owned company can operate and, at the same time, contribute to the local community.

I also mention Ms Louise Cameron from Perth, Western Australia, who took up a teaching position at the Isanga Primary School under the Australian Volunteers International Program. The drive and commitment of Ms Cameron and other Australian volunteers who work in the area is something to behold and it leaves one feeling very proud to be an Australian. The Subiaco Primary School in WA is also a sponsor of the Isanga Primary School, and its parents and children have donated teaching aids and materials that have been of enormous assistance to the children of Tanzania.

AusAID has a small but nonetheless beneficial role to play in a number of key areas of Tanzania. The delegation attended a very

enthusiastic and entertaining opening of a water and sanitation project, which is managed by Plan International in the Kibaha district. It is not very often that one gets the opportunity to witness the Speaker of the Australian parliament opening a toilet, and the significance of that event was not lost on the delegation. It was a very memorable day, and it proved once again that targeted projects such as these directly benefit thousands of people through the delivery of year round, safe and clean drinking water and proper sanitation systems. The delegation concluded its visit with a typical African experience when it was hosted to an overnight stay at a game park at Mikumi.

During the delegation's visit we delivered a letter inviting the Prime Minister of Tanzania to become a patron of the recently formed Dar es Salaam chapter of the Australian Tanzanian Business Council. The business council has its headquarters in Perth.

All up, it was a very informative and rewarding visit. It had been many years since an Australian parliamentary delegation had made a visit to Tanzania. It was evident that much progress has been made and that Australian investment, which amounts to around \$600 million, is playing a leading role in a number of sectors. This investment has been made possible by the continued strong relationship between both countries. I commend the report to the Senate.

Question resolved in the affirmative.

Parliamentary Delegation to the Eighth Annual Meeting of the Asia Pacific Parliamentary Forum, Canberra

Senator WEST (New South Wales) (4.26 p.m.)—by leave—I present the report of the parliamentary delegation to the eighth annual meeting of the Asia Pacific Parliamentary Forum in Canberra from 10 to 13 January 2000. I seek leave to move a motion in relation to the report.

Leave granted.

Senator WEST—I move:

That the Senate take note of the document.

On behalf of the Australian delegation, which was a large delegation, to the forum held here in Canberra, I would like to say thank you to

a number of people. I thank the Presiding Officers, who hosted a number of important functions and presided on a number of occasions; Mr Somlyay from the other house, who was the leader of the delegation; and Mr Stephen Martin, who was the deputy leader of the delegation. Many Australian delegates participated in the debates and were able to make excellent contributions. This conference involved members of many of our local Asian and Pacific areas such as Brunei, who had an observer, Cambodia, Canada, Chile, China, Colombia, the Cook Islands, who had an observer, Fiji, Indonesia, Japan, Korea, Laos, Mexico, Micronesia, and the list goes on.

Of the Fijian delegation, I would like to note the Hon. Nareish Kumar, who was the leader of their delegation. He was one of the 30-odd people taken hostage in Fiji. He has been released, but I think it is very moving and a salient reminder to us all that democracy is a very fragile thing and needs to be treated with a great deal of care and that some people whom we saw in January have been through quite a significant traumatic experience since then. We hope that Fiji can resolve its problems and again become a democracy.

I would also like to thank Judy Middlebrook, the Serjeant-at-Arms in the other place, as the delegation secretary, for all her hard work. I would like to pay tribute to the many people in this building who sacrificed their summer holiday time—this was from 10 to 13 January—with their families to come and work, do the preparation and then be here. So to them I say thank you very much.

This was an interesting time. Prior to this forum, the Presiding Officers and Clerks CPA Conference had been held here and, on the final day of that conference and the first day of the APPF conference we had had an overlap and so we actually had time to attend some functions together and, again, to have the meeting up of old friends and to make new friends. As with all parliamentary fora, delegation meetings and conferences, it was a valuable time to learn of issues and concerns of people in other countries and to make and renew networks that are very important in the understanding that goes on between us all as

to what there is in this world. There were some very important resolutions made: there were those in relation to non-proliferation and disarmament, and Australia was instrumental in moving one on landmines. There was one on the protection of cultural goods; one on debt relief for poor countries; and one on war affected children. There were resolutions on climate change, on anti-money laundering, and on the use of armed force personnel in peacekeeping operations. There was also an important resolution on East Timor. It is important to remember that Indonesia is also a member of the APPF and that, so soon after the problems in East Timor, we were as a group able to come up with a unanimous resolution in relation to East Timor. In saying that, I would like to repeat my thanks and thanks on behalf of the delegation to all those who were involved in making it such a successful conference. Next year's conference is in Chile, and the Chileans admitted that they were going to have a hard time because we had set a very high standard and everybody had gone away having thoroughly enjoyed the time.

Question resolved in the affirmative.

**SOCIAL SECURITY AND VETERANS'
ENTITLEMENTS LEGISLATION
AMENDMENT (MISCELLANEOUS
MATTERS) BILL 2000**

The ACTING DEPUTY PRESIDENT (Senator Watson)—A message has been received from the House of Representatives returning the *Social Security and Veterans' Entitlements Legislation Amendment (Miscellaneous Matters) Bill 2000*, acquainting the Senate that the House has not made the amendment requested by the Senate.

Ordered that consideration of the message be an order of the day for a later hour of the day.

**FINANCIAL SECTOR LEGISLATION
AMENDMENT BILL (No. 1) 2000**

First Reading

Bill received from the House of Representatives.

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

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator ELLISON (Western Australia—Special Minister of State) (4.32 p.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

Madam President, I rise today to introduce a bill that further improves Australia's world class financial regulatory system.

This Bill builds on the financial sector reform legislation already implemented by this Government in response to the recommendations of the 1997 Financial System Inquiry chaired by Mr Stan Wallis.

That package of legislation instituted wide-ranging measures aimed at improving the efficiency, competitiveness and stability of Australia's financial system.

These reforms have not gone unrewarded. Indeed, one of the underlying factors in Australia's strong performance throughout the Asian crisis was the capacity of our financial markets to maintain stability in performing their basic functions.

The performance of Australia's markets during this time has been recognised internationally.

The US Federal Reserve Chairman, Dr Alan Greenspan told the IMF and World Bank seminar in Washington late last year that Australia's economy had been largely unaffected by the recent Asian financial turmoil "arguably because Australia already had well-developed capital markets as well as a sturdy banking system."

Madam President, the Financial Sector Legislation Amendment Bill is modest in the context of the overall financial sector reform package undertaken by this Government. Nevertheless, it is an important step in the Government's drive to develop and maintain a world class regulatory framework for the Australian financial sector: a framework which assists the financial sector to be efficient, responsive, competitive and flexible, but which retains the principles of stability, prudence, integrity and fairness.

The focus of this Bill is to:

- help ensure the safety of superannuation savings by strengthening the enforcement provisions of the *Superannuation Industry (Supervision) Act 1993*;

- enhance the operation of the *Banking Act 1959*; and
- simplify and modernise service provisions in the *Reserve Bank Act 1959*.

These measures will update and enhance Australia's financial sector legislation. In particular, they will provide a more effective enforcement framework for the superannuation industry.

This is a significant issue, given the strong growth in superannuation savings and their increasing importance as a source of income for individuals in their retirement.

Madam President, I will now turn to the Bill in more detail.

Amendment of the *Superannuation Industry (Supervision) Act 1993*

The Bill enhances the enforcement provisions in the *Superannuation Industry (Supervision) Act 1993*. The amendments include: giving powers to the Regulators to disqualify persons from managing superannuation savings in certain circumstances; allowing the Regulators to accept enforceable undertakings similar to the powers provided under the *Trade Practices Act 1974* and the Corporations Law; clarifying the time limit within which prosecutions may be commenced; and changes to various offence provisions.

Certain amendments also facilitate the application of the Commonwealth's Criminal Code to offences in the *Superannuation Industry (Supervision) Act 1993*.

Amendment of the *Banking Act 1959*

The Bill provides for a set of miscellaneous amendments to the *Banking Act 1959*. With the exception of the unclaimed moneys provisions, these amendments are designed to enhance the prudential regulation of Authorised Deposit-taking Institutions (ADIs).

In particular, this Bill grants the Treasurer (or delegate) power to attach conditions to his or her consent for an ADI to reconstruct or demutualise. This will ensure that any undertakings made by an applicant are enforceable and may facilitate a greater number of applications receiving consent.

This Bill also provides the Australian Prudential Regulation Authority (APRA) and the Treasurer (or delegate) power to seek an injunction if certain sections of the Banking Act are breached. It also ensures that references to 'information' throughout that Act have consistent meanings. Furthermore, this Bill widens the circumstances where APRA can issue directions if it considers that there is a prudential risk, and clarifies that APRA has the power to appoint itself to investigate the affairs of an ADI.

In relation to unclaimed moneys, this Bill facilitates the rationalisation and consolidation of the Commonwealth's unclaimed moneys provisions. Specifically, the Bill allows the Treasurer to delegate his or her functions under the Banking Act to other Treasury portfolio agencies in addition to the Department of the Treasury.

Amendment of the *Reserve Bank Act 1959*

The Bill amends the *Reserve Bank Act 1959* to simplify and modernise the Reserve Bank service. Service provisions cover the Reserve Bank's ability to engage staff and formulate their conditions of employment. The replacement provisions are more appropriate to modern day management and are consistent with reforms in the Commonwealth public sector.

Other items

The Bill also makes minor miscellaneous amendments to other pieces of financial sector legislation. Further, it clarifies the extent of APRA's powers to provide actuarial services over the period the Australian Government Actuary was part of APRA.

Madam President, this Bill not only builds on the financial sector reforms already undertaken by this Government, it emphasises our commitment to ongoing reform which will ensure that Australia remains at the forefront of world's best practice in financial market regulation.

The financial sector is a key driver in the economy. The measures contained in this Bill will further enhance this sector's ability to contribute to our record economic growth; they help consolidate Australia's position at the leading edge of financial sector reform; and finally, they contribute to our continued efforts to secure Australia's place as a centre for global financial services.

I commend the Bill to the Senate.

Ordered that further consideration of this bill be adjourned to the first day of the 2000 spring sittings, in accordance with standing order 111.

A NEW TAX SYSTEM (TAX ADMINISTRATION) BILL (No. 2) 2000

First Reading

Bill received from the House of Representatives.

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

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator ELLISON (Western Australia—Special Minister of State) (4.33 p.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The Bill will establish a new uniform penalties regime for all taxation laws administered by the Commissioner. Under the current framework, penalty provisions are either duplicated or differ between different taxation laws and some tax shortfalls currently do not attract penalties. The existing framework needs to be modernised to cope with the requirements of the new tax system.

The amendments in the Bill will remove inconsistencies and will rectify deficiencies that exist in the current penalties framework. As a result, the new framework will be simpler, uniform and equitable.

The Bill will also make amendments to allow people other than registered tax agents to prepare or lodge a business activity statement on behalf of taxpayers and to give advice about the new tax system. Under the current law, most of this work is restricted to registered tax agents or legal practitioners.

Those who will be able to assist businesses with their obligations under the new tax system will include:

- members of recognised professional associations that represent accountants and tax practitioners;
- bookkeepers working under the direction of registered tax agents;
- persons that provide payroll bureau services to employers; and
- customs brokers.

The Bill makes a number of miscellaneous amendments to the provisions covering the pay as you go arrangements, the business activity statement, general interest charge provisions and the standardised collection and recovery rules to ensure a smooth transition to the new tax system on 1 July 2000. This will include amendments to ensure that a small or medium-sized business which enters into a contract to purchase plant or software for GST purposes before 1 July 2000 will qualify for an immediate deduction.

The Bill also makes amendments to The Corporations Law consequential to the introduction of the pay as you go withholding arrangements. The Government has consulted the Ministerial Council for Corporations about these consequential amendments and the Council has approved the amendments for introduction into Parliament.

The Bill amends the Diesel Fuel Rebate provisions contained in the Excise Act 1901 and the Customs Act 1901 to enable a lower rate of rebate in relation to “like fuels” and to apply the rate averaging provisions to the new lower rate of rebate from January 2001.

The Bill makes amendments to limit public access to details contained in the Australian Business Register. It will also allow a person to apply to the Registrar of the Australian Business Register to not disclose information that would otherwise be released.

Full details of the measures in this Bill are contained in the explanatory memorandum.

I commend the Bill.

Ordered that further consideration of this bill be adjourned to the first day of the 2000 spring sittings, in accordance with standing order 111.

COMMITTEES

Finance and Public Administration References Committee

Report

Senator QUIRKE (South Australia) (4.35 p.m.)—On behalf of Senator George Campbell, I present the report of the Finance and Public Administration References Committee on its inquiry into the mechanism for providing accountability to the Senate in relation to government contracts, together with the *Hansard* record of the committee’s proceedings and submissions received by the committee.

Ordered that the report be printed.

Senator QUIRKE—I seek leave to move a motion in relation to the report and to incorporate the tabling statement in *Hansard*.

Leave granted.

Senator QUIRKE—I move:

That the Senate take note of the report.

The statement read as follows—

The level of information available to the Parliament and to the public about government contracting has not kept pace with the increased rate

of contracting out, particularly in the outsourcing of many functions previously performed by government agencies.

General business notice of motion no. 489 standing in the name of Senator Andrew Murray proposes a means of achieving greater transparency of government contracting. This is to be achieved by the posting on agency web sites of lists of contracts entered into, indicating whether they contain confidentiality clauses and, if so, the reason for them; together with the independent verification by the Auditor-General of those confidentiality claims. The motion, if successful, would become a Senate order which also required ministers to table letters in the Senate chamber on a six-monthly basis to indicate compliance with the order.

In previous reports on the subject of government contracting, the committee has supported the general principle that information be made public unless there are good grounds for withholding it. Put simply, there can be no accountability if there is no information. There appears to be broad support for this notion, but whether the Murray motion is the way to achieve it is what the committee was required by the Senate to investigate.

The committee invited submissions from all portfolios and from other interested persons and held a public hearing on 12 May to elicit the views of agencies which it believed would be affected significantly by the successful passage of the motion. Several potential difficulties were raised with the motion: the very low level of the threshold; the retrospective application; the number and size of the contracts concerned; the potential cost; and the partial duplication with other publicly available information. The committee therefore canvassed briefly various alternatives to the motion but decided that it was not in a position to reach definitive conclusions at this stage.

At the committee's public hearing on 12 May 2000 the Australian National Audit Office offered to conduct a performance audit on the use of confidential contract provisions. The offer was followed by a more detailed listing of the audit as a high priority in the draft audit program currently under consideration by the Joint Committee of Public Accounts and Audit. That audit should serve to flesh out many of the issues considered by the committee in this inquiry. In the circumstances, therefore, the committee has decided to await the audit outcome and to report again on Senator Murray's motion, on the basis of the further information arising from the audit.

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

Leave granted; debate adjourned.

INDIRECT TAX LEGISLATION AMENDMENT BILL 2000

In Committee

Consideration resumed.

The CHAIRMAN—Order! The committee is considering opposition amendment No. 1 on sheet 1834. The question is that that amendment be agreed to.

Senator MURPHY (Tasmania) (4.37 p.m.)—Thank you, Madam Chairman. As you said, we are dealing with the amendment moved by the opposition in respect of caravan park rents, hostel rents et cetera. We posed a number of questions to the minister before we started question time and we have not had any response to those questions. We have been trying to solve the mystery of who actually won the \$33 million in increased compensation—whether it was the Democrats or whether it was the National Party. There seem to be two claims.

Senator Conroy—It wasn't the National Party.

Senator MURPHY—I do not think it was the National Party either, Senator Conroy. I think the Democrats probably did the deal. The National Party sort of trundled along after the event, which is very interesting because I read an interview conducted with National Party member Mr Bob Katter about the National Party's position, and he made some interesting comments. Again I note that the National Party is not represented here in the chamber this afternoon. It would be useful if we could get a National Party senator to come to the chamber and respond to some of these matters, to throw some light on where the National Party are at on the issues that affect the people that they try to represent. I think Mr Katter made it fairly clear when he was asked about the caravan park rents and the \$33 million. The presenter put to him the question:

There's thirty-three million dollars worth of extra compensation built in there, but certainly the National Party conference last week—and Larry Anthony, as the local member—was of a view that the GST should just come off caravan park permanent rentals. In a sense, the Nationals have lost out every which way on that issue, haven't they?

Mr Katter, in responding, said:

Well, you know, we are often told that if we, you know, make it a National Party versus Liberal Party, we'll get nothing. Well, I mean, Larry's tried for nine, ten, twelve months. He went behind closed doors. And, at some point in time you've got to go public.

Now, I've gone public on the cost of living. Now, I've given the government three months, I have raised it in the party room, I've raised it in the joint party room, I've raised it with the Prime Minister, I've raised it with the Treasurer, I've raised it with every single person of power in the country, and the net result of it has been that I have got nothing at all, in spite of a promise.

I would like the National Party to come in here and say what the promise was, because this government made a number of promises to the public of Australia before the last election and we have yet to find one that has been adhered to. As I said, we have not got a National Party senator in the chamber, but it would be helpful if Senator Boswell or indeed Senator McGauran would throw some light on the subject.

In question time earlier today I happened to notice that Senator Ellison was holding up the booklet of information that they have been providing. This is the booklet that was mailed out. I think there were eight or 10 million of them. Senator Ellison held it up and referred to all the great information and the explanation of the GST that it contains. But if you look at this booklet—I do not know what the cost of it was—on every second page there is an ad which has just got a picture of a big, broken chain. Rather than a broken chain, it should be a broken promise. That is the reality. I notice that the Assistant Treasurer is now back in the chamber. As I said at the start, he had some questions put to him, and it would be helpful if he at some stage responded to those questions and informed us exactly what has been happening.

There is another point that I have raised; that is, the issue of petrol prices. We know that, despite all the government's commitments, despite all their rhetoric, petrol prices will go up as a result of the GST. I read an article by Phillip Coorey. He puts fairly clearly what has happened and what the government has actually done. He says in part:

Putting aside fluctuating oil prices and other extraneous factors, petrol prices will rise as a result of the GST because the Government skimmed out on taking off enough fuel excise to compensate for what the GST would put back on.

I hope the minister is listening to this, because Mr Coorey also says:

Instead of deducting 8c or 9c a litre which would compensate for the 10 per cent GST claw-back, only 6.7c was deducted. This was 1.5c a litre short.

That is true, as Senator Cook or Senator Conroy pointed out to the minister earlier with regard to the current price of petrol. Where in this country is a place where you can find petrol under 74c per litre? Nowhere at all. This is despite, as is pointed out by Mr Coorey in his article, many statements that petrol would not rise. In Mr Coorey's article, Mr Fahey, who was given the task of releasing the petrol price scheme while the Treasurer was off in Paris, is quoted as saying:

... the scheme meant prices "need not rise" as a result of the scheme.

The article goes on to say:

On Friday Mr Howard said it "might" rise.

Further, the article quoted Mr Fahey as saying:

"What we said was that as a result of reducing the excise when the GST came in the price of petrol need not rise. We didn't say we'd reduce it at the pump, we said that it need not rise," he said.

The article went on to say:

That's not what he told Sky TV on April 2.

"What I've guaranteed—

this is the Prime Minister—

is that the price of petrol will not rise as a result of the GST," he said.

That is a very clear, fundamental statement, and yet we know for a fact that this promise will not be kept.

We have seen the government make various claims about rents per se and how they will increase. There is an ACCC booklet put out which says that rents per se should not increase by more than two per cent. In fact, two per cent was at the higher end of the scale. That is rents across the board. As I said earlier, because of their financial circumstances a lot of people find themselves having to live in caravan park accommodation—

or, indeed, in hostels. In Tasmania, where I come from, in Launceston for example, there are a lot of people who live in hostel accommodation simply because that is all they can afford. They live there—and the fact is they are very well looked after in many cases—but they cannot afford these types of increases in the cost of their accommodation. Why should they be discriminated against, Minister? Why should those people be discriminated against? Why is it the case that if someone rents a penthouse in the Lakeside property just across Lake Burley Griffin here in Canberra it does not have any effect on their rent—the GST has no effect whatsoever—but those people who can least afford it you are prepared to discriminate against? It is just an outrageous situation.

The poor old National Party, Mr Larry Anthony and others—and their senators are still not in the chamber—have been trying to claim, almost like they won Tattslotto, that they won the \$33 million in extra compensation. What a joke! It was not them who actually won it anyway; the Democrats apparently delivered it. Senator Lees is here, and she laid claim to it earlier. We have heard Senator Bartlett say that when they were speaking with the Treasurer the Nationals were not in the room—which would not be unusual for them because they are not in the room here either much. Certainly I would be very keen to see one of the National Party senators come into this place and tell us what their position is, why they are allowing this discrimination to occur.

The minister, as I said, had a few questions put to him earlier. Perhaps he can answer the question: when did the Nationals negotiate with the Treasurer or the Prime Minister—that is, when did the Democrats knock on the door? How long was it after they signed off on a deal before they actually saw any reports that the deal was not what the government said it was and they had to go running back and look for a half-baked solution, which is really no solution at all, for those people who can least afford it? I look forward to hearing what the minister has to say in respect of those questions. That might throw a little more light on the issue. Of course, it would be very useful if the National Party could

come in here and explain their position as well.

Senator SHERRY (Tasmania) (4.48 p.m.)—We are dealing with a Labor Party amendment to remove GST from rents in respect of caravan parks and boarding houses. There is one important question that I would like an answer to—and I know the minister is discussing matters with the Democrats, so hopefully his advisers will take a note of this and I will get a response—and that is: what is the total GST revenue raised from the application of the GST to rents in respect of caravan parks and boarding houses? I have not actually seen a figure, and I would be interested to know the total of the millions of dollars raised from this sector. How much GST is raised from that sector—I am talking about long-term residents; I am not talking about tourists who visit caravan parks, or boarding houses, for that matter—is an important question.

People who live in caravan parks and boarding houses are, regrettably, persons who in our society are in many cases on low incomes—a negligible private income, either because they are not employed in many cases or because they are retired. These are people who are hardest hit by the GST generally and the GST in this sector particularly. So I would like to see what the revenue collection in this sector is. If the response is, 'We don't have those revenue figures,' I would be very surprised, frankly, given the intense political debate that we have had in recent months about this issue. I would be surprised if we cannot be given a specific figure for revenue raised in this sector.

We had the announcement last week of the latest deal between the Democrats and the government in respect of rental assistance being increased from seven per cent to 10 per cent. That is a grand total—depending on circumstances—of 16c a day. That does not go a long way to offsetting the GST impact on rents for people who are in receipt of rental assistance. It is not a big increase and it does not go anywhere to help those people in Australia—and there must be millions of them. Again, I put this question to the minister and his advisers: what is the total amount of GST revenue to be collected from rents in

this country? There must be a figure available. It must be hundreds of millions of dollars of GST revenue that is to be collected from persons who are renting. The number of people in this country who would be renting, again, must be between one million and two million people. So I would be interested to see those figures.

On the deal we have been presented with, there was some discussion earlier, and I did notice that Senator Bartlett quite rightly made the claim—I think he used these words—that quite obviously the increase in rental assistance was as a result of Democrat negotiations with the government. He did not know whether or not the National Party had discussed the matter with the government. What we do know, of course, is that up until last Thursday—Senator Lees, when you announced the deal—the National Party had been singularly unsuccessful in pressing this issue.

In fact Mr Malcolm Farr, the chief political reporter for the *Daily Telegraph*, reported that, when the caravan issue was discussed in cabinet, the ministers' objective was not to change the tax regime but to rescue the National Party leader, John Anderson, from discontent within his party. The poor old National Party did not get anywhere on this issue. As with so many issues, the National Party got nowhere on this issue. It was not until the Democrats interceded that any action took place. We have to remember that it was the Democrats who agreed to the GST package in the first place. This matter should have been dealt with last year. We have had a lot of concern and worry—and there will be ongoing concern and worry experienced by people in caravan parks and boarding houses and by renters in general—about the impact of the GST on their particular circumstances. The Democrats missed the ball last year on this issue. They did seek some sort of inquiry. There was that secret report. It was kept secret by Senator Newman, Senator Kemp and the Treasurer, who refused month after month, request after request, to release the report. It was no wonder they kept it secret because it showed that the rental increase as a result of the GST was going to be double the

one publicly announced in the government's pre-election propaganda document.

There is a significant difference between the claims of the so-called new tax system in respect of rent increases and the study that was ultimately leaked and then had to be released. That report, which was kept secret for so long, finally emerged as a result of the pressure from my colleagues, particularly the shadow minister in the other place, Mr Swan, who has pursued this issue vigorously for many months. Of course, then the Democrats suddenly discovered the issue. They showed the same sort of behaviour in respect of the excise on beer. The Democrats showed absolutely no interest in the commitment by the Prime Minister that the increase in beer prices would not be more than 1.9 per cent. They showed no interest in this issue right up until last month—again after months of work by a number of my colleagues in this place—and finally the Prime Minister's promise at election time was shown to be false and grossly misleading. But I do note the appeal by my colleague Senator Murphy: where are the National Party? Where are Senator McGauran and Senator Boswell? They have been conspicuous not only by their silence on this issue but also by their absence from the chamber.

Come in here, Senator McGauran and Senator Boswell, and tell us what you have done for caravan park residents and boarding house residents, because we do not believe that you have done anything. It is the same story on petrol prices and the same story on beer prices—the National Party are a total failure. They fail to represent their constituents in rural and regional Australia. They just get rolled by the Liberal Party every time there is a major policy debate. The National Party were silly enough to agree to a new tax that will increase the price of a vast range of goods and services by a greater amount in rural and regional areas than in the city. It must do, because the base prices of most goods and services in rural and regional Australia are higher than in places like Sydney and Melbourne. Yet the National Party are silly enough to agree to this new tax and they are silly enough to agree to an increase in petrol prices. The National Party are just a

total failure. We would like to see them in here and we would like to see them explain themselves.

I referred earlier to the recent criticisms of the National Party and their failure to carry any clout in the coalition. I am not going to quote from any of my Labor colleagues; I am going to quote from the National Party's so-called coalition colleague, the Liberal Party. Last week, Mr Hawker, the Liberal member for Wannan, said, 'I can see no reason on the horizon for people to vote National.' This is one of Senator McGauran's own colleagues in Victoria, one of his so-called coalition colleagues. Mr Hawker went on to say, 'I think at some stage the National Party has to draw the line and decide to either merge with the Liberal Party or become a rump.' Come on down, Senator McGauran; come in here and explain why your so-called coalition colleagues are criticising the National Party.

There was also a comment from Sharman Stone, a Liberal Party MP who holds the federal seat of Murray. She won that seat at the last election, incidentally; she won it off the National Party, who had held it for 47 years. But who had previously held the seat of Murray? None other than the former leader of the National Party and Deputy Prime Minister, Mr McEwen. They used to call him Black Jack because he was seen as a fairly decisive negotiator when it came to terms within the coalition. He would turn over in his grave if he knew today that—

Senator Cook—A great protectionist.

Senator SHERRY—He was a great protectionist, that is right, and a great leader of the National Party who was constantly able to demand and receive from the coalition partner, the Liberal Party, a good deal for rural and regional Australia. But this seat, held by the National Party for 47 years, has now gone to the Liberal Party. Anyway, Mrs Stone said that she:

... called for the abandonment of an agreement between the Coalition that prevented Liberal Party members from challenging sitting National Party MPs. "I have no problem with giving voters a choice," Mrs Stone said ... One Liberal source said moves by the Nationals to abandon the Coalition in Victoria could cost the party its one Senate representative.

And who might that be? Senator McGauran. He is a nice bloke. I personally get on well with Senator McGauran—an urbane sort of chap, intellectual, well educated—

Senator Murphy—Intellectual?

