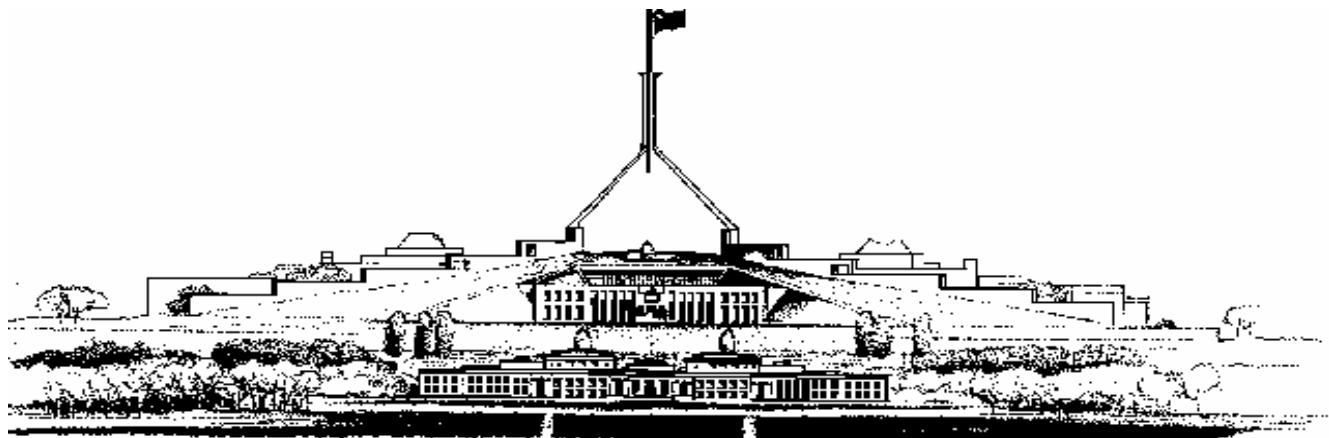




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WEDNESDAY, 26 NOVEMBER 2003

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SITTING DAYS—2003

Month	Date
February	4, 5, 6
March	3, 4, 5, 6, 18, 19, 20, 24, 25, 26, 27
May	13, 14, 15
June	16, 17, 18, 19, 23, 24, 25, 26
August	11, 12, 13, 14, 18, 19, 20, 21
September	8, 9, 10, 11, 15, 16, 17, 18
October	7, 8, 9, 13, 14, 15, 16, 23, 24, 27, 28, 29, 30
November	7, 24, 25, 26, 27, 28
December	1, 2, 3, 4

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ADELAIDE	972 AM
PERTH	585 AM
HOBART	729 AM
DARWIN	102.5 FM

CONTENTS

WEDNESDAY, 26 NOVEMBER

Family and Community Services (Closure of Student Financial Supplement Scheme)	
Bill 2003	17993
Student Assistance Amendment Bill 2003—	
Second Reading	17993
Matters of Public Interest—	
Health: Emergency Treatment in Hospitals	18039
Health: Hepatitis C	18042
Indonesia: Relationship with Western Australia	18045
Trade: Free Trade Agreement	18048
Tasmania: Forest Practices Code	18051
Trade: Free Trade Agreement	18053
Questions Without Notice—	
Trade: Free Trade Agreement	18055
Immigration: Border Protection	18056
HIH Insurance	18058
Law Enforcement: Regional Security	18059
Defence: Equipment	18060
Finance: Deposit Bonds	18061
Defence: Equipment	18063
Information Technology: Internet Content	18064
Defence: Equipment	18065
Taxation: Income Tax	18066
Veterans: Gold Card	18067
Aviation: Air Safety	18068
Questions Without Notice: Additional Answers—	
Taxation: Family Payments	18069
Environment: Australian Wetlands	18070
Trade: Live Animal Exports	18070
Questions Without Notice: Take Note of Answers—	
Defence: Equipment	18071
Finance: Deposit Bonds	18077
Petitions—	
Australian National Flag	18078
Parliamentary Zone: Pay Parking	18078
Education: Higher Education	18078
Medicare	18079
Notices—	
Presentation	18079
Withdrawal	18083
Committees—	
Selection of Bills Committee—Report	18083
Notices—	
Postponement	18084
Committees—	
Environment, Communications, Information Technology and the Arts References Committee—Reference	18085
Treaties Committee—Reference	18085
Aboriginal And Torres Strait Islander Sports Awards	18085

CONTENTS—*continued*

Indigenous Affairs: Productivity Commission Report	18086
Employment: Unemployment Rates	18087
Matters of Public Importance—	
Heiner Affair and Lindeberg Grievance	18087
Committees—	
Scrutiny of Bills Committee—Report	18098
Public Works Committee—Reports	18099
Public Accounts and Audit Committee—Report	18101
Documents—	
Responses to Senate Resolutions	18102
Parliamentary Zone—	
Proposal for Works	18102
Ministerial Statements—	
Australia’s Development Cooperation Program	18102
Medical Indemnity Amendment Bill 2003	18106
Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2003—	
First Reading	18106
Second Reading	18106
Plastic Bag Levy (Assessment and Collection) Bill 2002 [No. 2]	18109
Plastic Bag (Minimisation of Usage) Education Fund Bill 2002 [No. 2]—	
Report of Environment, Communications, Information Technology and the Arts	
Legislation Committee	18109
Business—	
Rearrangement	18112
Spam Bill 2003	18112
Spam (Consequential Amendments) Bill 2003—	
In Committee	18112
Adjournment—	
Economy: Hunter Valley	18130
Australian Capital Territory: Bushfire Recovery	18132
Economy: Interest Rates	18134
Education: School Bullying	18136
Documents—	
Tabling	18139
Tabling	18139
Questions on Notice—	
Health: Blood and Blood Products—(Question No. 1781 amended)	18140
Foreign Affairs: West Papuan Refugee Centre—(Question No. 1965)	18141
Customs: Charles Ulm Building—(Question No. 1991)	18141
Foreign Affairs: West Papua—(Question No. 2015)	18143
Transport and Regional Services: Paper and Paper Products—(Question Nos 2244 and 2271)	18144
Industry, Tourism and Resources: Paper and Paper Products—(Question Nos 2258 and 2263)	18144
Health: Chemical Fragrances—(Question No. 2319)	18145
Health: Therapeutic Goods—(Question No. 2327)	18146

Wednesday, 26 November 2003

The PRESIDENT (Senator the Hon. Paul Calvert) took the chair at 9.30 a.m., and read prayers.

FAMILY AND COMMUNITY SERVICES (CLOSURE OF STUDENT FINANCIAL SUPPLEMENT SCHEME) BILL 2003

STUDENT ASSISTANCE AMENDMENT BILL 2003

Second Reading

Debate resumed from 25 November, on motion by **Senator Alston**:

That these bills be now read a second time.

Senator CROSSIN (Northern Territory) (9.31 a.m.)—In my opening comments last night, I made the point that the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 must not be supported, because of the reliance that students have on the financial assistance that the student financial supplement loan provides to them. As I said last night, our deputy leader, Jenny Macklin, made it extremely clear, when she was talking on this bill in the House of Representatives, that it is important that the government do more for students rather than less. This bill, of course, is doing much less for students, by removing the availability of this support.

Our amendments, firstly, will ensure that students have the option to take out a loan under the Student Financial Supplement Scheme and that students are fully informed of the conditions of that loan. Secondly, our amendments will extend rent assistance to Austudy recipients. Thirdly, our amendments will lower the age of independence from 25 to 23. We put forward these proposals, which will see additional support provided to students, to ease the burden and ensure that attending university is more appealing, more

rewarding and much more possible for those students who are under significant financial pressure. That is because we believe that, when you are going to university, the aim should be to concentrate on your course and on your study—to put all your energies into completing that course rather than into simply wondering how you are going to survive on a day-to-day basis.

Since the introduction of the Student Financial Supplement Scheme, between 40,000 and 60,000 students have taken up the supplement each year. Unfortunately, some students are not fully informed about the nature of the scheme before they take out a supplement loan. I believe that this is partly due to the poor materials that are provided by this government. In particular, some students do not necessarily understand the impact of the trade-in amount and the fact that what was previously an entitlement becomes a repayable loan. The booklet for the supplement makes the claim that the loan is interest-free. This is somewhat misleading, as the loan amount is indexed to the CPI, which commercial loan products effectively factor into their gross interest rates. In the case of the supplement loan, the effective interest rate over five years is in the order of 16 per cent per year.

It has recently come to light that the government intends to scrap the student financial supplement loan, regardless of whether or not this bill is passed. In fact, I have had a number of people ring my office to say that they have been informed by Centrelink that, regardless of whether or not this bill is passed, the government simply has no intention of renewing the contract with the Commonwealth Bank on 1 January. Apparently, Centrelink staff are already informing students that the loan will not be available to them next year. No doubt this is causing a lot of anxiety for students who rely on the extra money to survive while they are studying at

university or TAFE. The government has already shown utter disregard for the 40,000 students who currently rely on the Student Financial Supplement Scheme every year.

This government is so out of touch with the financial burden placed on students that it has not only decided to scrap the scheme undemocratically but also failed to provide students with any other viable option to ensure that they are able to continue studying. It has also failed to ensure that future students are not deterred from enrolling in further education in the first place. The minister for youth affairs boasted several weeks ago to the *Canberra Times* that, even if the legislation were not passed in the Senate, the government would simply ensure that the contract with the Commonwealth Bank to provide the loan to students would not be renewed or renegotiated. It is obvious from the statements made by the minister and the contents of this bill that not only does the Howard government have little regard or respect for our legislative process but also, as highlighted in the government's proposed higher education reforms, this government has limited understanding of the value of higher education to society and of the financial burden already placed on students attending university and TAFE.

The arguments that have been put forward by the Howard government—and, particularly, by Minister Anthony—to abolish the student loan scheme are not only factually incorrect but also extremely inconsistent and hypocritical. The minister has constantly stated that students with student loan debt of \$25,000, for example, on an income of \$35,000 per annum will take 40 years to repay their loans. That was quoted in the *Australian* on 30 April this year. It is nice to know that the minister is concerned about student debt when he is pushing to abolish this voluntary and optional scheme. But, when it comes to the Howard government's

Nelson reforms to higher education, the minister does not seem so worried about the \$40,000, \$80,000 or even \$150,000 debts that students will incur as a result of these reforms. How long would it take for students to repay those debts, Minister? Going by the minister's calculations for a debt of \$25,000, I am assuming that it would take the average student around four lifetimes to repay the debts that would be incurred because the Howard government wants a user-pays system of higher education in this country.

The destruction of the higher education system in Australia by the Howard government has resulted in the serious erosion of equal opportunity in this country when it comes to education. A survey conducted by the Department of Education, Science and Training in 2002, for example, found substantial gender differences in high school students' assessments of the impact of the cost of a university education. The report found that an alarming 41 per cent of lower socioeconomic status females believed costs might make university impossible for them compared with 34 per cent of lower socioeconomic status males. Similarly, 43 per cent of females from lower socioeconomic backgrounds who were surveyed believed their families could not afford the cost of supporting them through university.

Another study of vocational education and training courses found that female enrolment in these courses was much more sensitive to the availability of the resources for self-financing. On the basis of a number of studies in this area, it may be inferred that women, especially women from lower socioeconomic backgrounds, are more sensitive to the cost factors of education than their male counterparts.

The Australian Vice-Chancellors Committee report entitled *Paying their way* found that, between 1984 and 2000, the proportion

of university students who worked during semester had increased by nearly 50 per cent from around one in two students to nearly three out of four students. The average student was working just under 20 hours a week during the semester and nearly 27 hours a week at other times. Not surprisingly, over three-quarters of students working during semester reported that it was having an adverse impact on their studies—of course, it would.

Research commissioned by the Department of Education, Science and Training entitled *Managing work and study* found that nearly half of the students involved in the study described themselves as being under a lot of immediate financial pressure. A third of them said that they had seriously considered ceasing their enrolment at university in order to earn more money. A quarter of students indicated that they chose their classes to suit their work commitments rather than the other way around.

It is also significant that, between 1995 and 2000, Australia had the second lowest increase in the rate of enrolment in universities in the OECD. Only Turkey performed worse. In fact, in Australia this year, there was a 4.7 per cent decrease in the number of Australians starting a university degree—a dumbing down of this nation. As the Australian Vice-Chancellors Committee stated in a press release issued on 12 September this year:

Higher Education must be a realistic option for all Australians capable of university study and not just limited to their capacity to meet the everyday costs of living.

A major issue with student income support payments is the fact that these payments are kept at seriously low levels. Income support from Austudy or Youth Allowance payments is set at between 20 and 39 per cent below the poverty line, which means that many stu-

dents struggle to meet basic living costs such as rent, food and even buying books.

People from low socioeconomic backgrounds are already seriously underrepresented in the university system. In 2000, 14.7 per cent of domestic students at Australian universities came from lower socioeconomic backgrounds—well below the population reference value used by DEST of 25 per cent. This means that Australians from lower socioeconomic backgrounds have about half the likelihood of attending university as Australians from medium or higher socioeconomic backgrounds.

The Student Financial Supplement Scheme is an option that 40,000 students have taken up this year. That has to say something about how imperative it is to financially support our students. It must say something about the dire circumstances in which many of our students currently find themselves. This government has clearly shown its true position in this debate: the Howard government does not care about the increasing financial burden on students attempting to gain a tertiary education or qualifications and is not interested in ensuring that every person in this country, despite the size of their wallet, has the opportunity to undertake further education. It should not make a difference how much money you have or your family has, where you live, how old you are, whether you have a family to support or whether you are male or female. The Labor Party is committed to equal opportunity and equal access to higher education and has delivered the policy Aim Higher, which will ensure equality of opportunity and access to further education in this country.

The retention of the Student Financial Supplement Scheme is essential to encourage more students from lower socioeconomic backgrounds not only to enter university but also to remain at university and maintain

their studies during the years required to complete that work. The abolition of this scheme combined with the reforms currently before this chamber in relation to higher education—which will see universities have the capacity to increase their HECS by up to 30 per cent or have 50 per cent of their places as full fee paying—will ensure that you cannot have it both ways. You cannot shift the scales of funding in this country from the students in the public sector to the private sector and, at the same time, take the rug out from under their feet and abolish the Student Financial Supplement Scheme. You cannot expect students in this country to wear these reforms. (*Quorum formed*)

As I was saying, it is unfair of this government to expect students in this country to stand by and see the higher education reforms that are being proposed by this government raise the student contribution for some courses to over 50 per cent. We have seen figures for law degrees where some students will be contributing under these reforms up to 75 per cent of the cost of the course. Universities will have the capacity to increase HECS fees by 30 per cent. Sydney University have already signalled that, if the reforms go through, they will see that. Universities will have the capacity to offer 50 per cent of their places to full fee paying domestic students. On the one hand the government want to shift the burden of funding higher education onto the students, but on the other hand they want to remove the financial support that students would have access to in order to attain that. (*Time expired*)

Senator KIRK (South Australia) (9.47 a.m.)—I rise this morning to speak on the **Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003** and the **Student Assistance Amendment Bill 2003**. The Student Financial Supplement Scheme was introduced in 1993 in response

to student demand for additional financial support in order to help them undertake their university studies. The scheme has the effect of providing a voluntary loan, where eligible tertiary students trade in \$1 of their income support for \$2 of a loan, to a maximum value of \$7,000. The scheme is a recognition that battling university students cannot survive on Centrelink payments. Despite this recognition, the government announced in April of this year that the Student Financial Supplement Scheme would not be available after 2003.

In the year 2000, 40,000 students took advantage of this scheme. The government, unfortunately, is not proposing any replacement scheme or any additional financial assistance to students after its removal. The government has not offered even a glimmer of hope that it will increase student support to a liveable income. Without such a measure, this means that up to 40,000 students every year will essentially be blocked from participating in the higher education system. Vicky Kasidis, Access and Equity Officer of the Swinburne Student Union, wrote in the Swinburne student newspaper, *The Swine*, earlier this year:

What this means in real terms is that poor students will have less money per fortnight (most would lose at least \$200.00 per fortnight) and this will drive many out of the tertiary sector altogether.

The Australian Vice-Chancellors Committee report that Senator Crossin referred to—namely, the report entitled *Paying their way: a survey of Australian undergraduate university student finances* released in October 2001—was the first national survey of the financial circumstances of higher education students in 10 years. It is for this reason that I will be referring quite a lot to the findings of this report. It highlights the difficulties that many of our university students find themselves in today. Most of the student

comments on the surveys about the student financial supplement loan were very positive. I will read a small selection of their statements:

University loan scheme is great.

If I was not able to receive the supplementary loan I would not be able to attend uni.

Without a student loan I could not attend uni. Last year I held a part-time job all year. It ended up that I earned more money this year by only full-time employment during semester breaks. By the time uni is completed my HECS debt will be 50,000 plus.

Financial situation hard at first—hard to live out of home on Youth Allowance. Took out a student supplement loan which is easier. Still hard. I am now working two casual bar jobs to get savings, so I can buy textbooks, pay car loan and fees.

Overall, the survey provided strong evidence that the financial circumstances of undergraduate students at Australian public universities are having an impact on students' studies, to the extent that the students and the public that fund universities are not gaining optimum value for their enrolment. The survey was extremely broad in its reach, with 19 of our 37 public universities participating and a total of 34,752 student replies being received. A huge number of students responded to the survey; therefore, I think it is fair to say that the survey is quite representative of students' views. The survey found:

Government income-support programs are very important in allowing less financially-advantaged students to continue studying, but many concerns were expressed that the level of income support is too low and that access to the schemes is too restrictive. Austudy recipients are disadvantaged compared with Youth Allowance recipients because they are not eligible for 'rent assistance'. Because of the way in which the programs are structured, Youth Allowance and Austudy recipients have a strong financial disincentive to work more than about a day a week on average throughout the year. The total income from in-

come support and limited part-time work, combined with educational expenses, leaves participants in these programs financially vulnerable.

In light of the findings of this survey conducted by the Australian Vice-Chancellors Committee and by reason of the information that Labor has before it, Labor will oppose the abolition of the Student Financial Supplement Scheme, as it is one avenue by which such students can choose to increase their day-to-day income. Without any additional measures to increase student income we will only see more of our bright and talented, yet disadvantaged, young people pushed out of higher education, out of the wealth of opportunity that an Australian education offers—but, increasingly under this government, only to a select few.

Rent assistance is a supplement to youth allowance, based on the amount of rent a student pays, and can be a significant supplement to a student's income. That this extra funding is not available to older students we consider to be blatantly unfair and inequitable. Labor will move amendments to make rent assistance accessible to Austudy recipients—a move that would provide up to \$90 extra per fortnight to more than 15,000 Australian students. This amount would make an enormous difference to the ability of many students to study and to buy their textbooks and associated materials.

A further Labor amendment to this bill would progressively lower the age at which students become independent and at which the means test on parental income for youth allowance cuts out, to age 24 in 2005 and to age 23 in 2007. Both amendments give effect to aspects of Labor's policy on higher education and learning, known as Aim Higher. If the government does not make more income support available for students, we will only see an exacerbation of the already worrying trends identified by the AVCC report *Paying their way*. In this report, choice of course,

university and mode of study were strongly linked to financial circumstances. A far greater proportion of part-time students, 47 per cent, than full-time students, 15.9 per cent, reported that financial circumstances affected their choice of mode of study—that is, many students would prefer to study full-time, but are simply unable to afford to do so.

This issue ties in with one of the major findings of the AVCC report: that seven in every 10 students are in paid employment during university semesters—an increase by about one-half since 1984, less than 20 years ago. In addition, among full-time students, the average number of hours worked by those in paid employment during semester is 14.5 hours per week—a three-fold increase on the 1984 survey result. It is now the norm to work and study while at university, despite the fact that most courses recommend to their students that significant work hours combined with full-time study will impinge on their ability to successfully complete the course.

Many students regularly miss classes due to work commitments. Many more report that work adversely affects their study ‘a great deal’. I know of one young man who has repeatedly enrolled at the beginning of the year in his marine biology course, only to repeatedly withdraw later in the semester because 9 a.m. starts at university are simply incompatible with his part-time job working night shift at a service station. Restricted access to financial support means that he effectively has no other option but to withdraw from his university studies.

As a former lecturer in law at the University of Adelaide, I know from personal experience that the financial pressures on students are significantly contributing to a culture of mediocrity within our universities. Bright students that I have come across can

do only the bare minimum, and average students often fail because of inadequate income support. Many of them work significant hours just to remain financially viable, hours that cut significantly into what realistically should be time devoted to their studies.

The government, by introducing this bill to abolish the Student Financial Supplement Scheme, has revealed how out of touch it is with university students. This government clearly has no comprehension of the extent of student poverty. Currently, maximum payments are 20 per cent below the poverty line for students on youth allowance and 39 per cent below the poverty line for students on Austudy. There are students, struggling on their full rate of youth allowance—around \$300 per fortnight, which must cover rent, food and study costs—who, at the end of the fortnight, simply cannot afford the bus ticket to get to their class. Others cannot afford to photocopy their required readings and other essential materials, much less have any chance of purchasing expensive text books.