Senator SHERRY—Sorry, I do not want to go too far, but—here he is! Senator McGauran has entered the chamber. I was just saying, he is a decent bloke—

Senator Murphy—You had me there, Senator Sherry.

Senator SHERRY—He is a very decent bloke. He is well educated. He has got that urbane, intellectual background that is so commonplace in the National Party these days.

Senator McGauran interjecting—

Senator SHERRY—I mean that as a compliment, Senator McGauran. What worries me is that we look back at people like Mr Sinclair, Mr Hunt, Mr Anthony Senior—not junior, senior—and old Black Jack McEwen. They were dynamic representatives of the interests of rural and regional Australia. I know you agree, Senator McGauran. You are nodding. But what has happened, Senator McGauran, to the old National Party? I mean, you cannot win a trick. I would be interested to see if you respond in this debate. Here is your chance to exercise some independence, flex some muscle and vote for a Labor amendment which gets rid of the GST for caravan park residents.

Senator McGauran—As if!

Senator SHERRY—Senator McGauran very arrogantly says, 'As if!' That is his challenge. You are going to find, Senator McGauran, that when you are voting every day and every night in support of the Liberal Party, through thick and thin—whether it be on this issue, the privatisation of Telstra, investment in roads, the GST or petrol prices—you are not voting in the interests of people in rural and regional Australia. It is often contrary to the interests of the people who live in rural and regional Australia. According to the Liberal Party in Victoria, Senator McGauran, if the coalition deal finishes then you are gone. That is from Liberal Party sources. We would be keen to see you rise in your place and defend the appalling decisions

that have been made that have hurt people in rural and regional Australia. We would be keen to see you rise, Senator McGauran, and try and flex some muscle and speak on behalf of the National Party, not the coalition or the Liberal Party. Why be an apologist for the Liberal Party all the time? They can defend themselves; I will give them that. They have got their own particular policy position and they can defend it themselves. But why not defend the interests of people in rural and regional Australia? Why not be a National Party and defend the people you supposedly represent?

Senator KEMP (Victoria—Assistant Treasurer) (5.02 p.m.)—I have heard a lot of rambling speeches in my time, but that must surely take the cake. It is well known that I always listen carefully to what senators say. I listen to some senators more carefully than others, I have to admit, Senator Murphy. I have never heard such a rambling lot of speeches. I know it is the Labor Party line: see if you can stir up Senator McGauran and see if you can stir up Senator Boswell. You are not succeeding in stirring them up, I would have to say. If that was the object of—

Opposition senators interjecting—

The TEMPORARY CHAIRMAN (Senator George Campbell)—Order! I will protect you, Minister. Just keep going.

Senator KEMP—Will you protect me? I am greatly indebted to you for that. You will have noticed that I listened in absolute silence while Senator Murphy spoke.

The TEMPORARY CHAIRMAN—I noticed you were wandering around the chamber in absolute silence.

Senator KEMP—Yes, I was wandering around the chamber trying to see if there was any way I could get out of earshot of Senator Murphy. But it was not possible in this chamber; the acoustics are too good, I regret to say.

Opposition senators interjecting—

Senator KEMP—There weren't very many questions, to be quite frank. There was an incredible amount of rambling. Let me take up just one of the questions which was raised: the implication that, somehow, this government and the National Party have

shown no concern for rural Australia. What absolute nonsense! In fact, much of this tax package was driven by farming interests, particularly the need to cut down on transport costs and provide—

Senator Murphy interjecting—

Senator KEMP—I think I will have to rely on your protection again, Mr Temporary Chairman.

The TEMPORARY CHAIRMAN—Order, Senator Murphy!

Senator KEMP—I know that the truth sometimes causes you distress, Senator Murphy, so let me give you some of the facts of the case. Your chatting on does not alter the fact that one of the key measures is the very significant reduction in diesel costs, and a debate on the issue of diesel costs is coming up. This is a very significant measure, it is a very important measure and it is one that tackles the issue of the very high costs for rural transport that the government were left with. There is no argument, Senator, that when your party was in government there were constant increases in the diesel excise. I do not think there is any argument about that. There was no compensation for rural Australia, and we have to address those issues. Equally, Senator Cook, who occasionally makes some sense on trade issues—that is my fifth most famous quote, Senator: 'occasionally makes some sense on trade issues' and notice the qualification there—

Senator Cook—It is so qualified it is meaningless.

Senator KEMP—Seeing you are looking for good quotes about yourself, I thought I might give you one. The export sector is clearly a big winner. A lot of our exports come from rural and regional Australia. These are very good and important measures. I am amazed that you can come in and speak as though there were some unchallenged view that nothing had been done. A huge amount has been done for rural and regional Australia not only in the ANTS package but also through a range of other government policies. It is quite appropriate for me to mention that the National Party always plays an important role. We are a coalition gov-

ernment. We work well and we consult. Your concern is, of course, that—

Senator Murphy—That's not what Bob Katter said on *Meet the Press*.

Senator KEMP—People are entitled to their views. I can always pick out—well, I do not want to speak about Mark Latham—

Senator McGauran interjecting—

Senator KEMP—I do not think there is much point. You know what politics is like: individuals have particular views. Mr Katter may have a particular view; Mr Latham may have a particular view. I do not think our throwing this across the chamber advances the debate hugely. The government are always happy to give credit where it is due to our coalition partners, and we have provided together an extremely strong and effective government for this country. I think both of us take great pride in this matter.

Senator Murphy—So did they win the \$33 million or did the Democrats get it?

Senator KEMP—Senator, I do think you are showing excessive enthusiasm. Could you just restrain yourself? We will not be accepting this amendment moved by the Labor Party for a variety of reasons, but let me just note one of the reasons. My understanding of the report so assiduously referred to by the Labor Party is that, if we adopted this amendment, it would be to the long-term detriment of people in boarding houses. I do not know whether you have read the report closely but, if you are looking at it, it states the estimated percentage increases in rents. These figures are in the report, and there has been some discussion of them. For boarding houses, the concessional GST for the short term is four per cent and for the long term it is 1.5 per cent. You are leaving us with the input taxed position for boarding houses. Let me state what that is: the short term is 3.6 per cent, the long term is 3.1 per cent.

As you quoted this model, as you have stressed how important this model is and as you obviously accept those figures, the advice I have received is that it shows that you are likely to be making people in boarding houses worse off as a result of this amendment. The concessional GST delivers a better outcome. I do not know whether you have

read this report, Senator Murphy. I do not know whether Senator Cook has read this report carefully. I will not mention names of advisers, but I certainly hope that your advisers have read this carefully. That is the advice that I received. What an astonishing thing that, after all the debate we have had, the Labor Party moves an amendment which can lead to a detrimental outcome. I do not know, Senator Murphy, whether you can explain that. I do not want to put that question to you because we will just get another diatribe from you, but I draw that to your attention.

Senator Murphy—Why don't you tell me why the National Party—

Senator KEMP—It is an astonishing thing. I put that on the record. Maybe in the days, weeks and months to come, when we look at what the Labor Party attempted to do, it will no longer seem very surprising. It does seem very surprising now. The concessional GST delivers 1.5 per cent in the long term whereas the input taxing delivers 3.1 per cent. In other words, by removing this option, you are producing an adverse result presumably for many people who would have been able to make use of the concessional rate. It is a very strange policy, and I suspect it is policy making on the run. Let me also bring up one of the issues that was raised, as Senator Lees is in the chamber. There was a relentless discussion about who negotiated what with whom and what the role of the National Party was—

Senator Murphy—Well, what was it?

Senator KEMP—On private negotiations, the short answer is that it is none of your business, actually.

Senator Murphy—Who went through the door first?

Senator KEMP—You have always been welcome at negotiations on important taxation matters, but the Labor Party never come through the door. We saw an exercise in spleen aimed at the Democrats. It is true that we do not always agree with the Democrats. In fact, on some issues, there will be some quite profound differences. We come from different political traditions and we have a different political base, but I will say this about the Democrats: they are prepared to

consult and talk. It is not always that we can achieve a result, but on occasion we can achieve an effective result and an outcome. Senator, you have greater numbers in this chamber, but the fact of the matter is that on so many parts of the tax package the Labor Party were missing in action, MIA. Now you are standing up and talking to me about the GST. If I have said it once, I have said it 100 times: as the Treasurer has indicated, the Labor Party say this GST is so bad that they are planning to keep it. What an absolutely astonishing position after all this debate.

Senator Murphy—It will take a while to sort your mess out.

Senator KEMP—I agree that the Labor Party has indicated that there will be a roll-back. If you roll back something, you have to roll forward something else to pay for it. If you roll back on clothing, that is \$1.5 billion. That is a huge amount of money. How do you find that sort of money? The truth of the matter is that you have to raise taxes somewhere. I think that is how the debate will come out. I think the historical record will show that the Labor Party's role in tax reform was—to put it as politely as I can—a very unedifying spectacle. You and Senator Sherry venting your spleen at the Democrats has not added to any credit. While I am on that, from time to time there is a debate about what people can say in this chamber, and I am not one to shy away from robust debate. In fact, I have probably said a few robust things myself in my time.

The TEMPORARY CHAIRMAN—I have been known to encourage it.

Senator KEMP—Senator George Campbell has been known to encourage this—or, indeed, to provoke it. But an unfortunate comment was made about a Mr Murphy by Senator Cook.

Senator Cook—That was by me.

Senator KEMP—That is what I said. You are Senator Cook, and that is what I said. It was an unfortunate comment. You could not care less; I understand that, Senator. But, for the record, it does not reflect credit on you to have spoken like that. It is one thing to talk about people who can defend themselves in this chamber. Some pretty tough things have

been said about me, and I have responded in kind. But it is a different matter to use that sort of language about someone who is outside the chamber, someone who has a very high standing. It is one thing for Senator Conroy to spray his spleen around. It is another thing for a former senior minister to be doing that. I know I have tickled your conscience, and I know you are now mortified, Senator Cook. But I say for the record that it was not an appropriate way to carry on.

A number of other issues were raised. One was the extra assistance to, and the monitoring of, long-term caravan park and boarding house residents. As the Treasurer has stated, the government will ask the Australian Competition and Consumer Commission to put in place an audit program to ensure that the pricing structures of caravan parks and boarding houses do not result in increased margins that capture the increased rent assistance. That is an important measure which, it is my understanding, was discussed with the Democrats. That should provide the sorts of assurances that a number of senators were seeking as part of their more serious contributions.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.17 p.m.)—The minister's contribution to the debate thus far leaves some questions hanging. I want to pursue those questions. Firstly, since the government are spending \$430 million to publicise and educate—and I use those words derisively—the community about the GST, why wasn't some of this money spent on caravan parks? Why is it now necessary to go around to the caravan parks and explain how the GST operates there? Wasn't that in the initial budget? Secondly, what you have lauded as the special role of the ACCC is their role anyway, isn't it? That is what you expect them to do. What is so special about their doing this here? Are you saying that there are insufficient ACCC staff to do it as a normal, routine matter and, therefore, they require staff supplementation? Or, if it is not routine and if there is no staff supplementation, what is the announcement about?

Senator KEMP (Victoria—Assistant Treasurer) (5.18 p.m.)—The government are

asking the ACCC to put in place an audit program to ensure that the pricing structures of caravan parks and boarding houses do not result in increased margins. It is perfectly appropriate that the government do that, given the particular concerns that people had, and we make no apology for that. In view of the way the debate has progressed and as part of the agreement that we have, it is important to make sure that we do put that audit program in place. The government will ask the ACCC to do that.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.19 p.m.)—Are extra resources being given to the ACCC to do this?

Senator KEMP (Victoria—Assistant Treasurer) (5.19 p.m.)—If the ACCC feels it does not have the resources to do the work it is being asked to do, it can always come back to the government and provide further advice.

Senator Cook—Are you saying that there are no extra resources in this particular case?

Senator KEMP—I have answered that question.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.20 p.m.)—So there are no extra resources in this particular case. Minister, will you confirm that you are increasing the maximum rate of rent assistance in the deal that you have for compensation with the Australian Democrats? It does not appear to be a deal with the Nats, despite their press release. Is that what this supplementation is about? Will you confirm the fact that, for a single social security recipient with no children, the deal is worth 16c extra per day and that, for a single person sharing the rent, the deal is worth just an extra 11c per day? Is that true?

Senator KEMP (Victoria—Assistant Treasurer) (5.21 p.m.)—Senator, you can work out all the figures you like, but \$33 million is being paid in additional rent assistance to low income earners. I would have thought that was a significant figure. You can do all the calculations you like, but that is a significant amount of money in anyone's language.

Senator Murphy—It's probably of interest to people who might get it to know how much they might get.

Senator KEMP—I am just pointing out to you, Senator, that that is the amount of money. The increase in the maximum rate of rent assistance, as the Treasurer indicated in his press release, will be increased by another three per cent to make a total increase of 10 per cent, with effect from 1 July. There is a 10 per cent increase—it was seven per cent. With other pensions and benefits, there is an up-front increase of four per cent and a guaranteed real increase of two per cent. In this case, there will be a 10 per cent increase in the maximum rate of rent assistance, and that will total \$33 million. You can argue your point, but that is a significant amount of money, and it will address some of the concerns which were raised.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.22 p.m.)—This is one of those issues where you have a percentage increase in the tax—the GST is a percentage tax—but the compensation is a flat amount. Are you committing the government to adjusting the \$33 million over time, when as inflation passes through the value of the percentage goes up in real dollar terms but the lump sum compensation remains the same? Are you committing the government over time to make adjustments in the future or are you not?

Senator KEMP (Victoria—Assistant Treasurer) (5.23 p.m.)—I am committing the government to do what it said it would do. Any government in the future can always review these matters. But the commitment I give to the chamber is an important one and should not be minimised. It is a \$33 million commitment; it is not a trivial commitment at all. We think that it is an important initiative that was announced by the Treasurer.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.23 p.m.)—So there is no commitment down the track that the value of this so-called compensation will not erode and there is no commitment from the government to correct it if it does, meaning that people will be worse off over time—that is the point of it. Since you have answered the question that

Since you have answered the question that way, that is the only conclusion I can draw. Only social security recipients receiving the maximum rate of rent assistance will receive the increase. For those social security recipients who do not receive the maximum rate, this deal does not give them an extra cent, does it?

Senator KEMP (Victoria—Assistant Treasurer) (5.24 p.m.)—Yes, the advice I have received is that it applies only to those receiving maximum assistance.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.24 p.m.)—And those who are not on the maximum rate get nothing? That is the implication of your answer.

Senator Kemp interjecting—

Senator COOK—I see you have put your hands in the air as if you have given up. Is that an indication that I am right?

Senator Kemp—You are so rarely right, you should not bet on it.

Senator COOK—I see. I take it that I am right there. So this deal over time will not provide compensation, it will erode in value and only those on the maximum rate get the benefit of the deal. This is not a good deal, is it, for those living in caravan parks? It is some compensation but it is not a good deal in the sense that it does not answer all of their problems.

Minister, you said that the amendment before us is counterproductive to people in caravan parks, or words to that effect, and made some allusion that, if the history of this debate is written, the ALP will be seen to have—I suppose ‘failed’ was the word you were searching for—failed people in this position. That is, of course, not the case. People would be better off without the GST, and we have opposed the GST. This situation arises as a consequence of the GST being imposed. I just draw your attention to an article on the front page of today’s *Mercury* newspaper headed ‘Rich get most in GST: study’. The article starts by saying:

The richest 20% of Australians stand to gain most from the GST, while hundreds of thousands of battlers will be worse off, new research shows.

An Australian Council of Social Service report, to be released today, predicts a massive jump in inequality after July 1, as high-income earners pull further ahead of the rest.

It goes on to report Michael Raper, the President of ACOSS. But we knew this, didn’t we, right from the beginning? This is the reason for Labor opposing the GST. So it is not right to make the allegation about this amendment, and I commend it to the chamber.

Senator KEMP (Victoria—Assistant Treasurer) (5.26 p.m.)—One of the issues that people would be worried about is the inability of the Labor Party to give any guarantees or assurances on the assistance that we are providing. The Labor Party have been asked on many occasions to guarantee the tax cuts as part of their policy, and they will not. The reason for that is very clear: the Labor Party intend to roll back those big tax cuts that we are providing to the Australian people.

If Senator Cook thinks this package favours the rich, we shall look forward to Labor’s alternative tax plans. We do not accept that analysis. We think this is a very fair package, which we think improves significantly the equity of the tax system. If he thinks it favours the rich, we will look with great interest at the proposed tax changes that Labor will be making. Charitably, I think the Labor Party tax policy at the last election was a disaster for it. I am getting support from an unusual source.

Senator Cook—Getting derision from an unusual source.

Senator KEMP—No, Senator Cook, you were not looking. I was getting some unusual support from an unusual quarter.

Senator Cook—If you are looking at those two guys, I can assure you it was mirth and derision.

Senator KEMP—The record does not need to be ex post facto corrected by you. The fact is Labor went to the last election with a disastrous tax policy and that is one of the reasons you are languishing over on that side of the chamber. I have no doubt, from the way you are talking at the moment, Senator Cook, that that will happen again.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.29 p.m.)—This is my final

(5.29 p.m.)—This is my final question for the moment as I see a colleague of mine is trying to beat me to the call. Minister, you have referred to the report conducted by Econtech and you have drawn my attention to it. So far as I am aware, the government have never tabled this report. It is relied on selectively by the government to be quoted when it suits their case, but it has never been put in the public domain so that it can be properly analysed. Will you now table both the first report and the final document submitted to the government by Econtech so that they become public documents and the issue you are referring to can then be properly analysed? Will you table both reports?

Senator KEMP (Victoria—Assistant Treasurer) (5.29 p.m.)—Senator, I am not proposing to table reports. It seems to me that people have obtained copies of the reports. If the Treasurer wants to table this report in the parliament, he will table it. I will put your request to him.

Senator MURPHY (Tasmania) (5.29 p.m.)—I have one question. Minister, you were asked earlier about the revenue that is likely to be derived from the GST on caravan parks and hostel rents. Do you have any figures on that? Maybe the Democrats might be able to inform us, with regard to their negotiations, as to whether or not they addressed the question for CPI adjustments in respect of the \$33 million new compensation package.

Senator KEMP (Victoria—Assistant Treasurer) (5.30 p.m.)—Senator, I do not have any figures on the revenue side.

Senator Murphy—Have they been done?

Senator KEMP—I am not sure. I will make inquiries.

Question put:

That the amendment (**Senator Cook's**) be agreed to.

The Committee divided. [5.30 p.m.]

(The Chairman—Senator S.M. West)

Ayes.....	27
Noes.....	38
Majority.....	11

AYES

Bishop, T.M.	Bolkus, N.
Brown, B.J.	Campbell, G.
Carr, K.J.	Collins, J.M.A.

Conroy, S.M.
Cooney, B.C.
Crowley, R.A.
Forshaw, M.G.
Harradine, B.
Hutchins, S.P.
Mackay, S.M.
McLucas, J.E.
O'Brien, K.W.K.
Schacht, C.C.
West, S.M.

Cook, P.F.S.
Crossin, P.M.
Denman, K.J.*
Gibbs, B.
Hogg, J.J.
Ludwig, J.W.
McKiernan, J.P.
Murphy, S.M.
Ray, R.F.
Sherry, N.J.

NOES

Abetz, E.
Alston, R.K.R.
Boswell, R.L.D.
Brandis, G.H.
Campbell, I.G.
Coonan, H.L.
Eggleston, A.
Ferris, J.M.
Greig, B.
Herron, J.J.
Kemp, C.R.
Lees, M.H.
Macdonald, I.
McGauran, J.J.J.
Newman, J.M.
Stott Despoja, N.
Tchen, T.
Troeth, J.M.
Watson, J.O.W.

Allison, L.F.
Bartlett, A.J.J.
Bourne, V.W.
Calvert, P.H.*
Chapman, H.G.P.
Crane, A.W.
Ellison, C.M.
Gibson, B.F.
Heffernan, W.
Hill, R.M.
Knowles, S.C.
Lightfoot, P.R.
Mason, B.J.
Minchin, N.H.
Ridgeway, A.D.
Tambling, G.E.
Tiernev, J.W.
Vanstone, A.E.
Woodlev, J.

PAIRS

Evans, C.V.
Lundv, K.A.
Faulkner, J.P.
Quirke, J.A.
* denotes teller

Reid, M.E.
Ferguson, A.B.
Macdonald, J.A.L.
Pavne, M.A.

Question so resolved in the negative.

Senator KEMP (Victoria—Assistant Treasurer) (5.38 p.m.)—I move government amendment No. 1 on sheet EF218:

(1) Schedule 11, page 70 (after line 33), after item 10, insert:

10A After subsection 69-10(1)

Insert:

(1A) However, this section does not apply in relation to the acquisition or importation of:

(a) a commercial vehicle that is not designed for the principal purpose of carrying passengers; or

(b) a motor home or campervan.

This amendment will ensure that this limit does not apply to motorhomes. The GST as an aide-memoire limits the amount of input tax credits that can be claimed for luxury cars subject to the luxury car tax. Campervans and

vehicles not designed for the principal purpose of carrying passengers will not be subject to the luxury car tax. I think there has been some concern in the wider community—certainly amongst various groups involved with the production of campervans—that campervans are not really a luxury car at all, and the government is moving an amendment to deal with this problem.

I should note, however, that the normal phasing in rules for claiming input tax credit in relation to these vehicles will still apply for the years ending 30 June 2001 and 30 June 2002. As I said, this matter was causing some concern and the government has decided to deal with this problem. I urge the chamber to support the amendment.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.40 p.m.)—So that I can be clear, this is government amendment No. 1 on sheet EF218 relating to input tax credits on cars?

The TEMPORARY CHAIRMAN (Senator George Campbell)—That is correct.

Senator COOK—And this is one of the amendments contained in the explanatory memorandum circulated today?

The TEMPORARY CHAIRMAN—Correct.

Senator COOK—Apart from what is in the explanatory memorandum—once again, Minister, no offence—the mumbled explanation you have just given of this amendment hardly amounts to something that throws a great deal of light upon what the government are intending to do here and why they were moved to do it. Would you revisit, for the sake of the record, where you saw the imperfections in the present drafting, why it is that you chose to amend it now and, preferably, who made the representations?

Senator KEMP (Victoria—Assistant Treasurer) (5.41 p.m.)—Senator, I think the question is whether or not a campervan or a motorhome could be defined as a luxury vehicle. There were arguments that, as defined in the original bill, their price—certainly the price of some of them—came within that ambit. What we have done here is to make a distinction—in other words, they are not be-

ing regarded as a luxury vehicle; they are different. I will seek further advice on this.

As I said, the GST limits the amount of input tax credits that can be claimed on luxury cars subject to the luxury car tax. The motor vans and caravans will be dealt with in another amendment that is coming through. There was a question asked in the Senate recently—by Senator Hutchins, if I remember rightly—regarding the phasing in of input tax credits. The basic rule is that you do not get an input tax credit in the first year, in the second year you can claim 50 per cent and in the third year you can claim all your input tax credits. That is what we meant by the term ‘phasing in’ of input tax credit. This amendment is related to the other government amendment on the program relating to luxury cars.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.44 p.m.)—As I understand the minister’s explanation, this covers wholly designed and manufactured campervans—the Winnebagos that we see on the road from time to time—and other commercial vehicles made up to become campervans or motorhomes that would be valued in excess of \$55,000 and qualify for ordinary definition as a luxury car.

I am looking at the explanatory memorandum that has been circulated in respect of this item. Point 4 says:

The financial impact of this measure is minimal as not all vehicles to be excluded from the LCT by *new item 16F* would have been caught by section 69-10. Additionally, the full financial impact of this measure will not occur until the year commencing 1 July 2002 after the phasing in period for claiming input tax credits for motor vehicles has expired.

My concern, a concern I pursued with you last week on another matter—if it was not you, it was the parliamentary secretary representing you in the chamber at the time—is the words in the explanatory memorandum ‘the financial impact of this measure is minimal’. Can the government quantify what it means by ‘minimal’? Is there some figure you can give us? I do not mean necessarily a precise figure but some indication of what you mean by ‘minimal’.

Senator KEMP (Victoria—Assistant Treasurer) (5.46 p.m.)—The best I can say is that, in lieu of any other advice, ‘minimal’ means exactly what it says—minimal. In the sweep of government, it is not significant. If we could put a precise figure on it, I guess we would put a precise figure on it. The advice that I have received from my very eminent advisers is that it is minimal, and minimal means minimal. I am sorry, but I cannot go any further.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.46 p.m.)—Let me use the example I used the other day. When my dentist leans over me with a pair of surgical pliers, he says, ‘This won’t hurt a bit,’ and I often find that it hurts quite a lot. When the government says that it is minimal or minor, what does it mean by that? Does it mean it is minor compared with the gross national product of Australia, and therefore it might be several billions of dollars but still minor compared with the total? Words like ‘minimal’ or ‘minor’ or ‘not significant’ are words that I am curious about. How much do you regard as minimal? This is, after all, a sweeping tax which will impose new costs and charges on many people. We, at least in this chamber, should pursue some transparency about the real costs. While you are chewing on answering that question, Minister, the explanatory memorandum says at point 2:

The financial impact of the measure relating to campervans and motor homes is less than \$5 million for the 2000-2001 financial year. The measure relating to non-passenger vehicles has no financial impact as these vehicles were never intended to be covered by the LCT.

Is \$5 million what you mean by minimal? Is that about the ballpark of what you mean by minimal? If it is \$5 million for 2000-01, what is it for the out years?

Senator KEMP (Victoria—Assistant Treasurer) (5.48 p.m.)—I suspect you are seeking precision where precision is not entirely practical. If I went through the bills that you had brought before this chamber and looked at the EMs which you have guided through here, there may well be a number of EMs where the word ‘minimal’ was used. If I had asked you what you meant by ‘minimal’,

I suspect you would have responded in a similar way to me. We are not talking about a share of GDP but of the overall cost of a particular measure. I do not know whether I can give you any further precision on that. I am not trying to resist your question or be difficult, but I think it is a fairly standard procedure by governments. If I was so minded to go through EMs and look at the many bills that you piloted through this chamber—not that I would do the research, Senator Cook, so you will not have to face that embarrassment—some of them may well have had tax implications and may well have used the word ‘minimal’. Therefore, I would respond in a like way to you. As I said, the costs of this measure are not substantial or significant. I think that is another way of coming at it.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.49 p.m.)—Let us try to move it along. Below what figure does the government regard the costs as minimal? If it is below \$5 million, do you just say that, it is minimal, write into the explanatory memorandum ‘minimal’ and not give a figure? Or, if you think the calculations are just a bit trying or a bit taxing, do you write ‘minimal’? What are the criteria for defining ‘minimal’? I would like that answer. What are the figures in the out years? In 2000-01, it is \$5 million. What are these figures for 2001-02 and 2002-03?

Senator KEMP (Victoria—Assistant Treasurer) (5.50 p.m.)—We have not got the precise figures here. I am not trying to be difficult but, in relation to the specific example we are quoting, it is less than \$1 million. I think that is what we are saying, but I do not want to be held to it because the people who have done the calculations are not here. You asked for some guidance, and that is the advice that I have been given.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.51 p.m.)—Can you answer the out years question?

Senator KEMP (Victoria—Assistant Treasurer) (5.51 p.m.)—If it is less than \$1 million in the out years, it is still less than a million and therefore it is minimal. I can understand your interest in this, but it does not

seem to be a hugely weighty point. I am not trying to resist it. As I said, I am providing you with the information that you want, but I am slightly mindful of the time.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.51 p.m.)—So am I, and I thought you would have been more cooperative in order to get to the conclusion of it. Can you take the question on notice and provide us with the answer? Specifically, you say that it is \$5 million for the 2000-01 financial year. What are the figures for the out years? What are the figures for 2001-02 and 2002-03? You must have those figures. Please take that on notice. I recognise this as roll-back to this sector on behalf of the government and we will be supporting the amendment.

Senator KEMP (Victoria—Assistant Treasurer) (5.52 p.m.)—Yes, I will take that on notice.

Amendment agreed to.

Senator KEMP (Victoria—Assistant Treasurer) (5.52 p.m.)—I move government request 5 on sheet EF216:

(5) Schedule 11, page 72 (after line 4), after item 11, insert:

11AA At the end of section 84-15

Add:

- (2) If the transfer is a transfer of the services of an employee, this section does not apply to the transfer to the extent that any payments that:
 - (a) are made from the *enterprise in Australia to the enterprise outside Australia; and
 - (b) relate to the transfer;
 - would be *withholding payments if they were payments from the enterprise in Australia to the employee.

My understanding is that this relates to offshore supplies other than goods or real property. The government is introducing this amendment to remove the GST reverse charge on amounts paid to an overseas branch for the services of an expatriate employee. The reverse charge will be removed from the payment to the extent of the amount that would have been subject to a PAYG withholding if it had been paid to a worker in Australia by an Australian employer. The request provides consistency with salaries

paid by domestic financial supply providers to their employees—that is, no GST is payable on salaries. The amendment will benefit foreign owned financial supply providers by reducing compliance costs. The reverse charges are applied to examples where it becomes a great incentive to locate services offshore. Therefore, we have a reverse charge arrangement. I think this particular issue comes out when, for example, an employee is posted to Australia from an overseas branch, and the salary he is paid as an Australian employee would not be subject to GST. The reverse charge arrangement may well be seen to have that effect. As a result, we are moving to rectify this issue, which was brought to our attention by a number of financial service providers who have branches overseas.

Request agreed to.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (5.55 p.m.)—I move opposition amendment No. 1 on sheet 1842:

(1) Schedule 11, page 73 (after line 6), after item 11D, insert:

11DA Subsection 126-10(1)

Omit the definition of *total monetary prizes*, substitute:

total monetary prizes is the sum of *monetary prizes you are liable to pay, during the tax period, on the outcome of *gambling events (whether or not any of those gambling events, or the *gambling supplies to which the monetary prizes relate, took place during the tax period).

11DB Section 126-32

Repeal the section.

This is the opposition amendment for gambling. The chamber is familiar with this amendment. The chamber is familiar with the hypocrisy of the government over this amendment. It is, in many respects, a sad thing that we are required to move it yet again. We move it on this occasion because the substantive debate in this bill is for residents of caravan parks and boarding houses. I think it is important to contrast the different treatment the government are offering those residents, for whom they are providing a package of \$33 million in compensation. For those residents who are single with one de-

pendent child, that is 16c a day. For two single people, that is 11c per day. If you are on the maximum rate, you get that amount. If you are on less than the maximum rate as a social welfare beneficiary, you do not. The amount in the case of caravan park and boarding house residents is a flat cash amount. We recognise that the tax is a percentage. The value of the compensation will erode with time. The masterful negotiators in the Australian Democrats have not recognised that, so there is no in-built mechanism to correct the time erosion of the value of the compensation. The government do not seem to care and nor do the Democrats or, it seems in this case, the National Party, who have trumpeted that they, not the Democrats, have succeeded in achieving these changes.

Contrast that to the high rollers in casinos: they are compensated for excessive losses by casino operators and can have those losses written off as part of their tax advantages. Clearly this is a government for the rich. This is a government for the privileged. This is a government that is not concerned at all that the gap between wealth and poverty in Australia is opening more widely. Because of the dismissive terms that the minister has used to squash the report that I referred to earlier in the Hobart *Mercury*—a front-page report of a survey that ACOSS have been principally responsible for which shows that, once again, the effect of this tax is to widen the disparities between wealthy Australians and ordinary Australians—it is important that this chamber again has the opportunity to do something positive to set the record straight. Support for this amendment would be one of those things that it could do.

In addressing the amendment, I want to go back to some of the remarks made earlier today. One of the remarks was made in a speech on the second reading by Senator Lees. It said that the unanticipated revenue gains were calculated at several billion dollars and that those unanticipated revenue gains were most likely due to the impact of the goods and services tax on the black economy. In short, the advantage of this tax, according to the advocates of it, is that it will ensure that transactions that were untaxed in the past—opportunities to avoid taxation—will be reduced and that there will be a

ll be reduced and that there will be a windfall gain to revenue. That may be the explanation for the extra funds that are coming forward.

It is an issue that is entirely problematic. I draw attention to a report that I have previously referred to in the *Economist* magazine. Two years ago they ran a table of the size of the black economy in a number of OECD countries. Australia, with its existing tax system, was in the bottom quartile of OECD countries in terms of the size of the black economy. All of the countries above Australia that had bigger black economies as a per capita proportion were economies which had a goods and services tax. The simple proposition, often so fraudulently put, that a goods and services tax means an end to the black economy was not exhibited in any empirical way by that survey. In fact, a conclusion you could come to from that survey is that the propensity for an increase in the size of the black economy accompanies a goods and services tax or a tax of that sort.

Has there been any serious work on whether the black economy will yield over a greater tax revenue than otherwise? No, there has not. In estimates, I have pursued this matter assiduously, particularly at the last estimates, only to be met with a brick wall of government assertion and no study or analysis. In publicising the so-called advantages of this tax, this is an issue which is dwelt on by its advocates quite strongly. It is one of those things that is lent on as a positive argument. Well, that ought to change from last Friday, 23rd, when the *Business Review Weekly*, the magazine that has been, in the past, an editorialising supporter of this tax, carried as its front page cover story 'The Black Economy' with the subtitle 'Will it grow under the GST?' One has only to turn to the inside story on the black economy, which has the heading 'Why GST is good news for the black economy' to see that this is a fraudulent attempt by the government and by the Australian Democrats to say that somehow the GST will stamp out tax avoidance in the black economy. It will not. The article is an article that I commend to the government and to the Australian Democrats because this is something that we will be drawing to the at-

tention of the Australian community, as we have in the past.

The black economy prospers under a GST. It just means that the type of tax avoidance and the types of activities in the black economy are different from those in a non-GST economy. It does not mean to say that avoidance is less and it does mean to say that it can often be the case that avoidance is more. Indeed, to revert to the point, in OECD economies where there is a GST, the level of the black economy is bigger than in the Australian economy, where there is not a GST. Let me go to some of the points made here by the magazine. I quote from the article:

Overseas experience and research shows that when a goods and services tax (GST), value added tax or other form of tax on consumption is imposed, there is usually a short-term reduction in tax evasion and then the black economy returns to its previous level. In some cases, tax evasion increases. The governments and tax officials of Canada, New Zealand and several European countries that have consumption taxes are working furiously to combat expanding black economies. New Zealand has had a consumption tax for 14 years. Christchurch accountant, Leon Hendron, who had been working with business on GST since its introduction, recently published a book for Australian business called *Survive the GST*. In the book's introduction, Hendron says:

GST is an easy tax to avoid, evade or defraud. The ATO, the Australian Taxation Office, will be handing out refund cheques like Santa Claus.

He goes on to talk about the evasions of the black economy. In this article is a table headed 'Not taxed, not touched'. It refers to types of tax evasion activity that will not be picked up or that will be only lightly affected by the GST. It has a ranking order that I do not have time to go through in great detail, but let me touch on some of the elements of it. First, with regard to criminal activities such as drug dealing and prostitution, the effect of the new tax system is none. Second, for moonlighting, which involves underreporting or failure to report income from a second job, the effect of the GST is none. Third, for profit, where businesses understate the size of their payroll et cetera, there will be some effect, it concedes; and it goes on to talk about how that effect can be tabulated. The overstating of expenditure, particularly

business expenditure, is their fourth point, and the effect of the GST is small. Fifth are welfare benefits: for workers who receive unemployment benefits or other forms of social security but who hold jobs that should preclude them from the benefits, the effect is none. Sixth is failure to declare interest, and the effect is none. Seventh is barter, the exchange of goods and services between one professional or another, and the effect is none. And so it goes on.

My point in referring to this in support of the amendment is that the degree of hypocrisy here is breathtaking, and there is a double dealing element in terms of the \$430 million propaganda and political point-scoring campaign that the government has funded. Let us get this right. The GST, of itself, does not automatically mean that the black economy is diminished. While it might be that, come election time next year, there will be a short-term reduction in the black economy, it is only a transition as the black economy finds new shape and new ways of avoiding the tax. Most tax advisers will tell you that it is the size of the tax that leads to the level of avoidance and not the nature of the tax, because the nature of the tax means that people will find ways around it and eventually they do. There is enough experience in the world, particularly in those OECD countries in the *Economist* table that I referred to, to guide Australian tax professionals to make a career out of finding ways of avoiding tax for wealthy clients.

Not only do we have the situation where high rollers—people who bet in excess of \$¾ million on the turn of the dice—can have an advantage by virtue of having, if they lose, some of their losses refunded to them by the casino operators and then those casino operators being able to write that off as an expense under the tax, but we also have an end to this canard, at least as far as the *Business Review Weekly* is concerned—which is quite a reputable magazine in the business sector—that there will be a reduction of the black economy by virtue of this tax. There will not be, and it is not likely that there will be, and the table of areas that I have referred to point to that quite conclusively.

It may well be that, as Senator Lees has said, there will be more revenue harvested from this tax than the government has previously said. What we can be sure of is that if there is a little bit out of the black economy it will not last long; it will be overtaken as the black economy expands again. Therefore, it is an illusory gain—a short-term, one-off windfall—rather than any long-term structural repair to the system. Essentially, those with enough wealth in Australia to have discretionary income in order to spend it to find ways of avoiding tax will be able to do so again. This waving of, ‘Peace in our time. We’ve got a breakthrough on the black economy,’ is not true. The disgusting hypocrisy of the three-party coalition—the Libs, the Nationals and the Democrats—on the high-rollers tax is what this amendment again highlights. I commend it to the chamber.

Senator KEMP (Victoria—Assistant Treasurer) (6.08 p.m.)—We will not be supporting this amendment. We have had this debate tirelessly. Senator Cook seems to think that every other day he can move the amendment again. I think the arguments that were run against this amendment last time apply equally today. The government’s amendment last year in relation to gambling gave no monetary benefit to casinos or casino patrons and made no distinction between kinds of gamblers.

In relation to the black economy, I think Senator Cook may have to eat some humble pie in a number of years time on this issue. He asserts it has no effect. In fact, I think he goes further: he asserts the black economy will grow. I assert that Senator Cook is dead wrong, and I expect Senator Cook will have the opportunity to eat some humble pie. We believe that we will garner an extra \$3.5 billion over three years from the black economy; in part, of course, because of the comprehensive new tax system, including the Australian business number and the pay-as-you-go system. We believe that in many ways we are striking into new territory here. In those particular areas I do not think other countries have gone as far as Australia has gone. We expect that this will have an impact on the black economy. We have made fore-

casts in our papers that it will be, as I said, some \$3.5 billion over three years.

Senator MURPHY (Tasmania) (6.10 p.m.)—This amendment that has been moved by Senator Cook is, in part, about making the tax system a bit more equitable; not doing as the government, the Democrats and the National Party have done, making it less equitable for those who can least afford it. As was pointed out earlier by Senator Cook with regard to the *Mercury* report about the rich getting most from the GST, they certainly will. It has been the practice of this government and the Democrats to allow that to occur. In relation to the high-roller amendment that the government moved, I would be interested to hear from Senator Lees how the Democrats can justify allowing that sort of approach to be taken on the one hand when, on the other hand, the people affected by caravan park rents and hostel rents get a meagre \$33 million extra compensation. As has been pointed out, some get 16c a day, some might get 11c, but the government is unable to respond with regard to which people might get what. I think that further highlights the whole process that the government has been going through.

I am pleased that Senator McGauran is back in here again for the second time today. Senator McGauran might want to get up on behalf of the National Party and speak about their position. Take the muzzle off. Don’t let the Liberals keep the muzzle on the National Party. Take it off, get up and have something to say and defend your position, Senator McGauran. Senator McGauran might be able to tell us whether they got through the door before the Democrats did in respect of the \$33 million on the one hand.

Senator McGauran—We did.

Senator MURPHY—I take that interjection. Senator McGauran says they did. That is very interesting. I note the wry smile on Senator Lees’s face. She obviously does not agree with Senator McGauran on that point. I refer again to one of Senator McGauran’s colleagues, Mr Katter, and his interview on *Meet the Press* on Sunday morning when he had a proposition put to him by the interviewer, Ross Gittins. Mr Gittins said:

Mr Katter, there's been a lot of scaremongering about the GST but John Howard says no one will be worse off. And, he's right in saying that there are very big income tax cuts that a lot of people haven't really registered on.

As has been pointed out many times—I want to deal with the tax cuts for a minute—50 per cent of those tax cuts go to the top 20 per cent of income earners. That is the very thing that the Australian Council of Social Services is pointing out. That is why they are saying that the bottom 80 per cent will be worse off. What did Mr Katter say to that? He said:

The political reaction for owner-operated business to having an enormously increased workload is very serious political stuff, indeed, point one. Point two, I made the point earlier on, that my old state electorate has a twenty-three per cent higher cost of living than Brisbane. So, I mean, clearly we're going to be paying greater ... now, I didn't ask—I mean, people accuse me of being unreasonable—I didn't ask for a change. All I asked for was an inquiry.

This is representative of the National Party stance within this coalition government, which includes the Democrats. It shows how they are really seen. Mr Katter goes on to say:

Now, I have been three months going backwards and forwards to every single person of power in Australia, all of the corridors of power that avail me—the party room, the joint party room—I have raised these issues. I have had absolutely no movement in spite of an undertaking on this. Now, if anyone thinks that myself, or elements of the National Party ... and the Queensland National Party only agreed to the GST on this basis.

We have seen reports, which I have watched with interest, about the National President and, I think, New South Wales President of the National Party, Mrs Helen Dickie, with regard to what the GST is doing and what the National Party's relevance to all of this is, and it is a not unsurprising big fat zero. Senator McGauran ought to come in here—as he is at the moment—and stand up and be counted. Why did Senator McGauran and the National Party support the high-roller amendment that allowed a situation where, as Senator Cook pointed out, you can lose, say, \$1 million and the casino can choose to give you half of it back or \$100,000 of it back and you would have no tax liability, yet the poor old bottom 80 per cent of income earners,

those on social security benefits and the like, you whack as hard as you possibly can, and then you run around and say, 'Well, perhaps we need to compensate them a bit more'? I would suggest to you that, if you want an equitable taxation regime, then you ought to consider very seriously the circumstances that you have brought upon those people.

Senator McGauran—You've just been wound up.

Senator MURPHY—You ought to wind up, Senator McGauran, and actually defend the people that you represent. This amendment is well worth while supporting. It would bring about a more equitable position in respect of the tax system that we currently have.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (6.16 p.m.)—We appear to be coming up to a vote on this matter. I will not seek to divide if the parties in the chamber would indicate where they would vote on the matter.

Senator LEES (South Australia—Leader of the Australian Democrats) (6.17 p.m.)—I was just rising to do that very thing and to go back to the issue that we are actually talking about, which is the high-roller amendment. This chamber has rejected this twice already, and nothing has changed since the Labor Party tried this on originally. It is a highly misleading claim, a very emotive issue obviously that they got a good run out of and are trying to get another run out of.

I will not stop there, because I think we do need to look at how the lobbying on this was done. Instead of coming before the committee, instead of putting it out in public, it was done behind closed doors, which inevitably makes one suspicious, when the committee process which is there is not used. It is Labor's first big hit on the GST—and they obviously got great encouragement from that scare campaign because they have been going on about this issue and others ever since—but it is misleading.

Again, the Democrats will not be supporting this amendment. We are not talking about any benefit whatsoever to Crown Casino or to any individual player out there who is known as a high roller. What the Demo-

crats are arguing for is consistency in tax law. If a casino is refunding part of its margin to gamblers, then it has reduced its margins, and on gambling supplies only the margin is taxable. I am not arguing that they should give money back. That is something that is over to the casino. In fact, I think it is quite obscene, both the amount some people gamble and the amount they get back. But the issue is that it is the margins that are taxable. This is the approach taken by the New South Wales government, by your government in Victoria, Senator, by the Tasmanian government and by the Queensland state government. It is the way the system works. All we are arguing for is consistency in calculating the taxes on gambling. So it is the tax on margins that we are debating, and it should stay the way people do it—that is, the principle is that basically the eventual margin, whatever it is, is what is taxed.

Another issue—and I will be brief—is the whole question of rent assistance. You have got the bottom and the top rate both indexed through the CPI to the threshold, so I cannot quite see where Senator Cook is getting his figures from on that. Indeed, we are looking at five—if not eight—per cent indexed above inflation for the rent assistance. So it will go up as it has always done.

Amendment not agreed to.

Senator KEMP (Victoria—Assistant Treasurer) (6.19 p.m.)—I move government amendment No. 2 on sheet EF218:

- (2) Schedule 11, item 16F, page 79 (lines 7 to 9), omit the item, substitute:

16F At the end of subsection 25-1(2)

Add:

- ; or (c) a commercial vehicle that is not designed for the principal purpose of carrying passengers; or
(d) a motor home or campervan.

This is another related amendment. It relates to the meaning of a luxury car. We dealt in part with this a little earlier on. The government is also amending the luxury car legislation to ensure that motorhomes and campervans are not subject to the luxury car tax. The amendment will also clarify that vehicles not designed for the principal purpose of carrying passengers are not subject to the luxury car

tax. Without this amendment it would have been possible, we understand, for a number of commercial vehicles with a load capacity of less than two tonnes to have been subject to the LCT. This could have included vehicles such as street sweepers and drilling rigs. This was not the intention of the luxury car tax.

Amendment agreed to.

Senator BROWN (Tasmania) (6.20 p.m.)—I move:

- (1) Schedule 1, page 12 (after line 28), after item 8, insert:

8AA Section 195-1 (at the end of the definition of *gift-deductible entity*)

Add “, provided that the entity is not a political party that is registered under Part XI of the *Commonwealth Electoral Act 1918*”.

I move this amendment because I am concerned that there is confusion about the status of political parties vis-a-vis charities in the legislation. We need to make it clear, as this amendment does, that a political party is not a charity under the definition of this legislation. I have, in particular, had some difficulty discovering from the government whether its intention is that public funding of political parties, for example, which comes after elections is a taxable item. We have not been able to determine that until yesterday—or even today—when the Assistant Treasurer, who is with us now, gave an answer to my question of last week in which he makes it clear. He said:

With regard to election funding, the Australian Taxation Office has recently provided advice that public funding for election purposes will not generally be regarded as consideration for a taxable supply and consequently the payments will not usually be subject to GST.

This comes after an earlier Australian Taxation Office opinion that this would be subject to GST. The Assistant Treasurer went on in this letter tabled today to say:

The Australian Taxation Office changed its view of the GST treatment of these payments after obtaining further information and consulting with the Australian Electoral Commission.

I ask the Assistant Treasurer, whose answer this is: what is the further information and what was the consultation which allowed the Deputy Commissioner of Taxation to change

his mind 180 degrees on this matter? I want to give the government time during the suspension of the sitting for dinner to consider the matter, and that will expedite the debate. The next sentence in the advice from the Assistant Treasurer—that is, the penultimate paragraph in today's answer to me—is as follows:

I am also advised that payments under the Dairy Industry Adjustment Program are not subject to the GST.

That advice comes because I pointed out last week that election funding to politicians is very similar to Dairy Industry Adjustment Program funding in that it involves a grant of money or a giving of money to persons in return for them doing something—in our case, in return for us taking up obligations as representatives of the people and, in the case of Dairy Industry Adjustment Program, in terms of certain farmers giving up milking cows.

We have today also obtained a ruling, which is a public ruling, from the tax office on that very matter. It is under the heading 'Goods and services tax ruling—goods and services tax: grants of financial assistance'. If you turn to sections 27 and 28 on page 3 of that ruling, you find that, in a European court, Advocate General Jacobs, in regard to a value added tax matter, says that the value added tax does not apply to a farmer who gets a grant to stop growing potatoes. But then in the next paragraph, under the Australian Taxation Office ruling, we find the statement that, notwithstanding that ruling in Europe, in Australia 'the relevant grant would be subject to the GST'.

So here we have the situation where a dairy farmer who stops milking cows in return for a grant is not subject to GST but the farmer next door who stops growing potatoes in return for a government grant is subject to GST. After the suspension of the sitting for dinner, I want the Assistant Treasurer to explain to the committee of the whole what the parameters are for making such an absurd conclusion. Is it just the current political situation or is there some logic that escapes me driving these decisions? I think political considerations are driving these considerations. There is no consistency or logic to

them whatever. I am going to ask the minister, after the suspension of the sitting for dinner, whether he, with his advisers, could inform the chair about the postal allowance: will that be subject to the GST or will it not? What about politicians' overseas travel allowances, which you do not get unless you travel overseas: will that be subject to the GST or will it not? What about drought assistance? Is that subject to the GST or is it not? What about assistance to companies for overseas investment and assistance given to employees of companies which go bankrupt and leave them without their entitlements, a number of cases of which we have recently seen? Is a Landcare grant subject to the GST or a grant to a community group for administration purposes?

Are grants under the Regional Forest Agreement currently being offered to farmers in Tasmania and elsewhere in consideration that they do not cut trees, because the environment is important and needs to be protected, to be subject to the GST or are they not? Indeed, what about a grant given by a state or federal government to a mining corporation on condition that it carry out limited duties such as exploration? Recently, for example, Renison Bell in Tasmania—as you will know, Mr Temporary Chairman Watson—has been given \$4.5 million, as part of an ongoing \$18 million program, to continue its activities in western Tasmania based on exploration: will that be subject to the GST or will it not? I think this whole matter requires explanation. I ask the minister if, after the suspension of the sitting for dinner, he could come in not with a 19-page ruling, like this one from the tax office, but with a simple explanation of the contradictions inherent in today's answer that will satisfy the average taxpayer.

Sitting suspended from 6.30 p.m. to 7.30 p.m.

Senator KEMP (Victoria—Assistant Treasurer) (7.30 p.m.)—Before dinner, in the debate on the bill, Senator Brown put a number of questions. I would like to thank you, Senator, on my behalf, but particularly on behalf of all my hardworking staff who forewent dinner to study the matters that you raised. I put that on record and thank my ad-

visers for doing that. Senator Brown has got an interpretation of this which, frankly, I find it very hard to agree with. The matters are not political. There is no political motive behind how these particular grants are classified. Certain rules apply, and that helps us judge the particular status of the grant. Let me go back to square one. A government grant is usually a payment of money, and grants can be subject to GST depending on the registered status of the recipient and the conditions attached to the payment of the grant. If the payment is to a non-registered person or business, there will be no GST implications. If the payment is to a registered business and is not consideration for a supply, it will not be subject to GST. If the payment is to a registered business and is consideration for a supply, it will be subject to GST. Where it is subject to GST—this is important and perhaps goes to the nub of your concerns—there will be no net impact for the recipient where the government grosses up the grant. Since governments will be entitled to claim an input tax credit, there is no incentive for them not to gross up the grant.

The ATO has released a comprehensive public ruling on government grants, which Senator Brown referred us to, that explains these basic rules in more detail. Senator Brown has asked about a range of specific government grants and, I think, asserted that the rationale for the classification of the various government grants is in some way political. I am not sure whether that was your intention, Senator, but it came through to me that you were suggesting that somehow some political criteria had been applied. This is not correct; let me make that clear. The perception of difference in treatment stems from the application of the law to the facts of the various cases. Senator Brown raised the issue of a number of different payments, and it was not possible in the short period that we had in the dinner break to provide definitive advice in relation to all of them. In fact, definitive advice always comes from the Commissioner of Taxation when he has full knowledge of the facts of the case. However, we note that.

Let me now turn to AEC electoral funding. An example of a grant with no conditions is an AEC electoral funding payment. This

payment is made on the basis of the votes received, and the entitlement flows directly from this. There is no supply from the political party to the government, so it is not subject to the GST. I think that would be very well illustrated in your case, Senator: you would not be making a supply to the government in electoral funding. You raised whether there were consultations. The consultations with the AEC were to clarify precisely the nature of the grant. Having clarified that, the final determination was made. Allowances to employees as well as to MPs and senators would be more in the nature of salary type payments, as salary payments are not subject to GST.

I have already tabled advice on dairy adjustments grants, and they are not subject to GST. The grant by the Tasmanian government to a mining company in return for the company undertaking exploration would probably be subject to GST. Again, I would have to say that definitive advice can be obtained only from the Commissioner of Taxation. I also make the point that, if the payment is subject to GST, the government can obtain an input tax credit and can gross up the grant without any loss of revenue. That is an important part: there is an input tax credit claimed, so there is no loss of revenue to the government. Those are the principles on which this was made—not that you, Senator, would take advice from a minister. There may be debates around grants—and I think we have had them—but the idea that a determination is made on a political basis for these things is not correct. That is the advice I have provided to you.

Senator BROWN (Tasmania) (7.36 p.m.)—I thank the minister, but I want to seek further clarification of what is a very confused situation. I note that the minister did not come back with a clear guideline which anybody in the Australian community could pick up and use to determine what would be GSTed and what would not on the matter of government grants. I ask the minister again: will the federal government gross up all grants that are GSTed so that the recipient of those grants will not be at a loss because of the introduction of this legislation? Also, the minister said that allowances

to politicians are like salary payments and therefore will not be GSTed. I put the specific example of the postage allowance. That is nothing like a salary allowance. You cannot get it unless you have spent the money on stamps for an electoral matter. I ask the minister again: is a grant such as the stamp allowance to MPs, which I understand is many thousands of dollars, to be subject to the GST or not? Then I come to the original contradiction of the government saying that, if a dairy farmer stops milking his or her cows and gets a payment, that will not be GSTed but, under the tax ruling that my office has received today, if a potato farmer stops growing potatoes in return for a grant from the government, that will be GSTed. Could you please explain that contradiction?

Senator KEMP (Victoria—Assistant Treasurer) (7.39 p.m.)—It is a bit difficult to quote specific cases because the fact of the matter is that we sometimes need more information than you are able to provide. Typically, if a body is uncertain of its position, it makes an inquiry to the Australian Taxation Office, it gets a ruling and the situation is clarified. Let me just deal with the letter allowance paid to an MP. MPs are non-registered people. I understand that there are therefore no GST implications if the allowance is paid to the person, for example, and that is the advice that I have received. Senator Brown, you are listening to me, aren't you? That is if it is paid to the person.

In relation to the various farming grants, we have given you the general rules, but it is not up to a minister to make a definitive ruling on these matters in this chamber. It is a matter for the tax commissioner. I have indicated to you that grants can be subject to the GST depending on the registered status of the recipient and the conditions attached to the payment of the grants. It is on that basis that the commissioner makes the ruling. I do not make a ruling as a minister. It is not a matter for a minister to make a ruling on; it is a matter for the tax commissioner to make a ruling on.

Equally, we have indicated that grants to charities will be grossed up, and I have stated that in previous debates in this chamber. There is no net effect where a grant is made

to the particular charity. The grants are not done on a political basis. It is not for the government to decide how a particular grant is made or whether it is subject to the GST or not. It depends on the facts of the case. I have gone through the rules. Senator Brown, I think you were slightly unkind because the fact is that I did go through the rules. Let me make it clear that, if the payment is to a registered business and is a consideration for a supply, it will be subject to the GST. However, where it is subject to the GST, there will be no net impact for the recipient where the government gross up the grant. Since governments will be entitled to an input tax credit, there is no incentive for them not to gross them up. Senator Brown, I draw that to your attention. Charities were worried about this, and that is the way we dealt with it.