The AVCC report found that one in every 10 students misses classes ‘sometimes’ or ‘frequently’ because they cannot afford travel to university. The ability to increase your immediate income by up to \$3,500 per year or \$135 per fortnight, without affecting your study, as offered by the Student Financial Supplement Scheme that we are considering here today and that this legislation proposes to abolish, is a most attractive option for many students. Unfortunately, this is an option that the government is attempting to remove from Australian university students. A student letter to the President of the National Union of Students stated:

The loan allows students to make their own choices as to the level of the loan and therefore the level of their debt and repayments. Centrelink payments are unlikely, even with increases, to give such individual flexibility.

There needs to be an awareness that there are times when unforeseen expenses validate the need to access extra financial assistance. While students may feel their backs are against the wall, study and starve for the present or cope now and owe big time later, at least a loan system at best recognises the importance of choice and personal responsibility.

The government should be increasing options for students to manage their study and living costs, not turning up financial pressure on students. Since it came to office, the government has slashed university funding by more than \$3 billion, while we have seen student contributions to the cost of their education increasing by 85 per cent. Over the past decade, universities have continued to attempt to provide quality education to Australian students. They have continued to research and provide professional training, while fiscal constraints have tightened. Academics find themselves being asked to work longer hours and to take on a greater teaching load with larger classes, and all the while to continue to research, preferably in an area that will provide either prestige or, even better, revenue for the university. This government has stated its vision for the future of Australia's university sector. Its vision is one that would see an end to equal access to education through a system that is based more on ability to pay than on merit.

The hypocrisy of the government is abundantly clear in its attempt to get rid of the Student Financial Supplement Scheme. The premise is 'student debt' while at the same time it proposes to shift the cost burden for education even further onto students with the policy of the Backing Australia's Future package. Under the legislation before the Senate today, on which I spoke yesterday, significant changes are sought to be introduced into the university sector. They were covered by other speakers and by me yesterday but, to summarise, universities will be

able to increase student fees by 30 per cent, which will see full fees of up to \$150,000 for undergraduate studies in some instances. This will be the reality for double the current number of Australian students. In order to pay these extra fees, students will have to take out loans and pay up to six per cent interest. For the first time, students will be forced to pay real levels of interest that will compound year after year in the crucial early years of their working life. The reality of policies like these is that fewer students, many of them among our best and brightest, will be able to make the investment of pursuing a university education. This is and should be a matter of concern for all Australians. The raft of reforms announced by the government could well price many of those who want an education out of the market.

By contrast, Labor's plan, Aim Higher: Learning, training and better jobs for more Australians, in its entirety, articulates a very different future for higher education in Australia. I do not have the opportunity to fully articulate the detail of the policy here but, in brief, Labor will oppose outright the deregulation of university fees and abolish full fees for Australian undergraduates, and it will abolish the government's real interest rate student loans. The Australian Labor Party is committed to an affordable education for all Australians and to university entry that is decided not on your ability to pay but on your ability to undertake the course. The retention of the Student Financial Supplement Scheme and Labor's further amendments to the bill, as part of our plan for higher education, will ensure that education remains accessible for everyone. I urge honourable senators to support Labor's amendments to the bills.

Senator NETTLE (New South Wales) (10.05 a.m.)—The Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and the Student

Assistance Amendment Bill 2003 offer us a limited opportunity to debate the crucial issue of student income support. It is an issue that is close to the heart of thousands of students who are currently studying, of many more who are contemplating university study and of their families who are eager to know how much their children's education is going to cost them. It would be wrong for us to dismiss this debate as being of interest only to those players who are most directly affected. This is the mistake that the government has made—a mistake for which we will all pay in the long term. We will pay as students must continually decide whether to prioritise their time earning income or ensuring that they can study and get a quality education outcome. This is a trade-off that students must face every day when they have to decide whether to take that extra casual shift in their job or to go to the library to spend time working on a essay to get it in on time. This white-anting of quality Australian graduates leaves us all socially, culturally and economically sold short and it must end.

The debate about student income support is fundamental to the debate about a higher education system in this country, but the government has failed to recognise something that the sector has been shouting from the rooftops. Student income support is a topic conspicuously absent from the government's higher education legislation. In fact, the proposals coming from this government in relation to student welfare are regressive. We are seeing increasing Centrelink monitoring of student income support measures and the matter we are dealing with today, the abolition of the Student Financial Supplement Scheme. And there was that scandalous proposal to get rid of the pensioner education supplement, which the government had to back down on when their backbenchers recognised the enormous hard-

ship that such a move would cost their constituents.

This is not the context in which the Australian Greens would like to be dealing with this policy issue. The Greens believe we should be having a debate about how much and in what way the provision of student support needs to be increased and improved. This is where the debate is at in the community, it is where the debate is at in the sector and it is where the debate should be at in the parliament. But this is not the focus of the government's overhaul of the higher education system. That kind of focus on the support students need would not be at home in this government's vision for an ultimately elitist form of higher education system. I do not mean elitist in the sense of academic merit; I mean elitist in the financial sense, which sees your bank balance and your credit rating being more important than your academic achievements for your capacity to get into an Australian university.

At the same time, the government is proposing to cut the student support measures that do exist. The government is proposing to allow HECS fees to rise by 30 per cent to increase the burden on students to pay for the cost of education and to lighten the cost of higher education for the government. They are increasing measures that introduce queue-jumping provisions for cashed up domestic applicants, and then they are putting no new money into ensuring that poorer students can afford to spend enough time studying if they have jumped those financial hurdles of getting into an Australian university. The higher education legislation that this government is proposing will force students and their families to put in approximately \$500 million extra in fees and charges. Australian students already pay the second highest university fees in the world. At the same time as the government is saying, 'Let's make decisions pay more,' they are giving

just \$118 million in scholarships for students.

The government is proposing to force the students and their families to pay more for higher education rather than having the government cover this cost. At the same time, the government's own department of education is reporting that the latest fee increases brought in by this government have forced onto students fee increases that have resulted in a reduced demand for higher education amongst school leaver applicants by around 9,000 students per year, a lower demand for higher education amongst mature age applicants by around 17,000 per year and a reduction in the already quite small share of men from lower socioeconomic backgrounds who are able to access the most expensive university courses. We have seen a 38 per cent drop in the number of people from these low-income backgrounds who are able to access these expensive courses at universities.

This is the government's own department saying this to it. The evidence is there that the government's continuing privatisation of higher education is returning us to an elitist system, but the evidence is falling on deaf ears. Why should this be? Could it be that the vision this government offers for higher education is not about accessibility? Could it be that it is more about wanting to make universities cheaper for the public purse? I think the evidence speaks for itself. In the government's attempts to achieve these mean cost savings, deeper costs are incurred. The government continues to make its ridiculous claim that university students pay only 25 per cent of the cost of their education. The actual contribution, as has been said many times in here, is much closer to being over 40 per cent of the cost of education.

At the same time as the government is committing some money to students' education, the government seems willing to see

that money wasted by allowing approximately 10 per cent of students to drop out as a direct result of financial hardship. These figures do not count for the unmeasured thousands of graduates who underachieve at university because they have to work 20 hours or more every week. The minister is quite interested in getting rid of 'cappuccino' courses at Australian universities, but when it comes to turning out cappuccino graduates who know how to make a coffee because they had to spend all their time at university working in part-time positions doing this sort of work the minister is quite happy for these cappuccino graduates to come out of our universities.

The meanness of the government's approach is underlined by the affordability of possible solutions. To raise Abstudy and Austudy in line with Newstart levels, which is similar to the scheme that exists in New Zealand, would cost approximately \$270 million per annum. To extend rent assistance to Austudy recipients would cost a further \$25 million per annum. This is a small price to pay for improved numbers and quality of Australian graduates. These measures, along with the reduction in the age of independence to 18 from 25 and the simplification of the interface between Centrelink and students, are the kinds of measures Australia should be making to support students.

The Greens are not alone in calling for these sorts of measures for improved student income support. In fact, it is hard to find anyone outside the government who does not support this argument. The Australian Vice-Chancellors Committee in their report to the minister has called for the higher education legislation:

... to be supported by changes to the income support system to ensure that students from low to middle income families do not face financial barriers to education and training but are encouraged

to undertake suitable long term education and training.

Even the Group of Eight, the group of the wealthiest universities, has noted the need for greater equity measures. They have joined the National Tertiary Education Union, the Australian Council of Social Service and the National Union of Students who have all articulated the need to create a liveable financial environment for students to succeed.

The overseas experience reinforces this consensus. In both the United Kingdom and New Zealand, experiments with the withdrawal or downgrading of student support funding are being reversed. The House of Commons select committee report released in June this year recommended that the recently reintroduced means tested student maintenance grant scheme should be expanded. The committee report endorsed the comments of Professor Brown of Liverpool John Moores University who said:

... the main cost borne by students is not that of tuition fees, but is in fact the cost of personal maintenance, which is very inadequately supported through the student loan system.

The committee went on to conclude that the 'reintroduction of the maintenance grant is welcome' but that it was too low, instead recommending that measures be found to 'enhance maintenance grants,' making it possible to 'pay full cost maintenance grants to students from poor backgrounds'. The reasoning here is simple. Universities should be places where we as a community can give students an opportunity to further their education in order that we may all benefit and be enriched by the development of our collective intellectual capacity. The expenditure of taxpayers' money on ensuring that background and financial hardship are not barriers to this opportunity is obviously money well spent—but not according to the Minister for Children and Youth Affairs, Mr Larry

Anthony, who in reference to the Student Financial Supplement Scheme told us:

For many customers, clearly the scheme works more like a gift than a loan. However, this is a gift that Australian taxpayers can not afford.

This statement shows the market based perspective from which this government views students and the miserly approach displayed by the legislation before us in taking away what small student support is available.

The government proposes to abolish the Student Financial Supplement Scheme—a scheme which, whilst clearly in decline, is still accessed by many thousands of students. The Greens are not big fans of this scheme and we share many of the concerns that have been voiced by a range of different parties in this debate. Central to these concerns is the contribution this scheme makes to the rising level of student debt. Removing a scheme that contributes to this debt problem is, on the face of it, an attractive prospect. But when that removal is not accompanied by any replacement scheme, any measure to fill the gap that will be left if this scheme goes, the appeal quickly fades. The Greens decision not to support these bills is about looking at consequences, particularly the consequences for the 30-plus thousand students who currently rely on the scheme for additional income.

In the context of the current public debate around higher education, I have been visiting universities and numerous students have approached me in horror at the government's intention to withdraw the Student Financial Supplement Scheme. These are individuals who are relying on this scheme to enable them to maintain attendance at Australian universities. Many of these students fear they will be forced out of higher education when their funding is withdrawn in 2004 if these bills are passed. They are understandably feeling betrayed. They made life plans based

on the accessibility this scheme has delivered.

What does the government think these people should do? We do not know, because the minister does not deal with these human consequences of the bills in his second reading speech. But we can assume that he has in mind more of the same formula that asks full-time students—I emphasise full-time students—to live a double life, working 20-plus hours a week in paid employment whilst trying to continue to be full-time students. If we had workers trying to work another 20 hours in another job, I am not quite sure we would refer to them as full-time workers, but that is what we are expecting of full-time university students in Australia.

For many students, this double life is not possible, because their time is already in demand as carers for young children or family members. They simply cannot take on the extra shifts of part-time work that would be required to meet the shortfall from the government. They are faced with the unenviable decision of either dropping out or taking out commercial loans. The government's proposals do not address these consequences; they do not consider the damage the summary withdrawal of this scheme will inflict. The situation facing Australian students—and, as a consequence, its graduates and university academia—is a dire one. The intellectual capacity of this country is already under significant pressure from the much reported brain drain, yet the government continues to undermine the ability of our student body to succeed.

The government tries to say that its higher education package is about 'backing Australia's future'. It does nothing to back the ability of the poorest of its students, those with parenting responsibilities or those with different cultural backgrounds. If the government had a genuine interest in backing Aus-

tralia's future, it would be presenting a comprehensive package of student income support measures that would enable those willing and able to study to do just that. Instead, it seeks to kick away one of the few crutches available to those most in need and to turn its back on the consequences. The Greens will not have any part of this betrayal and oppose these bills accordingly. I now move the Australian Greens second reading amendment that has been circulated in the chamber in the course of the debate:

At the end of the motion add:

"but the abolition of the Student Financial Supplement Scheme be opposed until such time as the Commonwealth moves to improve student financial support measures to meet the need this scheme currently addresses and that the Commonwealth move to improve current financial support measures in the following ways;

- (a) that the Commonwealth Government replace Youth allowance and Austudy with one simple payment that incorporates the following measures:
 - (i) the age of Independence be reduced to 18,
 - (ii) the eligibility criteria should not be based upon previous personal earnings,
 - (iii) the personal income threshold (current set at \$236 per fortnight, without affecting benefit payments) should be increased to a more realistic figure,
 - (iv) the parental income test cut-off threshold should be increased to allow greater access to higher education,
 - (v) that same sex couples be recognised as de facto relationships for the purposes of income support measures

including student income support,

(vi) all postgraduate awards are redefined as 'approved courses' for the purposes of rent assistance,

(vii) as a minimum, students be provided with benefits consistent with the Henderson poverty line, and

(viii) that these benefits be indexed to the Consumer Price Index, with reference to the Henderson poverty line; and

further that Abstudy be maintained as a separate scheme, and that within this payment structure:

(b) all supplementary benefits, allowances and payments available under the Abstudy scheme be maintained;

(c) all payment structures be endorsed and approved by Indigenous community organisations;

(d) any future rationalisation of the Abstudy allowances only occur after sustained and authentic dialogue with Indigenous communities across Australia; and

(e) the changes made to Abstudy in the 1997-1998 Commonwealth Budget should be reversed".

Senator McLUCAS (Queensland) (10.21 a.m.)—I seek leave to incorporate my speech on the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and the Student Assistance Amendment Bill 2003.

Leave granted.

The speech read as follows—

Mr President, I rise to speak in light of the government's further attacks on young people pursuing higher education. For that is what the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and the Student Assistance Amendment Bill 2003 represents.

Eliminating financial barriers to further education is a cornerstone of Labor policy.

But Mr President, the same cannot be said of the government's policy position.

Real students in the real world have suffered as a result of this government's higher education policies.

A senior staff member at James Cook University in Cairns wrote to me recently on this issue. Jan Wegner is a lecturer in history with 18 years experience.

She says:

"I am disturbed by the consequences of declining student assistance. Regional income levels tend to be lower than in metropolitan areas, so my students are more likely to be from lower income families. Without a reasonable support system they have to get part-time jobs during semester, usually low-paid. I have seen the difference in my current students ... who ..., experience more pressure because they have less time to devote to their studies, and their studies are interrupted by employers who want them to work more hours or different hours to those originally agreed. Their attendance at classes and the quality of their work suffers as a result. For full time students, continuous assessment means that they have to be well organised to keep up, even with no demanding extra-curricular activities such as jobs. In addition, most of these students are the first generation in their families to get a University education, so there is no family experience to draw on for advice and help—they must learn how the system works themselves. The result, I believe, is a higher subject dropout rate for students who would normally pass. I am concerned that having created this problem, which would result in students taking longer to finish their degrees, the Government is now considering a limitation on the number of years a student can take to complete. Surely this is punishing the victim?"

Jan Wegner is clearly concerned at a range of issues affecting her students.

And, she is right to be.

Let's look at the context:

The Howard Government have introduced their Higher Education Bill which, if implemented

would see every university in Australia be forced to increase HECS fee just to survive.

And, this assessment has not only come from Labor, but from the architect of Australia's Higher Education Contribution Scheme (HECS), Professor Bruce Chapman.

As Jan Wegner clearly points out, we've also seen moves to limit the time periods students can take to complete their degrees.

The government also completely bungled it's handling of over_ enrolments opting for 'on the cheap' measures. This saw 15,800 places put at risk causing concern to students who have just completed year 12 and their parents with respect to the availability of places

Turning to the Bill now before the Senate, parents also have both right and reason to be concerned about the impact it will have on students now reliant on the Student Financial Supplement Scheme.

Accordingly, Labor is not supporting it.

The Student Financial Supplement Scheme was introduced in 1993 to enable students in financial need to access extra cash through government provided loans to enable them to continue studying. It is a completely voluntary scheme and the intention to close this program is mean-spirited.

It fills a vital need for the approximately 40,000 students a year who depend on this money to study.

The Scheme has two forms.

Category 1 loans allow students receiving income support to trade in \$1 of income support funds for \$2 of loan. This allows them to increase their income by up to \$3,500 a year or \$135 per fortnight, and provides real options in balancing study with employment and other commitments.

Students who are ineligible to access income support and whose parents earn less than \$64,500 are able to access a Category 2 loan of up to \$2,000 a year.

It's difficult to see how closure of this scheme, will benefit a single Australian student.

Like many of my colleagues, I have been inundated by correspondence from anxious constituents who have been told by Centrelink that a vital

source of income will be cut off if this Bill is passed in this place.

It is clear that many students will simply not be able to continue to study.

For many, this will mean the end of their career aspirations and the hopes of their families.

I have seen correspondence of this nature copied to Senators from all parties. Knowing the hardship this measure will impose, it defies reason that government Senators could continue to countenance the imposition of such a heartless measure on our best and brightest young people.

Again, it is not just Labor making this important point.

The Australian Vice-Chancellors Committee produced a report called Paying their way, which dealt with the issue of financial assistance.

The survey sample was extraordinarily large—35,000 students.

That makes the findings of this report very significant.

The report found that students are very positive about the supplement scheme.

The report demonstrates that the Scheme has made a real difference to the lives of many students.

It is beyond my comprehension that a government could act in a manner that will effectively damage real lives...

...real qualifications

...real skills

...and real future job prospects.

As if this legislative prospect isn't enough for students to bear, it was also revealed recently that the Howard Government is prepared to axe the Student Financial Supplement Scheme administratively if this bill is not passed.

According to the Minister for Youth Affairs: "the Government could opt for a non-legislative option for closing the loan scheme and not renew or negotiate the contract with a financial institution to cover student loans. "

We know students are finding it increasingly difficult to pay for even the basics-food, rent, transport, books and fees.

Dr Carolyn Allport, National President of the National Tertiary Education Union, at the Senate Inquiry into Poverty and Financial Hardship said “the inability of most students to access income support schemes ... sends the wrong message to potential students from poorer families who aspire to higher education. “

And Daniel Kyriacou, President of the National Union of Students told Senators at the Inquiry on 1 May 2003, “It is currently the case that students who are studying live between 20 and 39 per below the poverty line. In fact, some mature age students find it hard to get into the education sector. They live the furthest below the poverty line, living 39 per cent below it, through their lack of ability to access things such as rent assistance. This is forcing students into hardship...things like missing classes have become a regular thing...in fact, students these days are forced to be workers first and students second..”

We know that the average student is working just under 20 hours a week during semester and nearly 27 hours a week at other times.

We know that this is having an adverse impact on their studies.

And how do we know this?

Because, the Minister's own Department produced a report that tells us this.

And this is yet another report the Minister has sat on to avoid scrutiny. The University of Melbourne completed their report, Managing study and work and it languished in the black hole of the Minister's in tray for almost half of last year.

Why?

Because nearly half of the students involved in the study described themselves as being in parlous financial circumstances. A third of them clearly stated they had thought seriously about whether they could continue studying because they were so cash strapped.

And a quarter of students in this country have to chose their classes around work commitments rather than as it should be making choices about courses because of learning needs.

Students are under enormous financial strain because of inconsistent forms of support from this

government. I've heard this repeatedly from students I've spoken to.

The reality is that some student unions are providing food via soup kitchens to feed hungry students.

Mr President, we have forty to sixty thousand reasons why the Student Financial Supplement Scheme needs to be protected.

For that is the number of young people who depend on it to go about their daily lives in Australia's higher education institutions.

The concerns the government has raised about the scheme don't carry any weight.

Transposed into a commercial framework, which is how this government increasingly views our higher education-sector, none of them would warrant the wind up of an operational division.

Rather than trashing the SFSS, why not change the ratio of the trade-in to supplement amount so that it is more favourable? Why not improve incentives for voluntary repayment?

We believe the scheme could be easily remodeled rather than removed!

But rather than listening to students and their parents, the government cares more about the claims of the Australian Actuary on likely repayment projections.

The government claims the Scheme has incurred \$2 billion of debt since 1993.

Yet we are advised that repayments are already in excess of \$500 million. Currently the total outstanding loans are worth \$467 million less than the amounts issued. So, Mr President, since the scheme was implemented in 1993, 25% of the loans issued have been repaid. And, if we look at the value of the loans that have matured—namely those issued from 1993 to 1997, HALF have been repaid.

This is actually not a bad financial track record for retiring debt.

Some of the government's corporate mates, would LOVE a debt repayment track record like this!!!

It is certainly no reason to shut down the scheme. And, it could NOT be said given the increased

surplus projections that it presents an insurmountable obstacle.