Senator BROWN (Tasmania) (7.42 p.m.)—This is totally unsatisfactory. I asked the minister to give a clear indication as to which grants were going to be subject to the GST and which were not, and he cannot do that. When I come to the case of the dairy farmer as against the potato farmer, I want to know why the Australian Taxation Office says that the potato farmer will be subject to the GST but the minister says that the dairy farmer will not. That is the question I am asking, and that is the question the minister is ducking. I asked the minister before tea and I will ask him again: what happens under the Natural Heritage Trust funding where a farmer foregoes the cutting down of the wood lot at the back of his or her farm in return for a government payment to protect that wood lot because it has conservation value? This is an exactly analogous service being provided in return for a government grant. The question is: will it be GSTed or won't it?

Finally, on this contribution, the minister does not know about and cannot answer my questions on specific cases, although I am quoting tax office rulings, not basing this on any assumptions other than those coming from the government and the tax office. When it comes to the multiplicity of grants going not just to charities but to community organisations, the minister says that we can increase the grants to cover the GST which has to be paid. Will the government, which

does not know about each case until it gets a tax office ruling—because the minister said that it is not up to the minister; it is up to the tax commissioner—approach the tax office with regard to every grant after 1 July to get a determination in order to make sure it will not deprive a community group of one-eleventh of the grant it is being given because it will be GSTed on it?

Senator KEMP (Victoria—Assistant Treasurer) (7.45 p.m.)—The departments are conducting the research required to determine whether a grant is subject to the GST or not; whether conditions apply to the particular grant. I am quite comfortable with going to the commissioner and listing the ones that you have raised questions on. I am not sure the commissioner has all the information he needs, but if the commissioner feels confident about that, I am very happy to provide you with that information. I am not resisting your questions, but it is a matter for the Commissioner of Taxation.

Senator Murphy—These are things you ought to know.

Senator KEMP—I do not know whether a particular grant has conditions or not. You might like to tell me whether the grant made to potato growers has conditions attached to it or not. If it has conditions attached then it may well be subject to the GST. If it does not have conditions attached then it may not be subject to the GST. It is a matter of looking at the facts of each case. If there are particular matters on which you would like me to provide advice to you from the commissioner, I will do that. But, in the end, it is a matter for the commissioner to determine on the facts of each particular case.

Senator Murphy—If the grant is paid for the purposes of a person leaving the industry—

Senator KEMP—If you had been listening, Senator Murphy, you would know that we said that, where a grant is paid without conditions, it is not subject to the GST. Where it is paid with conditions, the GST is applicable. That is the general principle which is applied. I am advised that the tax office has looked at the issue of dairy adjustment grants, and they are not subject to

the GST. It is a matter of determining whether a particular grant has conditions attached to it or whether it does not. That is one of the criteria which are used. It is not a matter of being political. Where a grant is paid and the government can claim an input tax credit, a business need not be any worse off. I am not sure that we are debating something of major substance here, nor am I trying to hide anything. But, before I give a view on the various grants that you are talking about, I need to make sure that I have all the facts on them, and you should understand that. It is not me being resistant at all. If you tell me that a particular grant does not have any conditions, we can generally—subject to any other view the commissioner might have—say with some confidence that it would not be subject to the GST. Where a grant has conditions applied to it and it is paid to a registered body, we can say that it will be subject to the GST. That is the general principle. There is no hiding from that. But if you ask me, ‘Does the potato industry adjustment scheme have a grant?’ I would have to see what the scheme is about. Nothing here would cause you any concern about this being of a political nature.

Senator BROWN (Tasmania) (7.49 p.m.)—The minister is not on top of the tax office rulings. The tax office ruling released today says that there will be a GST where a potato farmer stops growing potatoes in return for a government grant.

Senator Kemp—That is a condition.

Senator BROWN—But, in answer to my question on notice, the same minister said that, if a dairy farmer stops milking cows and gets a grant in return for doing that, it will not be subject to the GST.

Senator Murphy—Are you saying that that is not a condition?

Senator BROWN—Yes, Senator Murphy, through you, Mr Temporary Chairman. The minister is saying that not milking cows is not a condition but that not growing potatoes is a condition. The cases are exactly analogous, and we have totally different rulings on them. I want to ask the minister explicitly whether he can give a commitment from the government that no grant to community groups or organisations will be lessened by

means of a GST being levied. The minister said, 'No. Where there are grants going to community organisations where the GST applies, the grants will be increased to cover the GST, because the GST will be returned to the government.' On the facts of it, that is logical. I am concerned that there will be community groups who will not get their grants increased by an amount that covers the GST because they do not have the favour of government. I want to make sure that the minister is absolutely right and can be held to a government commitment that there will not be any selectivity in this matter and that, without exception, community groups will not be out of pocket because the GST is levied on grants.

Senator KEMP (Victoria—Assistant Treasurer) (7.51 p.m.)—Senator Brown, it is a bit unfair of you to say that the dairy adjustment scheme has one particular ruling and the potato scheme that you refer to has another. The point of the matter is that I would need to seek advice on that. You say that they are inconsistent. I am not sure whether you are quoting from a public ruling or a private ruling. I am not able to make any comment on a private ruling.

Senator BROWN (Tasmania) (7.52 p.m.)—I have just given the minister the ruling from the tax office, which gives the example of the potato farmer under sections 27 and 28. I just repeat that the GST will be levied in the case of the potato farmer but not in the case of the dairy farmer. The point that is being established here is that I am not being conjecturable outside of existing rulings coming from the tax office. The rulings are not consistent, any more than the tax office's first ruling from the assistant commissioner himself that public funding of elections would be subject to taxation was consistent. That has now been changed to public funding of politicians and political parties not being subject to the GST. I asked the minister before the suspension of the sitting if he would give an explanation as to why that change was made. What was it that the Electoral Commission told the tax office? I would be very pleased if the minister would inform the committee of the reasons for this 180-degree about-turn by the tax office—in light of in-

formation we are not acquainted with from the Australian Electoral Commission.

Senator KEMP (Victoria—Assistant Treasurer) (7.53 p.m.)—I think you are a bit unkind because I have before me the exact advice that I read. I think *Hansard* will show that I did respond to your question. This is what I read into the *Hansard*. I may be wrong but I am 99 per cent sure this is exactly what I said because I have it before me. An example of a grant with no conditions is an AEC electoral funding payment. This payment is made on the basis of votes received, and the entitlement flows directly from this. There is no supply from a political party to the government, so it is not subject to GST. That is what I said. I remember we were discussing whether you had made a supply to the government when you came into this parliament and I think you would agree that you did not. When the government went back and took some information from the AEC, this is the determination that it reached. As an example, let us say that if you put a GST on that, the government would then claim it as an input tax credit, so there would be no net effect. If the government said, 'We will put a GST on that,' and they grossed it up by, say, 10 per cent and that was payable, the government would then claim an input tax credit. So there is no net effect one way or the other. I think that is correct. My advisers are nodding, which suggests it probably is correct.

I am not quite sure of the point you are making—that this is some big deal. It is not a big deal; it is a matter that I certainly have no involvement in. The commissioner does not ask me what my view is in relation to grants paid to political parties. I am sure he determines these things on the facts of the matter. But the point I am making is that, where it is subject to GST, there will be no net impact for the recipient where the government grosses up the grant since governments will be entitled to an input tax credit. There is no incentive for them not to gross it up. I think that answers the question. There is nothing malicious here.

Senator BROWN (Tasmania) (7.57 p.m.)—Whatever else there may be, there is great confusion by the government and by the tax office. The tax office ruling that the GST

would apply on public funding has now become that the GST would not apply. Let me make it straight: there was a three-page ruling from the Deputy Commissioner of Taxation in January this year that said it would apply. There is now a ruling from the tax office that says it will not apply as far as public funding is concerned. It just shows you that the tax office at least, if not the government, does not have any consistency here.

Might I point out a common misconception: people do not pay their taxes to the government; they pay their taxes to the parliament for the parliament to determine legislation that will disburse those taxes. While there is no service being given to the government per se through political funding, there is a service being given to the people of Australia. We agree to stand as candidates and to take with that the obligation of becoming representatives in return for political funding. If we are elected, we carry out that obligation; if we are not elected, we have taken that risk and are discharged from that duty. But there is a duty, and that is why we have electoral funding. In many ways, that duty is analogous to the duty of the potato farmer not to grow potatoes when she has made that commitment. I will move on. I would appreciate the minister furnishing further information. I realise that his officers have had just the dinner break to answer these questions. I would have thought the minister would have been on top of the issue. I apologise to the officers and I hope they enjoy dinner later in the evening.

What I want to ask the minister, because it is very germane to this amendment, is: why is it that the bill enables religious organisations, including priests and ministers, to disregard internal transactions within their organisations for GST purposes but does not allow other charities and other non-government organisations to do the same thing?

Senator KEMP (Victoria—Assistant Treasurer) (8.00 p.m.)—Other charities can group as well. That is the advice I have received. It is true I am not entirely au fait with the Tasmanian potato adjustment scheme. You have found a chink in my armour. You have spotted that and driven very hard on it.

But I am forever thirsting after knowledge, like you, and I will provide you with information on that. It is not a matter of our resisting your questions. In each case there are general principles and those principles are then applied to particular circumstances. It is not a matter for us; it is a matter for the tax office. In relation to the grouping arrangements and the churches, my understanding is that the charities also have grouping provisions. I think this government has bent over backwards to ensure that charities are in every way reasonably assisted to carry out their very important work.

Senator BARTLETT (Queensland) (8.01 p.m.)—I thought it appropriate, having listened to the debate carefully on the amendment at hand, to put on the record the Democrats' position on it and then Senator Brown can continue with his seeking further information from the minister. The amendment itself relates to the definition of a gift deductible entity and seeks to remove political parties from being gift deductible entities. The Democrats do not see a particular reason why this amendment needs to be made. It does not appear to us that the gift deductible entity provisions provide political parties with a particularly huge benefit. Indeed, our federal Treasurer, who is a former university lecturer in taxation, has not been able to find much benefit in the provisions over and above those benefits that are provided to all not-for-profit associations. Political parties might not be everybody's idea of wonderfully cuddly organisations that they want to clasp to their bosoms, nevertheless they are an important part of our democratic process and I am sure no senator here would suggest that we should not have political parties. Political parties are a not-for-profit association and they are also a gift deductible entity under the current provisions and have been for many years. But even so, as I say, there is no particularly huge benefit for political parties here in the Democrats' view with the arrangements as they currently stand because for a gift deductible entity to access GST free treatment the service has to be non-commercial, which means that the good has to be sold for less than 50 per cent of its market value or 75 per cent of its total cost.

I do not know how fundraising is organised with other parties or Senator Brown's party but when the Democrats run a fundraiser we do try to make money on it. Sometimes we fail but that is our aim. That usually means selling goods for more than they cost and usually much more than their market value. Selling for less than cost is not fundraising, it is charity, so it is of little benefit to any political party. The principal fundraising option for political parties is donations and donations are not taxable supplies whether they are to a charity, a gift deductible entity or a not-for-profit organisation or even a for-profit organisation because there is no consideration. Even if there were consideration, some promise or something tangible in return such as attendance at a corporate seminar, it would make no difference to the corporation whether the supplier was taxable or not. It is liable for GST, the corporation claims a GST amount as an input tax credit. If it is not taxable, and it is only not taxable if it is sold for less than 75 per cent of cost or 50 per cent of market value, then it is the same outcome. So we do not see, given that political parties are and have been gift deductible entities for many years, any reason to exclude them in this particular way. It does not provide a major benefit and it just maintains consistency of treatment of non-profit organisations.

It is worth emphasising in terms of the broader question of public funding that has been considered at some length in this chamber that the Democrats are a strong supporter of public funding. We supported its introduction. Indeed, we were pivotal in its introduction. I think it would not have come into being without the support of the Democrats back in, if I remember rightly, 1983. We believe that is an important component of ensuring or reducing the dependence of political parties on corporate donations and donations more widely. It obviously does not remove that dependence entirely but it provides some measure of preventing a complete dependence on that and some of the dangers that go hand in hand with that. So we have always been strong supporters of public funding as a party and we will continue to take that position. I do not see the value in any sort of approach which undermines or seeks to undermine public funding or sug-

gests in some way or another it is a bad thing. I think it is a good thing, it is an appropriate thing, it is transparent and people can see how much money is provided and can see the formula under which it is provided. From my point of view, whilst it might not be a nice, popular position to take, I would prefer to be defending public funding at every opportunity. The Democrats are concerned at approaches that seek to denigrate public funding and the important role it plays in our electoral system and the electoral process.

In talking to the broader parts of the bill and the other aspects that seek to alleviate some of the issues relating to the new tax treatment and their impact on non-profit organisations, again I would go back to the point I made earlier today: it really does not matter whether one is a supporter of the GST or the new tax system coming in; that decision was made a year ago and the task now is to ensure that it operates in as effective a way as possible and in a way that has minimal impact on the effectiveness of non-profit organisations in particular. That certainly is a strong concern of mine and it was even before the decision was made for the GST to be implemented.

But a number of the changes contained in this broader bill, particularly those relating to not-for-profit and gift deductible entities, have come about as a specific consequence of there being groups such as the Charities Consultative Committee, which was set up basically on the initiative of, and with a strong push from, the Democrats. Many of these positive changes which alleviate the potential impact of the new tax arrangements on not-for-profit organisations have stemmed directly from the Democrats' involvement. I think this is a point worth emphasising: many of the things in the broader bill, many of these changes—indeed, some that Senator Brown quite reasonably has been seeking further clarification on—have occurred as a direct result of the input from that committee, which has fed concerns straight through from the whole wide gamut of organisations that come under that label of 'not-for-profit organisations'.

There are a lot of broader anomalies with taxation treatment—not specifically with

GST, but with the whole tax system and the way that interacts with not-for-profit organisations, charities and PBIs. The Democrats repeatedly have called for, and drawn attention to the need for, reassessment of how those different organisations fit into those categories. We believe that we need to move forward and reconsider the way we define and treat charities under tax and other laws. It is based on a definition that originated I think some 400 years ago. We are pleased that the government has also—again, as a result of Democrat urgings—agreed to initiate a process to completely review that. That will, I think, bring up a lot of issues, and not just in terms of the specific area of the tax act that we are considering tonight but a whole lot of other areas—fringe benefits tax, tax deductibility for donations, the works. A lot of anomalies exist there at the moment, and the Democrats are pleased that they are on the way to being considered and, hopefully, in the course of time, addressed.

Whilst it is not a major anomaly in the scheme of things, if the amendment at hand were to be passed, it would generate an anomaly under the existing tax act arrangements. Given that it does not provide any particular extra windfall benefits for political parties but simply enables consistency of treatment, I do not see any reason for it. Political parties are not exempt from the GST under all aspects; it is simply in terms of the section of the act that this amendment relates to. Political party membership fees, for example, are subject to GST. So it is not an issue of political parties seeking some special treatment and exemption from the GST across the board. It is simply a matter of the arrangements being in place to apply uniformly to gift deductible entities.

For that reason, the Democrats do not see any particular benefit in this amendment being passed. While we recognise that it presents some nice opportunities for making a political point, if you like, in terms of actually getting a reasonable policy outcome we are not convinced of the need for it. Hence, we will not be supporting it.

Senator BROWN (Tasmania) (8.11 p.m.)—Senator Bartlett is totally wrong. If I have ever heard an argument turned on itself,

he just gave it. The senator has said that the Democrats do not see any particularly huge benefit to political organisations being classified as charities—which is what we are talking about—so why support the amendment that I have brought forward?

Senator Bartlett—through you, Chair—the fact is that political parties are not charities. There is a dividing line in this legislation between charities and other community organisations such as Little Athletics right through to CWAs and environment groups. Charities get special treatment, but political parties are not charities and should not get that special treatment. Senator Bartlett said, ‘Well, it doesn’t give political parties a particularly huge benefit.’ That is all the more reason why we should make sure that we are not voting for legislation which gives our political parties an edge by classifying ourselves essentially as charities when we are not.

This is not just a political point scoring exercise. It is wrong for political parties to be classified as charities to escape, even marginally, an obligation to pay tax that all other community groups have to pay. It is wrong. The Democrats are wrong. The government is wrong. If the Labor Party votes against this amendment—and I hope it will not—it would be wrong too.

Let me add—because this is the right time to do so—that we all have a pecuniary interest in this matter. I am declaring mine at this stage in the debate. I say that because it does make a difference to both our own personal pockets in terms of whether post-election funding is GSTed or not, and it does make a difference to the political entities that we represent as to whether we are classified as charities or not. I reiterate: it is quite wrong for us to be classified as charities when we are not.

I also say to the minister that, within charities, there are particular advantages to religious organisations in the way that they are able to group and avoid the GST as against other charitable organisations. If I am wrong there, I would like the minister to say, ‘No, there are no different circumstances pertaining to religious organisations in the legislation.’

These are important matters. I am very disappointed that, as a general rule in politics, we do not stand back and be fair and objective about these matters. I feel very strongly about this amendment. I remind the committee that the amendment simply makes sure that, at the end of the definition of 'gift-deductibility entity', the following words are added: 'provided that the entity is not a political party that is registered under Part XI of the *Commonwealth Electoral Act 1918*'. That is so a political party is not seen as a charity. I would just like to ask the minister again if he could make the committee aware—because this is the implication he gave—of any differences in this legislation as far as religious organisations are concerned compared with other non-government organisations?

Senator KEMP (Victoria—Assistant Treasurer) (8.16 p.m.)—I think there are some special arrangements simply because they have a very different structure, but my understanding is that the arrangements are broadly similar. They may have special structures that do not apply elsewhere, and the tax office has to look at those to see what is fair and reasonable. There are grouping provisions for charities and religious organisations. The advice I have received is that they are broadly similar and just reflect the different nature of the bodies. The other thing that Senator Brown said is that political parties should not be treated as charities. The point I want to make is that they are not. They are classified as tax deductible entities, which they are.

Amendment not agreed to.

Senator Brown—I would like to have it recorded that I was the only voice in support of that amendment.

The TEMPORARY CHAIRMAN (Senator Crowley)—Your request is noted.

Bill, as amended, agreed to, subject to requests.

Bill reported with amendments and requests; report adopted.

CORPORATIONS LAW AMENDMENT (EMPLOYEE ENTITLEMENTS) BILL 2000

Consideration of House of Representatives Message

Consideration resumed from 8 June.

Motion (by **Senator Ian Campbell**) proposed:

That the committee does not insist on the amendment made by the Senate to which the House of Representatives has disagreed.

Senator CONROY (Victoria) (8.19 p.m.)—The government confirmed in the House of Representatives last week that it lacks compassion for, and interest in, the position of employees. The issue of employee entitlements is important, and any sensible measure which will improve the position of employee entitlements should be considered. The government just slammed the amendment proposed the by Labor Party, and supported by the Democrats, as an amendment which would 'absolutely cripple corporate Australia', to quote the minister.

The government does not care about improving the position of employee entitlements. The government's **Corporations Law Amendment (Employee Entitlements) Bill 2000** does very little to protect employee entitlements. The government has been dragged kicking and screaming to where it is with this bill. When company insolvencies such as Cobar and Woodlawn and others occurred, the Labor Party was here in parliament calling for workers to receive their just and fair entitlements and for those entitlements to be protected. Despite its promises, it was not until National Textiles that this government felt it had to act. Even then, the amendments in this bill have not been backdated. The corporate treachery in that incident will go unchecked. It is no wonder why that is when the Prime Minister's brother is involved. The government's refusal to accept this amendment is about ensuring that its corporate mates can continue restructuring their businesses so as to deny workers their entitlements. However, the government hides behind this obvious truth by saying that the Companies and Securities Advisory Committee is examining the issue of corporate

groups and nothing should be done until that committee has reported.

The amendment that was proposed by the Labor Party and supported by the Democrats is sensible. It is about doing what is just. The amendment provides that a court would only make a contribution order if it is just. The Labor Party and Senator Murray for the Democrats provided cogent arguments previously in the Senate as to why such an amendment is necessary. However, the Labor Party will not let the government lie on this matter and mislead the Australian public. The subject matter of this bill is too important. The Labor Party will not be insisting on its amendments today. The Labor Party is concerned about workers. It is committed to ensuring that employee entitlements are safe. The Labor Party wants this bill to become law as soon as possible so that the little protection it affords to workers can take effect. The Labor Party will not prevent those protections becoming law.

The Labor Party will not, however, be resting on this issue. Unlike this government, it is an issue upon which the Labor Party will always be vigilant. In estimates I asked the Companies and Securities Advisory Committee when its discussion paper on corporate groups may be finalised. The committee was told that it would be finalised within weeks. Last Monday I received the report of CASAC. I am a little surprised. The report is dated May 2000. Yet in estimates on 31 May 2000 I was told that the report was not yet finalised. I will be seeking an explanation on that date of this report. The Labor Party will be examining that report and will be commenting on it. In particular, I will be examining the report to see how CASAC responds to the situations which the Parliamentary Joint Committee on Corporations and Securities and its inquiries into this bill were advised of. I will want to know how CASAC recommends the Corporations Law deals with situations where assets of one business are spread amongst several companies so as to avoid the obligations an employer owes to an employee. I will want to know how CASAC recommends the Corporations Law deals with the sort of corporate skulduggery that took place in the Patricks affair.

I have only been able to make a cursory examination of the CASAC report. However, my initial reaction is one of disappointment. The CASAC report does not appear to have closely examined the particular situation of employees in corporate insolvencies. Employees should not be the ultimate carrier of business risk. That is changing the nature of the employment contracts. Employees often lack the ability to diversify their income. They rely solely on the wages and the redundancy payments owed to them to live. The position of employee entitlements requires specific and further consideration. I am not satisfied at this point in time by CASAC's conclusion that this bill will remedy the situation facing employees who lose their entitlements in a corporate restructure. It seems a poor rationale for CASAC not to recommend contribution orders by relying on what this bill purports to provide for the protection of employee entitlements. The report does, however, rebut some of the criticisms made by Minister Hockey of the amendment proposed by Labor and supported by the Democrats. New Zealand introduced contribution orders in 1980. Case law on the type of provision proposed in the amendment has been developed in that country, which will provide some guidance to business in Australia on how such a provision works. Some of that case law is discussed in the CASAC report. I urge the minister to read closely pages 159 to 161 of the CASAC report.

The Labor Party believes the government has overstated the protection to employee entitlements that will be afforded by this bill. That is why the Labor Party moved its amendment. However, the bill does provide some protection and the Labor Party will not delay its implementation. Minister Hockey, in a letter to me, said that concerns about asset stripping are addressed in the bill both in the new offence which prohibits persons from deliberately entering into transactions for the purpose of avoiding payment of employee entitlements and by the expansion of the insolvent trading rules to include uncommercial transactions. Let us put the minister to the test. Let us see how effective those provisions are. Let us see whether the incidence of corporate restructuring, which currently threatens employee entitlements, declines

when this bill is passed. Let us hope the minister is correct. The issue of employee entitlements is serious. Employees should not find themselves in a vulnerable position—find their entitlements are lost due to corporate restructures, corporate restructures that are often done without the knowledge of the employees. The Labor Party will continue to monitor the issue of employee entitlements and will be examining ways which enable employees to feel safe, to know that their entitlements are protected. Let us hope the government feels the same way too, especially if this bill does not deliver what the government is promising it will.

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (8.26 p.m.)—The Australian Democrats will be insisting on these amendments. I am speaking on behalf of the Democrats today and, in particular, Senator Andrew Murray. The amendment to which we refer was moved by my colleague Senator Murray at least twice in the past two years, and both he and I have discussed this issue before in this place. The first time the Democrats moved this amendment was in May 1998, and on that occasion we received the support of the Australian Labor Party. Unfortunately, on that occasion when the House of Representatives rejected the amendment, as it has done today, the Labor Party in the Senate did not bring itself on that occasion to insist on the amendment. I note that Senator Conroy has said that the minister is to be put to the test. We join him in putting that test or challenge to the minister, but I say to Senator Conroy that we are also putting the Labor Party on notice today. We are putting you to the test and we hope that perhaps you will reconsider and join us in insisting on this very important amendment.

The fundamental difference in the debate today from that that we have had previously is that the Labor Party is responsible for this amendment. You actually initiated this amendment, and we see that as perhaps even more reason that you should insist on the amendment today. So, while I acknowledge in the chamber the work of the Labor Party and certainly the comments made by Senator Conroy in his earlier statements in relation to

making related companies liable for the debts of insolvent companies in their group, we think it would be nice if you had a bit more gumption and supported us in this debate in insisting on the amendment. The second time the Australian Democrats moved this amendment was in June 1998, and at that time we did not gain any Labor support, as I recall. So, firstly, the Democrats moved the amendment and the Labor Party on that occasion concurred but would not insist on the amendment. The second time round the Democrats again moved the amendment but the Labor Party did not support the amendment. Now, finally, the Labor Party moved the amendment with support of the Australian Democrats but now is not insisting on it.

I do acknowledge the arguments that were put forward by Senator Conroy on behalf of the Labor Party as to why they are not doing that. Certainly, the Democrats appreciate the Labor Party's concern about delaying the passage of a bill which has some potential to benefit employees. But, after careful consideration, when the Democrats looked through the practical benefits that employees will derive from this bill in its unamended form and compared them with the benefits that employees would gain if the amendment were passed, you can understand why we are taking the stance that we have adopted today, and that is to insist upon the amendment. The debate to which Senator Conroy referred, the debate about the events that transpired during the Patrick dispute, is one that we have had many times in this chamber. I have to say that I like the terminology of 'corporate skulduggery'. Senator Conroy, I recognise that that is your copyright.

Senator Conroy—I've got a new speechwriter!

Senator STOTT DESPOJA—He has got a new speechwriter, he interjects. We have seen some more anti-worker skulduggery in the parliament today and I refer, of course, to Mr Reith's further, open attack on workers in relation to secret ballots, one that the Democrats have firmly and resolutely rejected on a number of occasions. Today, of course, Senator Meg Lees has put out another statement in relation to that anti-worker statement by Reith. But I digress—although it is all

related to how workers and employees are treated in this country, especially in a conservative government era. We have had the debate about Patrick, but I state quite confidently on behalf of our party that, if we had had a provision in law like the one that we are currently debating, there would have been far less uncertainty and concern about the ability of Patrick's former employees to recover their entitlements than there was at that time. The labour hire companies to which the employees were transferred would have been related companies, and it would have been open to a judge to make the principal company—the one with the money and the assets—liable for amounts owed to employees. Under the unamended version of this bill, it would have to be argued that one of the intentions of the directors in transferring employees to a labour hire company was to deprive them of their entitlements. But what if the directors were simply to argue that ordinary commercial arrangements were behind their desire to transfer their employees? It is a rhetorical question, but it is one which results in this bill giving only a very small amount of solace to any employees that might find themselves in similar circumstances to those employees of Patrick's.

I am also aware of the statements that have been made by the Minister for Financial Services and Regulation in the House of Representatives, particularly in relation to this amendment. One of his concerns was that it would take years for the courts to build a body of case law in respect of this amendment. If that were a legitimate reason for not amending laws generally, then obviously we would all spend a lot less time in this chamber. On a daily basis we amend laws which require judicial interpretation to finally settle their meaning. Of course, we do not go around deliberately making ambiguous law, but it will invariably be the case that laws made in this place will be subject to judicial interpretation. So I do not think that any legislator—or any senator, in particular—should shy away from our role in furthering public policy, simply because there may be some matters which the courts will need to resolve. The Democrats have also taken note of the House of Representatives' reasons for not

agreeing to this amendment. One of the comments is:

The amendment made to the bill bears little relation to the protection of employee entitlements.

Well, I think it is a good thing that the misleading and deceptive conduct provisions of the Trade Practices Act do not apply within this parliament, otherwise Professor Fels would be talking to a few people about that statement. I have already outlined the probable consequences of this amendment in, say, the Patrick circumstances: this bill would allow employees—who are creditors just like other suppliers—to seek the payment of their entitlements from companies related to their employer. If a court thought it just to make an order for contribution, then the employee entitlements would be paid. It is as simple as that.

To make a statement such as 'The amendment ... bears little relation to the protection of employee entitlements' is simply an attempt by this government to play down the significance of what they are doing. This amendment was actually recommended back in 1988 by the Law Reform Commission. Today, it saddens the Australian Democrats that something which has the potential to benefit not just employees but creditors generally has still not been implemented 12 years later. I emphasise that this amendment would benefit not only employees but creditors. I do not mean to generalise too widely, but it is fair to say that, when a corporation becomes insolvent and can afford to return only a couple of cents in each dollar to creditors, large business does not suffer to anywhere near the extent that small business does. Large businesses have the ability to provide for bad debts, in general, and they can write those debts off as the need arises. It is true that large businesses still suffer, but small businesses—particularly ones which are reliant on a small number of larger companies for most of their income—can simply be wiped out if one of their corporate debtors becomes insolvent.

What I am alluding to is that this amendment would significantly benefit not only employees but small businesses in their ability to recover bad debts which may arise out of insolvency. This government preaches a

lot about being pro small business, and I hope that small business owners are aware of what the government is doing in relation to this amendment today, just as I am hoping that trade union members and workers are aware of what the Labor Party is doing in this chamber. Again, I acknowledge their reasons for not supporting the amendment, but the Democrats have concluded that those reasons are not good enough, considering the enormous potential benefit that we believe exists if we should pass this amendment today. For that reason, we will be insisting on this amendment.

Senator IAN CAMPBELL (*Western Australia—Manager of Government Business in the Senate*) (8.35 p.m.)—I firstly congratulate the Australian Labor Party for taking what is a sensible decision on this. We made it very clear when this legislation came through the Senate that, if they were to insist on this, it would deprive workers of a significant increase in the protection which they will get once this passes into law. I would say that the Democrats' position on this is a reflection of the fact that Senator Andrew Murray is overseas doing a very important job in Zimbabwe at the moment and that, had Senator Murray been here, he probably would have advised his colleagues to allow this reform through.

Senator Stott Despoja—I can't wait for that personal explanation from Senator Murray!

Senator IAN CAMPBELL—It would be out of character for Senator Murray to do so, but it would be very much out of character for him to join in the short-sighted political chicanery which is going on in that corner of the Senate while he is away. It is a stunt that the Democrats can pull off only because Labor have decided on this occasion that they want to support the improvement of rights for workers. They have made a sensible decision. I do not want to tempt Senator Conroy to change his mind because I have, for the first time in about 500 days, given him credit for something.

Senator Stott Despoja—Why did we insist last time when Senator Murray was in charge of it?

Senator IAN CAMPBELL—Because it is a costless decision. You know that if a few senators down in that corner make a decision like that you can then go out and try to get trade unionists to support your party at the expense of the Labor Party. You can go out and create a point of difference between you and the Labor Party. It is a very cheap exercise for you. You know that this legislation will go through. But what Senator Stott Despoja's contribution shows is that she does not understand the amendment that she supported. The reality is that the government's amendment makes it very clear that, for the first time in decades, the activity that is abhorred by this government, clearly abhorred by the opposition in their support for this legislation, of shifting assets so that employees cannot be paid their entitlements is something that is targeted by this legislation but is undermined by the amendment that Senator Stott Despoja and her colleagues are seeking to make. It is in fact undermined. They do not want to believe that. They run this amendment up the mast every time they have an opportunity to do so, but they do not do the homework involved in ensuring that the amendments that they move actually improve the position of employees. The amendment that they have moved—and they are again insisting on—will actually undermine the scheme. It will undermine certainty. It will require decades of court interpretation.

If Senator Stott Despoja takes the time to read the amendment—I am sure she has not, because she could not possibly make the claims for it that she makes if she reads the amendment—if she reads the explanatory memorandum to the bill and if she bothers to read the CASAC report, she will realise that this undermines the position of employees in a way that no senator who purported to support employees' rights would do. The government's legislation will do just that. It flies in the face of years of inaction by previous governments in this area, it is a significant improvement to the Corporations Law in this regard and it builds on the insolvent trading provisions that are already there which make it unlawful for companies who are insolvent to shift assets away from existing entitlements. With those words, I commend my motion.

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (8.40 p.m.)—As a senator interjected, Senator Ian Campbell cannot even win graciously, and I am sorry for that. But I do rise on behalf of my absent colleague, because I think Senator Murray will take great offence to the suggestion that not only is he not committed to this amendment but also he is not committed to insisting on this amendment, as he has done before. This has been a matter of discussion over many years in the Democrat party room; at least since 1998 since Senator Murray has been representing our concerns in this portfolio and I have been representing our concerns as the employment spokesperson. Once again I emphasise the fact that the Democrats acknowledge that there is potential for employees under the government’s unamended legislation. We acknowledge that, but we think we can go one step better. We are sorry that Senator Ian Campbell’s response was bordering on vitriolic and quite blatantly patronising. But again on behalf of my colleague Senator Andrew Murray, who has worked on this issue for a number of years, I point out that he supports very much the insistence on this amendment. I think he would be outraged that the government have tried unsuccessfully to paint him as supporting their position in this circumstance.

Question put:

That the committee does not insist on the amendment to which the House of Representatives has disagreed.

The committee divided. [8.46 p.m.]

(The Chairman—Senator S.M. West)

Ayes.....	36
Noes.....	9
Majority.....	<u>27</u>

AYES

Bishop, T.M.	Brandis, G.H.
Campbell, G.	Campbell, I.G.
Carr, K.J.	Collins, J.M.A.
Conroy, S.M.	Cook, P.F.S.
Coonan, H.L.	Cooney, B.C.
Crane, A.W.	Crossin, P.M.
Crowley, R.A.	Denman, K.J.
Eggleston, A.	Ferris, J.M.
Forshaw, M.G.	Gibbs, B.
Gibson, B.F.	Hogg, J.J.
Hutchins, S.P.	Knowles, S.C.
Ludwig, J.W.	Mason, B.J.

McKiernan, J.P.	McLucas, J.E.
Murphy, S.M.	Patterson, K.C.
Quirke, J.A *	Ray, R.F.
Reid, M.E.	Schacht, C.C.
Sherry, N.J.	Tchen, T.
Watson, J.O.W.	West, S.M.

NOES

Allison, L.F.	Bartlett, A.J.J.
Bourne, V.W *	Brown, B.J.
Greig, B.	Lees, M.H.
Ridgeway,	Stott Despoia, N.

* denotes teller

Question so resolved in the affirmative.

Resolution reported; report adopted.

**NEW BUSINESS TAX SYSTEM
(MISCELLANEOUS) BILL 1999**

**Consideration of House of Representatives
Message**

Consideration resumed from 8 June 2000, on motion by **Senator Ian Campbell**:

That the committee agrees to the amendments made by the House of Representatives.

The CHAIRMAN—The committee is considering message No. 476 from the House of Representatives relating to the **New Business Tax System (Miscellaneous) Bill 1999** and the motion moved by the government that the committee agrees to the amendments made by the House. An explanation has been provided by the Office of Parliamentary Counsel for the government amendments to this bill being framed as requests, though I note that the explanation has come to us indirectly. The explanation states that the amendments would increase payments out of a standing appropriation. If that is correct the Senate would normally treat the amendments as requests. It may be considered appropriate for the Senate to take some steps to ensure that an explanation is received in advance of the Senate’s consideration of amendments in future cases.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (8.51 p.m.)—Madam Deputy President, since you appeared about ready to put the question, I have in front of me a paper on which is an amendment to be moved by Senator Lees to the motion that the Senate agree to the amendments made by the House of Representatives, and I was wondering if I might ask the Australian Democrats if they

ask the Australian Democrats if they intend to move this, because if they were to move this amendment the opposition would support it. I understand it to be a procedural matter that would give effect to the advice that the Clerk had earlier given us when this matter was adjourned.

Senator WOODLEY (Queensland) (8.52 p.m.)—I move the amendment standing in the name of Senator Lees:

At the end of the motion add:

“, and the Senate requires that all amendments circulated in the Senate chamber in the form of requests be accompanied by a statement of reasons for their being framed as requests together with a statement by the Clerk of the Senate on whether the amendments would be regarded as requests under the precedents of the Senate”.

I apologise to the Senate that I was otherwise occupied when I should have jumped to my feet to move this amendment. As Senator Cook has explained, this is a mechanical amendment but I think a very important one. The Senate has procedures which are important and which have been established over a long period of time. This amendment simply emphasises the fact that the Senate has its own procedures and that they ought to be observed.

Senator BROWN (Tasmania) (8.52 p.m.)—I support the amendment.

Amendment agreed to.

Motion, as amended, agreed to.

Resolution reported; report adopted.

DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME AMENDMENT BILL 2000

Second Reading

Debate resumed from 22 June, on motion by **Senator Patterson**:

That this bill be now read a second time.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (8.54 p.m.)—I will be talking about the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000, and by simply reciting the title of this bill one can see immediately that it is an amendment bill. The original bill arose as a consequence of the slapdash arbitrary arrangement made between the government and the Australian

government and the Australian Democrats which gave rise to the GST. Now that legislation has gone through, what do we find? We find that, with just on 2,000 amendments to the GST legislation, the government—one presumes on this occasion, with the consent of the original architects of this legislation, the Australian Democrats—are moving to amend the legislation before it has even had a chance to take effect. Such is the organisation, such is the planning, such is the forethought, such is the preparation and such is the consideration of the government and the Democrats in their rush to the headline that they support the GST that it just so happens they have overlooked a number of quite important and significant elements to their own legislation. But more of that in a moment. I want to spend some time in my speech in the second reading debate to focus on exactly what the problem is between the government and the Democrats on this legislation.

In terms of the legislation itself, this bill proposes to significantly amend the administration and compliance regime for the Diesel and Alternative Fuels Grants Scheme—the initials are offensive to the eye, but they are DAFGS—for on-road transport, agreed as part of the GST deal between the government and the Democrats, as I have said. The amendments not only deal with drafting errors but also contain a significant policy change that represents a further roll-back of the tax package. The background to this legislation is that the Democrats negotiated the current DAFGS with the government as part of the deal to let the GST through. The deal slightly limits grants availability to some vehicles. This was originally proposed to be those vehicles weighing more than 3.5 tonnes. The Democrats, in an earth-shattering amendment, insisted on and got that increased to 4.5 tonnes. Vehicles weighing less than 4.5 tonnes do not qualify. Those weighing between 4.5 and 20 tonnes qualify for travel, except where this is exclusively within an urban area—which is still not defined, I have to say—and those weighing over 20 tonnes qualify completely.

Labor did not oppose the original bill because it constituted compensation for the transport industry which had a GST imposed

on it. However, we did point out the inevitable anomalies that will rise wherever the urban conurbation boundaries are drawn. In addition, we criticised the Democrats on environmental grounds for agreeing to a scheme which subsidised diesel use in the cities as long as the journey started outside the conurbation. It has to be said that one of the considerations here was to cut fuel emissions from fossil-fuel burning transport—and it did so to some extent within the city conurbation—but if the journey started outside the conurbation for the urban area, the greenhouse gas emissions from fossil-fuel burning were somehow granted an exemption from pollutive purposes by the Australian Democrats and were allowed to continue. But the conurbations, of course, are artificial boundaries yet to be revealed by the government and they raise a whole range of contradictions and complexities of their own.

I will go to a general outline of the proposals. As I have said, this bill amends the 1999 bill to achieve significant roll-back and to deal with administrative problems which have arisen before the scheme has even begun. The amendments insert certain entitlement provisions to do at least three things, as the explanatory memorandum says:

- extend eligibility to primary production businesses and to contractors carrying passengers or goods on behalf of primary production businesses, operating within the metropolitan areas;
- extend eligibility to buses using alternative fuels operating in metropolitan areas; and
- extend eligibility to emergency vehicles of over 4.5 tonnes gross vehicle mass operating on public roads in both metropolitan and non-metropolitan areas ...

The government has approximated the financial impact of this bill to be \$17 million for the financial year 2000-01, and it will presumably increase over time.

Let me pause now in my speech in this second reading debate to indicate to the government that, in the committee stages of this legislation, I will be asking for an indication of what the out years costs of this legislation will be. In addition, significant amendments have been made to many provisions to correct errors and anomalies; there is a list of at

least six of those. I do not propose to go through those in any detail now.

I will go back in time by about a year to the occasion when the Australian Democrats and the Prime Minister reached for the headline that the GST would be allowed through. They paid more attention to the spotlight on them, to the whirring of the television cameras and to the their own lines that the GST would now apply in Australia than they did to the detail of their package. What is notorious about this package is that, after the headline 'We have agreement' and after the headline 'Democrats are in bed with the coalition on the GST', they said, 'Oops! One of the things we have to pay attention to is: what is the detail in the scheme we have now agreed to on gas emissions for fossil fuel burning motor vehicles?' and 'Can we somehow paper over the differences and the contradictions between us by cobbling together a scheme'—which, by its very nature, is a bit like a drafting committee trying to design a horse and coming up with a camel—'so that we can come to a situation in which we, the Australian Democrats, can pretend'—emphasis on that word 'pretend'—'to meet our environmental considerations and appeal to those who back us with an environmental concern?' And, on behalf of the government: 'Can we paper over our contradictions with the Australian Democrats and pretend'—emphasis on the word 'pretend'—'that we have met the concerns of rural and primary producers in terms of not interfering with their production, while allowing the Democrats face on the environmental concerns?' That was the nature of negotiations. No wonder it took a while to come to a deal on the nature of the legislation. In many respects, it is a chalk and cheese amalgam which does not actually work. That is why it is so confusing, and that is why the government—now that we are four days short of the application of the GST—rush through the Senate a further amendment to the original bill. They never got it right in the first place. That is why it is not surprising it is has taken so long.

Let me illustrate the point I have made by turning now to *Bills Digest No. 191 1999-2000* and reading into the *Hansard* what the author of the examination of this bill has to

say about it in his concluding comments. It makes salutary reading and illustrates in more detail the broad points that I have made. Under the heading 'Concluding comments', the *Bills Digest* says:

As noted, new section 10AC(2) extends eligibility for the grant to buses using alternative fuel while carrying on an 'enterprise' irrespective of whether the service is in metropolitan or non-metropolitan areas. Thus commercial bus operators using alternative fuel will benefit while operators using diesel will have an incentive to switch to alternative fuel. This could have environmental benefits in metropolitan areas. While the intention of the legislation seems to be to ensure that private bus operators will be able to claim the grant, the question arises whether 'enterprise' also encompasses organisations, such as State transport authorities, that are potentially large users of alternative fuels.

The DAFGS scheme has been criticised as complicated to administer and likely to give rise to unintentional errors and fraudulent claims. The extension of the scheme to incorporate new categories of fuel users will further complicate the scheme's administration.

It is not clear, on economic efficiency grounds, why primary production in metropolitan areas should be subsidised through the DAFGS scheme. Increasing industry assistance, especially when it has no obvious justification and is not subject to independent review, generally runs against the thrust of policy of both major political parties, which is to reduce assistance. While the magnitude of the implicit subsidy may not be great, the extension of the scheme to primary production in metropolitan areas places it in a privileged situation relative to other industries in metropolitan areas, and hence is a move away from a 'level playing field'. On the other hand, to exclude primary production in metropolitan areas from eligibility would create an inconsistency in the scheme in that primary production in non-metropolitan areas would be eligible for grants while primary production in metropolitan areas would not be eligible.

In the down-beat language of the authors of the report, that is a scathing criticism of the complications and the loopholes that this legislation opens up. As a consequence of that, while we will not want to vote down this legislation, because it does represent some degree of compensation, we will want to move an amendment to the second reading motion. I understand that the amendment has been circulated in the chamber, so I do not

need to waste the time of the chamber by reading it into the *Hansard*. At the appropriate time, before I regain my seat, I will formally move the amendment that has been circulated that will make a number of important points.

Let me re-emphasise, though, what the problem is with this bill, as outlined in the down-beat, objective analysis of the authors of the *Bills Digest*. The *Bills Digest* says:

The ... scheme has been criticised as complicated to administer and likely to give rise to unintentional errors and fraudulent claims.

It just so happens, Mr Acting Deputy President Watson, that it is appropriate that you should be in the chair for this because you are rightly regarded in this chamber—and I now pay my respects to you—as an expert in taxation matters and taxation law. I believe you will agree with me that one of the key principles of taxation law is that it should be simple so that people know what their tax obligations are and can simply discharge their obligations in revenue without being confused and without matters being complicated unnecessarily. This legislation confuses and complicates entitlements unnecessarily and fails the basic dictum that it ought to be simple.

The other principle, the other rock upon which taxation law is to be built—and I am sure you will agree with me on this point too, Mr Acting Deputy President—is that it has to be equitable. One of the elements of equitableness is that unintended consequences should not arise and that loopholes for avoidance should be eliminated. Again, in the down-beat language of the authors of the *Bills Digest*, both are opened up. What is the point of a revenue measure which, it is true, provides some advantage to primary producers but which is capable of being manipulated for the lodgment of fraudulent claims? Why do we do that? What is the point of legislation which has unintended consequences which further complicate the scheme's operation?

It is important to say that the Australian Labor Party does encourage the reduction of greenhouse gas emissions and that the Australian Labor Party would like to see the efficient and, I emphasise, economic take-up of

other fuel alternatives so that industry can lower its levels of greenhouse gas emissions, which will assist us to meet our Kyoto targets and to provide a clean planet for all who live on it, including the Australians who dwell here. That issue is not in contest here. What is in contest is: is this the way to do it, is this an efficient way to do it and is this a way to do it that does not have fundamental consequences for the legislation? I think it is a ham-fisted, crabwise approach to a serious problem, one which exemplifies and is emblematic of the dilemma that the Democrats were faced with when they rushed to collude with the government to introduce the GST. They wanted the burning issue of the GST to get up no matter what, and they were prepared to crawl over their environmental constituency to get their place in the television spotlight to announce the deal. Did they ever crawl over their environmental constituency! They will run around Australia saying, 'This bill is a Democrat achievement. This bill is a monument to the environmental goals of the Australian Democrats.' But that is a big lie. This bill will do virtually nothing to reduce greenhouse gas emissions. It will not do much at all to provide an incentive for alternative fuels and to encourage people to invest in and develop economic alternatives to current fossil fuels. This bill will not meet the objectives that are set out for it.

For those reasons, I will shortly move the opposition's second reading amendment. I draw your attention quickly to the circulated document, which has in it the words 'with less than two weeks to go before the commencement of the new scheme'. It should say 'with less than four days to go before the commencement of the new scheme'. I seek to make that correction. I now move:

At the end of the motion, add:

"but the Senate condemns the Government for:

- (1) the uncertainty generated in the transport industry through the introduction of significant new amendments to the Diesel and Alternative Fuel Grants Scheme with less than four days to go before the commencement of the new Scheme;
- (2) not disclosing the powers for the Commissioner of Taxation to stop, detain

and search vehicles prior to the last election; and

- (3) imposing a complex new layer of administration on transport operators in connection with the Scheme, in addition to the new compliance burden associated with the GST".

It is a pity that we are going to have a GST at all. The Australian Labor Party stand foursquare and strong in opposing the introduction of the GST. In question time after question time this week and in previous weeks, as we run towards the deadline of midnight Friday, the change of the calendar to 1 July, we have had government spokesmen on the back foot in here during question time trying to pretend that somehow the Australian Labor Party have signed on to the GST. They keep ranting and raving about that as if it were the truth. The most unreliable source of what the Australian Labor Party policy is is the government, and those allegations are of course starkly untrue. They need to say it to reassure themselves, and they need to say it to quell community concern about the GST and pretend that there is somehow an under-the-table consensus between the political majors in this country. There is not. I now emphasise it once again: the Australian Labor Party oppose a GST.

It is also worth remarking that this GST has been so craftily constructed that when Australia crosses the bridge on midnight on 30 June from the current tax system to the GST and the new tax system, the nature of the new system is such that the government has blown up the bridge behind us and made it very difficult to ever get back. When this government criticises the Labor Party about not disclosing what we intend to do with the roll-back, it smugly knows that it has blown up the return route so that you cannot get back easily. The Labor Party have to build a new bridge back to a better tax system, which we propose to do and which we will announce at an appropriate time before the next election. But you cannot go back very easily, so roll-back is a difficult and complicated thing.

We say clearly to the people of Australia: 'Vote with us, support us at the next election and we will ameliorate the worst features of

this GST and eventually roll it back.' We cannot say exactly how until we get control of the Treasury and see what the nature of the 2001 budget is, the degree of the surplus and what other flexibility we have in the system, but we have a very firm commitment to roll it back. If we carry this bill tonight with the amendment that I have proposed, it will be a commitment which will once again put the spotlight on the perfidy of the deal done with the Australian Democrats. (*Time expired*)

Senator HUTCHINS (New South Wales) (9.15 p.m.)—It is my pleasure to support Senator Cook's second reading amendment to the **Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000**. As you would be aware, Mr Acting Deputy President, I have a particular interest in this legislation, as I have been following the gyrations that have occurred since the government and the Democrats did their deal last year in relation to the Diesel and Alternative Fuels Grants Scheme. As I recall, we dealt with this late last year. As my colleagues pointed out to the government, we felt there were a number of anomalies that needed to be exposed to make sure that people understood what sort of an administrative nightmare is now about to be imposed on not just the road freight industry but also consumers and suppliers. As I look at this *Bills Digest*, I am still not all that clear as to whether we have finalised in particular the definition of a 'journey'.

When the Democrats and the government made their arrangement for this scheme last year, it was done on the basis that there were two divisions within the country. There were to be non-metropolitan areas and metropolitan areas. In the non-metropolitan areas, all vehicles over 4½ tonnes would be eligible to make an application for this grant. We believe the metropolitan areas were defined more on the political sensitivity of the government's electorates than on any consistent or logical basis. When we had a look at the situation, Senator Conroy was able to outline in the Senate estimates how ridiculous some aspects of the situation were. We still need to have a definition of a journey.

Even with the definition of journeys in the legislation, we will still have a situation where, if a transport company bases itself in

Queanbeyan in New South Wales—and this is for vehicles between 4½ tonnes and 20 tonnes—and if it does all its deliveries in or around the Canberra and southern New South Wales region, it will be able to claim the full diesel fuel rebate. However, if that company is based in Fyshwick, as a number of the transport companies are, and if it does its deliveries around the Canberra area—which is in the metropolitan conurbation—it will not attract any diesel fuel rebate at all. So there will be a massive cost advantage to the operator in Queanbeyan as opposed to the ones in Fyshwick. I would suggest that people in Fyshwick will be looking at the leases in that area and moving outside the Canberra conurbation.

The reason for that is that Eden-Monaro is a nice marginal seat, one that will have to be held by the government at the next election. I do not think they will hold it. But that is the reason why those people have been encouraged. However, once the operators and the work force have to move out of the Canberra region into Queanbeyan, they might feel less favourably disposed towards the government and the move that they will have forced on them. Similarly, you have a situation up on the north coast of New South Wales and the south coast of Queensland where the Tweed region does attract the rebate yet the Gold Coast region does not.

Senator Conroy—Would there be marginal seats near there?

Senator HUTCHINS—We have yet another regional MP that has not stuck up for their constituency: Larry Anthony, the member for Richmond. Poor young Larry is going to have a situation presented to him at the next federal election like the Fyshwick-Queanbeyan conundrum. People up there will not be forgetting him, least of all the caravan park residents. So we still have the difficulty between the metropolitan and the non-metropolitan areas.

Senator Conroy—Tell us about Geelong and Ballarat.

Senator HUTCHINS—Senator Conroy, you may be more familiar with Ballarat and Geelong than I am. I know they are football teams. But the definitions of conurbations

and non-metropolitan areas are still quite clearly inconsistent and are still unfair to a number of operators. But it gets even worse with the definition of journeys in the *Bills Digest*. We may be able to clear this up in the committee stage. If an operator came from outside a metropolitan area, was less than 20 tonnes and made deliveries—and, indeed, pick-ups—in that metropolitan area and then went back to the non-metropolitan area, I am not sure whether they would be able to make the full application for the rebate. Similarly, if it goes the other way—a person goes from the metropolitan area to the non-metropolitan area but makes a pick-up or delivery before leaving the metropolitan area, does some pick-ups and deliveries outside it and then comes back and does more pick-ups and deliveries—I am not sure whether they will attract the rebate or where and when they will.

In Senator Cook's amendment, he has mentioned that we are seeking some disclosure of the powers of the Commissioner of Taxation because, as I understand it, that may be where it will end up. But it still may be a situation where you will have people being put in a position where they will be encouraged not to fill out their forms correctly. I think that will be the sad fact.

I suppose I have been around long enough to know that, when we used to have what was called the road maintenance tax many years ago, people used to say that they were primary producers on the basis that they were carting chooks. But they were carting frozen chooks and avoided paying the road maintenance tax because they deemed themselves as primary producers. I am not sure whether or not that will be the case with this legislation—whether we will find that people carting frozen chooks are primary producers or do you need to have live chooks? Is it the same if you have hanging meat or bacon that has been sealed? This may be cleared up in the committee stage. But from the experience that occurred in the period when we had a road maintenance tax, we used to have a situation where people were encouraged to avoid their taxation liabilities.

Another particular aspect concerning buses has not been addressed. We have a situation

where the legislation extends eligibility for the use of alternative fuel to businesses using buses on public roads. That to me does not suggest that we are talking about diesel; it suggests that we are talking about alternative fuels. Most people who have an idea about some of the alternative fuels that have been suggested say that the CNG used on Sydney buses is not regarded as being reliable, and the Australasian Natural Gas Vehicles Council has suggested they believe that only 10 to 15 per cent of buses will ever be able to go on to that form of alternative energy.

This legislation does not clear up the situation with those buses between 4½ and 20 tonnes—bear in mind that about 90 per cent of buses are less than 20 tonnes—where the conurbation and metropolitan/non-metropolitan situation comes in. For instance, where I live out in Western Sydney, a company called Pierce's Bus Co. up in Valley Heights is in the non-metropolitan area; whereas just five or six kilometres east in Penrith another company, Westbus, is on Mulgoa Road, which is in a metropolitan area. So Pierce's will be able to claim the rebate and Westbus will not. But, as far as I understand the definitions in the legislation, it will be worse for a company like Westbus because it will probably find itself missing out on a lot of charter or hire work. For example, with pensioners wanting to go down to Sydney Harbour for the day or school children going on an excursion, the company such as Pierce's in a non-metropolitan area will be able to claim the rebate whereas a company like Westbus will not. Once again, there will be this massive cost disadvantage to metropolitan based vehicles, and in particular public transport in metropolitan areas will be disadvantaged. This is a very difficult thing for the government to overcome. I have been advised that, as a result of their not being eligible for the rebate, on 1 July their costs will go up by 6.6 per cent and they believe that they may have to raise their fares by nine per cent.