As well as the clear alternative indicators, the actuarial argument the government clings to deserves the benefit of Albert Einstein's advice. He said, "Not everything that can be counted counts, and not everything that counts can be counted."

Mr President, another straw the government is grasping at with respect to the scheme is a reduced take up rate.

The take up rate has fallen by more than 35 per cent since it was introduced in 1993. This is a false argument and doesn't address the reasons why individual students take up SFSS.

Young people need financial flexibility and choice as they undertake further education. They can now access a wider range of commercial and university loan options, which would, at least in part, explain falling take up rates. And, given that so many thousands of students do in fact take up the SFSS option, Labor believes the scheme should be retained as a financial option.

It is certainly a far better option than incurring credit card debt and this is unfortunately the type of debt that students will increasingly be forced into if this government succeeds in this attack on student financial assistance.

By contrast, Labor has announced that it would create more than 20,000 full- and part-time commencing university places every year as part of its \$2.34 billion Aim Higher package for universities and TAFEs. Labor will not support any measures to increase fees for Australian students and we will work to retain and strengthen systems to provide appropriate financial assistance and relieve the burden on students.

In conclusion, Mr President, let me say that the proposal to trash the SFSS is flawed, heartless and will unnecessarily remove a useful financial option for students.

I have reached the conclusion that when it comes to this Bill, and the handling of his portfolio, Will Durant's famous expression really comes into its own when applied to this Minister, "Education is a progressive discovery of our, (or might I say HIS) own ignorance."

Senator STOTT DESPOJA (South Australia) (10.21 a.m.)—I speak on behalf of the Australian Democrats as their higher education spokesperson on the **Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003** and the **Student Assistance Amendment Bill 2003**. We are obviously concerned with issues of student income support and of course students. The closure bill winds up the Student Financial Supplement Scheme for youth allowance, pensioner education supplement and Austudy payment recipients, while the Student Assistance Amendment Bill 2003 wraps up the scheme for those who are receiving Abstudy.

The Australian Democrats have repeatedly and consistently expressed concerns about the Student Financial Supplement Scheme—in fact, since its introduction by the former Labor government in 1993. We opposed the introduction of this scheme on the basis that it was not the most equitable way to provide student financial assistance and that it was quite punitive in some of its repayment rates and processes. However, the scheme is now in place and there are thousands of students who rely upon this scheme. The Australian Democrats have thought long and hard about how we would respond to the prospect of the closure of this scheme. We made offers to the government. I spoke to the minister, particularly the advisers in the minister's office, about the possibility of a sunset clause. Many desperate students have been contacting all of our offices—and I am sure that all political offices have received many emails, faxes, phone calls and visits about this scheme. A sunset clause seemed an effective compromise. But the government would not hear of it, not even discuss it and not even contemplate it. We were told very clearly by an adviser, not a minister, that the government were going to deal with it in their own way.

Given that situation, the Democrats will oppose the legislation before us. We recognise that the closure of this scheme, without any sunset clause or assistance to those students, would further disadvantage those students who are already struggling to survive on the government's punitive income support measures. The decision was not made lightly. We weighed up our concerns about the inequitable nature of the scheme, to which I have referred, against the fact that many students receiving support under the scheme have indicated that it is the only way they can complete their studies. It is true to say that the topics of not only student financial support but student income generally have been absent in recent debates about reform of education generally and higher education specifically. They were indeed glaring omissions in the Crossroads process and glaring omissions in the policy and now the legislation that has come out of that process. The Democrats have been among the strongest advocates of improving, even just debating, the student income support measures that we have in Australia today. We have heard ideas from other speakers as to how we could improve student financial support.

The Democrats will be moving around 10 amendments that will give senators the opportunity to vote for changes to student income support measures. Those amendments have been flagged by me over many months. I am sorry they have not been circulated yet, but I have been assured that they will be ready this morning. Many of the issues have been canvassed previously. I am disappointed with the lack of action within the context of the Crossroads inquiry. As other senators have pointed out, this issue is one that students, welfare organisations, academia and staff have been talking about. Not only that but the Australian Vice-Chancellors Committee has been among the first to recognise that student income support is par-

ticularly important. Its report *Paying their way* is one of the few but one of the standout papers that analyses the effect of the lack of student income support on students in Australia today. It also looks at the issues of debt relating to students today. I am disappointed to see that the AVCC is still maintaining support for a scheme that would increase fees and charges by universities through the higher education changes.

But this government has not listened. And I point out, with respect to my colleague Senator Nettle, that it is not falling on deaf ears. Deaf ears are not the offensive ones; it is ears that refuse to listen. I make that point. I do not mean to be churlish, but it is an expression that the deaf community find quite offensive. It is government refusing to listen that is the problem; it is not the deaf ears. I hope that senators take that comment on board.

Our concerns regarding the Student Financial Supplement Scheme stem from the fact that it targets those who are already in the worst financial position. This is highlighted by the difference between the way category 1 and category 2 students are treated under this scheme. Category 1 students are eligible for student income support. Category 2 students are dependent students who are not eligible for any income support because they do not satisfy the parental income or family actual means test. But the so-called adjusted parental income and family actual means tests are below \$64,500.

Category 1 students, as many senators would know, can trade in some or all of their income support entitlement for a loan on the basis of a \$1 reduction in income support for a \$2 loan, capped at \$7,000 per annum. The entitlement that is traded becomes part of the loan, so you can see how that leads to quick debt accumulation. The Student Financial Supplement Scheme therefore forces cate-

gory 1 students who take out the loan to trade away an entitlement for a loan. Category 2 students can take out a loan for \$2,000 per annum, but they do not have to trade in an entitlement. This means that category 1 students, who are poorer naturally by virtue of qualifying for income support, give up more. There is also little awareness among students that they are in fact trading an entitlement for a loan. According to one financial adviser:

So many students do not realise they will in effect have to pay back at least two times the value that they gain from the scheme, not to mention CPI. I had one session with a male student who had not long lived in Australia... when I explained that his debt would be \$7000 for that year even though he was paid just \$3500 more, he just would not believe me ... He was horrified once I proved it to him—he clearly felt cheated and misled by the scheme.

The government argues that the Student Financial Supplement Scheme is fundamentally flawed because of this \$1 entitlement for a \$2 loan trade-in mechanism. This is one of the key arguments that the government is using for abolishing the scheme. I acknowledge that it is a good argument. The government is right. If student income support measures in this country were better, it would be much easier for some of us to support the bills that are before us today. The government also argues that the Student Financial Supplement Scheme was introduced at a time of high youth unemployment, high interest rates and when there were few commercial loans packages available to students. It is also arguing, I believe, that the latter two points do not apply now.

The government argues that this is another reason why the Student Financial Supplement Scheme should be abolished. The Australian Democrats dispute the argument that commercial loans packages are now readily available to students. Undeniably interest

rates have reduced since the scheme was implemented in 1993, and there is a debate that interest rates will go up again soon. But does the government honestly believe that those students who are more likely to take up the Student Financial Supplement Scheme loans—remembering that they are the students in the most dire financial circumstances—would be in a position to easily take up a commercial loan or that a commercial loan would be available to them? Let alone that, how would they be in a position to repay it? Think of the financial disincentives involved in some of those processes. It would be particularly difficult for students who have no credit history or employment history, which is the case for many students.

Another argument from the government for abolishing the scheme is that it is creating high levels of student debt. While the Australian Democrats agree with this argument, it is a hypocritical one because it is pretty much at odds with the government's entire approach to education, higher education and student income support. This government has presided over an almost eight-year period of cost-shifting to students. Over the next couple of days, we will be dealing with legislation that will see this cost shift increase manifestly. Students in public universities in Australia already face fees and charges that are among the highest in the industrialised world. There are students who do not have income support measures, although we know—in Australia and around the world—that student income support is one of the key ways to improve access to higher education participation, especially for disadvantaged groups.

How can this government be so concerned about students trading in a \$1 entitlement for a \$2 loan, when it has no problem with increasing full fee paying places for undergraduate students in Australia and no problem with forcing interest bearing loans? Let

us remember that we are talking about 3.5 per cent real interest, plus CPI, on the loans scheme that we will be debating in the Senate this week. Of course, the government has no problem with continuing to ignore any meaningful, sustainable changes to student income support measures so that students can contemplate not only higher education but also secondary education. If the government were genuinely concerned about student debt, it would not burden students with the continual deregulation of fees at both the postgraduate and undergraduate levels. It would ensure that income support payments were higher, and it would ensure that they were at least enough for students to live on, not woefully below the poverty line as they are in Australia today.

We know that many students are forced to take out these very loans because student income support is so low or because student income support access is so constrained. This is a concern that is shared by student financial advisers around the country. Fiona Leach, from Victoria University, said:

Working in the western suburbs, I see many poor students who would not be able to continue their studies if not for the SFSS, and make an informed choice to use it ... I hate the scheme—these are her words—

it is insufficient, mean and tricky. But we can't afford to lose it either. What will so many of these students do without it? It is a hard act to play, to defend something that you hate because without it we'll be worse off.

That is exactly how the Australian Democrats feel today. It is a mean, tricky, harsh and insufficient scheme that increases student debt, but it is the best we have under the circumstances. That is the irony, and the government—a government that is also mean and tricky on occasions—has no problem with it.

I know that all the students who have contacted my office, and many others as well—and, believe me, hundreds of students have rung us; hundreds of families actually, with a lot of parents having called us—have pleaded with us not to support the closure of the scheme, because it is their only means of supporting themselves through their study. To those students and their families, we hear your concerns. We will not leave you in the lurch. We will not leave you without protection, and I genuinely hope the Senate will not either.

Earlier this year I asked the minister's office for details as to how many students who take up the Student Financial Supplement Scheme are from low socioeconomic groups or are from rural and regional backgrounds. Also, I wanted to know how many are single mothers. In 2002, 39,892 students accepted the Student Financial Supplement Scheme loans. Of these students, 15.6 per cent were Indigenous, 1.6 per cent were listed as remote, 15.2 per cent were listed as single parenting payment recipients, 12.2 per cent were not born in Australia, and 54.7 per cent—a clear majority of those who accepted the loans—were women. The Democrats cannot emphasise enough our concerns about all those traditionally disadvantaged groups, not to mention students with disabilities. My colleague Senator Brian Greig, from Western Australia, discussed the situation faced by students with a disability. He spoke about it in detail when he made his second reading contribution last night.

Although the Democrats did not support the introduction of this scheme, we will not take it away from those students who now rely on it, 10 years on. We will not do that. We will wait until this government does something meaningful about addressing student income support, and then we will talk about it. We will continue to call on this government to increase student income support

payments to above the poverty line. This is a call that is strongly supported by groups in the sector: the Australian Vice-Chancellors Committee, the National Union of Students, the National Tertiary Education Union, the Australian Council of Social Service and the Council of Australian Postgraduate Associations—all of them.

In their position paper on the Student Financial Supplement Scheme, the National Union of Students said:

We condemn the Government for current levels of assistance, where maximum payments are 20 percent below the poverty line for students on Youth Allowance and 39 percent below the poverty line for students on Austudy.

In their submission to the Senate Employment, Workplace Relations and Education References Committee into the higher education funding and regulatory legislation, NUS stated:

It is of serious concern that current levels of income support are a long way below the Henderson poverty line. Research by the Australian Council of Social Services last year concluded that income support levels for students were between 20 and 39 per cent below the poverty line. With income support levels set so low, many students struggle just to provide themselves with the basic necessities of life. Students also face additional expenses associated with their courses which place additional burdens on their financial position. With the cost of textbooks alone taking up \$200-\$600 a semester, students can spend up to a month's income support payments each semester just on books.

That is from the NUS evidence to the Senate inquiry. I do not need to emphasise again the number of inquiries we have had in this place. I can remember the Price report, for goodness sake, in the House of Representatives in the late 1980s or early 1990s. I was still a student at the time of the Price report. The same recommendations that were in the Price report that were emphasised in consequent Senate and House of Representatives

reports have not been implemented—although I do acknowledge that the Labor Party just for a while there, under former minister Peter Baldwin, started to sneak down the age of independence on a gradual basis to between 25 and 22 years of age. But, as soon as 1996 came around and we had a new government, it got knocked up again.

Today we are going to test that again. We are going to test Labor and we are going to test the government on it, and we are going to test others in this place who have disproportionate influence and control over the student sector right now. We are going to find out how they will vote on the issues of the age of independence, the parental threshold and the poverty line and see whether we get parity or increasing rental assistance for those students who are receiving income support, both Austudy and other measures. The *Bills Digest* for these two bills states:

The proportion of students receiving Austudy Payment, Pensioner Education Supplement or Abstudy who take out loans appears to be rather higher than is the case for recipients of Youth Allowance. These students are more likely to be parents (sole or partnered), people with disabilities or Indigenous people than are Youth Allowance students.

The very people who are arguably disproportionately benefiting from this scheme are the most disadvantaged: sole parents, partnered women, people with disabilities, Indigenous people and some people from remote and regional backgrounds. We are pulling the rug from under these students today if the government gets support for these schemes being closed down. Using the most recently available statistics, 22 per cent of Austudy recipients and 18 per cent of pensioner education supplement recipients elected to receive the supplement, compared with only five per cent of those claiming youth allowance. This highlights the fact that those in the most dire financial positions take out these

loans, and we must continue to ensure that we provide some method of support to these particular students. I do acknowledge that, when I talk about statistics, there has been great difficulty in getting up-to-date statistics on some of the figures. In fact, the Youth Allowance and pensioner education supplement statistics were from June 2002 and July 2003 respectively. I had difficulty getting very up-to-date figures for Abstudy, so I have been relying on annual reports for those.

The bottom line on these schemes is that the most disadvantaged are receiving funds from them and that the scheme was introduced by the former government in a way that we found punitive and inequitable. But, in the absence now of better student income support measures, it is the best that we have for some of these students. Even though it is a completely dodgy rort in which the government makes money out of these poor students who are trading in aspects of their entitlement for loans that are unfair and difficult to pay back, ironically, it is the best that they have. So my message to them on behalf of the Democrats is: we are not going to take it away from you. For the government to not even consider a sunset clause shows just how much they do not care about those particular groups I have mentioned. Today the Democrats will strongly oppose these measures and will test the Senate on its rhetoric in relation to other income support measures today.

Senator HOGG (Queensland) (10.41 a.m.)—I rise to follow the fine words just spoken by Senator Stott Despoja in this debate on the *Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003*. In many ways she echoes many of the sentiments that I will put in this debate today. In this debate, Senator Stott Despoja and others from this side have referred to those who are severely disadvantaged. This is what this bill is really about. If

one looks at the *Bills Digest* just briefly, one can see that it gives a fairly good summary of what the scheme is about. It says:

Currently the scheme offers loans of between \$5000 and \$7000 per annum to Youth Allowance, Pensioner Education Supplement, Austudy Payment and ABSTUDY recipients who trade in one dollar of their income support entitlement for every two dollars of loan received. Other students can qualify for a loan of up to \$2000 if they are a dependent tertiary student who is not eligible for income support, but would have been if not for the Parental Income or Family Actual Means Test and the adjusted parental income and family actual means is below \$64500.

So we are dealing basically and fundamentally with people who are disadvantaged. We are not dealing with people who are actively out there seeking a loan for the sake of making themselves rich and leading some luxurious form of life. We are dealing with people who are seeking to get themselves out of the poverty traps that many of them find themselves in, and the most successful way they have of doing that is through higher education, thereby achieving their goals in life.

When I made my first speech in this place, I focused on not just an option for the poor but a preferential option for the poor. I think this is one case of a preferential option for the poor. Many of these people, as I say, are seeking to use these loans out of necessity. They are not seeking them for any other gain. They are seeking to advantage themselves by improving their education and improving their status in life, and that is to be highly commended.

I must say I have empathy for these people because, when I was a university student, I came from a very poor family indeed—and I make no apologies for the fact that university life was a struggle for me in those days. I now have three children, an 18-, a 20- and a 22-year-old, who are all at university. Thankfully one of them is coming to the end of that

university career very shortly. Having said that, they do not have the personal financial difficulties in attending university and leading the life of a student that the people seeking the loans do. My children may well disagree with me about their financial status, but that is typical of the relationship between children and their parents. I must say that my children do have advantage in life and are fortunate for having that. But we are talking about a class, a group of people, who do not have advantage and do have an absolute necessity to have these loans. For those people it is a real struggle.

As has been outlined in this debate, Labor's position is one of strong support for the retention of the SFSS scheme as a voluntary option. Remember, it is an option; it is not something that someone compulsorily has to go into. I am led to believe that 40,000 use the scheme per year. But, whilst there is that usage, the government propose no replacement scheme. There is nothing there for those who do suffer disadvantage and, therefore, I claim there is a need for the scheme and a need to have a preferential option for the poor—not just an option but a preferential option—to assist those people who want to get themselves out of the traps that they find themselves in. The government say that they are concerned about the bad debts, but I have been told that that is overstated. The scheme should be reformed if the government has concerns, but it should not be abolished. Labor's Aim Higher package would oppose the closure of the scheme, and I think that is important indeed.

I am not going to take a great deal of time in the debate, but I thought it was worth while to just look at what one of the people affected by this—who emailed all the senators, from what I can see from the email that I have in my hand, outlining their concerns—has to say. Whilst one person does not necessarily reflect what will happen to all

people, the concerns that are expressed in this email deserve to be placed on the record in this debate. The person voiced their concern in their opening paragraph and went on to say:

If this change is enacted, a large number of students with disabilities who currently receive the Supplement Loan are likely to be unable to continue their studies.

The person goes on:

However, as there is no alternative support available, the Loan Scheme is the only method by which many students, particularly those with disabilities, can finance their education. Currently, more than 30,000 students, including 12,500 students with disabilities, rely on the Scheme to provide additional income in order to survive whilst studying.

That is what it is about: people trying to survive and make ends meet while they are studying. It is not about greatly enriching these people, because that is not going to be achieved from the size of the loans, as I outlined earlier in my contribution here today. We are talking about making ends meet—giving people the opportunity to study and giving them bare essential support. Of course, as the sender of this email has said, there is no alternative for these people at all. This person goes on to say:

It is obvious that there is a serious and urgent need for an equitable and realistic student support system that will enable students to survive, at the least, whilst studying. The stark truth is that this simply does not currently exist.

Here is a plea from a student which went to all the senators in this place and clearly sums up the need for this person to receive the bare minimal assistance to enable them to partake of the education system. Fundamentally underlying all of this is the dignity of the human being. We are dealing with people. People have a certain pride, and this person obviously is entitled to that pride and entitled to that dignity. They are not asking

for a great deal; they are just asking for basic sustenance and the basic opportunity to participate in the education system. Further on in their email, they state:

Proponents of the abolition of the Scheme cite two main alternative sources of income for students to make up the shortfall in the absence of the loan: casual or part-time work and/or student loans from banks.

However, while these alternatives seem simple enough, students will be forced into leading an impossible double life of working 20 or more hours a week as well as studying; with the availability of loans to students being extremely scarce. Furthermore, students with disabilities will likely to be left with no alternatives, as most could not work as well as study, and would face great difficulties in securing a student bank loan.

That really highlights the only alternatives that these people are facing—and they are not alternatives, when trying to maintain a full study workload.

I have observed, when I do spend time at home with my family, the study patterns of my three children. They are in three reasonably intensive degrees and they do a bit of a balancing act with some part-time and casual work, but basically they cannot allow the part-time and casual work to overtake their main purpose. Their main purpose is to study. Their main purpose is to achieve their degree. Anything else may give a small amount of pocket money but, as I said earlier, my children are fortunate. They rely on me, they rely on my wife and between us we sustain them. But these people obviously are not necessarily in that situation at all. They are in a situation where these loans serve a real purpose in their lives. The alternative is not a real alternative for them. The email goes on to say:

It is clear from the above information that many students, and the majority of students with disabilities simply do not have any alternate funding sources.

It continues:

There are no provisions to address these consequences of the withdrawal of the Scheme, with the deleterious effects on current and future students being either white-washed or completely ignored.

Whilst I am not in the habit of quoting a lot of emails that are received by me or my office, I thought that this was well and truly worthy of being quoted in this debate to highlight the plight and the need of these people. They are desperate in the real sense of the word. They need support. The statement goes on:

If the Supplement Loans Scheme is abolished, it must be replaced with an equitable and realistic alternative. This is the only way a large number of students, including future students as well as those currently studying, will be able to finance their studies.

In the end, the writer concludes:

I vehemently disagree with the legislation proposing the abolition of the Scheme. If this legislation is passed, it will be tantamount to preventing many people, especially those with disabilities, from any type of further education.

As I said, that is typical of a number of emails that I received on this issue—and I am not going to take the Senate through all of those today; that was never my intention. It does show that there is a severely disadvantaged group out there. It does show that there is a real need.