But, as I said, there is no real alternative to diesel. One thing Senator Cook mentioned in his address was that we are trying to look at getting around to the greenhouse emissions. I do not think anything that the government

and the Democrats have proposed will at any stage lead us to this alternative fuel situation with ethanol, canola oil or something else—I do not know what else has been proposed. In America at the moment there is a fairly significant debate taking place within the Senate itself. A subcommittee on clean air within the US Senate Environment and Public Works Committee is looking at low sulfur diesel. No matter where that may end up, I might make this point: if we are going to have these cleaner or more efficient diesels, then it is going to cost money. That is the one point about this legislation that is being trumpeted all over the place; yet I have been talking to people in the industry and they do not believe there will be any significant, if any at all, reduction in freight rates.

Last week the Australian Trucking Association released a report called *Ups and downs in trucking costs: quantifying the impact of tax reform and market price movements* that was prepared by economic, management and policy consultants, Tasman Asia Pacific. The reason behind the release of this report was to analyse the Bureau of Transport Economics analysis of road and rail freight rates that would come about as a result of the diesel fuel rebate. I have been talking to people in the industry this evening. They have mentioned to me a difficulty that the minister may be able to answer for me in his reply. They are still unsure whether the grant is 16c, 17c or 18c. As late as this evening I have been speaking to senior people and they are still unsure about what the grant is.

As I have said on occasions before, freight costs represent 18 to 23 per cent of what might be the total cost of a good or service. The Tasman Asia Pacific report shows quite conclusively that, if you go from a warehouse in Melbourne to a warehouse in Brisbane, they believe, the increase in the cost of a journey on the ups when the GST comes in will be \$531; on the downs there will be a saving of \$276. They do not believe that there will be any significant decrease in the cost of transport of goods and, in fact, as I have said on a few occasions before, my colleagues tell me they may even raise their rates by up to 4½ per cent.

I want to make one other point about the costs that will come in shortly: as has not been outlined to a large degree by the government, the National Road Transport Commission met late last year and this year has effectively increased the registration costs for B-doubles and for three- and four-axle articulated trailers. The cost for B-doubles on 1 July in most states will rise by 15 per cent, and by 30 per cent for three- and four-axle articulated trailers. Contrary to the claims by the government that the costs of freight will start to go down, in fact they are going to rise; and they are going to rise on and from 1 July. Mr Acting Deputy President, if I give you a copy of this, you will no doubt recognise immediately the obvious intention by the government to pull the wool over people's eyes about this legislation and its impact on the community.

Another particular impact which I think will be interesting for the government to wriggle out of is the pressure that there will be by the year 2002 to have new trucks as part of, I suppose, a Democrat deal. At the moment Australia has one of the oldest truck fleets in the OECD countries. I think the average age of a vehicle in Australia is 14 years. But I would like to see the Democrats and the government start to tell those single-lorry owner drivers that they are going to be forced or compelled to start to upgrade their vehicles or to purchase new vehicles, because I do not think that those fellows will have the will; I do not think that the money will be there either.

In conclusion, I would say this: in a number of the managed fleets, vehicles are kept for about five to seven years. They do not get replaced overnight. On 1 July, there will not be new trucks on the road that have paid no wholesale sales tax. They will not be there. So people have an expectation that the costs of operating a vehicle are going to go down on 1 July. As I said earlier, the actual registration costs for the articulated vehicles will rise and they will not reduce on 1 July. It will take at least two years for some vehicles to get at least some opportunities for the costs that will come as a result of the wholesale sales tax.

In conclusion, I still see there being an administrative nightmare. I think there will be a lot of pressure put on individual operators. In New Zealand, I understand, about a quarter of small business left the industry, left their jobs, whatever they were doing, as a result of trying to comply with this nightmare. I think that is what will happen and what we will see here when the impact starts to get to the people we represent. I might just conclude on this: I noticed in the paper today that one of the significant events commemorated this week is the anniversary of the commencement of the Battle of Gettysburg on 1 July 1863. I think you will find that this will be John Howard's and the Liberal Party's Gettysburg. The GST will wipe you out and we will be there to give you your requiem.

Senator ALLISON (Victoria) (9.34 p.m.)—The Democrats will be supporting this bill with some enthusiasm. It has three main provisions: firstly, the diesel and alternative fuels grants will be extended to the carriage of goods of primary producers on trucks 4½ to 20 tonnes in weight within metropolitan areas and within conurbations. It is not expected that there will be very many primary producers within these boundaries, but there will be some. We judge that it was reasonable to include this small number of primary producers, mostly grape growers, strawberry farmers and the like; and provided the diesel or alternative fuel use was for the carriage of their primary produce, it seemed to us to fit within the broad objectives of our agreement with the government.

The second provision that we are especially pleased about is the extension of the alternative fuels grants to buses. It should be remembered that the reason for the Democrats pushing for grants for the use of alternative cleaner fuels such as natural gas, LPG ethanol and the like was that the diesel excise cut would make these alternative fuels more expensive relative to diesel. The grants were designed to remove any disincentive the diesel excise cuts would have provided for the conversion of buses and trucks to gas.

One of the reasons for promoting this extension of the alternative fuels grant scheme to gas buses in metropolitan areas and conur-

bations is, firstly, to reduce public transport costs and, secondly, to provide greater incentives for switching over to gas. We did not support the extension of the credit to diesel for obvious reasons. We have made some headway in terms of persuading bus operators to shift across to gas but that task is not complete and, if this extension had been given to diesel, then it would have been another disincentive, if you like, to switch to gas. On that first point, I must say that the Democrats were very disappointed with the announcements of the Victorian and New South Wales state governments recently that public transport in those states would attract an increase in fares of five per cent and 8½ per cent.

As honourable senators will recall, it was our first preference to exempt public transport altogether from the GST. But, as the federal government pointed out, whether or not to absorb the GST on fares ought to be a matter for the states to consider. After all, the states are direct beneficiaries of GST collected on public transport. I would argue that, since the states will get the 10 per cent back in its entirety, the sensible thing to do would have been to absorb the GST and keep fares down—in fact, reduce them, preferably. As anyone knows who has looked at public transport issues, patronage drops when fares go up and, when patronage drops, very often services decline, leading to further drops in patronage. This is a vicious cycle that has led to places like Melbourne having transport systems that are not offering a service that encourages greater use. The decision of the Victorian state government to raise fares is even more ludicrous when we consider that it has an enormous surplus—\$600 million this year.

However, this measure will at least make it cheaper for bus companies that have made the very wise decision to use alternative fuels in their buses. The figures differ depending on the kilometres travelled by buses within fleets. However, I know of a bus company in Western Australia that says it currently saves 15 per cent of its fuel costs on the buses in the fleet running on compressed natural gas. This measure will increase that saving possibly by a further 15 per cent.

Ventura Bus Lines in Oakleigh South, Victoria, is one of the bus companies that will benefit. In November this year, that company will be bringing into this country two new ethanol buses to add to its fleet. In fact, Ventura is demonstrating a very strong commitment to the environment and to reducing air pollution. Ventura was one of the bus companies that signed up to the Greenhouse Challenge here in Canberra last week. The ethanol for its buses—my colleague Senator Woodley will be very pleased to hear this—will be sourced from CSR and it will come from sugar cane produced in Sarina, Queensland. So, again, there is not only an advantage with ethanol being used in buses in metropolitan areas but there is a very distinct advantage to the cane growers of Queensland and elsewhere who will benefit from the use of this otherwise waste product being turned into a useable and clean fuel for transport.

Other bus companies with gas buses are the National Bus Company in Melbourne; TransAdelaide, South Australia, has 160 vehicles; 48 buses run on CNG in Perth; Brisbane City Council has almost one-fifth of its fleet on gas; Sydney Buses will see 150 CNG buses delivered by September; and the New South Wales Transit Authority estimates that, over five years of service and 30 million kilometres of travel, its gas buses have produced a 20 per cent saving on greenhouse gas emissions relative to diesel.

So there are enormous advantages with switching to gas. This bill will provide an economic advantage. But we also know that gas produces very low particle emissions, and NO_x values are also low. Diesel engines can only come close to such low emission values with the latest engines and exhaust gas filters or recirculation systems, and for these to work properly they need ultra low sulphur diesel, a fuel which is not even available in this country as yet. The other advantage is the fact that natural gas is indigenous; that is, we take it out of the ground here in Australia in various deposits. This means that we can, with this measure, start to make a difference to the deplorable balance of payments situation in this country. So instead of using diesel fuel, which is mostly imported from overseas, we can use gas which is local. Natural

gas also has the advantage of being stable in price, unlike the fluctuations we have seen in petroleum products. Gas buses are also quieter and they are virtually odourless. So that too makes it imperative that we, in our metropolitan areas, see a switch from diesel to gas.

I have spoken at length in this place about the advantages of tighter emission standards—something that Senator Hutchins does not seem to approve of. We have now delivered those as a result of our negotiations with the government. I have also spoken at length about shifting away from our current reliance on diesel fuel to gas. The National Environment Protection Council estimates that 1,062 people die every year from diesel exposure. Also, 1.4 million Australians have asthma, as do one in five children under 12 in this country. We know that air quality is a factor in triggering asthma symptoms. In Brisbane, a study of people living within 150 metres of a transport corridor showed that particle pollution was the likely cause of health problems in the old, the young and those with respiratory or cardiovascular ailments. So this measure will add to the incentives to shift to gas and to shift to a healthier environment.

The ALP has a very strange attitude to this bill. Its second reading amendment wants to condemn the government for 'the uncertainty generated in the transport industry through the introduction of new amendments'. I think the Democrats will have a great deal of difficulty supporting such a nonsensical amendment. Why would we condemn the government for putting in place a change that will reward bus companies for improving air pollution and greenhouse emissions? Not likely. The ALP also wants to condemn the government for imposing, as it calls it, 'a new layer of administration on transport operators'. Again, bus operators do not have to submit to that new layer of administration. But my guess is that the savings will hugely outweigh any extra layer of administration.

Finally, I was astounded to read the shadow transport minister's speech in the second reading debate today. There, he talks about the severe problems associated with urban congestion and the need to reduce emissions in our cities, but he complains:

The minister might even investigate the tax disadvantage to employers actually supporting employees using public transport as against private vehicles. Having raised that, I say to the transport minister that he can go a lot further than he has on that issue. We have a situation where motor vehicles and car parking receive favourable treatment with respect to fringe benefits tax arrangements. If he is actually concerned about the environment and the issue of greenhouse, then there is more to be done on this front.

I could not agree more. He continues:

I believe it is a ludicrous situation, given our irrefutable urban congestion issues, that public transport is disadvantaged in respect of tax compared with private vehicle usage.

I was astounded at these remarks because the Labor Party signed off on the business tax package without giving a thought to negotiating an amendment which could have done exactly that. The business tax package was the right vehicle to put into effect this new-found policy of the ALP, but obviously it slipped their mind at the time. It is extraordinarily hypocritical of the ALP to be complaining about the minister not doing this when they had the opportunity themselves, but of course they were in such a hurry to pass the bill, just in case the Democrats might have been in a position to get very considerable gains for the environment through this legislation.

That particular measure was one that we were very confident of winning, and it would have been very high on our list of priorities in that legislation. It was a measure, too, that public transport groups have been arguing for for many years, including the 13 years that the ALP were in government. Anyway, it is good to see that the ALP have at last found their green credentials, even if we are more likely to see them in opposition than in government. Mr Ferguson's comments will be put on file by me, so that we can remind him—should the ALP come to office some time in the future—of the ALP's new commitment to public transport.

The other provision in this bill I want to mention is the extension of the grant for diesel and alternative fuels to emergency vehicles. It is hard to find any argument against giving a break to our emergency vehicles. The CFA run on the smell of an oily rag, as it

were, and it makes some sense to give them a cost advantage. Again, I would expect these vehicles to be largely on the fringes of our metropolitan areas and conurbation boundaries.

It is a pity that the ALP feel obliged to criticise the government for this bill and to complain about uncertainty. I would have thought that incremental growth in measures to protect the environment and the health of Australians, including the one in five children under 12 with asthma, was a good thing. If this means legislative change, which is welcomed by those people who are affected by it, then I think we should embrace that change.

Also, I would like make a comment to Senator Hutchins. He reminds us that the average age of our vehicles in this country is 14 years, and he considers that perhaps the owners of those vehicles should not be forced or compelled to upgrade their vehicles. Senator Hutchins, the age of our vehicles in this country is a problem for pollution in our cities. I am afraid that the time has come for us to join the rest of the world in this respect and say to trucking operators that it is no longer acceptable for dirty, black smoke to be belched out of trucks on and on into the future. I remind the ALP that, when they left office, our vehicle fuel standards in diesel tolerated sulphur at something like 10 times the amount of the UK and the US, leaving our emission standards in this country a good five years behind other OECD countries. I hope that Mr Ferguson's remarks rub off on those members in the Senate and persuade them that cleaning up the environment and, in particular, the air in our cities is an important thing to do and something that we really need to find the revenue to pay for.

Debate interrupted.

ADJOURNMENT

The PRESIDENT—Order! It being 9.49 p.m., I propose the question:

That the Senate do now adjourn.

Conroy, Senator Stephen: Behaviour

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

eign Affairs) (9.49 p.m.)—I rise tonight to speak about one of the most appalling speeches I have ever read by a senator in this chamber in 13 years. Unfortunately, I was in meetings during Senator Conroy's contributions to the debate on Senator Faulkner's motion regarding the Greenfields Foundation last Thursday, otherwise I would have been here to protest at the ugly and, as I saw it, vicious exercise in character assassination directed against a number of individuals, and one in particular, by Senator Conroy during that debate.

Senator Conroy consistently prostitutes the privilege of parliament for his own unsavoury ends, and I call on his party to pull him into line. On Thursday last week, Senator Conroy came into this chamber on a fairly spurious motion by Senator Faulkner, but instead of debating even that tawdry motion he chose to enter into an attack on an individual under the cowardly cloak of parliamentary privilege. He embarked on an extraordinary collection of innuendoes, allegations and insinuations. I dare him to make those comments outside this chamber, but I know he will not do it, just as he will not repeat any of the other myriad allegations that he makes in this place, just as the Labor Party will not apologise to the Baillieu family and just as the Labor Party never apologised to the late Senator Panizza for the slurs they made on his family.

Senator Schacht—What did we say about Senator Panizza?

Senator PATTERSON—You might laugh, but go back through *Hansard* and look at the slurs that were made about the late Senator Panizza and his family. Senator Conroy uses this chamber like a bully uses a playground. He uses it to intimidate individuals who support anyone other than the Labor Party and as a warning to others who might be interested in making a contribution to the non-Labor parties in this country.

What is the sole contribution of this senator to Australian parliamentary life? He has no policy and no ideas and has made no positive contribution to making this country a better place. Senator Conroy's sole contribution during his parliamentary career has been to descend to levels of political thuggery pre-

viously unseen in this chamber. His behaviour constitutes a warning to anyone who might have different beliefs from him: stand up for your ideas and work hard to improve your community, and Senator Conroy will slander your character, your finances and your family.

A particular target of his vitriol was Ron Walker. What is it that Senator Conroy hates the most about Ron Walker? Looking at his speech, he hates the fact that Ron Walker has made a contribution to Victoria. He hates the fact that Ron Walker has brought major events to Victoria that have resulted in thousands of jobs for workers in the state. He hates the fact that Ron Walker has brought growth and development to Victoria and has sought to make Victoria a better place. He hates the fact that Ron Walker contributed through voluntary organisations and that his time and energy as the Lord Mayor of Melbourne, in particular, made Melbourne a better place.

Without a skerrick of evidence, Senator Conroy gives the dignity of the *Hansard* a tawdry collection of envy driven gossip and innuendos from the gutters of Melbourne. And Senator Conroy was not alone on Thursday. I have to say that I was disappointed that, along with his mentor, the pious defender of proper practice in this place, Senator Ray, the two vicious Victorians conducted a tag team effort of slander and slur. Senator Ray has said over and over in this place that it is a coward's castle and all it takes is a few short steps to courage. That is what Senator Ray has said in here over and over. Well, Senator Ray ought to have taken a few short steps to courage with his little protege.

Senator Schacht—What did Michael Baume do for 10 years in this place?

The PRESIDENT—Order!

Senator Schacht—Slagged people from one end to the other.

The PRESIDENT—Order! Senator Schacht, you can have an opportunity—

Senator Schacht—That is what Senator Michael Baume did and you never raised a word against him.

The PRESIDENT—Senator Schacht!

Senator Schacht—It is just rank hypocrisy you are going on about, Kay.

The PRESIDENT—You are persistently and wilfully interjecting and ignoring my calls to order. Senator Schacht, you can speak on the adjournment at an appropriate time. Senator Patterson has the call.

Senator PATTERSON—Thank you very much, Madam President. Senator Ray has said over and over that it only takes a few short steps to courage. But, no, he put his conscience in his back pocket and joined his protege in an advanced exercise in character assassination. No tactic was too low for the vipers from Victoria. Their speeches were crammed with rhetorical questions leading to outrageous insinuations, with no opportunity for their victims or, in particular, for Ron Walker to respond. Those few short steps to courage have turned out to be very long for Senator Ray. He was not game to repeat his allegations outside the chamber. I challenge both Senator Conroy and Senator Ray to make the allegations they made last Thursday outside of this place. It is all right for them to bring people into disrepute within this chamber, but they are not game enough to do it outside. You would think that after the disastrous backfire with the slurs that were made—

Senator Schacht—He can put a statement to the Privileges Committee to correct—

The PRESIDENT—Senator Schacht, I have called you to order previously.

Senator Schacht—I am just explaining what the standing orders are.

Senator Calvert—The standing orders are to keep quiet when some else is speaking.

Senator Schacht—No, he can go to the Privileges Committee.

The PRESIDENT—Order! Senator Patterson.

Senator PATTERSON—I will take that interjection that Senator Schacht made that he should go to the Privileges Committee. You should not have to go to the Privileges Committee.

Senator Schacht—Ron Walker can put his statement to the Privileges Committee.

The PRESIDENT—Senator Schacht, I have called you to order already during this debate and I am warning you to maintain silence. You can have the call at the appropriate time. Senator Patterson.

Senator PATTERSON—Madam President, you should not have to go to the Privileges Committee. The Privileges Committee is there for the very extreme circumstances when somebody's name has been taken in vain in this place. It should not happen. It should not have to happen in this place. People should come in here when they have the facts—if they have the facts—and not use innuendo, insinuations and slander. We thought Senator Ray would have learnt from the way in which the slanderous attacks on the Baillieu family backfired. The Labor Party have never come in here and apologised and they have never come in here and apologised to the Panizza family either for what was said in this place.

Senator Schacht—What did we say about the Panizza family?

The PRESIDENT—Senator Schacht, it is inappropriate for you to keep shouting out as you have been doing during this contribution. You can speak at the appropriate time and answer anything that you feel needs to be answered.

Senator Schacht—Madam President, I rise on a point of order. All I ask is that Senator Patterson inform the Senate, via you, what we actually said about John Panizza. I cannot recollect that we ever said anything about him at all.

The PRESIDENT—There is no point of order and now is not the time for you to be shouting out questions.

Senator PATTERSON—It is amazing how people have selective memory.

Senator Schacht—Just remind me.

Senator PATTERSON—I suggest that Senator Schacht go back and have a look through the *Hansard* as to what was said. It was an issue that affected Senator Panizza quite seriously and he was quite disturbed about what was said about him. It is particularly stunning that Senator Conroy and Senator Ray chose to make these sorts of comments that they did in the very week

when we had six hours of debate in the other chamber about the behaviour in this place and about what can happen to people when their names are taken in vain and what can happen to people when we use this place lightly—when there are personal attacks, vicious personal attacks, on people for their own personal ends. With his speech, Senator Conroy, the ALP senator for Victoria—and I have to say he was slandering a person who has made a major contribution to Victoria—not only demeaned the genuine sentiments of his Labor colleagues in this place last week but also brought disrepute to all senators in this chamber.

**Postal Delivery Officers' Union: Mr
Quentin Cook**

Senator HUTCHINS (New South Wales) (9.57 p.m.)—I rise to address a few matters relating to a series of rather disturbing political interventions from the Liberal Party and those closely associated with the Liberal Party into the industrial affairs of those hard working Australian men and women working in our nation's very effective and highly efficient postal network. I refer specifically to the ongoing activities of a Mr Quentin Cook and his disingenuous attempts to establish a rogue industrial association called the Postal Delivery Officers Union, the PDOU. The PDOU has been set up by a ragtag mob of individuals, all of whom have a political axe to grind and many of whom also have a personal axe to grind. This shonky, tin-pot industrial association has set itself up in competition with the very successful and very effective Communications Workers Union, the predecessor of the postal and telecommunications branch of the Communications, Electrical and Plumbing Union. Mr Quentin Cook and his merry band of supporters at the PDOU are comprised largely of former CEPU members whose aspirations for elected office in that industrial organisation were left unrealised owing to a lack of capacity and a lack of grassroots support at successive union elections.

There is nothing unusual about a group of disgruntled former union members seeking to undermine the capacity of their former union to effectively represent the workers in their industry, but what is rather strange in this

case is the rather unusual involvement of the Liberal Party. Mr Cook and his fellow travellers have had very close ties with the beleaguered New South Wales Division of the Liberal Party over many years. Back in 1994, Mr Cook ran for the position of national secretary of the postal and telecommunications branch of the CWU. At the time of the 1994 elections, Mr Cook openly contested the ballot as a candidate with Liberal Party endorsement, with the special seal of approval of the then federal shadow industrial relations minister, John Howard, the member for Bennelong and the current Prime Minister. The Liberal Party's support of Mr Cook included permission to emblazon the Liberal Party logo all over his campaign material, including how-to-vote cards, along with the signed endorsement of John Howard on Mr Cook's Liberal Party ticket's how-to-vote card.

The support of the erstwhile shadow minister for industrial relations did not end there, however. The member for Bennelong, in keeping with his longstanding commitment to trade unionism and the interests of working people, decided to sponsor a separate mail-out to 10,000 CWU members from his taxpayer funded postage allowance. Much media attention was given to the Liberal Party's interventions at this time. In one interview, Mr Cook conceded that he had been an active member of the New South Wales division of the Liberal Party since about 1986.

But the connections between the Liberal Party and the PDOU do not stop there. There is a further connection between the PDOU and the Liberal Party through its lawyers. The PDOU's legal representatives are Paul Etherington and Associates. I understand that these solicitors have a long history of acting for the Liberal Party in legal matters. In fact, the registered office address of the PDOU is the Clyde Building, Level 5, 140 Arthur Street, North Sydney. This is also the address of the commercial premises of Etherington and Associates. Mr Victor Dominello, a solicitor with Etheringtons, is also a councillor on Ryde Municipal Council. Mr Peter King, counsel representing the PDOU before the Australian Industrial Relations Commission, also has strong links with the Liberal Party.

Mr King has previously unsuccessfully contested Liberal Party preselection in the blue ribbon Liberal seat of Wentworth. Junior counsel assisting Mr King representing the PDOU is a Mr Alec Howen, a former member of the executive body of the New South Wales Liberal Party.

I want to now turn my attention to a few instances of what may prove to be examples of federal government influence being improperly exerted through unusual interventions in the industrial affairs of those involved in the postal and telecommunications industry. The first instance relates to the PDOU's initial decision to seek registration as an industrial association. At the time, there were many media reports indicating that, as one newspaper, the *Age*, put it:

The Federal government has held talks with a friend of the Prime Minister John Howard, about setting up an organisation to take on union power within Australia Post.

What is disturbing here is not that Mr Cook is identified as a friend of the Prime Minister—I should think that, given the Prime Minister's popularity at the present, that description would put him in a very select group of individuals, and I am pleased for the Prime Minister that he still has some friends. What is disturbing is the suggestion that the federal government and, more particularly, as the media reports at the time pointed out, the workplace relations minister, Mr Reith, had privately encouraged the PDOU to establish—in an attempt to undermine the effectiveness of an authentic and legitimate union like the CEPU.

More disturbing than the possibility of Mr Reith's ministerial intervention is the fact that this phoney industrial association, the PDOU—quite obviously an industrial stalking horse for the Liberal Party—received legal aid at taxpayers' expense throughout its failed attempt to become registered as an industrial association. I might add that Vice President McIntyre refused their application, noting that owing to the personal attacks, intimidation and coercion of the PDOU he was not satisfied that they would conduct their affairs in a way that met the obligations of an organisation under the act. The conduct of the PDOU, acting with the personal im-

primatur of the Prime Minister, reflects the practices of intimidation and thuggery that epitomise the Howard government's approach to workplace relations.

The application by the PDOU to the Australian Industrial Relations Commission to become registered under the Workplace Relations Act took 23 days in total. This included 11 days of hearings, and considerable time for the preparation and writing of submissions. The PDOU applied to the Attorney-General's Department for legal aid in the form of financial assistance under the Commonwealth Public Interest and Test Cases Scheme. The guidelines used to determine applications for financial assistance under the scheme are not publicly available, other than that the matter before the court must concern an unresolved question of Commonwealth law that is of public interest.

Despite much probing of the government over this matter through the Senate estimates process on no less than four occasions, it is still unclear as to whether legal aid has actually been granted and, if so, to what extent. Whilst we do know that \$119,837 was approved out of the legal aid budget in 1997-98 for cases relating to the Workplace Relations Act, the government has still failed to confirm whether this money has been handed over to the PDOU. In 1999-2000 another \$7,000 was approved under the Workplace Relations Act. It would seem to me that any case where an organisation sought to represent employees of a federal government owned enterprise in industrial matters would be severely compromised if the federal government had itself funded, through legal aid, that organisation's application for registration as an association of employees.

On top of this clear conflict of interest, the funding of the PDOU's ideologically driven attempt to weaken the power of the existing and successful union would be a disgrace, given that this would have happened under a government that has severely cut the Commonwealth's funding of legal aid. In 1997, the government severely tightened the guidelines that regulate the provision of legal aid to applicants. One of the results of this tightening is that refugees and illegal immigrants can no longer access legal aid in order to pay

for their court costs. In December 1999, the Attorney-General announced with much fanfare that the government would be providing an extra \$63.1 million over the next four years to help more Australians get legal aid for Commonwealth legal matters.

This top-up, however, has come after substantial cuts. The federal government's contribution to legal aid in 1995-96 was more than \$160 million, but the extra funds announced by the Attorney-General in 1999 will still only bring funding levels to less than \$130 million by 2003-04. This demonstrates how severely the legal aid budget has been slashed—and that is not taking into account the impact that the government's 10 per cent GST will have upon the amount of obtainable funds under the legal aid budget. It is an absolute outrage that the government have allowed a shonky mob such as the PDOU, masquerading as a union, to access scarce public moneys from the legal aid budget to wage their ill-fated ideological campaigns, when struggling individuals right throughout this country are increasingly being denied legal aid to defend their rights and interests.

Dusseldorp Skills Forum: Work for the Dole

Human Genome Project: United States of America

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (10.06 p.m.)—I rise this evening to speak about a background paper that was released this week by the Dusseldorp Skills Forum, a forum which is widely known and certainly well respected. The paper is titled 'Mutual Obligation: Policy and Practice in Australia Compared with the UK'. Like other reports that have been issued by this forum—which draws together pre-eminent researchers on youth policy in this country—this paper offers a thoughtful comparative analysis of the design and operation of mutual obligation through Work for the Dole programs in Australia and in the UK. Most importantly, this paper highlights how badly the Australian government has got it wrong. Setting aside the issue of whether or not embracing Work for the Dole programs is a good thing—it has been done by the two old parties—the Work for the Dole program in this

country is a flawed program which is not addressing the issue of unemployment, youth unemployment in particular. As the paper tells us, the underpinnings of Work for the Dole in Australia and the UK are quite different, reflecting the ideological differences of the introducing governments. Whereas the British scheme has a strong employment focus and consequently higher employment outcomes, the Australian government has never claimed that the Work for the Dole scheme here is actually about creating job opportunities or providing training.

The Australian scheme is an odd program. It is extraordinarily well funded for a labour market scheme with such a low outcome rate. However, closer analysis of the purpose of the scheme reveals the hypocrisy at its core. Unlike its UK counterpart, Work for the Dole here is not about providing training, opportunity, assistance or support to job seekers, and by pouring money into it the Australian government is not trying to increase the competitiveness of young job seekers in the labour market. Work for the Dole is all about presenting hurdles in the way of job seekers to test their commitment to finding work. It is about appeasing the downward envy endemic in our society. It is about playing on the bludger stereotypes that this government has successfully exploited in gaining electoral advantage through schemes such as 'dob in a dole bludger', fraud crackdowns and penalties for breaches which are proportionately higher than any fines for criminal activities. This is a government which admitted this weekend that it imposed breach quotas on Centrelink staff, prioritising chasing and penalising income support recipients for what are generally administrative breaches over helping them find work. As this paper states in its conclusion:

In Australia, the political motivation for mutual obligation arrangements appears to respond to fears of welfare dependency among young job seekers. Implicitly and sometimes explicitly, these motives are based on a negative view of those receiving unemployment benefits.

Work for the Dole is an expensive policy fraud perpetuated on job seekers and the Australian community as a whole. Since introducing the scheme, the government has expanded it every year to cover more people

and suck up more of the budget for labour market assistance. And this is where the greatest flaw in the policy is found: instead of directing funding towards case management to provide targeted assistance for job seekers, ensuring that they access and receive training and support appropriate to their needs and the needs of the local labour market, this government has redirected millions towards a scheme which does none of these things. Unemployed people are constantly told that their participation in society is dictated by their employment; that if they are to have access to the same rights and protections afforded others in this society, they had better find work because they will be vilified and hounded until they do. Never mind that some unemployed people are participating through volunteer work. While the government recognises some forms of volunteer work as satisfying activity test requirements, the criteria for this recognition remain too strict for many unemployed Australians.

It is a disgraceful waste of resources, funding, community infrastructure and Centrelink staff time, all to force job seekers through more hoops so that this government can look tough. This government has demonstrated that it has no real understanding of mutual obligation. Instead of referring to the relationship between the community and the individual, this government is all about:

... tough rhetoric about the responsibilities of citizens but little focus on the obligations of government beyond ensuring the basic sustenance of its citizens.

The consequence of this approach is an expensive, punitive, ineffective program. The federal government—in particular ministers Newman, Abbott and Kemp, and perhaps Minister Reith as well—would do well to read this paper and learn where they can start to address some of the deficiencies in the program. Another place these ministers could start is to talk to participants in the scheme. This government is often accused of being poll driven when it comes to policy making. However, there is little evidence that it consults with the targets of its policies on employment or indeed youth affairs. Draconian mutual obligation policy is one manifestation of this, but by no means the only one. Drugs

policy, crime prevention, income support, higher education, employment and training are areas where this government needs to consult more, in particular with young Australians. Yet we have a minister who has shut down the peak representative body for young people—the Australian Youth Policy and Action Coalition—and who continues to avoid discussions with youth representative bodies which might disapprove of his policies.

So today we have a situation where the peak youth bodies, including state youth councils and the National Union of Students, have been forced to meet in Melbourne to discuss how they will perform their role of providing representation and advocacy for young people and of providing ongoing, independent policy research and advice in the context of withdrawn funding or support from the government. The minister and his department were invited to attend, and I understand that they refused that invitation. I am happy to be corrected on that point if indeed they did go at the last minute. Perhaps the minister is too busy planning his alternative forum, which I believe was announced on Saturday—the Australian Forum of Youth Organisations—or maybe he was worried that this government would not be able to control the agenda or the discussion at today's meeting in Melbourne.

In May the Democrats obtained a copy of an internal DETYA memo. Dr Peter Whitney is the author of the memo, and he is the head of the Future Pathways Strategy Group. He sent a memo to Dr David Kemp, dated 20 April 2000, titled 'Plan for the National Forum of Youth Sector Organisations'. We have evidence of the government throwing more money at dubious policy, cloning the Youth Round Table for a select group of 12 youth organisations, none of which specialise in the difficult—and I emphasise difficult—problems facing young people. According to this memo, organisations such as surf lifesaving organisations and the defence cadets would be invited but Reach Out and the National Union of Students would not. While all these organisations undertake valuable work with young people—nobody denies that—the input of organisations dealing with, say, home-

lessness, poverty, unemployment, mental health and education are all important if the problems facing young Australians are to be addressed. In this memo, the motives of the government are made explicit, and I quote:

... each meeting will have a specific theme. The Government will choose these, thereby maintaining control of the agenda. Participants will be selected to match the theme.

So, instead of funding going towards ongoing independent research and advocacy, the government has set up yet another expensive, tightly controlled occasional dialogue with a select group and excluded the voices which most need to be heard. There is precious little funding available for young people as it is without more being squandered on ineffective or inadequate representation. I hope the minister has the courage to face and accept criticism. In the face of the flawed Job Network tender No. 1, the failed bid to outlaw student organisations and the leaked higher education cabinet submission I would have thought that perhaps the minister, Dr David Kemp, would have been grateful for early warnings on policy duds.

Tonight I do want to end on a much more exciting note, and that is to acknowledge that at midnight tonight President Clinton, President of the United States, will announce the finalisation of the human genome project, which of course is an amazing and exciting scientific advance, and one that I hope will lead to the undertaking of not only medical research but many other things that will serve humanity and beyond—flora, fauna and humans. It is going to be an amazing discovery.

Senator Schacht—It won't help the National Party. They are beyond it.

Senator STOTT DESPOJA—The point though—through you, Madam President, to Senator Schacht—is that what President Clinton did prior to the announcement of the human genome project was to introduce—

Senator McGauran—What a fun girl!

Senator STOTT DESPOJA—Senator Julian McGauran may not find it fun, but the one thing that certainly President Clinton sought to do—and in fact did do, whether he found it fun or not—was to implement legislation that would prohibit genetic discrimi-

nation for employment in federal departments and agencies. Although the human genome project is about to be announced, we have no legislation that prevents discrimination on the basis of people's genetic information or ensures that people's genetic information is kept private.

Senator Heffernan—We don't use cigars here.

Senator STOTT DESPOJA—Senator Heffernan may say that that is garbage, but—

Senator Heffernan—No, I said 'We don't use cigars.'

Senator STOTT DESPOJA—Goodness me. I can see that the human genome project has elicited an amazing response. No wonder it is only the Democrats calling for this legislation.

Conroy, Senator Stephen: Behaviour

Senator ALSTON (*Victoria—Minister for Communications, Information Technology and the Arts*) (10.17 p.m.)—I rise for the first time in many a long day to speak on the adjournment debate. In the normal course of events I would not normally be tempted to speak on the adjournment debate, but when Senator Conroy's remarks of last Thursday night were brought to my attention and I read them it struck me that this is conduct and behaviour that simply cannot be allowed to go unnoticed. Indeed, all people who are interested in serious policy issues—

Senator Schacht—You sanctimonious hypocrite.

The PRESIDENT—Order! Senator Schacht, I ask you to withdraw that remark.

Senator Schacht—I withdraw.

Senator ALSTON—and ensuring that politics and political activity is not disgraced and demeaned ought to deplore the remarks of Senator Conroy. Senator Conroy said:

Ron Walker is not an individual of integrity, and his litany of deceit and misdeeds can be traced back over many years.

He goes on to make not too crude insinuations about a range of criminal activities which he suggests that Mr Walker has been involved in. I might say he advances no evidence to support the proposition. He simply says things like:

Was [it] a coincidence? I leave you to judge.

It was the classic sort of smear that you would make, and there is only one place you would ever make those sorts of comments. Senator Conroy says:

There are also questions about whether Mr Ron Walker abused his position as chairman of the Melbourne Major Events company ...

He says 'questions about'. He does not say he actually acted improperly; all he is doing is raising suggestions—in other words, it is about the most pusillanimous approach you could ever take. Senator Conroy does not for a moment hesitate about saying things like:

Ron Walker is not a man to be trusted. He lacks integrity.

And on it goes. He even goes back to the time when Ron Walker was on the Melbourne City Council. One can only assume that it is people like David White—who happen to have very long memories; who have never been able to rise above this sort of behaviour—who feed these sorts of lines to people like Senator Conroy. It is interesting to note in passing that Steve Bracks recently reappointed Ron Walker as chairman of the Melbourne Major Events company, and quite rightly so. If Mr Bracks had had any of these concerns that Senator Conroy—from his own faction—has, then one would have thought that he could not possibly have reappointed him. All I can say from my own knowledge is that Mr Walker is a person of very considerable integrity. He is very conscious of his public duties.

Senator Schacht—Just underwrote the Greenfields Foundation; laundered money for the Greenfields Foundation.

The PRESIDENT—Senator Schacht.

Senator ALSTON—He has indeed been one of the few people in public life who have been prepared to be involved with political parties. What strikes me as so blindingly obvious about this latest technique—this grubby gutter-crawling activity—is that this is part of a consistent pattern of behaviour on the part of Labor senators who are intent on raising the temperature to the point where no person of goodwill, no person who is not interested in playing the game of politics the way that it might be played behind the Syd-

ney Town Hall, would even think of getting involved.

Senator Schacht—What did Michael Baume do?

The PRESIDENT—Order! Senator Schacht, I have spoken to you earlier tonight during this debate about your persistent and wilful disregard of the standing orders. You are not to be provoked. There are consequences for doing so, and I would remind you of the standing orders. I would suggest you read them.

Senator ALSTON—In other words, this is part of a deliberate strategy, an ongoing campaign of smear and denigration, to up the ante, to make it just too hot for people to get into the kitchen with the Liberal Party. We can go back to Mark Textor. Only a couple of weeks ago the first question I was asked in question time when Senator Hill was away was about Jon Gaul. Why was I asked that? Basically to smear him, put it on the record, send a signal to Mr Gaul: 'If you want to associate with the Liberal Party, mate, we're going to be in there pushing. We're going to remind people that you are hot political property and they ought to think twice, because there will be no jobs for you when we ever we get back to government.' In other words, 'Whatever your name is, whoever you are, whatever you have done by way of achievement, we're going to get you.' That does not apply to just Mark Textor; look at what happened to Max Moore-Wilton. Week after week we got those sorts of comments.

Look at the lengths to which Senator Conroy has gone in relation to Mr John Elliott. It does not matter what might have been said camera, in confidence with the NCA: 'Whatever it takes we will get out there, we will smear, we will denigrate you, we will bring you down, we will make it abundantly clear to anyone else who might ever think of being involved with the Liberal Party that the stakes are going to be pretty high.' That is exactly what happens here. These are not insinuations that one could make outside the chamber. Yet what happened only last year when Senator Conroy was accused of corruptly using union funds to bankroll branch stacking activities? His reply was that he dismissed the claims as a pack of lies and

challenged Mr Leigh, the state parliamentarian, to repeat the comments without parliamentary privilege. He said, I have no knowledge and no information about Mr Leigh's allegations, and I invite him to step outside parliament to repeat them and allow me to build an extension on my house.'

That is the sort of classic double standard you get. In other words, he says, 'It is good enough for me to come in here on a regular basis and do the job of the hatchet men, Senator Faulkner and Senator Ray'—with the script probably written by David White. 'I'll get up there and do whatever they want me to do, and I'll go on doing it in order to advance our party political interests.' There is never any suggestion that this is in the public interest. We have Senator Ray sanctimoniously saying, 'I have never been involved in branch stacking in my life.' He certainly associates with a lot of people who know all about branch stacking. What did he ever do with the Dreyfus report? Of course it disappeared without trace. But there it was: a great deal of puff and cover-up to suggest that somehow the Labor Party was wringing its hands about branch stacking. Of course it wasn't.

Senator Ray displays an incredible knowledge of the minutiae of politics. He can go back 20 or 30 years and he can tell you who is doing what to whom at any particular hour of the day or night. The other night he went through virtually every state of the Liberal Party until he ran out of time. He came up with the most arcane analysis of some of the things that have been going on that no-one else in the community would have the slightest bit of interest in. The tragedy is that I cannot recall the last time Senator Ray asked a question on policy. Yet what he said the other night was, 'I agree with a lot of what Senator Conroy said.' I would have thought, to give Senator Ray his due, he really meant to say, 'I agree with everything he said.' I cannot imagine that Senator Ray would stand back and try to have a bit both ways. He basically agrees with all that Senator Conroy said. So if the real concern is that somehow political parties like the Liberal Party are beneficiaries of trust structures, perhaps we might hear in due course from Senator Ray about the purpose of the McKell Foundation.

Senator Schacht—The Greenfields thing is an absolute rort.

Senator ALSTON—Why don't you tell us about the source of funds for the McKell Foundation and how those funds are applied? If you are seriously interested in putting these matters on the public record with some high moral purpose in mind—in other words, if you really think it is an outrage that there should be any such structures and any such people or companies that might bring themselves to make contributions to the Liberal Party—let us hear about the McKell Foundation. In fact, let us hear about the Herron Foundation—and I am not referring to John Herron; I am referring to a Labor Party inspired Herron Foundation. Let us find out what all these things are about. If you really object to organisations like the Greenfields Foundation, let's be consistent. Come up with the facts and tell us where the point of distinction is between your foundation and other parties' foundations—because you don't.

Senator Schacht—Because yours is a slush fund.

Senator ALSTON—Let's hear from you and your colleagues how the McKell Foundation and the Herron Foundation couldn't possibly be characterised in the same manner. You see the problem with all this is that Mr Beazley is in the other House pretending that this does not happen. We know that he does not read the newspapers, but what he tries to do is to pretend: 'I am actually the good guy; I don't ever get into the gutter. Senators Faulkner and Ray might behave in a particular matter, but it is nothing to do with me. I do not control the Senate.' Remember that form of weasel words a couple of years ago: 'I can't really control what they do.' I do not ever remember a day going by when the Labor Party did not suggest that the leader of the Liberal Party had every ability in the world to control what might be said. Mr Keating used to make it an absolutely daily practice to suggest that the leader of the Liberal Party was responsible for even the most casual offhand remark of the lowliest backbencher. That is how far it went when Labor was in government. But now we have the situation where Senators Conroy and Ray can come into this chamber and talk in the terms

that they do—not prepared to go outside ‘cowards castle’, as Senator Ray is fond of calling it—and then find that Mr Beazley just floats above it all.

Senator Patterson—Ten steps to courage.

Senator ALSTON—Yes, that is right—all of those expressions. We all know what they mean. This is nothing more or less than the politics of envy. It is a deliberate attempt to bring Mr Walker down and at the same time to suggest that somehow anyone else who wants to be involved with the Liberal Party is going to be very much at risk. Senator Conroy, for example, was even prepared to say, in relation to a bank with which Mr Walker is associated, that he noticed that the Treasurer had tentatively agreed to launch the bank. Senator Conroy said, ‘Has he asked for any other assistance from the Treasurer at this stage?’ What an outrageous suggestion to make—that is, that somehow Mr Walker was deliberately trying to offer the Treasurer an opportunity to open a bank in exchange for another favour. This sort of stuff would not stand up for five minutes in any court of the land—you would be gone an absolute million. Why is it done? It is done under the cover of parliamentary privilege in order to intimidate and to demonstrate how low you will go. (*Time expired*)

Kingsford Smith Airport: Safety Issues

Senator O'BRIEN (Tasmania) (10.27 p.m.)—Isn't it interesting that those who like to give it out cannot take it. We have just heard a 10-minute diatribe from probably the chief proponent of that principle in this Senate tonight. But I want to deal with something of substance. I want to deal with an article in today's *Sydney Morning Herald* about safety at Kingsford Smith Airport. This is a lot more important than the contribution, the bleating, that we have just heard. The article was headed ‘Aircraft noise—sharing in jeopardy as pilots claim runway too windy’. The article, written by Robert Wainwright, is a story about claims by international pilots that use of the east-west runway should be limited because of potentially dangerous crosswinds. The International Federation of Airline Pilots Association wrote to the Prime Minister two weeks ago advising him that the federation, while recognising the po-

litical pressure from the environmental lobby, ‘cannot condone a situation where environmental concerns are allowed to override those of flight safety’. This is not a new issue. In fact I raised this matter in this place in March last year. I also asked a number of questions on notice and pursued the matter in the estimates committee hearings.

In a contribution that I made, I pointed to an answer to a question on notice dated 20 October 1997 in response to a question from the member for Barton. The member for Barton asked the then Minister for Transport and Regional Development, Mr Vaile, whether or not ‘weather conditions preclude the safe operation of westerly take offs from runway 25’, the east-west runway at Sydney airport, and the answer was yes. Mr Vaile advised that the runway was unsafe for use ‘(w)hen the crosswind component on the runway exceeds 20 knots and/or the downwind component exceeds 5 knots’.

In my earlier contribution that I referred to, I pointed to the International Civil Aviation Organisation, ICAO, recommendation relating to landing in crosswinds. ICAO has recommended that compliance with published noise abatement procedures should not be required in ‘adverse operating conditions’ such as when ‘the crosswind component, including gusts, exceeds 15 knots’. I also referred to a Bureau of Air Safety Investigation report concerning air safety operations at Sydney airport dated August 1998 that stated:

A recent landing accident at Amsterdam involving a Boeing 757 has highlighted the risk of continued operations on runways with cross-winds of up to 25 knots.

In that incident the aircraft veered off the runway whilst the flight crew were attempting to land in crosswinds. The BASI report said:

... whilst this level of cross-wind is within the structural capacity of the aircraft and the capacity of flight crews, it has reduced the margin for error when aircraft are required to land on close set parallel or short runways, when safer options are available.

In addition, an increased level of complexity is added to the airspace environment when flight crews operationally require a landing on an into-wind runway while cross-wind operations are in

progress, thus compromising structured airspace concepts.

I asked a question at the end of 1998—question on notice No. 189—about that BASI report and the use of the east-west runway. I wanted to know what Airservices Australia had done in response to the BASI finding that the use of runway 25 reduced safety margins.

In response, the minister told me that Airservices Australia consulted CASA in its review of the crosswinds policy at Sydney. There was no reference in that answer to Airservices Australia consulting with the Bureau of Air Safety Investigation. The answer confirmed that risk increases with increases in crosswind. It confirmed the ICAO standard that, for noise abatement, proposed 15 knots as the maximum recommended crosswind. But the minister advised me that it was the view of CASA that the operation of runways with up to 25 knots of crosswind 'does not pose an unacceptable safety hazard'. The government has been well aware for some time that ICAO recommends a crosswind limit for noise abatement of 15 knots. The government has been telling anyone who is prepared to listen that Australia is moving to align our aviation standards with those international standards endorsed by ICAO. The former transport minister, Mr Vaile, told us in December 1997 that weather conditions preclude the safe operation of runway 25 when the crosswind component reaches 20 knots. We then had a BASI report saying that at a speed of 25 knots, while technically possible for both aircraft and crew, compromises safety and erodes the safety margin. Airservices said, 'We know about the BASI concerns, so we talked to CASA, not BASI, and they say it does not impose an unacceptable safety hazard.'

I pursued this matter further with the Bureau of Air Safety Investigation in June last year. The then Director of BASI, Dr Lee, told the Senate Rural and Regional Affairs and Transport Legislation Committee that there was a divergence of views on what the maximum crosswinds should be and recommended that CASA review the matter. While BASI referred the matter to CASA, its view of what was safe and what was not safe was made clear in its report on this matter. Land-

ing on the east-west runway in crosswinds of 25 knots was challenging the limits of safety. As I said earlier, while 25 knots is within the structural capacity of the aircraft and the capacity of flight crews, it reduces safety margins when safer options are available. But CASA and the government went for a 25-knot limit despite the ICAO standard of 15 knots and BASI concerns about the safety at the airport of the 25-knot limit, as was applied. In his answer to my question on notice of 28 November 1998, the minister also tried to have a bet each way. He said that if any pilots were worried about the safety of runway 25 in crosswinds, they could simply use another runway. As I said when I last spoke on this matter, the government knew at the time of that answer—and it still applies—the pressure pilots are under. If a pilot chose not to use runway 25, he or she would have to go to the end of a very long queue and their employer, and most probably their passengers, would not cop it. Giving pilots an opt-out clause is no way to run a safety regime at a major airport. This is not a practical option. It is the general policy applied to the use of this runway that must be right.

The Minister for Transport and Regional Services, Mr Anderson, is now suddenly concerned about the safety of aircraft landing on this runway in a 25-knot crosswind. According to the Wainwright story, Mr Anderson has asked the Civil Aviation Safety Authority, Airservices Australia and the Australian Transport Safety Bureau—an organisation now known as BASI—whether there is any substantive safety reason for not accepting a 25-knot limit of crosswind speed for noise abatement purposes while continuing to accept it for operational purposes such as traffic management. It now appears that CASA is sympathetic to the pilots' concerns about safety, having previously ignored those concerns. This reported change of heart on the part of the authority has, as you would expect, angered anti-aircraft noise groups in the affected areas, who appear to be arguing that any reduction in the maximum allowable crosswind for runway 25 is based on political considerations—an understandable proposition, given the indecision of this government. They argue that any reduction in the maximum allowable crosswind for runway 25 will

destroy the airport's long-term operating plan. This indecision on the part of Mr Anderson about what might or might not be safe, as far as crosswind speed for Sydney airport's east-west runway goes, is yet another example of how confused the administration of aviation safety has become under this minister.

Parliamentary Delegation to Papua New Guinea and the Solomon Islands

Senator TCHEN (Victoria) (10.37 p.m.)—This afternoon, the report of the Australian parliamentary delegation to Papua New Guinea and the Solomon Islands, which took place between 26 April and 4 May 2000, was presented to the Senate. At the same time, earlier this afternoon, the report was also presented in the other chamber by the member for Denison, Mr Duncan Kerr, the deputy leader of the delegation. The delegation's consensus is presented in the report. However, both the member for Denison and the member for Mallee, who were members of the delegation, made individual statements in the other chamber about their personal experiences in the delegation. I would like to take this opportunity to also present some of my personal impressions from this trip.

I would like to firstly say that I was very much privileged to be part of this delegation. It was my first official trip, and it certainly made a great impression on me. Even though I did not really volunteer to go on this delegation, I was very happy that in fact I did go because I did learn something about two of our nearest neighbours whose futures will be very much tied in with ours. On the face of it, Papua New Guinea and the Solomon Islands have very similar backgrounds. They are both former European colonies, they appear to have been successful democracies since their decolonisation in the 1970s and the 1980s and they are both valued members of the Commonwealth. In terms of their size, the two nations are quite different. Papua New Guinea is substantially larger with a population of more than four million, and the Solomons has a population of only 0.4 million. PNG has an annual GDP of \$3.7 billion. Again, the Solomons have only one-tenth of that with \$0.4 billion. On paper, both nations are economically well developed. The United

Nations classifies PNG as a middle income country with an average GDP per head of \$US160,000 per person whereas the Solomons is classified as a lower income country with \$US1,000 per head.

When I actually got there, I found that official figures do not always tell the story. It was pretty obvious that both PNG and the Solomons share characteristics which also pose problems for their future development. Both countries present very strong duality in their economic structures and in their societies. Both countries have systems based on the English legal and parliamentary systems, yet both societies are ruled by traditional structures. There is traditional land ownership and a traditional clan relationship, and there is very much a dichotomy of the modern feature and the traditional feature. There is considerable disjointedness in that part of each society is very well educated and very aware of Western societies and in tune with Western economies but the bulk of each nation is still in a subsistence type of economy. They have massive unemployment and considerable social disruption in the urban areas. Although the formal legal systems and administration are based on the Westminster system and the English legal system, traditional one clan allegiance predominates in much of what goes on.

Related to that, if we look at the social indicators of both countries, we find that, rather than being middle income nations—as the UN would describe them—they are both well below in indicators such as life expectancy and infant mortality. Those rates are both well below those of middle income countries. The life expectancy is something like 10 years below that of middle income countries at about 60 years of age and 20 years below Australia's average. Nevertheless, the people are friendly, and the leaders are well educated and capable.

That brings me to Australia's relationship with these countries. Both countries obviously look to Australia for leadership and for assistance, and Australia does that. We provide \$300 million through AusAID to PNG and about \$70 million a year to the Solomon Islands, so we do provide much support. Nevertheless, I would like to say that, al-

though Australia obviously has a leading role in the South Pacific, particularly with these smaller Pacific countries, I am very much concerned that the member for Denison, in referring to the recent political coup in the Solomons, advocated in his statement to the other chamber that Australia 'ought to be the dominant and most important presence throughout the South Pacific'.

My view is that Australia is the largest economy in the South Pacific, Australia is the most technologically advanced nation in the South Pacific and Australia has a responsibility to help and support the smaller nations in the South Pacific, but I am diametrically opposed to the member for Denison's view that Australia should have a dominant position. I believe the member for Denison's position is highly irresponsible. The member for Mallee, Mr Forrest, pointed out in his speech that he does not believe Australia should have a Big Brother role in the South Pacific. I do not believe that either. In fact, I will go further than that: I strongly oppose any idea that Australia should take a Big Brother role. We should be an older brother—a more responsible, more knowledgeable brother—but not a Big Brother. I certainly do not agree with the member for Denison's idea to put Australian lives at risk by putting police or military forces on the ground in the South Pacific countries where the disturbances are. The problems in these countries should be resolved by themselves.

I would point out that, in the Solomons particularly, even though there has been a political coup, no lives have been lost. The society seems to have resolved the situation in its own way. Had the Australian government sent the armed police or the Army into the Solomons, as Mr Kerr wanted to, it would have made the situation much worse. I would like to reiterate that Australia does have a very strong moral responsibility in the South Pacific, but it should be discharged with sympathy for and empathy with the local community and the traditions of those societies.

Commonwealth Parliamentary Association: Delegation to Trinidad and Tobago

Senator CROSSIN (Northern Territory)
(10.47 p.m.)—On 29 May this year the report of the Commonwealth of Australia branch delegation to the 45th Commonwealth Parliamentary Conference held in the Republic of Trinidad and Tobago in September of last year was tabled in this parliament. During that week, the Senate estimates were in process, so I would like to take this opportunity to present my comments on and impressions of the conference. Along with a number of others, I was one of those who were privileged enough to be part of this delegation.

The Commonwealth Parliamentary Association is an association of Commonwealth parliamentarians who, irrespective of gender, race, religion and culture, are united by a community of interest and a respect for the law and individual rights, freedoms and democracy. It provides the sole means of regular consultation among members of Commonwealth parliaments, endeavouring to foster cooperation and understanding amongst them, and it promotes the study of, and respect for, parliament. The CPA was formed in 1911, and the original member branches were Canada, Newfoundland, New Zealand, South Africa, the United Kingdom and Australia. It represents almost one-third of the world's population and over 50 countries. Association branches now exist in 142 national, state, provincial and territorial parliaments, with a total membership of over 14,000 parliamentarians.

Membership of the CPA is highly valued, particularly by the smaller nations within the Commonwealth. A lot of them, whilst adhering to parliamentary democracies, have a fragile state of affairs—and the recent events in Fiji are evidence of this. During the 1990s, more than 20 new parliaments and legislatures were admitted to or resumed membership of the CPA. They included, for example, Cameroon, the newly created Indian states and territories, Mozambique, Pakistan and its provinces, the Seychelles, South Africa and its provinces, Uganda, Zanzibar in Tanzania and Fiji—although, after what has occurred

in recent weeks, one would assume Fiji's membership is under question.