I do not believe that the government have put up a case which would warrant these people being left high and dry. They have the right to dignity. There is not a great deal of dignity in having to seek a loan. There is not a great deal of dignity in the processes involved and, of course, you have to pay the loan back. The government's argument that some of the loans are defaulted on is not a valid reason, in itself, for the complete abolition of the scheme—not at all. These people, as Senator Stott Despoja and my colleagues

from this side have said, are disadvantaged—in many cases, severely disadvantaged. They deserve not just an option but a preferential option to assist them in achieving dignity, in the realisation that they are human beings who can and should be allowed to achieve their potential and should not be denied that right because a government wants to be heartless and dismantle a scheme which gives them that opportunity. I believe that when this comes to the vote the good sense of the Senate will prevail and the proposals of the government will get what they deserve—to be defeated.

Senator RIDGEWAY (New South Wales) (10.57 a.m.)—I also rise to speak on the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and the Student Assistance Amendment Bill 2003. I particularly want to explore the effect of these bills and the accompanying scheme on Indigenous higher education students and to echo the words of Senator Stott Despoja on the Democrats' position on these bills.

A number of things need to be said. The Student Financial Supplement Scheme has been flawed from the very outset. Students are encouraged, essentially, to accumulate debt on top of HECS and there is a differential treatment depending on the amount of the loan and whether the student is a dependent or independent student. In particular, there are around 4,000 individual Indigenous students who rely upon this scheme as their main source of income. I think consideration must be given to the effect of its closure, particularly in terms of income support, student access and student retention rates. Until these students are able to complete their studies—or until appropriate income support measures are put in place—it seems to me that the scheme itself should be maintained.

The background to some of this is that, less than 12 months ago, the first comprehensive report into Indigenous education was tabled in this parliament. The report served as a report card on the state of the nation when it comes to Indigenous education. Whilst I do not intend to explore the raft of depressing statistics that are compiled in the report, suffice it to say that the problems faced by Indigenous students begin at preschool and extend across the board right through to the tertiary level. In 2001, just over 7,000 Indigenous students were enrolled in higher education courses. These students accounted for 1.2 per cent of all Australian higher education students. While the number of Indigenous students in higher education did drop in 2000, there has been a steady increase in the past 10 years and this must continue if inroads are to be made in creating better and more diverse life opportunities for Indigenous people.

While increasing the number of Indigenous students is important, equally important is the need to ensure that students are well equipped and well supported in their educational pursuits. To my mind, efforts to increase the number of Indigenous people attending schools and tertiary or vocational education institutions are wasted if they are not accompanied by the appropriate infrastructure and support to enable students not only to access education but also to succeed in it. This brings me to the question of the drop-out rate of Indigenous students, particularly from high school and from tertiary education. As the minister acknowledged in his statement on Indigenous education last year, the retention rate to year 12 for Indigenous students in 2001 was 35.7 per cent—less than half the rate for non-Indigenous students, which stands at 76.2 per cent. The retention rate for Indigenous tertiary students is also far less than the rate for non-

Indigenous students, and currently stands at around 59 per cent.

I have spoken to a number of Indigenous professionals in the education sector, and it is so often the case in their experience that many Indigenous people do not complete their education because of financial difficulties. Another feature of Indigenous students is that their average age is 29, which is around five years older than the average age of any other student in our higher education institutions. Being a more mature age student is likely to bring with it greater family and extended family responsibilities and community commitments. As the *Bills Digest* pointed out, the people who are most likely to be affected by the closure of this scheme are parents, people with disabilities, those who live in regions of low employment opportunities and students in courses with higher levels of face-to-face contact. It is for these reasons and the fact that the take-up of Abstudy loans is disproportionately high that Indigenous students are likely to be extremely disadvantaged by this particular bill.

Anecdotal evidence also suggests that Indigenous students who rely on the Student Financial Supplement Scheme do so because there are no alternatives available. The scheme's closure would result in 4,000 Indigenous students losing up to one-third of their income. So, for many Indigenous students, this scheme makes all the difference. It means that they do not have to decide whether eating or paying rent is going to be the priority for the fortnight. As I have already stated, the drop-out rate for Indigenous school-age students is already alarming. These statistics put extra pressure on students who enter tertiary study, often without formal qualifications.

It is not enough that we get Indigenous students into higher education; as I have said, there must also be a focus on outcomes.

If the government prematurely abolishes this financial assistance, the retention rate statistics will only worsen, as will the success rates, as students are required to spend more and more time finding work or actually in employment to make ends meet, and less and less time devoted to furthering their education. Aboriginality itself substantially decreases the probability of being in full-time or part-time employment; let us not make any mistake about that. It makes the situation even more concerning. The Australian Vice-Chancellors Committee has also raised this issue of work commitments. It suggested that student income support needed to be reformed in a way that reduces:

... the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments promoted by economic necessity.

In the last decade, the number of Abstudy recipients has plateaued, yet the proportion of the Indigenous population attending tertiary institutions has basically doubled. This suggests to me that the participation rate has been increasing only for those not eligible for Abstudy or for those working or studying part time. This would include students who are using this particular scheme to support themselves while they are studying. The changes to Abstudy payments, eligibility criteria, means testing and travel entitlements over the years are all the more reason to ensure that this particular scheme remains in place, at least until current students no longer utilise the scheme. We need to make sure that momentum in improvements that have been made in Indigenous education is not lost.

This bill comes at a time when the outlook for Indigenous education is grim. The government initiatives contained in Our Universities: Backing Australia's Future make sure of this. I spoke about those matters yesterday in relation to the other bills. Institutions will be able to ask for up to 30 per cent more for

student fees in particular courses. This could change the composition of students so that only the wealthy are able to access higher education. Given that the average income of Indigenous people is less than that of the rest of the population, this change alone is likely to have a profound effect on Indigenous students. Rising HECS debt is also a concern for all students, including Indigenous students. The department of education has recently advised that, by 2005-06, HECS debt will be nearly \$12 billion. While I do not want to see students getting into further debt, I think that the early closure of this scheme, coupled with funding reforms in higher education generally, will be a further deterrent for Indigenous students to fulfil their goals.

Promoting success and increased participation in education is vital to ensure that a new generation of leaders can emerge and be nurtured. The cost of failure in this regard is the possibility that the current problems that we see in the Indigenous community of high unemployment, community violence, family breakdown and general lack of sustaining life opportunities will be compounded in generations to come. While the Student Financial Supplement Scheme is the least favoured option as a means of student income support, the scheme is everything to the 4,000 Indigenous students who currently participate in it.

A more problematic outcome than the scheme itself would be if, as a result of abolishing the scheme prematurely, a high proportion of Indigenous students were unable to continue and faced further financial hardship, and yet did not have the benefit of the opportunities that come with completing their courses. Given the obstacles that face many Indigenous students, it seems to me that this scheme should continue until the government can establish a suitable safety net or until these students complete their studies, to ensure that those 4,000 Indige-

nous students are encouraged to succeed and are not discouraged from furthering their education.

At the request of Senator Stott Despoja, who is dealing with these bills on behalf of the Democrats, I foreshadow that she will be moving a number of amendments to these bills at the committee stage. Amendments will be moved to introduce a sunset clause to the scheme so that, if these bills pass the Senate, those students who are currently enrolled and relying on the scheme to finish their degrees will be able to continue to access the scheme until the end of their course. We also welcome the National Union of Students support for this amendment. Senator Stott Despoja will also move an amendment to the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 to extend rent assistance to Austudy recipients and an amendment to both bills to lower the age of independence. It is also the intention of Senator Stott Despoja on behalf of the Democrats to introduce further amendments to the bills to increase the rate of student income support payments to the poverty line and to increase the parental income test threshold.

To give some context to these amendments, data published recently by the Monash Centre for Population and Urban Research showed that the percentage of students under 19 who are accessing student income support has decreased markedly from 33 per cent in 1998 to 21 per cent in 2001. That data shows that students are increasingly delaying entry to university to earn money to qualify as independent students—that is, students who have been out of school at least 18 months and who have earned at least \$15,990 in the 18-month period before claiming youth allowance. Between 1998 and 2001, enrolments by 21-year-olds, 22-year-olds and 23-year-olds increased by 11 per cent, 15 per cent and 12 per cent respec-

tively, compared to only a one per cent increase in 19-year-olds. Thirty-six per cent of students under 25 were able to access Youth Allowance in 2001 compared to 21 per cent of students under 19.

These figures show the serious effects of the government's parental income test. It is inequitable that parental financial capacity is a significant determining factor for the majority of students who consider university study. The system creates perverse incentives for young people to defer studies despite government rhetoric on maximising the national skills base. This report followed on from the Australian Vice-Chancellors Committee report called *Paying their way*, which found that 70 per cent of students have to work more than two days a week just to survive and more than a third are missing classes due to those work commitments.

It is not surprising that the opposition are opposing these bills today, given that they introduced the scheme in 1993. However, the ALP's current policy in relation to income support also leaves a lot to be desired. Their higher education package, Aim Higher, only extended rent assistance to Austudy recipients and lowered the age of independence to 23, when clearly so much more needs to be done in this area to ensure students are not forced to live below the poverty line.

The Democrats have always advocated extending rent assistance to Austudy recipients and lowering the age of independence, and I welcome the ALP's support of these policies today. However, these should be considered as first steps towards income support payments that students can survive on, not the final destination. It is unacceptable that students should be forced to survive below the poverty line. Unfortunately, however, the government is not offering to increase student income support payments if this scheme is abolished.

To finish up, I want to echo again that since 1996 when the Howard government came into office there has been a relative decline in improvements for Indigenous people on all fronts, except for housing. In other words, while circumstances have been getting better for the rest of the nation, they have been getting far worse for Indigenous people. The higher education reform bills, combined with the closure of this particular scheme and the lack of alternative proposals being put forward by the government, compound the circumstances for Indigenous people.

There needs to be a holistic approach with what is happening out in the communities. We cannot continue talking about what may be happening within communities and feeling helpless about the lack of improvement for taxpayers' moneys. We have to say fairly and squarely when dealing with these types of reforms that they have a direct impact on life-sustaining opportunities and on the capacity of Indigenous students to access higher educational institutions and complete their studies. An important point to keep in mind is that Indigenous students are usually of a mature age and have family responsibilities and commitments within their own communities. These things need to be taken into account when determining what we do with these particular bills and the reforms that the government is putting forward.

From a personal perspective, I cannot see how these bills can be supported because they do not provide any public benefit or the safety net that is required for those who are disadvantaged and for Indigenous students—particularly the 4,000 who are yet to complete their studies. The last thing we need is to foist upon these people the opportunity to increase their debt. It is staggering that by 2006 there may be \$12 billion worth of debt owed by students in this country. Should we not be working towards something that is

more sustainable and realistic? Should we not be working towards something that provides benefit and builds up the skills base that the government so often talks about by putting in place initiatives that work for all and, in particular, for Indigenous people?

(Quorum formed)

Senator MARSHALL (Victoria) (11.17 a.m.)—I will not be taking up too much time of the Senate today in speaking to the **Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003**. However, I feel it is important that I add my name to those speaking against the bill. The operation of the financial supplement loan scheme is in no way perfect. The government recognises this, as do we. However, while the government seeks, via this bill, to wind up the scheme, it has failed to provide an alternative scheme or any measure that will increase the income support offered to students in this country. I therefore simply cannot support the bill.

As it stands, the financial supplement loan scheme is one of the only avenues for students—particularly those who are unable to undertake paid work—to supplement their incomes, which they are entitled to from the Commonwealth. I have received numerous emails and letters about this issue from a number of students around the country—as I am sure other senators have and have already indicated in the debate. Fundamentally, what they are saying to me and to others is that without access to this scheme—and the cash students are able to access from it—they will be forced to abandon their studies. Take, for instance, the email I received from Timothy Hart, the convener of the Australasian Network of Students with Disabilities, who writes:

... despite the availability of income support including Youth Allowance, Austudy and the Pensioner Education Supplement, these do not meet

the financial needs of most students; especially those with disabilities.

Mr Hart writes on:

... the abolition of the scheme will severely undermine the academic success of the poorest and most disadvantaged students; with the majority being unable to continue their studies.

This is a totally unsatisfactory outcome, and we must do all we can to avoid it. The sheer fact of the matter is that students—40,000 of them—rely day-to-day on the money they borrow from the government through this scheme.

It is well known that, under the Howard government, Australian students and their families are paying some of the highest study and living costs in the world. According to a study undertaken by the Graduate School of Education at the University at Buffalo, Australian students and their families are paying some of the highest costs to undertake higher education in the world. According to the study, Australian students with low-level expenses—such as those living at home and undertaking band 1 studies such as a humanities degree—require around \$9,445 per year to undertake such study. Those undertaking studies incurring moderate level costs, such as those living in dormitory or shared accommodation, need to find \$14,640 per year. Those with high-level expenses, such as those living as fully independent adults, need to meet \$22,910 in costs to undertake such study.

It is also well known that there is an alarmingly high level of poverty among students, particularly among those undertaking higher and further education in this country. Everyone recognises that we as a nation must be doing more to financially support our students—not less, as this government and this bill would have it. We need to be supporting our young people, financially and otherwise, to ensure that they are able to concentrate on

and accelerate at the study they are undertaking. We need our young people equipped with the necessary skills to be important and productive contributors to our society in the future. We should be offering people incentives to encourage further and higher education, not introducing measures that will further prevent them from accessing it. We must not be starving our young people of the much needed funds they require to undertake education and to equip themselves with the necessary skills to become the business and community leaders of the future.

The fact that this government has absolutely no plan to constitute any sort of reformed scheme offering students access to much needed cash is an absolute disgrace. Labor's amendments to this bill will not only retain the option for students to access loans under the Student Financial Supplement Scheme but also ensure that students are fully informed of the conditions of the loan. The amendments will also have the effect of extending rent assistance to Austudy recipients and lowering the age of independence from 25 to 23.

This is a mean-spirited government with mean-spirited intentions. The bill as it stands is totally unacceptable and cannot be passed by the Senate. I recommend Labor's amendments to this bill and submit that, if they are rejected, the bill as a whole should be rejected.

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—I call Senator Ludwig.

Senator McGauran—The only good thing about the speech we just heard is that it was short.

Senator LUDWIG (Queensland) (11.22 a.m.)—My speech is going to be a little longer. In relation to the **Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003** some senators on the other side of the chamber

indicated yesterday, when I spoke on the education bill, that I may not have an interest in education. I can assure the Senate that I do have an interest in education. I outlined the other night that my interest in education stretches back some years. Having participated in the education system, at tertiary level and in a number of different institutions over the years, I have an intimate knowledge of our education system. I also have an intimate knowledge of this government's ability to destroy it, but that is a debate for another day.

This bill has been put forward to close down the Student Financial Supplement Scheme by 1 January 2004. It is yet another attack by this government on tertiary education, which will force many students to leave the higher education system altogether. The Student Financial Supplement Scheme was introduced by Labor in 1993. In its current form, the scheme allows students to trade in \$1 of their Austudy payment for every \$2 of loan received. Students who are ineligible for income support because of their family's income can currently receive a loan of up to \$2,000 if their parental means are below \$64,500. Under this scheme, students did not have to commence repayments until five years after the loan was taken out, and voluntary early repayments attracted a 15 per cent bonus. Repayments commenced only when a student's taxable income reached a minimum threshold, which is currently \$34,494. Many students who are currently dependent on this scheme may soon be forced out of higher education if the scheme is terminated. It is one of the issues this government has failed to take into consideration in its haste to terminate the scheme.

The fact that this bill could determine whether some students actually graduate or are forced to drop out should indicate to the government just how close to the breadline many students live. The other side, from the

big end of town, sometimes miss how close students live to the breadline, how they have to struggle to ensure that they attend and pass their courses, but also survive.

Students who will be particularly affected by the abolition of this scheme are those who cannot access part-time employment in order to subsidise their studies. In essence, the bill is saying to students, 'You have to work, to find part-time employment, to be able to subsidise your educational pursuits.' It detracts from the overall message that this government needs to consider. This was an issue I raised the other night in the education debate. The bill institutionalises the concept of having to work part-time, without any alternative. For those students who may not have part-time work available, it will have a significant bearing on their income.

There are many universities in Queensland where part-time work just may not be available. In regional areas, in more disparate parts of Queensland, there are universities—thank goodness they have managed to put universities in regional areas—where the availability of part-time work may not be as great as its availability in inner metropolitan areas such as Sydney, Melbourne and Brisbane. Some courses attract students with high levels of contact hours, students with disabilities and students with children. Sometimes the way the courses are structured, requiring many class contact hours, means that students may not be able to do the part-time work which is prevalent in that particular area. All of those issues build in a way that a student may be able to progress their studies and fit in part-time work if it is available. I am sure most students would work part-time if the work was available, but it may not be available and it may not suit the course that they are doing. Therefore, there are alternatives available to ensure that students can maintain their studies.

In Queensland, students in campuses such as the University of Southern Queensland in Toowoomba, the Central Queensland University in Rockhampton and James Cook University in Townsville and Cairns will have far fewer options in their search for part-time work than those students in inner city Sydney or Melbourne. If these students do not manage to find employment to support their limited income, leaving university may be their only option.

One of the more farcical reasons put forward by the government for terminating this scheme is that they are worried about creating high levels of student debt. That seems at odds with the closure of this scheme. With the government putting forward the [Higher Education Support Bill 2003](#)—the debate on which they have adjourned—which will force universities to increase fees by up to 30 per cent, their claim of worrying over student debt is a sham.

Minister Anthony said that he is concerned about the level of debt for students and the possibility that, for example, a student might graduate with a debt of \$28,000 to the federal government. Of far greater concern for students now is the ballooning debt stemming from this government's obsession with deregulating student fees in universities. Minister Anthony should look at that more closely. The fact that a student may soon pay as much as the extraordinary amount of \$100,000 to complete a law degree in this country makes the assertion that this government is concerned about student debt laughable.

This government cannot even pretend to be concerned about student debt when it has presided over a 30 per cent increase in HECS, loans at commercial rates and the introduction of up-front undergraduate fees. The government has also been guilty of selective listening when detailing the supposed

support for this bill. The assertions that the Australian Vice-Chancellors Committee and the National Union of Students unconditionally support this bill is just plain wrong. I hope that the government will come into this chamber and correct either me or themselves. Someone has to be wrong. I think they are wrong. The CEO of the AVCC has stated clearly that the provision of subsidised loans requires a better scheme rather than its total removal. The NUS has also stated that, whilst they do not support the concept of student loans, the government must increase youth allowance and the Austudy payment to compensate for its removal. I am sure that the minister, in his summing up speech, will be able to put me straight about that, or at least agree with me, rather than continue to blur the edges of the truth. Needless to say, these increases in student income are not on the government's agenda.

The government's argument that the scheme is not being utilised and should therefore be abolished is also suspect. When you have an end date, rather than a grandfathering provision, you really have to ask yourself: is that truly their motive or are they simply trying to truncate or end the scheme and leave people out in the cold? That seems to be a better view, which the government has adopted. There are currently 40,000 students using the scheme, despite the fact that there has been no serious attempt to promote the scheme to students. Although subject to very little advertisement or promotion from the government, this scheme has attracted significant support. It is unconscionable to remove a service from that many students based on the reasoning that there is simply not enough of them. That is false and misleading. There may be some merit in the minister's belief that this scheme is administratively cumbersome. If that is the case, then deal with the administratively cumbersome issues, rather than what this government

tends to do—that is, throw the baby out with the bathwater. The solution, however, is not to abolish the scheme but rather to restructure it to ensure that the processes are streamlined and efficient. If those issues were the problem, they could always talk to the shadow minister to work through them. That is probably not their intent at all. I think their true intent is simply to abolish the scheme, to cut and run.

It is a real failure in this government's public policy if they believe that a beneficial student assistance program should be abandoned because the government cannot get the administrative process working. The catchery of this government seems to be, 'If it is administratively cumbersome, too difficult, troublesome or complex, let's just cut and run and find something else'—or not replace it at all in this instance. The Student Financial Supplement Scheme is not perfect—that is a given—but it does play a valuable role in assisting students who are in desperate need of income support. Put simply, many students will abandon their studies without this support being continued.

At a time when the number of Australians commencing tertiary study has dropped for the second year in a row, the government should be doing everything it can to encourage students to obtain higher education and not taking the axe to one of the few avenues of assistance that may keep students in the system. The Student Financial Supplement Scheme was introduced in 1993 in response to student demands for additional financial support while undertaking studies. The government's intention to end the Student Financial Supplement Scheme is yet another brick in the Howard government's wall of meanness. Over the past six years this government has consistently attacked the most vulnerable in our community.

Students attempting to complete tertiary studies are often in need of additional funds to assist them with day-to-day costs, including rent assistance and supplementing education tools. It is the responsibility of the government to assist those most in need. This is one of the areas where this government really fails to appreciate some of the finer points of assistance, of being able to lend a helping hand and understand where you can make a difference. A small difference can have a big result. This government has lost sight of that.

This scheme has been accessed by almost 550,000 students since its inception in 1993. You can hardly say that the scheme has not been used. Why do students need access to this money? From the government's perspective, it is a case of, 'Who cares?' I do not know whether they care. The government have not offered any alternatives to the cancellation of the payment. There have been no constructive contributions to the debate by the minister's department. There have been no commitments to students and no commitments to our universities—none whatsoever.

The Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 is a mean-spirited bill because it attempts to close access to the Student Financial Supplement Scheme without any replacement policy. We know that there are problems with the supplement, but the government is closing it down and not putting a replacement in place to bolster students' income or to deal with employment options, regional and remote issues or administrative problems. There are a whole raft of issues to consider. You might have grandfathered some, you might have phased in a replacement. I am not here to suggest that the opposition should be telling the government how to run its program, but you certainly have to pause sometimes and ask, 'What is

the policy behind this particular bill?' That is the argument. I do not think there is any real policy behind this bill. I think it is an empty, mean bill and the government has missed the mark with this legislation. The government should not proceed with it; it should take it away and think seriously about how it can improve the lot of students, more importantly those who require additional funds to remain at university, rather than take an axe to the scheme.

As a result of the cabinet reshuffle, we now have a new Minister for Family and Community Services who previously created havoc in the health portfolio and was demoted as a result. This new minister managed to alienate the entire medical profession with the introduction of a new tax—a tax that caused over 4,000 practitioners to voice their concerns in the largest protest ever held by doctors. The question we need to ask is: will the new Minister for Family and Community Services follow in her predecessor's footsteps and run a system which is inflexible and unworkable or will she take control of her portfolio and try to assist the low and middle-income earners who need assistance the most? Judging by comments in the *Age* on 30 August 2003, it seems Senator Patterson is in awe of the previous Minister for Family and Community Services. Let us hope this does not deter her from putting a more compassionate stamp on her new portfolio. As Minister for Family and Community Services, Senator Vanstone certainly had a style all of her own. We need only to look at her handling of issues like the carer allowance and the ongoing family tax benefit debacle to see evidence of her mean ways. We should recognise that she has now moved on to immigration and we have Senator Patterson taking the lead in this portfolio. Will she follow in the footsteps of her predecessor or will she correct the mistakes made by Sena-

tor Vanstone whilst maintaining vigilance over her portfolio?

The community saw the extent to which the previous Minister for Family and Community Services was prepared to go in order to save a buck. Her heartless directives and badly run social security system—through the minister's office, it appears—saw extreme financial hardship envelop Australian families, students, the disabled and the long-term unemployed. I ask Senator Patterson to reconsider the direction she may take with the typical Howard government policy of harassing low-income earners while at the same time turning a blind eye to goings-on at the high end of the income bracket, including their own retired ministers.

Since coming to office, the government has set a course of cuts which affect the low and middle end of town. This government has lurched from one embarrassing mistake to another. I ask the government to pause, because I think with this bill it is heading down another embarrassing path. It is disappointing to see that Senator Patterson does not wish to put her stamp on this particular issue, and she could. She could put her stamp on this matter, but she is not; she is going to let it run. Mismanagement and non-directional policies are contributing to the prolonged unemployment amongst many job seekers, particularly those with significant barriers to employment. It is contributing to the inability of the government to address the difficulties being experienced by Australia's long-term unemployed and has resulted in its mishandling of employment services and the Job Network in particular. All of this contributes to a government that cannot manage itself, its portfolio responsibilities or the economy.

All of this is endemic. You see it slide. You do not see it in the grand things; you see it in the small things where they simply

mismanage some of those issues. This is one of those areas that might be small, but you can see that creeping mismanagement where they simply make decisions that seem, on the face of it, to be made on the run, are ill considered or are without any logic to them. They might have an underlying policy direction, but when they put it into effect, rather than deal with it in an experienced or measured way, they remove it. It is perhaps like how old Dr Wooldridge was: 'We'll take a surgeon's scalpel to it to deal with it rather than try to work out another way. Rather than try some radical surgery we can try some other remedies first.'

Will the new Minister of Family and Community Services take the initiative to rectify this and step over Minister Anthony? Probably not. It does not seem she has been able to change the direction from Senator Vanstone's day. It is unlikely she will be able to assert any authority over Minister Anthony, but we will wait. We might see some change, but I doubt it. The government has consistently trodden on those in the community least able to afford schemes closing or payments being rescheduled and renamed, resulting in less income. It seems to be the way this government addresses a lot of things.

Students and families do deserve to be treated much better than the way this government is poorly treating them. The previous Minister for Family and Community Services talked about welfare frauds or cheats and about tightening the system to make it more workable and accountable. She said in this very chamber that she would see an end to welfare fraud. The only thing she presided over was the largest grab bag of moneys ever witnessed. Did you know, Mr Acting Deputy President, that there are many in the community who are so afraid of having a debt at the end of the financial year they forgo any payment rather than be la-

belled in the same basket as cheats and fraudsters? That is typical of this government and how it deals with those issues. It would rather remove them than deal with them in a proper and sensible way. But we know that the government is not going to change its stance on this bill; we know that the government is going to drive ahead with it. We think it is very unfortunate. We think the government should pause and reflect on this bill. We think the government should consider the plight of students a little more closely than it has in the past. And I ask the government to do that.

Senator HARRIS (Queensland) (11.42 a.m.)—I rise to speak on the *Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003*. This year is the 10th anniversary of the Student Financial Supplement Scheme, which was introduced in January 1993. Currently, the scheme offers loans of between \$5,000 and \$7,000 per annum to youth allowance, pensioner education supplement, Austudy and Abstudy recipients who trade in \$1 of their income support entitlement for every \$2 of loan received. The scheme gives extra income support to Australians who are financially vulnerable. Other students can qualify for a loan of up to \$2,000 if they are dependent tertiary students who are not eligible for income support due to the family means test.

The Commonwealth Bank of Australia provides funds for the loans through an agreement with the Commonwealth government. Repayments do not have to commence until five years after the loan was taken out when the loan contract period with the bank ends. Voluntary repayments can be made during the contract period, and they attract a 15 per cent bonus. When after five years the contract period has expired, the government pays the bank the amount and the student still owes and collects the debt through a HECS style arrangement administered by the

Australian Taxation Office. Repayments start only when the student's taxable income reaches the minimum threshold, which is \$34,494 for the 2002-03 tax year.

The government via this bill is now proposing to close the scheme that I have just outlined—just shut it down, kill it stone dead; not replace it, not reform it, but get rid of it all together and replace it with nothing. That appears to be the government's policy. It will be a world where the education of Australians will depend on just one book—a cheque book. Closing the scheme means that students will now have one less income support option available to them. Students who cannot readily access part-time work will be particularly affected. They may be parents, people with disabilities, those who live in regions with low employment opportunities or those studying courses with higher levels of contact hours. Education is a right, not a privilege.

This bill is a shameful attack on the poorest and most disenfranchised members of our community. It cuts off students in circumstances where they need help the most—to buy their textbooks, for transport, for household bills, for health care, for accommodation and to buy their food. This bill is an attack on the fundamentals of living. It is an attack on the living standards of vulnerable Australians. The government is effectively saying to its constituents: tough. For people with disabilities who access this scheme, it is already tough. Many are already struggling to get through their studies. The removal of the Student Financial Supplement Scheme with this bill makes it a shameful piece of legislation.

I made the point to Minister Anthony's representative that the closure of the scheme would adversely affect people with disabilities. The minister's representative accepted the point, yet here we have the government

pushing ahead with its agenda. The bill will hurt people and it is difficult to understand the government's position. It is at odds with the minister's statement on his personal website:

Larry Anthony believes that the very young, the aged, the invalid and the incapacitated should receive the help they need to live in comfort and dignity.

Larry Anthony believes in a better way of life for all Australians and that each should have an equal opportunity to contribute to and share in the wealth of our nation.

I challenge the minister to tell the Australian public how this bill will give people with disabilities the help they need.

One Nation opposes the user-pays principle in higher education. A first degree must remain free, equitable and accessible to all. Under this legislation, a first degree will be more difficult to get. What we are seeing here with this bill is another step in the de-regulation agenda. The SFSS impacts upon the ability of students to finance their future. This bill affects students who are currently studying and relying on the scheme. At the very least, students who are presently accessing the scheme should be allowed to continue to do so until their course finishes. Existing students need the security of knowing that their study plans are not going to be thrown into chaos. Apparently this is not the intention of the government. The government's intention is to do away with the scheme.

Mr Acting Deputy President, let me give you an example of one student who has contacted my office. This student accesses a disability support pension because he is reliant on a wheelchair. He also accesses the SFSS. He has committed to studying for three certificates and at the end of his studies will go on to a two-year diploma course. He has completed certificate I and it will take him until mid-2004 to complete certificate II. At

the moment he has a debt of \$14,000 through the SFSS. Under the government's proposal, he will no longer be able to access the scheme. His only means of support will be the disability support pension. He himself has said that it is unlikely he will be successful in securing alternative finance from the private sector. He will be left out in the cold halfway through a degree, with no financial support. So we have a person whose disability is such that they are totally immobile without a wheelchair. As he clearly asked me: what chance does he stand to access some alternative form of finance? None, I believe.

In education, as in health, the government is absolving itself from social responsibilities and these responsibilities are being transferred to the corporate sector, where important decisions are dictated by the bottom line. Where is this push coming from? Over the last decade Australia has witnessed increasing financial pressures on our educational institutions as the government presses on with its market oriented solutions. The general climate of austerity and the widespread adoption of a neoliberal outlook by decision makers opens the door for private companies to be the saviours of sectors that have traditionally been publicly funded.

Since 1996, \$5 billion has been slashed from the funding of Australian universities. The charging of up-front fees and increased HECS for undergraduate degrees is causing a disparity of representation between those students from privileged backgrounds and those from disadvantaged backgrounds. As at 30 June this year, Australian students owed more than \$9 billion to the Commonwealth—I repeat \$9 billion—and it is expected that this will reach more than \$13 billion by 2006. A law course at the University of Melbourne now costs more than \$80,000. Only students with the capacity to take on such a debt at a young age or pay up-

front fees can enter a degree like this. What hope do our young people have when they are saddled with this sort of debt?

The WTO and the IMF are pushing the user-pays principle. I want to place this bill very clearly in the context of trade liberalisation. Education is a colossal market, a service market that comes under the WTO's General Agreement on Trade in Services—GATS. I have spoken frequently in this place about what I think is the detriment of the GATS agreement on Australian services. Against the background of globalism and with free trade being put forward as a cure-all, education is now in the sights of the entrepreneurs. I make a point as well about the attitude of those international institutions to the vulnerable individuals in our society, such as those with disabilities. I place very clearly on the record that the IMF wants the government to scale back social welfare for people with disabilities, as set out quite clearly in Australia's 2002 articles of agreement with the IMF on page 22:

- Tightening eligibility requirements for some income support programs. In particular, the proposals in the 2002/03 Budget to tighten eligibility for the Disability Support Pension are a good start toward ending the use of this program to pension off mature workers having difficulty in finding employment.

I circulated the document earlier. I seek leave to incorporate page 22 only of that document.

Leave granted.

The document read as follows—

... recommends that efforts be made to bring the top marginal tax rate down over time to a level in line with the corporate income tax rate and that the income threshold at which it applies be raised substantially.

39. Recent efforts towards overhauling the income support system began with the introduction of the Australians Working Together program in the 2001/02 Budget. The program established

the Working Credit and tightened activity tests for unemployment benefits recipients under the Mutual Obligation program, as steps in fostering labor force participation. However, as the authorities have noted, the income support system remains very complex and more comprehensive reforms are needed to simplify the system and the benefits provided, to strengthen incentives to move from income support to gainful employment, and to ensure that individuals and families receive mid effectively use the assistance that they may need in making the transition to work. As part of a comprehensive reform the staff suggests that consideration be given to:

- The introduction of a scheme that would reduce the high effective marginal tax rates that income support recipients face under the current system when they attempt to move from welfare to full-time employment. The transition to work would also be facilitated by efforts to improve employment and job training services and to provide other supporting services, such as child care and a phased reduction in public health care benefits.
- Tightening eligibility requirements for some income support programs. In particular, the proposals in the 2002/03 Budget to tighten eligibility for the Disability Support Pension are a good start toward ending the use of this program to pension off mature workers having difficulty in finding employment.
- Maintaining strong activities tests and penalties for breach of obligations for recipients of unemployment benefits. These activity tests and penalties should be imposed uniformly and consistently across all recipients in order to have their intended effect of providing a strong incentive to return to employment. It is important that a requirement like the Mutual Obligation program be retained and extended to all age groups in the labor force.
- 40. To facilitate the entry of income support recipients into employment and to encourage others to participate in the labor force, the flexibility and efficiency of the labor market needs to be enhanced further. While much has been done, additional reforms would help over time to bring the unemployment rate significantly below 6 per-

cent and to raise the economy's potential growth rate on a sustainable basis. As part of such reforms, the award and wage bargaining systems need to be further simplified. It is important to move toward establishing a single—national industrial relations system and move away from the complicated array of federal and state frameworks that may currently apply to different groups of employees in a single enterprise. In addition, the role of the award system in setting minimum wages should be diminished in order to reduce what may be a significant barrier to the entry of low-skilled individuals into employment. Historically the minimum wage in Australia has been used as a vehicle to try to ensure a "living wage". However, it has to be ...

I thank the Senate. Higher education must be a realistic option for all Australians capable of university study and not be limited to their capacity to meet the everyday costs of living. One Nation concurs with the Australian Vice-Chancellors Committee and the National Union of Students in that the debate on this bill about the Student Financial Supplement Scheme misses the point. In its current form, the scheme does not work to optimum capacity. Reform must be much more than simply abolishing the scheme altogether. A carrot for the rich and a stick for the poor is not reform. It is pricing people out of university. One Nation's policy is to protect and promote the quality of a public education system for all. One Nation will not support this piece of legislation unless it is significantly amended.

As far back as the latter part of last year, some amendments to this bill were circulated proposing that a grandfather clause be introduced as the absolute minimum for this legislation. As I referred to before, in speaking to just one of many students who will be caught in this program, this student is now coming into the third year of the scheme. He has accessed the scheme for two years and in each year has received a \$7,000 payment. But the problem that he now faces is that he

has a \$14,000 debt. He had assessed his ability to repay that by improving his employment position to the point where his employment would have given him a considerably better income than that which he receives today.

We have a disabled student, who currently has a \$14,000 debt, with very little hope of being able to access market finance. The Minister for Family and Community Services will say that market finance at the present moment may even be able to be obtained at an interest rate even slightly lower than this scheme. That may well be the case but, alongside that finance being available, one has to look at the student's current ability to service that loan if they are unable to continue with their degree. In this particular case, it is very clear that this student's ability to access commercial finance to continue his studies is rather slim.

This is an absolute plea to the government, in the progression of this piece of legislation, to listen to these people and to understand the predicament that they now find themselves in. Those who are already in the scheme find themselves in an impossible situation. If the government wishes to withdraw the scheme and not make it available from 2004 for those students who are commencing, then they will enter into making that decision on a totally different basis. But those students who are in the pipeline are currently facing a debt of anywhere between \$7,000 and \$24,000. This scheme has been there to assist them. I commend the Labor Party for initiating the scheme, but I would implore the current government to consider the plight of those who are now in the scheme. Is it morally right that we should place stress and anguish on these people who are disabled, who are attempting to do the right thing? They want to better their lot. They want to contribute to our Australian society. They are not people whom we some-

times unsavourily refer to as dole bludgers. They are not in a wheelchair because they chose to be there. They may have contributed to the accident, but they most certainly did not choose to be disabled. I think it is particularly bad when the government, if it insists on this bill going through in its present form, is not taking those people's plight into consideration.

Senator HARRADINE (Tasmania) (12.00 p.m.)—I rise to speak on the *Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003*. There is general agreement that the Student Financial Supplement Scheme is not really in the best interests of students. The National Union of Students thinks it should go. This is largely because students accessing this loan are paying a real interest rate of 16 per cent, which is well above the market interest rate, and because the scheme is a significant cost to the Australian public. I understand that Mr Anthony, the Minister for Children and Youth Affairs, has stated that he will end this scheme whether or not the Senate agrees. I am concerned that the minister is in effect saying that this Senate debate is redundant.

Significant concerns have been raised with me and, no doubt, with other honourable senators by the Australasian Network of Students with Disabilities. The group also agree that the scheme is inequitable and costly, but they raise a quite valid point: if they lose this additional income, what can they do to make up that money? As a practical problem, they need to find alternative funds to make up what they will lose from the closure of this scheme. A number of students depend on that money to enable them to afford to continue their studies. Of the 30,000 students participating in this scheme, 12,500 are students with disabilities. The practical effect of abolishing the scheme will be that full-time students will have to find another source of \$1,700 per year. That sort

of money is not easy to come by for people on low incomes.

There has been a suggestion that students can now seek other loans or undertake extra work to make up the difference. Senators may be aware of a report published by the Department of Education, Science and Training that highlighted the increase in the number of hours that students are undertaking paid work while trying to undertake full-time study at university. This obviously has an effect on students' ability to study effectively. I do not think we should be asking students to work more hours, especially if they are from a group that is well recognised as being disadvantaged.

The second suggestion, and one made by Mr Anthony's office, was that students can seek loans from financial institutions at a cheaper rate than the effective 16 per cent charged by the Student Financial Supplement Scheme. That may be so, but it seems to me that it is only reasonable that the government take some interest in the plight of students who will no longer have access to the Student Financial Supplement Scheme and identify alternative sources of loans for students to pursue. Is it reasonable for the government to shut down the scheme without offering clear alternatives to students? It seems to me that, to satisfy itself that those alternatives for students existed, it should have identified them before deciding to shut down the scheme.

I have been interested for some time in the participation of equity groups in higher education, particularly in Tasmania. One of those equity groups, of course, is students with disabilities. It is difficult to get a long-term view of what has been happening with this equity group as statistics have only been collected since 1996, but between 2001 and 2002 there was a rapid rise of 10 per cent in the number of students with a disability par-

ticipating in higher education. In 2002, students with disability made up 3.4 per cent of all higher education students. That is a great achievement, and we want to build on that. Obviously these students face very particular difficulties in participating in higher education. It would be unforgivable to place a further burden on them—a financial burden—which might knock some students out of higher education. It is for the minister to inform the Senate of specific alternative sources of funds for students and to provide an assurance that the government will not wash its hands of the plight of students who can no longer access the Student Financial Supplement Scheme but will offer all students clear and comparable information on alternative loans that they can access.

Senator WEBBER (Western Australia) (12.06 p.m.)—I too would like to make some brief remarks about the *Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003*. This bill highlights yet again the policy divide between the government and the ALP on education. This bill is all about the government's ideological agenda to shut down a program that has been operating in its latest form for a year. The government will be shutting down the scheme in its entirety without any concern or thought for how it may affect those Australians in the process of using the supplement to fund their education—Australians whose cases have been eloquently put by other speakers in this debate.

The change to the Student Financial Supplement Scheme was introduced in January 2003. The government now seeks to finish it for good in January 2004. So confident is the government of getting its legislation through that Centrelink has already sent letters to people using the supplement, advising them that the scheme will not operate next year. One must stop and congratulate Centrelink on having the forethought to advise people

some months out from this change; but, given that the legislation has not passed through the parliament, Centrelink could also be condemned for acting without sanction.

This is one of my concerns. My office, as with the offices of many other Senate colleagues on this side, has been contacted by a number of people who have used or are using the scheme, complaining about the letters they have received. Mostly the complaint is that there is no alternative option offered to them. 'The scheme is ending,' according to Centrelink, 'we are telling you that now. Get used to it.' Surely there must be a better way and surely our fellow Australians are entitled to it. The scheme has two forms. Category 1 loans allow students who receive income support to trade in \$1 of grant for \$2 of loan. Effectively, this means that they can increase their income by up to \$3,500 a year. Category 2 loans are for those students who are ineligible for income support and whose parents earn less than \$64,500 per annum. Category 2 loans are valued at up to \$2,000 per year.

This scheme will not benefit one student who is currently accessing it. There is no provision to allow existing students to continue using it until their studies are completed. According to the government, let us just toss out the baby with the bathwater. Rather than engage in gradual reform that makes some provision for existing students, the program will be completely gutted from the end of the year. The constituents who have contacted my office have made it clear to me that, as part of the 40,000 people accessing the scheme at the moment, this approach might lead to their not being able to complete their studies and, therefore, not being offered the hope of a future high-skilled, high-paid job in our economy.

The Student Financial Supplement Scheme loans can be paid off at any time, but

students do not have to commence repaying the SFSS loan until the end of the contract period. At the end of the contract period, the Commonwealth repays whatever the balance of the loan is to the financial institution and the student only repays the Commonwealth when their income reaches average earnings. However, the student can repay the loan at any time, and receives a 15 per cent bonus in the event that they do so early. Nearly 10 per cent of all loans are repaid or partially repaid within the first five years. The government wants us to believe that the main reason for closing the scheme is that the Australian Government Actuary estimates that more than 50 per cent of total loans may never be repaid. The only problem I have with the word 'may' is that sometimes it is equally true to say it 'may not'. It is clear that nearly half of all loans taken out in the period 1993-97 have been repaid.