The CPA conference that I attended was held from 16 to 23 September 1999 in Trinidad and Tobago, and Australia was represented by Mr Gary Hardgrave from the House of Representatives, Senator Alan Eggleston, Senator Mark Bishop and me. The delegation was led by Madam President of the Senate, Senator Margaret Reid, and I must give credit where credit is due and congratulate the President on a fine example of leadership during the delegation. She was ably assisted by Ms Chris Faulks, her senior adviser, and her husband was with us as well. At the end of the conference, Senator Reid was rewarded for her activities on behalf of members of the Australian parliament by her election to the position of Vice-President of the CPA for this year. That position will fold into the elected position of President of the CPA next year, and this parliament will be hosting the 47th international conference of all members of the CPA in Canberra next year. It is also important to mention the role that the officers who accompanied the delegation played—Mr Brendhan Egan, the secretary to the delegation; Mr Chris Paterson, who is the regional secretary of the CPA, Australia and Pacific Regions; and Mr Jim Pender, who represented the Society of Clerks.

The agenda for the 45th Commonwealth Parliamentary Conference was based on the plenary session and the topic of 'Responsibility, accountability and transparency: enhancing good governance by improving democratic standards in international and domestic decision-making'. In addition, six topics were considered in panel sessions, and these are listed on the first couple of pages of the report. The structure of the conference is such that delegates contribute to the plenary session through the general assembly then move to the six panel sessions or discussions of their choice, and then the reports of these sessions are provided to the conference during the final plenary session.

I participated in two of the panel sessions and used the opportunity to speak on each of the topics. The first of these was titled 'The role of Parliamentarians in defending and

enhancing human rights'. In introducing the session, the Chairman, Dr Howard Fergus, emphasised taking the four categories of human rights—civil and political rights; social, economic and cultural rights; collective survival rights; and the rights of special groups and interests—into account when we design and evaluate a human rights agenda and that priorities for a particular country may depend on their level of development, history and cultural evolution. I commented that Commonwealth parliamentarians have an important part to play in the promotion and protection of human rights but I considered that the international community had been slow to react to the situation in East Timor with the result being destruction of property and the loss of many lives.

The other session I attended carried the title 'Be it resolved: Commonwealth Parliaments and Legislatures should reserve one-third of their seats in parliament to ensure a critical mass of representatives by Women'. You can imagine no doubt that, no matter what country this may have been held in, it was going to be a controversial and much debated topic. My contribution went to the success of having targeted training and support programs to encourage more women to stand for public office and that the atmosphere of parliament also needed to change to become more conducive to accommodate the participation of women. There were 28 speakers in that debate, and you might be interested to know that the participants supported the motion with a show of hands by the majority.

There was also the usual business of the conference that had to be dealt with, such as general reports, constitutional changes and election of office bearers. On page 8 of this report there is an interesting summary of the events regarding a proposed constitutional change and the role of the Speaker, Mr Hector McLean, during that session of the conference. I am sure those of us who attended this conference will all have a little smile on our faces when we remember Mr Hector McLean.

I also want to mention that the 11th meeting of the Commonwealth Women Parliamentarians occurred during this conference

and a number of papers relating to the economic empowerment and barriers to women's participation were presented. There were recommendations that the CWP be accorded observer status on the CPA executive with immediate effect and to bring forward constitutional amendments to give formal effect to representation by the Commonwealth Women Parliamentarians on the executive.

Another motion also worth mentioning is the recommendation that the CPA continue funding the contact of women within the regions, which facilitates an opportunity for women to plan and coordinate activities. I have written to the CPA Women's Steering Committee representative for Australia, who is now the Hon. Gillian James from Tasmania, and provided her with a report of this meeting at the conference and the motions that were endorsed. I have also suggested to the President of the Senate that it would be useful if members of this delegation met with those members of parliament going to the next CPA conference to ensure that there is a degree of continuity and to obtain a briefing from those who went last year on the structure of the CPA and the expectations of delegates at these conferences.

I believe that the Commonwealth Parliamentary Association has enormous potential in our region as nations in Africa and in the Pacific region in particular want to hold on to and work with mature democracies such as those in Australia, New Zealand, Canada and Great Britain. Australia therefore has a valuable and vital role to play in this regard, which is assisted through our participation in this organisation. In finishing, I would like to place on record my appreciation of the Trinidad and Tobago branch of the CPA in hosting the 45th Commonwealth Parliamentary Conference and for the generous hospitality extended to all participants which ensured a very memorable and successful conference.

Parliamentary Behaviour

Pine Gap—Treaties Committee Report: Government Response

Senator SCHACHT (South Australia) (10.56 p.m.)—Madam President, I appreciate your assistance to me earlier this evening in reminding me of the standing orders. I want

to speak on a major matter: the tabling last week of the government response to the report of the Joint Standing Committee on Treaties entitled *An Agreement to extend the period of operation of the Joint Defence Facility at Pine Gap*.

Before I do that, I cannot but help commenting about the speeches of Senator Patterson and Senator Alston. They complained about the remarks that my colleagues Senators Conroy and Ray had made last week about the Greenfields scam for fundraising for the Liberal Party. They did not like a number of things they said about well-known identities in the Liberal Party. All I can say is that I do not think they should whinge. In this place both sides over the years have raised issues of controversy about personalities.

I can remember in government sitting year in year out listening to former Senator Michael Baume consistently raise issues that he would never say outside this chamber about the then Prime Minister, Mr Keating. He had the right to do so. All I say to the people who whinge is that they will be judged by the electorate, judged by the broader community if it appears to be the case that they abuse endlessly that privilege. I think the privilege of being able to be open and say what you like, even if it is controversial and personality based, is probably the most important privilege of the parliament and should be defended strongly even though some of us might not like how it is used from time to time. I should also point out that I suspect Senators Alston's and Patterson's speeches were more to do with the coming Liberal Party preselections in Victoria and the fact that the people mentioned by Senators Conroy and Ray probably have some influence in those preselection ballots.

I want to return to this important matter of the government response to the report of the Treaties Committee, of which I am a member. I was completely unaware that the government had tabled this response. I have to accept responsibility for that; I did not clearly and carefully read the Senate 'red' each day, as I should have. It was only that I saw an article in today's Melbourne *Age* mentioning that this response had been tabled. I checked with the committee secretariat and I asked the

secretary, 'Had you been informed by the government that the response to the committee's report was being tabled?' He said, 'I was only aware that it had been tabled several hours after it had been tabled and when I received a copy through the system.' I would have thought that it might have been polite or reasonable for the government response to have at least been indicated to those members of both houses who serve on the Treaties Committee, because this report of the Treaties Committee about the agreement to extend Pine Gap for 10 years was tabled in October of last year. It has now taken nearly nine months for the government's response to appear.

I have to say that, in view of the serious issues the report raised, I am very disappointed that this perfunctory response has been tabled so quietly; it goes for no more than 3¾ pages. Concerning the issue of Pine Gap and the transparency and details of the agreement, all members of the committee—Labor, Liberal, Democrat and National—were very strong in their criticism of the fact that we were not able to get a proper briefing on the very nature of the agreement. We were given greater information from outside experts who had had no formal advice about the Pine Gap operation—and one in particular, Professor Des Ball. The committee relied more on what Professor Des Ball said about why the agreement should be extended than any information given by the defence department. All of us thought that very, very strange indeed.

Des Ball actually recommended that the agreement should be extended. He believes that Pine Gap plays a very important function in monitoring and ensuring that the world knows what is going on—and I do not think any of us disagreed with that. But he also told us that not only is there an agreement but also there are secret protocols that go with the agreement; and the committee had to agree to the extension, not knowing what were in the secret protocols. Can you imagine anyone in the ordinary community being told, 'We want you to sign this contract to buy a car, but we won't let you read the last three pages; we want you to sign sight unseen'? Any ordinary citizen would say, 'I won't be in it.' The

members of the committee did not want to be in this either because, at some stage in the future, it may prove to be that those secret protocols were not in the national interest. We then would be blamed for signing off on them sight unseen, and our credibility would be affected.

I have to agree that governments, Labor and Liberal, over the last 30-odd years since Pine Gap was established, have always accepted that there are secret matters there that are in the national interest and should remain secret. Also, it was a Labor government that turned that base from being totally American into a joint facility. We also accept—more on the advice of Des Ball than anything else—that Australian citizens, Australian service people, have effective daily control of the operations of Pine Gap and know what is going on. From what Professor Ball told us, they take the decisions each day about where the spy satellites are placed. I have no doubt that, quite effectively, those satellites were used to monitor events in East Timor last year—a correct use, in my view, of those facilities—and they also monitor other places where there is tension in the world. I have no objection to that.

But the real issue is: who is superior here? The parliament, the executive or the bureaucracy? Previous governments and this government have said that, as long as the Prime Minister, the members of the security committee of cabinet and the Leader of the Opposition and the shadow defence minister get private briefings, there is no need for the parliament or a parliamentary committee to be briefed. That is a reasonable argument in our Westminster system. But with the way the system is now working, just as we have parliamentary standing committees to look at the secret workings of ASIO and the National Crime Authority, I cannot see why we cannot have—and I believe it is time that we do have—an appropriate committee in this respect. Members of that committee would accept the responsibility of receiving in camera briefings, security briefings, and both sides of the parliament would accept it. Government money is being expended to help run Pine Gap—that is, money of the taxpayers of

Australia—and the parliament is superior to the executive in relation to that funding.

I believe—and I will certainly be arguing this strongly in the Labor Party and at our coming national conference—that we should establish a permanent security committee to deal with these agencies and get in camera briefings from time to time. What I find particularly objectionable in not having such a committee is that American congressmen who are not members of the executive of the American government come to Pine Gap from time to time and are given a conducted tour and a complete briefing of what goes on there. Yet members of the Australian parliament, Labor or Liberal, including those from the backbench, are denied that right, even though this establishment is on our sovereign soil.

That position must be rectified. I find it objectionable to the sovereignty of Australia that a foreign citizen can have access to such an establishment on Australian soil while I and other members of the Australian parliament—including my colleague Senator Crossin from the Northern Territory, where Pine Gap is located—do not have access to it. That is, in my view, a slight on the sovereignty of the Australian parliament, which should be superior. This is not a matter that is going to die away. The government should be ashamed of itself at sneaking in and tabling this, without there being the ability to have a proper debate. The debate will not go away. And I have to say that I am pleased that privately there are a number of members of the coalition who agree with the minority report of the Labor Party. As I have said, this debate will not go away. I hope that at some stage in the near future we can rectify this matter.

Senate adjourned at 11.06 p.m.

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

A New Tax System (Goods and Services Tax) Act—A New Tax System (Goods and Services Tax) (Adult and Community Education Courses) Determination 2000.

Australian Prudential Regulation Authority Act—Australian Prudential Regulation

Authority (Commonwealth Costs) Determination 2000.

Authorised Deposit-taking Institutions Supervisory Levy Imposition Act—Authorised Deposit-taking Institutions Supervisory Levy Imposition Determination 2000.

Authorised Non-operating Holding Companies Supervisory Levy Imposition Act—Authorised Non-operating Holding Companies Supervisory Levy Imposition Determination 2000.

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—

Exemption No. CASA EX36/2000.

Instrument No. CASA 240/00.

Customs Act—

CEO Directions No. 1 of 2000.

CEO Instruments of Approvals Nos 16-21 of 2000.

General Insurance Supervisory Levy Imposition Act—General Insurance Supervisory Levy Imposition Determination 2000.

Goods and Services Tax Determinations GSTD 2000/2-GSTD 2000/6.

Goods and Services Tax Rulings GSTR 2000/19 and GSTR 2000/20.

Hearing Services Administration Act—

Hearing Services (Participants in the Voucher System) Amendment Determination 2000 (No. 1).

Hearing Services Providers Accreditation Scheme Amendment 2000 (No. 1).

Hearing Services Rules of Conduct 2000.

Hearing Services Voucher Amendment Rules 2000 (No. 1).

Life Insurance Supervisory Levy Imposition Act—Life Insurance Supervisory Levy Imposition Determination 2000.

Product Rulings PR 2000/74-PR 2000/83.

Quarantine Act—Quarantine Amendment Proclamation 2000 (No. 1).

Retirement Savings Account Providers Supervisory Levy Imposition Act—Retirement Savings Account Providers Supervisory Levy Imposition Determination 2000.

Social Security (International Agreements) Act—Regulations—Statutory Rules 2000 No. 165.

Superannuation Supervisory Levy Imposition Act—Superannuation Supervisory Levy Imposition Determination 2000.

Taxation Determinations TD 2000/26 and TD 2000/27.

PROCLAMATIONS

Proclamations by His Excellency the Governor-General were tabled, notifying that he had proclaimed the following Acts to come into operation on the dates specified:

Interstate Road Transport Charge Amendment Act 2000—1 July 2000 (Gazette No. S 303, 8 June 2000).

Road Transport Charges (Australian Capital Territory) Amendment Act 2000—1 July 2000 (Gazette No. S 303, 8 June 2000).

QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Attorney-General's Department: Assistance to Gippsland Electorate
(Question No. 1882)**

Senator O'Brien asked the Minister for Justice and Customs, upon notice, on 21 January 2000:

(1) What programs and/or grants administered by the department provide assistance to people living in the federal electorate of Gippsland.

(2) What was the level of funding provided through these programs and grants for the 1996-97, 1997-98 and 1998-99 financial years.

(3) What level of funding provided through these programs and grants has been appropriated for the 1999-2000 financial year.

Senator Vanstone—The Attorney-General has provided the following answer to the honourable senator's question:

(1) The Attorney-General's Department funds the Commonwealth Legal Aid Program and the Commonwealth Community Legal Services Program. Both programs have the potential to benefit the people of Gippsland.

In relation to the Commonwealth Legal Aid Program, funds are provided to Victoria Legal Aid (VLA) for Commonwealth legal aid matters. These funds are used by the Commission to provide legal aid services in Commonwealth matters across Victoria. While it is not possible to identify how much of the funding is provided to the electorate of Gippsland, there is a regional office of the VLA located at Shop 10, Riviera Plaza, Bairnsdale, which provides a range of legal assistance services throughout the electorate.

In relation to the Commonwealth Community Legal Services Program, funding is provided to the Women's Legal Service, the Disability Discrimination Law Advocacy Service and the Environmental Defender's Office, which are located in Melbourne and which provide services across the whole of Victoria.

In the 1999-2000 Budget, the Commonwealth Government announced it would fund five new community legal services, including one in the Gippsland region, as part of the expansion of the Community Legal Services Program into regional, rural and remote areas of Australia. Anglicare Victoria was selected as the preferred tenderer for Gippsland and will operate as The Gippsland Community Legal Service, which will be located at Morwell.

(2) The total Commonwealth grants paid to the VLA for the Commonwealth Legal Aid Program for the years sought are: 1996-97 - \$35.302m, 1997-98 - \$32.955m and 1998-99 - \$27.750m.

As regards the Commonwealth Community Legal Services Program, funding provided to Victoria overall was \$3.054m for 1996-97, \$3.072m for 1997-98 and \$3.251m for 1998-99.

(3) The total Commonwealth grants to be provided to the VLA for 1999-2000 will be \$27.750m.

An amount of \$3.970m has been provided for the Community Legal Services Program for Victoria for 1999-2000.

The Gippsland Community Legal Service will be funded at \$200,000 per annum (but on a reduced pro-rata basis in the first year). The Service may receive up to \$100,000 for establishment expenses.

**Department of Health and Aged Care: Contracts with Deloitte Touche Tohmatsu
(Question No. 2006)**

Senator Robert Ray asked the Minister representing the Minister for Health and Aged Care, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm Deloitte Touche Tohmatsu in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Deloitte Touche Tohmatsu; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Deloitte Touche Tohmatsu (open tender, short-list or some other process).

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator's question:

(1) There was one contract provided to the firm Deloitte Touche Tohmatsu in the 1998-99 financial year.

(2) (a) The purpose of the contract was to conduct a review and appoint a temporary administrator to the Rumbalara Aboriginal Co-operative.

(b) The cost to the department for the contract was \$194,000.

(c) Deloitte Touche Tohmatsu was selected following a select tender process.

**Department of Health and Aged Care: Contracts with PricewaterhouseCoopers
(Question No. 2025)**

Senator Robert Ray asked the Minister representing the Minister for Health and Aged Care, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm PricewaterhouseCoopers in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by PricewaterhouseCoopers; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select PricewaterhouseCoopers (open tender, short-list or some other process).

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator's question:

(1) There were 17 contracts provided to the firm Pricewaterhouse Coopers in the 1998-99 financial year.

(2) (a-c) See attached table

Division/Agency	Purpose of the Work Undertaken	Cost to the Department	Selection Process Used
Health Access and Financing Division	To develop models to assist in the recovery of practice costs for items in the General Medical Services Table of the Medicare Benefits Schedule	\$1,806,170.00	Selective tender
Corporate Services Division, Information Technology Group	To develop a risk management plan for the outsourcing of the Department's IT infrastructure.	\$87,239.52	Direct engagement of a consultant who had previously undertaken closely related work for the Dept.
	Graduate recruitment for 1999 mid-year intake	\$79,822.29	Selective tender
Aged Care Division	To carry out a risk management project (pilot) in the Aged Care Division	\$50,642	Selection process
Private Health Insurance Administration Council	To update audit guidelines for registered health benefits organisations that operate throughout Australia.	\$4,500	Continuation of existing work
Portfolio Strategies Division	Preparation of trial accrual Budget in July 1998, based on the 1998 cash Budget	\$54,000	Selective tender
	Construction of a model to convert the cash estimates to accrual	\$15,000	Selective tender

Division/Agency	Purpose of the Work Undertaken	Cost to the Department	Selection Process Used
	Further develop cash accrual model for 1999 Budget papers	\$65,166	Selective tender
Health Insurance Commission	SAP R/3 Financial Management System Implementation Review	Free of charge	Selective tender
Medibank Private	Yr 2000 Quality Assurance and Risk Assessment Agreement	\$71,400	Selective tender
	Development of a Business Continuity Plan	\$205,375	Selective tender
	Audit of Corporate Billing Groups	\$16,500	Extension of previous work
	Liability Cap Assessment	\$25,115	Direct link to the work conducted for the Health Insurance Commission relating to the Health Cluster Information Technology Outsourcing Project
	Probity Audit of the OASITO Information Technology project	\$10,100	Direct link to the work conducted for the Health Insurance Commission relating to the Health Cluster Information Technology Outsourcing Project
	Strategic Internal Audit Plan	\$12,000	Open Tender
National Health and Medical Research Council (NHMRC)	To provide a professional opinion on the status of completion of the Grantnet Development contract between CSS and the Department	\$43,000	Selective tender

Department of Health and Aged Care: Contracts with KPMG

(Question No. 2044)

Senator Robert Ray asked the Minister representing the Minister for Health and Aged Care, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm KPMG in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by KPMG; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select KPMG (open tender, short-list or some other process).

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator's question:

(1) There were 6 contracts provided to the firm KPMG in the 1998-99 financial year.

(2)(a-c) See attached table

Division/Agency	Purpose of the Work Undertaken	Cost to the Department	Selection Process Used
Corporate Services Division, Portfolio Business Unit	For advice relating to the divestment strategy for the Commonwealth's shares in the Health Communications Network.	\$8,113	Selective tender process with Short-list
Portfolio Strategies Division			
Corporate Services Division	Capital Structure Review of Health Services (HSA) Limited.	\$4,000	The selection process was coordinated by HSA
OATSIH	To assist the Yarrabah Aboriginal and Torres Strait Islander Corporation for Substance Abuse Services to develop financial and administrative procedures and provide training to service staff.	\$2,706	Selective tender
	For the provision of services for components Three and Five of the National Evaluation of the Co-ordinated Care Trials in Aboriginal and Torres Strait Islander Communities.	\$191,284	Direct tender process
National Health and Medical Research Council (NHMRC)	Advise and produce the 3 rd Report of National Health Minister's Benchmarking Working Groups	\$58,100	Direct engagement
Health Services Division	Develop an evaluation methodology to establish the relative clinical and cost effectiveness of telehealth applications in Australia	\$69,244	Selection tender process

**Department of Health and Aged Care: Contracts with Arthur Andersen
(Question No. 2063)**

Senator Robert Ray asked the Minister representing the Minister for Health and Aged Care, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm Arthur Andersen in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Arthur Andersen; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Arthur Andersen (open tender, short-list or some other process).

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator's question:

(1) There was one contract provided to the firm Arthur Andersen in the 1998-99 financial year.

(2) (a) The purpose of the work was to validate the Agency's Fee Schedule.

(b) The cost was \$14,711.00.

(c) The selection process used was by direct engagement.

**National Crime Authority: Matters Referred
(Question No. 2195)**

Senator Murray asked the Minister representing the Attorney-General, upon notice, on 1 May 2000:

With reference to the power of Commonwealth ministers under the National Crime Authority Act 1984 to refer matters relating to a relevant criminal activity to the National Crime Authority for investigation, can the following details be provided, for the period during which the current Government has held office since 1996:

(1) The number of matters referred to the authority by Commonwealth ministers pursuant to the Act.

(2) The number of such matters which have alluded to allegations, of a general nature or otherwise, against or have requested investigation of: (a) members of state or Commonwealth parliaments or their staff; (b) members of the judiciary or their staff; (c) people who might reasonably be classified as senior public servants; and (d) any registered political party, its staff or executive members.

Senator Vanstone—The answer to the honourable senator's question is as follows:

(1) 51

(2) The present references are in broad terms in accordance with decisions of the Full Federal Court. They do not name specific individuals. They are re-issued approximately every six months to retain currency. One of these references refers to allegations of a general nature of offences under:

. section 73 of the Crimes Act 1914 (Commonwealth) which relates to corruption or bribery of a Commonwealth officer, and

. section 33 of the Crimes Act 1914 (Commonwealth) which relates to official corruption by a judge or magistrate not acting judicially.

Another of these references also refers to allegations of a general nature of offences which relate to the corruption or bribery of a Commonwealth officer.

Seventeen previous references, which have been "rolled over" into the present references also refer to allegations of a general nature of offences which relate to the corruption or bribery of a Commonwealth officer.

Prior to the issue of references in this form during 1998, the Authority has no direct knowledge that any specific person named for the purpose of the references came within the categories referred to.

Prime Minister and Cabinet Portfolio: Agency Boards

(Question No. 2201)

Senator O'Brien asked the Minister representing the Prime Minister, upon notice, on 4 May 2000:

(1) Do chairpersons of any boards that administer agencies within the Minister's portfolio receive any payments, or other allowances, in addition to those paid to other board members; if so (a) what is the nature of these additional payments or allowances; and (b) how is the quantum of these additional payments determined.

(2) On how many occasions since January 1998 have the above payments been varied, and in each case: (a) what was the reason for the variation; (b) who determined the quantum of the variation; and (c) what was the quantum of each variation.

Senator Hill—The Prime Minister has provided the following answer to the honourable senator's question:

The Minister for Aboriginal and Torres Strait Islander Affairs was asked separately about agencies within his areas of responsibility. In relation to other areas of the portfolio, I am advised by my department that the answer is as follows:

(1)-(2)Not applicable. See the answer to Senate Question on Notice No. 2143.

Employment, Workplace Relations and Small Business Portfolio: Agency Boards
(Question No. 2207)

Senator O'Brien asked the Minister representing the Minister for Employment, Workplace Relations and Small Business, upon notice, on 4 May 2000:

(1) Do chairpersons of any boards that administer agencies within the Minister's portfolio receive any payments, or other allowances, in addition to those paid to other board members; if so (a) what is the nature of these additional payments or allowances; and (b) how is the quantum of these additional payments determined.

(2) On how many occasions since January 1998 have the above payments been varied, and in each case: (a) what was the reason for the variation; (b) who determined the quantum of the variation; and (c) what was the quantum of the variation.

Senator Alston—The Minister for Employment, Workplace Relations and Small Business has provided the following answer to the honourable senator's question:

(1) In the Employment, Workplace Relations and Small Business portfolio, only the National Occupational Health and Safety Commission comes within the scope of this question. The 18 members of the Commission are, for the purposes of the Commonwealth Authorities and Companies Act 1997, directors and officers. Under the National Occupational Health and Safety Commission Act 1985, members are entitled to allowances. However, in accordance with the Act, the Chairperson is paid remuneration and allowances as determined from time to time by the Remuneration Tribunal. Those allowances are not calculated by reference to the allowances provided to other Commission members (which are prescribed by regulation) and so could not be seen as being "in addition" to them.

(2) Details of the Chairperson's current remuneration and allowances are set out in Remuneration Tribunal determination number 3 of 1999, made on 26 February 1999. Details of variations are given in the answer to Question No. 2149 asked by Senator O'Brien.

Multi-Peril Crop Insurance: Research Progress
(Question No. 2220)

Senator Woodley asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 12 May 2000:

(1) Is the Minister able to report on progress on research and analysis in relation to multi-peril crop insurance;

(2) Have the states been asked to contribute to this study;

(3) (a) Will the Minister support Commonwealth subsidisation of multi-peril crop insurance should this prove necessary; and (b) if a scheme requires subsidisation, will that not have a better outcome than exceptional circumstances grants.

Senator Alston—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator's question:

(1) On 13 December 1999, the Minister for Agriculture, Fisheries and Forestry announced the Federal Government's support for the continuation of a project examining the feasibility of establishing multi-peril crop insurance in Australia. This support is conditional on the project receiving financial support from the State governments, the insurance industry and grower organisations. While some parties have committed to the project, other parties are yet to commit to the project.

(2) The Minister wrote to his State Ministerial colleagues seeking their support for the project. The Western Australian Minister for Primary Industries, the South Australian Minister for Primary Industries, Natural Resources and Regional Development and the Queensland Minister for Primary Industries and Rural Communities have agreed to contribute to the project. The New South Wales Minister for Agriculture is not prepared to contribute to the project while the Victorian Minister for Agriculture has not committed to the project.

Tasmania was not asked to contribute to the project as it is a very small producer of grains.

(3) (a) The Minister has indicated that any crop insurance scheme needs to be commercially viable in the long-term if it is to receive widespread support and acceptance in Australia. He does not wish to replicate other broad based crop insurance schemes around the world which are administratively

cumbersome and continually reliant on heavy Government subsidies. The Minister envisages that any further study will settle the issue of feasibility once and for all.

(b) Multi-peril crop insurance may not reduce the call on current assistance measures such as Exceptional Circumstances (EC). Multi-peril crop insurance, as proposed, would appear to be a complement to but not a substitute for EC assistance. This is because:

. multi-peril crop insurance would only be available for four winter crops – wheat, barley, canola and lupins. It would not extend to livestock industries which have historically received most of the EC assistance;

. it would not reduce the call for EC type assistance from farmers for events not covered by multi-peril crop insurance nor would it remove the call for welfare support from farmers who are unable to afford multi-peril crop insurance or who do not take up insurance; and

. EC applies to events which have a financial impact of more than 12 months whereas multi-peril crop insurance would provide some relief for the current growing season provided a crop was planted.

Genetically Modified Trees

(Question No. 2226)

Senator Brown asked the Minister representing the Minister for Health and Aged Care, upon notice, on 12 May 2000:

(1) Are there, or have there been in the past, any genetically-modified trees grown in Australia.

(2) Are there any nurseries or tree planting enterprises in Tasmania experimenting with genetically-modified trees.

(3) If there are such genetically-modified tree planting enterprises, why has there been a failure to notify the Genetic Manipulation Advisory Committee.

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator's question:

(1) Yes. Field trials of genetically modified apple, papaya and rose trees have been carried out, of these only the papaya trials are still current. Small scale contained research is also being carried out on these and other genetically modified species, including pine, eucalypt and acacia. These small scale studies are carried out in contained glasshouses or laboratories.

(2) No.

(3) See answer to number (2). GMAC is not aware of any reports of such work being carried out without its knowledge.