Perhaps the reason that more of the loans are not repaid has to do with the point at which an individual starts to pay back the loan. What work has the government done to show that the reason for the failure to repay has to do with the lack of opportunity for individuals to earn average earnings? Perhaps the lack of repayment reflects the number of people who are only able to secure part-time or casual work—a growing proportion of the Australian work force. Perhaps it reflects the number of people who are out of the work force for family responsibility reasons. Surely the sole reason is not the government's inability to collect the repayments. Given that the Australian Taxation Office recovers the debt after five years, it suggests either that people are not in a position to repay or that the ATO is not doing its job. Rather than trotting out the actuary to say that more than half of the loans have not been repaid, the government could provide the reasons why people are unable to repay their loans. It seems a fairly simple proposi-

tion. Tell us why the loans are not being repaid and let us see whether we can fix that problem, rather than abolish the scheme altogether.

We are told by the government that the other compelling reason for closing the scheme is that there has been a major decline in its use since the scheme was introduced. When the scheme commenced in 1993, there were some 44,372 applicants. This increased each year until 1996, when there were some 64,616 applicants. Something changed in 1996, obviously. For 2002, the last year for which there are figures, the number of students accessing the scheme was 39,829. However, this does not mean there is any recourse for the 40,000 or so who applied last year, or indeed who have applied this year. They will be left without an alternative if this legislation is passed. If the government wants to replace the scheme, provision should be made for those Australians who have determined to access the Student Financial Supplement Scheme. There should be a proposal to accept no new applicants after the closure, but those existing users of the scheme should be allowed to continue to do so until their studies come to an end.

This is the latest move in this government's attempt to dumb down this country. I am aware that between 1995 and 2000 Australia had the second lowest increase in the OECD in the rate of enrolments in universities. This is another example of the government's headlong rush to get back to the good old days when, if daddy could not pay for you to get a higher education, you just did not get one. But hold on, I forgot: there were scholarships to allow students to get jobs in sectors of the economy that struggled to get applicants, such as teaching. There was a two-tier system that had one rule for the rich and another for everybody else. Yes, the current scheme is less than ideal; yes, the scheme can be improved; yes, providing stu-

dents with another option encourages them to do study—something we should all be in favour of. Instead of reforming the system, we just get the wholesale abolition of it from the government.

Not for this government any real attempt to fix it up—rather, a rush backwards to the good old days of the two-tier system that they are comfortable and relaxed with. Exclusion, not inclusion—that is their game. It is always more important to keep people out than to genuinely attempt to fix things up and attract more people in! On the other hand, Labor's higher education policy, Aim Higher, has a number of significant reforms that will assist our fellow Australians to access higher education. For example, Labor intends to extend rent assistance to people receiving Austudy—an initiative that I wholeheartedly support. This will have a significant benefit for Australian students. Assistance to pay their rent goes a long way towards ensuring that students can concentrate on their studies rather than having to constantly juggle the demands of study and work. We have the farcical system in this country where an unemployed young person receives rent assistance but a person receiving Austudy does not.

The Labor policy also intends to reduce the age of independence from 25 to 23 years of age. This will also have a major benefit for Australian students. Given that we have a Prime Minister who lived at home until he was 32, perhaps we should not be surprised that the age of independence is set so high by this government. Do we really want a society where we tell young people that they have to wait until they are 25 before the government will consider them as independent? It was one of the first things this government did on coming to office. They increased the age of independence—this from the party supposedly of the individual but, in reality, the party

of tying kids to Mum's apron strings and Dad's financial strings until they are 25.

I for one believe that students need a better deal. We need to maximise the support that we provide to students to increase their graduation rate. We should work very hard to ensure that students are not forced out part way through their course of study, because they are not likely to ever return to it. How can we have a system where an unemployed person over the age of 25 gets more government support than a student of the same age? Why continue with this disincentive where the unemployed person gets \$90 more than the student? In Australia, if you are unemployed and want to take up full-time study, you have to cop a situation where you are \$90 a fortnight worse off.

This bill, as I have said, is only one of a number of attempts to dumb down Australia. The government tells us that the Student Financial Supplement Scheme burdens young Australians with excessive debt, yet then seeks to refer them to financial institutions so that they can actually go into further debt. What is the government's agenda? What is Minister Nelson's agenda? Increased fees, degrees that could cost over \$100,000 and HECS increases all add up to an agenda of user pays. If you want a higher education under this government, get ready to pay for it. Loan schemes to cover the full cost of the course could run to tens of thousands of dollars. Let us not be taken in by the government's crocodile tears over the debts of students accessing the Student Financial Supplement Scheme when it is proposing a model that could see debts run into very large levels indeed. It is my view that Australian students need a better deal.

Senator JACINTA COLLINS (Victoria)
(12.18 p.m.)—I commence by thanking Senator Mark Bishop for delivering the opposition's second reading speech in relation

to the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 in my absence yesterday evening, but there are some additional comments that I would like to make in this debate. I would also like to deal with the second reading amendment of the Democrats and the second reading amendment of the Greens that has been circulated during the debate. In concluding the opposition's second reading contribution on this bill, there is one particular case that I want to highlight—that of a very concerned student in Melbourne who wrote to me—because I think it raises and summarises many of the pertinent points that have been raised through the course of this debate. The student says:

I am a very concerned student in Melbourne who has just learned of the intention to scrap the student supplement loan scheme. I am currently receiving Austudy and attending university, which I left the full-time work force to do to further my knowledge and career opportunities, and I rely on this supplement loan to meet my basic day-to-day needs. Without it, I am basically stuffed. The Austudy alone is nowhere near enough to get me through the weeks, and the amount I am allowed to earn on top of that from the work force is not enough to compensate. I cannot get rent assistance, as it is an option for Youth Allowance but not for Austudy which, given that Austudy is a payment for over 25s only, it really baffles me. I am absolutely appalled at this move to scrap the loans scheme, as the little money I benefit from it is the small difference of me being able to pay rent and bills and being able to make ends meet.

Please look into this for me, as I am seriously considering changing my voting preferences over the disgrace called Centrelink. As a long-time Liberal voter, this year relying on Centrelink to survive has been a real eye-opener. The whole business of the scrapping of the supplement loan is definitely the last straw for the Liberal government for me this year.

This letter highlights one of the critical areas of amendment that Labor is dealing with and that Senator Bishop would have foreshad-

owed in relation to the operations of Centrelink and the advice that has been given to many people in relation to these loans. When, in the committee stage, I go into a bit more detail about the way in which Centrelink has managed this scheme, you will see another example of a student who actually thought that they were getting another cash advance, when in fact it was the loans scheme that they were then lumbered with. However, senators have made a number of general comments about the problems with this scheme, and Labor has not denied that there are problems with the scheme. I take heart that Senator Harris actually commended Labor for introducing the scheme in the context of the time in which it was introduced.

I can recall, in my days as a student, that a 16 per cent effective loan rate was probably relatively attractive. When I went into field placements for around three months as a social work student I was unable to work because my normal occupation was during regular working hours. I was required, as part of my course, to actually work as a student during those periods. So I was income-free for periods of up to about three months in the year and, in my case, I survived on credit cards, as many students do. When we talk about their effective alternatives to this loan scheme, the government needs to take that issue to heart when making comparisons. Certainly, I agree that the finance market has changed considerably since my time, but there are still quite a large number of students who end up surviving on credit finance, rather than through effective loan rates through banks and institutions.

We know, through the operations of this scheme, that there are many thousands of students using it. In many instances, that is through an effective and informed choice. The Democrats, in their proposal for a sunset clause, have focused on those students who

are relying on the scheme during their current studies. The Labor Party think that that is still only a halfway measure for dealing with this problem and that this scheme is still an effective and informed choice for some students in particular circumstances. Senator Harradine, for instance, also highlighted the needs of the many disabled students under this scheme. The government fails to understand that this scheme is an effective choice for many students who are unable, during periods of their course or because of disability or other factors, to rely on any alternative streams of income.

I think it is critical that the problems with the scheme be addressed. Labor will, firstly, oppose the closure of the scheme. Labor's amendments will require the government to provide students considering a loan with meaningful information regarding the scheme—and this is where Centrelink definitely needs to lift its game. The further amendments that we have foreshadowed are steps towards lowering the age of independence to 23 years, and I note from the Greens' second reading amendment their discussion of bringing that down to 18. In Aim Higher, Labor have quite deliberately funded commencing the path back to lowering the age of independence to a more reasonable age. I think Senator Webber highlighted that the Prime Minister was at home until he was 32. The truth of the matter is that many young people are choosing to remain in the family household—or sometimes they are doing it because they have no other effective financial choice. Still, the current 25 years is ludicrous. In this day and age, to suggest that an age of independence should be that high is ludicrous. Labor are committed to, and through our proposals in Aim Higher have funded, moving back in the other direction. Our proposals there talk about an age of independence of 23 years. Eighteen, from the Greens' perspective, is a fine objective but

not something that we are in a financial position to be able to immediately grapple with.

The further amendments that Labor will be dealing with will be to extend rent assistance to Austudy recipients. This is an important announcement for Labor, because it will help deal with the level of income support available for many students. I note from Senator Stott Despoja's speech during the second reading debate that she will be bringing up with Labor a number of issues such as the poverty line and the level of income support. I will respond in part and say that our rent assistance proposals are a clear example of where we are seeking to make a significant difference, and I look forward to seeing the other amendments that I understand have been stuck in the system.

Some of those issues, I think, have been foreshadowed also in the Greens' second reading amendment. Beyond the age of independence issue, they too are talking about the parental income test cut-off threshold, eligibility criteria in relation to previous personal earnings and quite a number of issues—such as the Henderson poverty line and linking benefits to the CPI—that in principle Labor would be able to support. But we prefer the approach that has been suggested in the Democrats' second reading amendment, which is firstly—and, I think, very importantly—to condemn the government's continued cost shifting to students. In the context of what is happening in the higher education debate, I think that that is critical to highlight in this debate today.

The government has undertaken significant cost shifting in relation to higher education, but here, beyond this cost-shifting issue, it is also reducing the choices available to students. As Senator Harradine said, many people understand that there are concerns with this scheme. Labor's response to those concerns is to say: 'Yes, let's address them.

Let's fix them, but at the same time let's acknowledge that, for many students who have been informed and do understand the way this scheme operates, they do still regard this scheme as an effective choice and they want that choice maintained.' This is the government that often talks about choice, but on this occasion it is seeking to remove that choice from students.

What will the consequences be? I think the letter I received from the Melbourne student really does highlight what those critical issues may be. It is a problem for students. Again, I can say from my personal experience, I understand the circumstances where, for periods in a year, students can be without any alternative source of income. Understanding that the costs of accessing finance may be greater than what you might be able to achieve through traditional bank finance loans and compared to other sources that students often use, such as credit cards, the 16 per cent can still offer an effective choice. The critical issue is that the students understand that choice, and that is where the current system has failed.

It is interesting, though, that the failure on this score has been a more recent phenomenon. I wonder whether that failure reflects some of the stresses that have been placed on Centrelink as well. Of course, it also reflects the stresses on families—working families and families being held responsible for students until those students are 25. Again, there are cases where students believe that they are getting a cash advance—an interest-free cash advance—and then all of a sudden discover that they have set up a bank account and have received a loan with a very high interest rate. Their families then become equally concerned. They want to know how their student has ended up in this situation and has not been properly advised. Our amendments in relation to the information that the government should make available to students

should effectively deal with and resolve that problem.

I understand from Senator Harradine and from Senator Harris that the option of a sunset clause might deal with some of these problems. Again, I highlight that it will certainly deal with the problems of the students who have currently chosen to access assistance through this measure. But, in the absence of alternative measures—and the sunset clause will not provide those alternatives—other options are not there for disabled students or students who have to forgo other income sources because of the demands of their study. We need to understand what the choices available to those students will be under those circumstances. That is why I think that the approach suggested in the Democrats' second reading amendment is the best. In relation to their point about an independent review, I think we need to review the circumstances as a whole. Labor have, under Aim Higher, proposed some very clear and direct measures to assist in the income support arrangements for students. But, at the same time, we can agree with the Democrats that beyond that we should tie the government to having a fundamental review of income support arrangements for students.

There is an irony in this debate at the moment: Minister Nelson is often negotiating with various Independent senators in the higher education debate and talking about things such as scholarships, but at the same time we are removing options. So one wonders whether the offer to the Independents of additional scholarships to different states is really going to offer more choices to the disabled students and other students we are talking about who are able to remain in study by accessing this scheme.

Given that the circumstances of this debate—they are similar to those in the health debate—are that the government is seeking

to move things through quickly without proper or adequate scrutiny, and trying to discourage the Senate from going through its ordinary processes of committees to look into the detail and likely implications of different proposals, one wonders whether this is some cobbled together deal in relation to higher education funding. Whilst overall we might end up with additional scholarship options for some students, what will be the overall consequences in relation to access and equity within the system as a whole?

A number of previous speakers have highlighted that they understand that this scheme has significant advantages in relation to access and equity, that it assists many students who face issues that would affect their access to the system, and that it helps to preserve the participation of those students within the higher education system. It may not be the most effective finance but, if students understand the circumstances of the arrangements they are making, in some respects it is probably better than the arrangements in relation to credit card finance that I was forced to enter into when I was a student. But we do not know what is going to happen to those students in the future. If we close off access to schemes such as this for the thousands of disabled students who currently participate in them, what will their alternatives be? Will the Independents propose that special scholarships be made available to students with disabilities? Will the Independents propose special arrangements for students who have no other source of income but are forced to withdraw from their ordinary source of income in order to meet the requirements of their course? Alternatively, will we just allow the market to prevail?

This is one of the options that help people from disadvantaged backgrounds to maintain their participation in higher education. We know that from the demographics of the people who access this finance. All of the

senators who have referred to the amount of correspondence that they have received from students know that many students are concerned about losing this option. Let us not patronise these people: they do know that, in terms of effective finance, this is not necessarily the best option, but it is the one that meets their circumstances at the time. In some respects I suppose that that is an interesting point. This is the government that is the champion of choice, yet it is patronising those students who have chosen to go down the path of this scheme. That is an informed choice, but the government is saying, 'No. We shouldn't keep it available.'

As I have said, Labor accept that there are problems in this scheme. It can and should be improved. We are proposing amendments that will deal with some of those issues. I query, though, why these concerns about how the scheme has been operating are a more recent phenomenon. Why have we been looking at people's complaints about the advice they have been given by Centrelink only in more recent times? Why is this not an issue that has been brought to the attention of our offices over the last few years since market finance issues became more accessible? I wonder whether to some degree some of the problems here relate more directly to Centrelink.

Our amendments would deal with those matters. At the same time, we would deal with some of the issues highlighted by the Democrats and the Greens through what we have already proposed in our Aim Higher policy. In that policy, there is a step towards reducing the age of independence. Also, making rent assistance available to students is a significant increase in income support circumstances. I certainly know that, if that had been available in my student days, it would have made a significant difference to my personal circumstances. That has been

the response to those proposals that Labor have received from many students.

That will give students more options, but the critical test about access and equity within higher education is one that needs to be applied. Of course, that test needs to be applied to the whole higher education debate and that is why we need a detailed consideration of whatever deal ultimately comes before the Senate. Further to that, that test needs to be considered in relation to this scheme—and to the moves that are afoot by the government to limit the options that are available to students—in an isolated context rather than as a component of the overall debate. Again, I support the Democrat second reading amendment because that is what it calls for. We need a comprehensive and fundamental review of the income support arrangements for students. Labor have made some steps towards improving circumstances for students but, at the same time, the whole system needs to be reviewed.

Senator PATTERTON (Victoria—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (12.38 p.m.)—I thank honourable senators for their contributions to the debate on the Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and the Student Assistance Amendment Bill 2003. I remind senators that this scheme was brought in to assist students when we had the recession that we had to have in 1993, when interest rates were 17 per cent and when students could not get loans. That 17 per cent figure is probably very conservative because students who wanted a loan would have had to look for the riskier sorts of loans. That is the history of the scheme, and we need to put that in context. It is now time to close the Student Financial Supplement Scheme. It is not easy to turn off programs, I understand that. It is not easy to stop something. That is

where Labor went wrong: it could never ever say no and what did it do? It got us into \$10 billion of debt in its last year and added \$60 billion to the debt over the 13 years it was in government.

The scheme that we are talking about is costly not only to the taxpayer but also to the borrowers who are using it in ever decreasing numbers. The Student Financial Supplement Scheme is poorly targeted and, as I said, badly outdated because it was developed for a time when we had interest rates of 17 per cent. It is a debt trap for students. People on the other side go on about some of the programs that are in place, when people receive an overpayment. This is a debt trap. The scheme has already created over \$1 billion of bad or doubtful debt that the Australian taxpayer may never see repaid. There is \$1 billion of debt in the system already. The scheme is costing the taxpayer \$55.9 million every year. Students do not want the scheme and, as I said, are using it in significantly decreasing numbers. The Australian Vice-Chancellors Committee does not support the scheme, and the National Union of Students has opposed it since it was first proposed.

The Student Financial Supplement Scheme was created in a different economic era under Labor. It has outlived its usefulness, and sound and responsible management requires that it be abolished. Also, responsible management in ensuring that students are not put into a debt trap is another reason for it being time to close the scheme. The Australian Government Actuary has estimated a doubtful debt rate of 56 per cent for loans made to students receiving FaCS payments and 84 per cent for loans made to students receiving DEST payments. This means over \$1 billion of debt will never be repaid to the taxpayer. That is an unacceptable outcome for the taxpayer.

The design of the financial supplement loan includes a requirement on students to trade in or give up \$1 of their income support entitlement for \$2 of loan payment. It seems good at the time: you give up \$1 and you get \$2 of loan payment. But the catch is that both the \$1 traded and the extra \$1 via the loan have to be repaid. So you have to repay the \$1 you would have received for nothing. So you end up with a debt for the \$1 that you would have received. It might have been a good scheme when you had interest rates under the Labor Party and Mr Keating—I am not sure whether he was Treasurer or Prime Minister at the time, but he had his hands on the levers. But it is a disastrous scheme. Why would you offer to give a student \$2 by taking \$1 from their income support and add that \$1 into the debt that they accrue? In taking up the loan, the student gives up \$1 that was essentially their own money and down the track they have to pay back the \$1 that was provided by the loan plus indexation to government. It is almost *Alice in Wonderland* stuff now compared with what they are able to do out in the open market.

The government are closing the scheme and we have been saying to students that they should keep their student assistance entitlements and not accrue them as a debt that will hang over their heads for years before being paid back to government down the track. Under the Student Financial Supplement Scheme some 7,800 students have accumulated over \$20,000 each in debt—\$10,000 of it was money that was theirs, which they gave up, before they entered into this stupid scheme. A former student with a supplement scheme debt of \$28,000 who earns \$35,000 is going to have that debt for 40 years before it is fully repaid. A graduate who finishes their studies at 25 with a supplement loan of this size could be in debt to the government until they qualify for the age pension.

This is an outrageously stupid scheme which is totally outdated. It is a bad deal for students, and they know it. Students are recognising it and leaving the scheme. It is a bad deal for the taxpayer. As I said, we expect that we will not be able to recoup about \$1.2 billion of bad debt. So it is bad debt for students and bad debt for taxpayers. In a press release of 24 April, in response to the government's announcement to close the scheme, the Australian Vice-Chancellors Committee said that it had outlived its effectiveness. The National Union of Students said:

The National Union of Students opposed the Student Financial Supplement Scheme because it placed students in a debt trap.

They have opposed the scheme since it was introduced. The writing is on the wall: it is time for the Labor Party and the minority parties to make a decision. We have advised the students that the scheme will be closed down. They know about it. It is important that we do not have a system which is bad for students and bad for taxpayers. It is not defensible to continue a scheme like this which is costing the taxpayer money and also putting students into that level of debt—some students have a debt of \$20,000. It is unconscionable and unacceptable and the government call on the Labor Party and members of the minority parties to think carefully about the scheme to ensure that we close it so students do not get into such debt. It is a scheme that may have been okay once but has now outlived its usefulness.

Debate interrupted.

MATTERS OF PUBLIC INTEREST

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

Health: Emergency Treatment in Hospitals

Senator JOHNSTON (Western Australia)
(12.45 p.m.)—This afternoon I wish to talk about the ambulance and medical emergency treatment crisis abroad in my home state of Western Australia since the election of the Gallop government. In the last financial year, Perth's major teaching hospitals have been on ambulance bypass for a total of 91 days. In August this year, all three of Perth's teaching hospitals were simultaneously on ambulance bypass 18 times. This is a 50 per cent increase since August last year when there were 12 such occasions.

This situation is totally unacceptable for Western Australians and indicative of a chronic incapacity of the state government to achieve acceptable levels of delivery of health services in Western Australia. To give senators a clearer picture that this is not something that has developed over the past 12 months, I point to the facts of the matter. In the first 12 months of the Gallop government—2001-02—Western Australian teaching hospitals were on ambulance bypass for a total of 2,090 hours. Sadly, that increased in the last financial year by yet another 100 hours to 2,190 hours.

The term 'ambulance bypass' is the term to describe a critical circumstance where a Western Australian teaching hospital resolves not to receive into care any ambulances with sick or injured patients on board, thereby requiring them to queue outside until they can be seen in the emergency department. This not only places the patients and the ambulances at risk, it also ties up ambulances that are needed to respond to emergency call-outs. The seriousness of this situation was illustrated in August when, for eight hours, there were up to five ambulances at a time queuing outside the Royal Perth Hospital. The emergency departments in Western Aus-

tralian teaching hospitals are unable to cope, not because of the dedicated staff who man these departments—who almost always perform way above and beyond the call of their normal duty—but because of the incompetence of the Western Australian government and the bureaucratic administrative hierarchy it has installed.

Immediately following his election, Dr Gallop dismissed many of the highly experienced and highly capable senior administrators in the state's health department and replaced them with apparatchik appointments. These appointments, to put it mildly, have not been a resounding success. Appointments made for purely political reasons rarely are successful and you would have thought that, after the blatant politicisation of the Public Service by successive state Labor governments in the 1980s in Western Australia, they would have learnt their lesson—they haven't. The lack of sensible and pertinent advice by the hand-picked bureaucrats to the hapless minister for health—as he then was—has meant that Premier Gallop had to sack this minister and install a new minister in a desperate bid to retrieve the situation. This rearrangement of the deckchairs has failed to improve the circumstances of health in WA. In short, time is up for Premier Gallop and he must do what he promised to the people of Western Australia prior to the last state election. What he promised was one of the most outrageous pledges and complaints about health that the state has ever seen. He said:

When ambulances are forced to drive the streets of Perth to find an emergency ward that can take patients, that is a crisis ... I call it a disgrace, and if Richard Court can't fix it, I will. That is a quote from Dr Geoff Gallop's campaign launch speech of 4 February 2001. In a study published recently in the *Emergency Medical Journal*, two senior doctors from Royal Perth Hospital spelt out the bad news

to Dr Gallop. In capital letters and with a clear message they said that the situation in the emergency department at the hospital was worse than a disgrace, it was a disaster. They said:

We consider this situation of emergency department overcrowding to be a disaster, one now occurring daily and deteriorating.

St John Ambulance has confirmed that in August this year patients waiting to be treated in emergency departments were left for 80 hours in the backs of ambulances outside the doors of Western Australian teaching hospitals. This practice of having ambulances with sick and injured patients on board and unable to access hospital emergency departments because of their bypass status is known as 'ramping'. St John Ambulance has also confirmed that the time hospitals stay on bypass status varies from a few minutes to, quite incredibly, more than a day.

On Monday, 15 September this year there was an instance where for more than an hour five ambulances were ramped—one behind the other—outside the doors of the emergency department at the Royal Perth Hospital whilst that hospital was on bypass. A total of 50 patients spent part of this day in the back of ambulances outside hospitals. A senior clinician at this hospital has come out publicly—albeit anonymously—and said that if meaningful operational solutions were not developed quickly, then patients would be ramped for even longer. He said:

While politicians are seeking populist solutions, ones that will keep them in a favourable public perception, we will never find solutions to these problems.

In short, this is a disgrace, and Dr Gallop should hang his head in shame. He can talk the talk like he did prior to 2001 election, but when push comes to shove and he has to deliver on his rash promises to the ill and infirm of Western Australia, he certainly cannot walk the walk. What really shocked the

health professionals at Royal Perth Hospital was that when the newly appointed Minister for Health, Mr McGinty, was asked by the media to comment on the situation, he snapped back at them and said that the reason there was ramping at Royal Perth Hospital was because the RPH staff were not as efficient as staff at other hospitals. The *West Australian* newspaper, responding to that statement, on Thursday, 18 September reported the staff response:

A senior staff member from RPH Emergency Department, who did not want to be named, said staff were fuming.

The article went on to say:

Saying there will be no ramping is like saying there will be no sunrise tomorrow. Has the man just gone barking mad?

AMA emergency medicine spokesman, Dr David Mountain, has said:

We have a system that has been under-resourced and under-financed for some time and we are seeing the effects of that.

I don't see it has being a productive way of spending our time saying whether one hospital is better than another.

The multiplier effect of the Western Australian government's inability to manage the operations of the emergency departments at its major teaching hospitals results in far too many ambulances parked on hospital ramps, patients on board and going nowhere. The problem is further exacerbated by the health department having in place a system that only allows for one ambulance provider—namely, St John Ambulance.

St John Ambulance service is telling the Western Australian government that it cannot cope with the inadequate funding that is provided under the terms of its contract. Deputy Chief Executive of St John Ambulance, Mr Tony Ahern, said on Thursday, 13 November:

WA's ambulance service is facing a financial crisis that could soon result in no vehicles being available to attend an emergency. Insufficient funds had already forced response times on emergency calls to blow out and the situation would get worse without more money. St John was only just meeting its contract requirement to respond to priority one calls—the highest level of emergency—within 10 minutes. Without an extra \$8 million, response times would continue to grow.

The Western Australian government has responded to this crisis in the provision of ambulance services by slashing the amount it pays for each priority one call to the ambulance service from \$426 to \$399. This is a disgrace. In the circumstances of the pressure on this ambulance provider, to reduce the priority call one fee in the face of the ramping and the bypass is unbelievable. Premier Gallop should be called to account. This ambulance provider, within the confines of its contractual obligations and reduced funding, generally does a magnificent job. However, when its fleet is being continually caught up in a bypass situation, where the vehicles are often forced to park and be idle, unable to respond to calls for emergency assistance, it is a recipe for disaster. St John Ambulance has confirmed that up to one-quarter of its fleet can at any time be delayed at hospitals, either waiting around to release patients or caught up in the merry-go-round of ambulance bypass. Mr Ahern further said:

Ambulances were being called away from less important jobs to attend emergencies, were being caught in traffic congestion and having to respond from greater distances because there were not enough ambulances on standby.

Recently there was a tragic occurrence. A Warnbro man died of a heart attack waiting for a St John ambulance to arrive. It took 29 minutes for an ambulance to reach him. The ambulance originally dispatched was involved in an accident en route and the only way that St John could respond was to find another available ambulance. There were

none in the metropolitan area so they dispatched an ambulance from outside the metropolitan area, from Mandurah—which is a regional town some 40 kilometres south of Perth—to respond to this emergency call. By the time the ambulance got to this man, he had passed away.

What makes this incident ever so much more tragic is that whilst the St John Ambulance service had to travel from the distance of Mandurah, there was another ambulance service provider, under the name of Advance Life Ambulance Service, just three kilometres away from the deceased person's home, which is where he was. This tragic incident has highlighted the state government's ineptness in dealing with the provision of ambulance services. The Advance Life Ambulance Service was in close proximity. However, St John confirmed that it could not pass the job on to this company due to the terms of its contractual obligation with the Western Australian health department. Unfortunately—and in my opinion unfairly—St John Ambulance has been portrayed by the Western Australian media as the villains in this sad chain of events. The problem rests fairly and squarely on the shoulders of the Western Australian state government. They have a policy in place that precludes another ambulance provider from servicing the health department.

Health is on the record as an election commitment by the Western Australian Premier. It is now self-evident that this commitment was hollow electioneering of the very worst and callous kind. Review after review seems to be the way forward for the Gallop government. There have been over 40 reviews of health since they won office in 2001. That is almost one review every two or three weeks. How much are these reviews costing? No-one knows, as Minister McGinty and his spin-doctors are somewhat coy in providing specific details to the state

parliament. Questions have been asked. However, the answers are less than conclusive, with the ubiquitous response that the costs of these reviews are being met out of the allocated health department budgets.

The latest major review was thought to be beyond Labor's hand-picked health bureaucrats in Western Australia, so they brought in some 'wise men from the east' to see what they think. They have contracted Professor Michael Reid of the University of Sydney to conduct a fresh review. He commenced in March this year and is due to report in March next year. The first discussion paper to be developed by the good professor was released several weeks ago. It recommends that each of the major teaching hospitals should be specialist centred with, for example, RPH to be the cardiac specialist centre, and with the other cardiac units at Sir Charles Gairdiner and Fremantle to be closed down. This is a complete about-turn to the policy and practice direction within these hospitals over the past few years, and fits well with Labor's mantra for all things—that is, to centralise services and make the people come to the services rather than taking the services out to the suburbs, where the people are. The doctors who operate our health system have been left out in the cold. AMA state president Brent Donovan said there was no evidence that single trauma units worked. The proposal to bypass Fremantle Hospital for major trauma and heart patients was a recipe for disaster. He said:

However you look at this proposal, it represents a real downgrading of services. All of our hospitals need to be able to offer a comprehensive service, rather than be based on a model from the 1970s, when we had specialist centres. The single major trauma unit doesn't address the areas of great need in the northern and southern corridors.

It is now patently clear that after 40 reviews, Dr Gallop and his tired team cannot solve the health crisis they have created in Western

Australia. It is time they stood aside and handed over responsibility to someone who can. The prophetic words Dr Gallop uttered in February 2001 have come back to haunt him. He has not even come vaguely close to administering the provision of health services in Western Australia competently. He has elevated what initially was termed by him as a 'crisis' in health to a fully blown, state-wide disaster. I remind senators of what he said:

When ambulances are forced to drive the streets of Perth to find an emergency ward that can accept patients, that is a crisis. I call it a disgrace, and if Richard Court can't fix it, I will.

He has not fixed it. He has compounded it. It is truly a disaster, and a national disgrace.

Health: Hepatitis C

Senator HUTCHINS (New South Wales)

(12.59 p.m.)—I rise today to discuss the issue of hepatitis C and the thousands of Australians who have contracted hepatitis C through blood transfusions. Hepatitis C is an illness which can be life threatening and which can steal people's ability to live fulfilling and fruitful lives. In light of its serious effects and the justifiable expectation that the blood supply is free from contamination, those individuals who have contracted hepatitis C as a result of medical treatment are in an exceptionally unfortunate situation. Their own lives and their families' lives have been damaged by the inability of the relevant authorities to ensure that blood donors do not have serious illnesses which are transmissible.

The British government has recently announced that it will provide up to £45,000 in compensation to victims of tainted blood. It is a brave step by the Labour government to compensate those who have been infected, but it is a step which reflects a compassionate approach to the problems faced by those

people who have contracted a very serious illness.

It is entirely reasonable that citizens of this country, too, would expect to be compensated for the failure of the Australian Red Cross and the regulatory framework for donated blood. To this date, however, there have been relatively few settlements, and those settlements which have been made are contingent upon confidentiality agreements which prevent victims from telling their stories. When entering a hospital for treatment, Australians expect the best health care—and they deserve it. There will always be errors and mistakes, but the evidence I have seen seems to indicate that there has been a systematic failure to screen blood properly.

I have asked a series of questions on notice throughout this year, and the answers I have received—many of them belatedly—indicate that there have been times when the Australian blood supply has not been as reliable as one would hope. It has been confirmed that, as at April this year, the Australian Red Cross had notified 2,456 people of their potential exposure to hepatitis C as a result of a blood transfusion. Support groups for recipients of hepatitis C infected blood suggest that the number of people exposed is considerably higher—perhaps in the tens of thousands or more.

Since 1995, years after screening for hepatitis C was introduced, 13 incidents of hepatitis C infection as a result of blood transfusion have been detected. Those 13 incidents resulted from the blood of seven donors. One Queensland woman unknowingly infected with hepatitis C donated blood twice in 1995.

Australia is a nation which prides itself on its scientific capabilities. It is a disgrace that our blood supply of the last decade has not been pure. The government is responsible not only for failing to implement effective

measures to prevent this from happening but also for being part of the cover-up. The former Minister for Health and Ageing, Senator Patterson, stated in answers to questions I placed on notice on 26 March that the Commonwealth 'indirectly makes a joint financial contribution' to the settlements made between the Australian Red Cross and the victims of hepatitis C through blood transfusion. The minister also said:

The Commonwealth has provided \$5.47m (including legal and administrative costs) in funding as its contribution to settlements.

I believe that the government's provision of funds for compensation is entirely fair and appropriate, but the manner in which the government has gone about it is wrong on two fronts. Firstly, the payments which some victims of tainted blood have received have been linked to confidentiality agreements. As a result, those people are not allowed to tell their stories or raise awareness among people who received blood transfusions at a similar time or place. In my opinion the confidentiality agreements are means to maintain unjustifiable faith in the blood supply as it was in the early 1990s. The government, by at least partly funding the settlements, is complicit in this cover-up.

Secondly, Senator Patterson, in answering questions I placed on notice, would not provide any details of the settlements. She would not say how many settlements have been made in total or in each year from 1997-98 to 2002-03. Details of these settlements have failed to be provided. The Department of Health and Ageing and the Howard government have contributed to the cover-up, because they are stopping the free flow of information on a very important issue. The purity of the blood supply has the potential to affect tens of thousands of Australians each year, yet the government has funded settlements which result in prevent-

ing awareness of the risks Australians face when receiving blood.

The potential causes of hepatitis C infected blood are manifold. Through my questions on notice to the then minister for health, the sources of blood and blood products have become clearer. Senator Patterson stated:

For plasma derived products, Australia has not been fully self-sufficient in the past ...

I have been provided with a list of blood products which have been imported mainly from North America and Western Europe. Senator Patterson also said:

Prior to 1 July 2003, the ARCBS managed arrangements relating to the importation of fresh blood products ...

It is entirely inappropriate that the government does not keep records of the types, amounts or sources of blood which is to be used in the treatment of Australian patients. It appears that a lack of records is entirely normal when it comes to the government's handling of blood. Again, responses to my questions on notice have shown that the government cannot ascertain how many women have been exposed to hepatitis C infected blood during childbirth. In fact, no studies of that kind have been carried out.

I would suggest that the safety of children when first coming into this world should be one of the highest priorities of any government. If there is even a slight possibility that children have been infected with hepatitis C during birth, the Department of Health and Ageing should initiate research into the likelihood, effects and consequences of infection. This is a serious issue. I have spoken to men and women who have contracted hepatitis C as a result of blood transfusions, and they have told me of the effect it has had on their lives. It has damaged their ability to live as they did before their illness. It has prevented many of them from working, and

some of them may die as a result of their infection with hepatitis C.

I have spoken previously in this place about the late introduction of surrogate testing for hepatitis C in Australia. The Australian Red Cross introduced surrogate testing in 1990, well after the test became available in 1986. It is concerning enough that a simple and relatively inexpensive test was not implemented as soon as it was available. We will probably never know how many people were infected with hepatitis C as a result of that four-year delay in introducing surrogate testing. But more than that: it is becoming clear that, even after the introduction of surrogate testing, men and women around Australia were exposed to a life-threatening illness while they were provided with blood as a result of another medical problem.

We know that there have been at least 13 infections since 1995—five years after the test was introduced. We know that the government has provided funding for the payment of settlements to the victims of some of these infections, yet the victims themselves cannot tell us the circumstances of their infection because of the confidentiality agreements required of them. We know that the government has spent over \$5 million funding those settlements, but we do not know how much has been spent in each year, nor do we know how much individuals have received, on average, to compensate them for their misfortune.

We know that the British government has had the courage and compassion to provide compensation to all victims of hepatitis C infection through blood transfusion. We also know that the Canadian, Scottish and Irish governments either have or are committed to providing compensation to the victims in their respective countries. We know that women have been infected with hepatitis C during childbirth, but we do not know how

many, nor do we know whether their children have been infected. We know that the Australian blood supply is not entirely derived from within Australia, that blood products and fresh blood have been imported to meet demand in the Australian health care system. It is about time we knew the full story.

I am pleased to have secured the support of the Senate for the Senate Community Affairs References Committee to inquire into these matters. It will be an opportunity for all of those Australians who have been infected with hepatitis C through standard medical procedures to discover how it was allowed to happen to them. Submissions from individuals around the country have already been received. It is only fair that they be allowed to tell their side of the story and that they be given the opportunity to hear the responses from groups like the Australian Red Cross and CSL Ltd. I will endeavour to ask those questions needed to get to the bottom of this issue. It is only right and fair that people who have contracted hepatitis C through blood transfusions have their questions answered. We have been kept in the dark for a long time; I hope this inquiry can shed light on the reasons why people were exposed to such a serious illness and can find a way to ensure that it does not happen again.

Indonesia: Relationship with Western Australia

Senator EGGLESTON (Western Australia) (1.10 p.m.)—As a senator for Western Australia and someone with a longstanding interest in Indonesia, I would like to use this opportunity to make some comments regarding Western Australia's relationship with Indonesia. Western Australia and Indonesia are in close geographical proximity, especially with respect to the north-west of the state. The capital of WA, Perth, is just a 3½-hour flight from Indonesia's capital, Jakarta;

but Port Hedland, where I have lived since 1974, is a mere 1½ hours away by jet from Denpasar, the capital of Bali.

Since 1993, the Indonesian government has had full consular representation in WA. Indonesia was one of the so-called Asian tiger economies between 1985 and 1996. It experienced an annual economic growth rate of more than seven per cent. However, Indonesia was particularly hard hit by the Asian financial crisis of mid-1997, and its economy is still slowly recovering from that setback. The World Bank predicts that Indonesia's growth will be 3.5 per cent this year. Worryingly, foreign investment in Indonesia is stagnant, with concerns over legal uncertainty, the new policy of decentralisation and how that will impact on the governance of Indonesia, the slow pace of economic reform and Indonesia's security environment. Indonesia is the world's fourth most populous nation, with an estimated population in July this year of 234,893,453—which seems terribly exact to me, but there we are. Although 58 per cent of the population live on less than \$2 a day, 30 million people—which, after all, is 1½ times the population of Australia—are middle class and have a high level of disposable income, presenting obvious opportunities to Australian exporters and business.

Western Australia and Indonesia have established strong and profitable trading relationships which have weathered, very largely, Indonesia's economic woes. WA was one of the first states to establish a trade office in Indonesia. It was established in Surabaya, and a second office was subsequently established in Jakarta. The Jakarta office is now the major office. The trade offices play an important role in identifying export and investment opportunities, promoting Western Australian products and expertise, and helping to assist trade missions.

In 2002-03, WA and Indonesia undertook bilateral trade of almost \$2.2 billion. Western Australia has a trade deficit with Indonesia, with exports of \$660 million and imports of about \$1.5 billion. This represents a decline in exports of \$134 million and an increase of imports of \$522 million on the previous year. Western Australia imports more from Indonesia than it does from any other country. By way of contrast, Indonesia is Western Australia's ninth most important destination for exports. In 2001-02, one-quarter of Australia's merchandise exports to Indonesia came from Western Australia, and there are significant complementarities between both economies, with each having large resource and agricultural components.

Indonesia is an important destination for Western Australia's agricultural exports and is, in fact, the state's third largest agricultural export market. The state's agricultural and fishery exports to Indonesia had a value of about \$487 million in 2001-02, an increase of 74 per cent over the value of exports in 1997-98. A large component of Western Australia's agricultural exports to Indonesia is made up of wheat and livestock. In 2001-02, 72 per cent of all Australian wheat exports to Indonesia consisted of Western Australian wheat, with a value of \$381.6 million. In the same year, Western Australia exported \$65 million worth of live animals—mostly cattle—to Indonesia, largely from the northwest ports of Port Hedland and Wyndham. Over 90 per cent of all sugar produced in Western Australia is exported to Indonesia. Other Western Australian agricultural exports to Indonesia include dairy products, seafood, fruit, vegetables and fresh juices.

WA's close geographic proximity to Indonesia and Indonesia's growing population present a unique opportunity to expand agricultural exports. Indonesia's agricultural sector is currently incapable of meeting domestic demand and, as Indonesia has been re-

covering from its economic difficulties, agribusiness has been undergoing an expansion. For the past few years, the Focus Indonesia project has sought to promote Western Australia's agricultural produce, including by inviting Indonesian buyers to Perth so that they can see the quality of our agricultural produce first-hand. This program has been very successful.

The Western Australian and Indonesian ministries of agriculture have drafted a memorandum of understanding which aims to enhance cooperation between the two parties in the sphere of agriculture and to build Indonesia's capacity. According to the WA Department of Agriculture:

The focus of the MOU includes training and education, livestock development, horticultural development, promotion of joint ventures and collaboration in quarantine.

A current example of such cooperation is the seed potato project, managed by the WA Department of Agriculture and the East Java department of agriculture. Traditionally, Indonesia has not been an area of high demand for potatoes, but the increasing popularity of fast foods—the McDonalds invasion, I guess it could be called—has witnessed a growing demand for potatoes. Western Australia has been able to capitalise on this by supplying potato seeds from the Pemberton and Manjimup region to farmers in East Java. This has been in conjunction with a program to assist Indonesian farmers to improve both the quality and quantity of their yields, including by sending scientists and Western Australian farmers to Indonesia to provide on the ground expertise. That has been a very successful program.

The Western Australian Department of Agriculture has also been assisting Indonesian importers to improve the management of cattle feedlots. According to the Department of Agriculture:

There are considerable opportunities for Western Australia to participate in the supply of breeder stock, feeder and slaughter cattle; feedlot management; abattoir, meat handling and butchering equipment; and education and training programs. There are also opportunities for Western Australia to increase exports of beef and poultry, game meats, offal, mutton, goat and lamb—

again, of course, to Indonesia. Santori, an Indonesian-Australian joint venture company, has two feedlots in Indonesia, with a total capacity of 25,000 head of cattle. The company sources cattle from Northern Australia, including from individual cattle stations in Western Australia.

A substantial source of Western Australia's wealth and exports is, of course, generated by the mineral and petroleum sector. Likewise, Indonesia is rich in natural and mineral resources. According to Austrade, Indonesia is one of the most geologically prospective locations in the world. So, along with the United States of America, Australia is one of the largest investors in the Indonesian mining sector. Indonesia's resource production includes oil, natural gas, coal, tin, nickel, copper, gold and bauxite, and mining makes up five per cent of Indonesia's GDP. According to Austrade, in 1999-2000 revenues from the resources sector accounted for about 30 per cent of the Indonesian budget. In 2001-02, the two largest items Western Australia imported from Indonesia were petroleum oils and gold—strangely enough, given that Western Australia itself is a large producer of gold. WA imported petroleum oils from Indonesia with a value of some \$460.8 million, and gold with a value of some \$405.8 million. In the same period, Western Australia in turn exported some \$78 million worth of petroleum products to Indonesia.

There are some large resource companies which have joint interests in Western Australia and Indonesia. These include BHP Billi-

ton, Rio Tinto and, of course, the Western Australian company Clough Ltd, which is a large engineering company. Through its acquisition of Petrosea in Indonesia in 1984, it provides turnkey services to the petroleum, mineral, infrastructure and property industries in that country. Recently the company has been involved in work on an offshore floating production unit for the West Seno oil and gas field development, and for 13 years it has provided construction and mining support services to the Freeport mine in West Papua, Irian Jaya, which is the world's largest and most profitable gold and copper mine. However, along with investment in general, investment in the Indonesian resources sector has declined, according to the WA Department of Industry and Resources.

Indonesia is the world's largest exporter of LNG. Western Australia's North West Shelf Venture contains significant reserves of natural gas, making WA and Indonesia competitors in the export of LNG, especially to the Asian region. In fact, both Indonesia and WA were competing to supply LNG to China's Guandong project, with expected revenues of \$20 billion to \$25 billion over the next 25 years. While the North West Shelf Venture ultimately prevailed in being awarded the contract, Australians should not be complacent about the competition posed by Indonesia.

Education is another area in which Australia plays a very prominent role in Indonesia. We currently have about 18,000 Indonesian students studying in Australia, and I understand that there are some four graduates of Australian universities in the Indonesian cabinet. When one considers the closeness of Western Australia and Indonesia, it is quite obvious that there is great scope for contact between the two countries. We offer assistance in the health area, particularly in ophthalmology. The Lions Eye Institute in Perth has a very well-established training program

for ophthalmologists in Surabaya, which I visited in September last year. There were 40 ophthalmology registrars in training there. Of course there is a great deal of tourist exchange between Indonesia and Western Australia in particular. That is an area where, in the era following the Bali and Marriot bombings, there is great scope for expansion. That applies to tourist traffic in both directions—both to and from Indonesia.

Western Australia and Indonesia have a wide variety of mutually beneficial economic, cultural and social linkages which can be expected to be enhanced as Indonesia's economic and security environments improve. Indonesia is our closest neighbour, and I believe that it is a matter of the highest national priority that we should seek to develop greater understanding between our two countries. There is much we can learn from each other. After all, neither Indonesia nor Australia can change the facts of geography. Developing greater understanding and trade, economic, social and cultural links makes good sense because neither country is going anywhere; we are going to be neighbours for many hundreds of years.

Trade: Free Trade Agreement

Senator CONROY (Victoria) (1.25 p.m.)—I rise to speak on the free trade agreement the government is currently negotiating with the United States of America. In early 2001, when the government first raised with the United States the possibility of entering into negotiations for a free trade agreement, the US administration made it clear that it would only embark on such an exercise if it could be assured that the objective of an FTA had bipartisan support in Australia.

During a US congressional hearing in March 2001, US Trade Representative Robert Zoellick said that he had told his

friends in the Labor Party and the National-Liberal coalition:

... if we approach this, I want to make sure that it's done in a fashion that has bipartisan support in Australia.

Ambassador Zoellick recalled that in 1992 when he was Undersecretary of State for Economic Affairs in the first Bush administration he had advocated an Australian free trade agreement but it 'got caught up in Australian politics'. Of course he was referring to the fact that, at that time, the coalition was sending mixed signals about its support for an FTA. In the event, negotiations with the US did not proceed.

In response to Ambassador Zoellick's call for a bipartisan approach to the FTA, Labor's spokesman for trade at that time, Senator Cook, made it clear that Labor was:

... not opposed to the concept of an FTA with the United States, provided it does not undercut our regional policies and efforts to strengthen the multilateral system.

Labor recognises that an FTA with the US provides Australia with an opportunity to build on its bilateral relationship with the US if—and only if—the FTA is truly comprehensive, covers all sectors of trade between our two economies and provides market access within a reasonable period of time, most notably for agriculture. The Labor Party will only support the FTA if it is a good deal for Australia. The FTA must therefore not undermine the right of Australian governments to make their own decisions in the interests of Australians and our local industries—for instance, in the future delivery of audiovisual products. It must not undermine the ability of Australian governments to provide and regulate essential services in health and education, including the Pharmaceutical Benefits Scheme.

In the light of the potential benefits to Australia from the FTA, the Labor Party has

responded positively to Ambassador Zoellick's request and the government's intimations that Labor provide bipartisan support as the government pursues the FTA negotiations. Unfortunately, however, this bipartisan support by the Labor Party has not been reciprocated by the government. I therefore seriously question the government's commitment to encouraging continued bipartisan political support for the FTA. Both the US and Australian governments have committed to concluding the FTA negotiations by the end of this year or, if that is not possible, at the end of January next year at the latest, with any draft agreement to be considered by the US congress for three months before it is voted on. Both governments want the FTA completed and voted on by congress before the US presidential campaign begins in earnest next year.

Clearly, the government is running out of time, which, given its unbridled enthusiasm for the FTA, significantly reduces the government's negotiating leverage and raises very serious concerns about how much the government will be prepared to give up or give away to get this deal done. Mr Acting Deputy President, you may be aware that Trade Minister Vaile is currently in Washington for further discussions with his US counterpart, Ambassador Zoellick, on the US FTA. Mr Vaile advised in his media release of 23 November that his discussions with Ambassador Zoellick would focus on a number of key outstanding issues that would be 'important in setting the scene and providing further guidance for our negotiators to enable them to achieve maximum progress in their discussions'—which are to begin on 1 December, next week, in Washington.

In anticipation of this final phase of negotiations, I wrote to Minister Vaile on 13 November requesting that in the interests of a bipartisan political approach to the FTA he give serious consideration to the inclusion of

a Labor representative on his delegation travelling to Washington for discussions with Ambassador Zoellick. Labor's inclusion in the delegation for the final phase of negotiations would have sent a very strong positive signal to the US administration that this government is truly committed to achieving a bipartisan approach to the FTA. It would also enable Labor to gain a greater understanding of the negotiating dynamics and those areas where sensitivities may still remain in finalising the agreement. Unfortunately, Mr Vaile denied my request to include a Labor representative on the negotiating team for the final phase of the negotiations. Given the potential impact of the FTA with the US on the future direction of Australia's trade policy and on many areas of Australia's domestic policy, this is a very short-sighted and ill-considered response from this government. Furthermore, it calls into question the government's desire to achieve bipartisan support for the FTA. Inclusion of a Labor Party representative on the delegation would have ensured that the Labor Party was fully briefed on the broad range of issues that the FTA will cover in its 23 chapters. This is not a small discussion and document; this is 23 lengthy chapters.

Many community and industry groups have been extremely vocal in expressing their concerns about what may or may not be included in the FTA. Pensioners and health industry groups have expressed their concerns to me about the potential for the US FTA to impact adversely on the Pharmaceutical Benefits Scheme. The film and television industry have expressed their concerns about the potential impact of the FTA on Australia's local content regulations and the capacity of governments to regulate for local content in future audiovisual mediums to ensure the continued development and promotion of Australian culture.

If this US FTA were being negotiated in 1920, the US's position would have been,

‘Yes, you can keep your local content rules for radio,’ which was the mass form of communication in the 1920s. But the Australian government would have been required to give up any decision-making or regulatory role for local content on television. That is the equivalent of what we are being asked to do today. If it was 1920 we could have had standstill and we could have regulated local content on radio.

Senator McGauran—That’s a straw house argument.

Senator CONROY—‘But we do not want the Australian government to be able to regulate TV in the future’. That is the US’s position, and that should be of enormous concern to many Australians. The farming sector—something dear to Senator McGauran’s heart—has expressed considerable scepticism about whether the FTA will deliver a truly big outcome for Australia on market access in the US, particularly for beef, sugar and dairy, in a reasonable period of time. There are very real concerns emanating from Australia’s wheat, rice and barley producers about the fact—and it is in the papers today, in the *Australian Financial Review* and others—that the single-desk export marketing arrangements such as the Australian Wheat Board are well and truly being targeted by US negotiators. Many other community and industry groups have expressed to me their concerns about the potential implications of the FTA on other areas of Australia’s domestic policy, including labour laws and regulations, environmental standards and the Foreign Investment Review Board. These are very real and valid concerns, given the breadth and coverage of the FTA under negotiation. The depth of the feeling within the community about the potential impact of the FTA on so many areas of Australia’s way of life must be taken into account by Minister Vaile and his team during the final phase of negotiations.

The Labor Party is prepared to continue to provide bipartisan support on the FTA with the US. But this support cannot be taken for granted, particularly if the government continues to deny the Labor Party the opportunity to be kept fully informed of developments on the FTA as they enter these crucial final stages. To maintain bipartisan support for the FTA, in the final phase of negotiations the government must provide to the Labor Party a far greater level of detail than was made available in the final stages of the negotiations of the recently announced Australia-Thailand Closer Economic Relations Free Trade Agreement. A government announcement by press release of a deal with the US is not an acceptable way to keep the Labor Party and the broader community informed of developments. The Labor Party will only support the Australia-US FTA if it is a good deal for Australia—a deal in Australia’s interests, a deal in the interests of our manufacturing sector and our agricultural sector, a deal that maintains the integrity and affordability of our health and education systems, a deal that maintains the diversity and uniqueness of Australian culture and heritage through our arts and entertainment industries and a deal in the interests of our information technology industries to ensure we can continue to build a knowledge based society. This deal must deliver jobs to our communities and be in Australia’s national interests. We will not support a deal that is simply in John Howard’s political interests. We need a deal that is good for Australia, and at this stage we are not having an opportunity to properly assess it because we are not being included by this government. This is leaving us suspicious that what they intend to do is to try to force it down the Australian parliament’s throat and the throats of the Australian community. We stand ready to cooperate and work with the government on this issue. We are very disappointed that they have

sought not to include us. We think it is short-sighted and it gives us a great deal of concern.

Tasmania: Forest Practices Code

Senator MURPHY (Tasmania) (1.37 p.m.)—I rise today to discuss an issue which I have raised in this chamber on a number of occasions: forestry and plantation forestry matters nationally, but particularly from a Tasmanian perspective. There have been many inquiries and debates about forestry in Tasmania, in particular. The Senate Rural and Regional Affairs and Transport References Committee recently conducted an inquiry which received a very great number of interesting submissions, one of which was from a person from Tasmania by the name of Mr Bill Manning, who, unfortunately, was, has been and continues to be vilified for some statements that he made that could not be substantiated. However, the underlying evidence provided by Mr Manning about breaches of the Forest Practices Code in Tasmania and about silvicultural practices employed in plantation forestry and the harvesting of native forests in Tasmania was of great significance. It is important from a national perspective that, if we are a country that alleges that we have world's best practice in our silvicultural practices in the commercial harvesting and use of our forests, that claim is able to be supported. Unfortunately, in Tasmania it is not. And it is not, I have to say, in some other states, but I will deal with the state that I know best—my home state of Tasmania.

In Tasmania we have a Forest Practices Code which has been revised now on at least two occasions. That code of practice relates to the environmental practices that ought to be employed when conducting commercial forestry activities. They are baseline requirements, guidelines. People ought to understand that the Forest Practices Code in

Tasmania is not a legally enforceable document. The only legally enforceable document in respect of commercial harvesting of forests in Tasmania is a timber harvesting plan, which will contain the environmental guidelines that have been extracted from the Forest Practices Code. I repeat that those Forest Practices Code guidelines are baseline: they are the minimal amount of environmental applications that you ought to employ when embarking upon the harvesting of native—and, indeed, plantation—forests.

Bill Manning has worked in forestry, I think, for over 30 years; he worked for Forestry Tasmania and what used to be the old Forestry Commission of Tasmania. He has brought forward suggestions that there has been less than adequate application of the Forest Practices Code—that it is not being followed and that, indeed, in timber harvesting plans the applications for environmental matters have been breached. They are very serious allegations, because this is not a new industry. These matters are not new matters; they are matters that have been around for some time and practices that have been employed and reviewed. It is not as though you would expect that nobody would know about them or that the industry and the workers within the industry would not understand them. They are fairly basic and fairly simple. You do not have to be a rocket scientist to understand the application or to determine whether the application has been adhered to. They are mostly visual applications: they are applications that have been worked out by scientists on the basis of ensuring that this country—and particularly Tasmania—employs world's best practice applications from an environmental point of view in the commercial harvesting of forests.

Bill Manning—along with other people—has been criticised by both the responsible minister in the state of Tasmania and, I might say, a number of people who have responsi-

bility for these matters, particularly in the Forest Practices Board that oversees the Forest Practices Code. Those people have been critical. Yet they have been unable, despite their best efforts, to refute claims that there have been breaches—and they will remain unable because, as I said, these are visual matters. If a person comes along and alleges a breach of the Forest Practices Code in a timber harvesting plan, it is a visual thing: if you cannot see it, it does not exist. This is even acknowledged by the Forest Practices Board, which, I might add, was invited to appear before the Senate Rural and Regional Affairs and Transport Committee but was refused the right to appear by the state minister. He chose to send to the committee a written response. The committee had no opportunity to ask questions to determine the veracity of the claims. They were happy to see other witnesses appear before the committee. It was a gutless effort on the part of the state government of Tasmania not to allow the representatives of the Forest Practices Board to appear before the committee. It is also interesting to note that, when questioned by the media, the chairman of the board, the Secretary of the Department of Primary Industries, Water and Environment, Mr Kim Evans, seemed unable to answer fundamental questions about the application of the Forest Practices Code.

It is crucial, from a national perspective, that when we begin to develop a view about plantation development we have an understanding of how native forests, in particular, are harvested and how the obligations under regional forest agreements are being met in respect of environmental applications. If we do not do that, and if we do not take account of issues such as water quality, soil erosion et cetera—and have an understanding of those issues from the very start of the process—then we will never get this type of application right. We must understand that environ-

mental applications have been determined by scientists and experts in the area of the relevant applications. They have come up with a code of practice for environmental measures; if we do not understand that that should be adhered to and applied rigorously, then the state government of Tasmania, particularly, and this parliament have failed to ensure that the forest industry of Australia is developed in a way that is (a) sustainable and (b) world's best practice. Right now it is not.

I will go in a slightly different direction. I was in Papua New Guinea recently and I was looking at the plantation development of oil palms. The practice they have employed there in clearing native forest for the planting of oil palms is interesting. They are clearing native forest and old coconut plantations and replacing them with oil palm plantations. One would have expected to see a worst-case scenario in a country like Papua New Guinea, which has had a history of having its forests raped and pillaged by other countries, but I could have taken a photo in a forest not far out of Kimbe in West New Britain—which was bad enough—and replaced it with a photograph from Tasmania. If I had shown the two photographs to people and asked them which one was better they would not have been able to tell. It is just outrageous that, in what is supposed to be a developed country, we are wasting incredible amounts of resources and employing environmental practices in respect of commercial forest activities that are not even up to scratch with some that are being employed in third world countries, let alone getting us close to what should be world's best practice.

As I have said before, it is important for this parliament—and it is important for the government—that we get this right, in ensuring that Tasmania and Australia have a long-term, sustainable forest industry. If we do not, history has shown that political parties will, when they feel it is necessary to attract

a percentage of votes to get themselves into government or remain in government, take action to lock up more areas of forest and protect more areas of land to placate what is essentially seen as the green or conservation vote. That is not something that would serve the interests of a forest industry well but it has been the common practice in the past.

Despite a lot of rhetoric with regard to industry development, there has been no plan. I know that the 2020 vision strategy for plantations sounds good. And the trebling of the amount of plantation that is available to industry in this country sounds well and good. But in reality the ad hoc approach that has been taken is fundamentally wrong. The great bulk of plantations that have been developed so far have not been developed with the long-term interests of a manufacturing industry in this country in mind.

The great bulk of the plantation companies involved in the sector have been planting trees on the basis that they will export the logs or the woodchips. There have been few, if any, plantations developed with a long-term manufacturing industry in mind. That is a very sad thing because at some point in time—and I think that time is not too far away—we will come to realise what a terrible mistake we have made. I notice the minister is in the chamber. I say to the minister—and I have said this to him before—that at some point in time a government will have to wake up to this fact and take some significant steps. They will be hard steps. And the longer we wait, the harder the steps will be. I again urge the government to see beyond the rhetoric of state governments, like the government of Tasmania, and look at the long-term interests of the forest industry. If they do not, in the very near future we will see a further compromise on the part of a government or a political party at a federal or state level—and industry will suffer yet again.

Trade: Free Trade Agreement

Senator McGAURAN (Victoria) (1.52 p.m.)—I feel I have been provoked enough to respond to Senator Conroy's address to the chamber about the Australia-United States Free Trade Agreement. Senator Conroy had his reasonable face on today, building this straw house of Labor support for the FTA and then, naturally, blowing it down. I know it is probably not Senator Conroy's fault—he may have been pushed into the chamber to speak on this matter—because we know Senator Conroy has a record of supporting the United States in all matters, let alone a free trade agreement. In his heart of hearts he happens to support it. But he has fallen for the trap set by his colleagues, building this straw house of reasonableness and then blowing it away.

Only yesterday in question time, this government was attacked from pillar to post with regard to selling out our cultural heritage. During question time after question time we have been attacked on our negotiations with the United States on the free trade agreement. People say that we are selling out Australia's culture. People say that we are negotiating all the Australian artists, film-makers, actors and actresses down the drain. The point is that they have picked and pulled apart this agreement. If that is the sort of support you are giving us, who needs it? No wonder you have not been invited to the negotiating table. I never heard the Labor Party once attack this government on its successes in the free trade agreement with Thailand that was signed recently. There was not one question on the free trade agreement with Thailand or, for that matter, on the one with Singapore.

It is all about our free trade agreement with the United States. Why? Because on all things to do with the United States there is an underlying anti-US sentiment within the La-

bor Party. There are very few in the Labor Party who will stand up—Senator Conroy is one who will—and defend our relationship, whether it is to do with economic issues, security or other issues. Whatever our relationship is with the United States, most of the Labor Party are against it. We see it again with the free trade agreement. Australia is a great trading nation. What could be more in our interests when it comes to trade than striking up a special relationship with the biggest economy in the world, the United States? You cannot see it; you do not want to see it. I do not want to be like my good colleague Senator Mason, but there is a throw-back—and he would agree with me—of anti-US sentiment right back to the sixties generation which populates the crossbenches.

As I said, Senator Conroy built this straw house; in fact, he had the gall to say that Senator Cook was the first to have the idea of a free trade agreement with United States. If ever there was a straw house to be blown down, that is it. He made the point that they would be more in agreeance with the free trade agreement if only we let them come to the negotiating table. This sort of thing does not happen; you do not invite an opposition in on negotiations, particularly at this delicate point and particularly when they have railed against the free trade agreement. I do not remember Senator Cook, when he negotiated the world trade agreement that we signed up to—which I give him credit for; if more of the credit was given to him from those on the other side, he would not be sitting so far back in the trenches—inviting opposition members to the negotiating table. Senator Cook had a lot to do with Australia's agreeing to the world trade agreement; he negotiated it. Never was there an opposition or coalition member part of the negotiation for that agreement.

Moreover, those on the other side are the absolute world champions when it comes to

making secret agreements, such as the defence agreement that was made with the Indonesians. I will tell you how secret that was: that was not only kept from the opposition, the parliament and the Australian public; it also was kept from the very government of the time—from all the members of the Labor government. I think it was just signed by the defence minister of the time—whose name escapes me; I do not think it was Senator Ray, although it may have been—and the then Prime Minister, Paul Keating. Talk about a lockout! A very important defence agreement made with our nearest neighbour, Indonesia, at a very sensitive time, when East Timor was still under Indonesia's domination, was signed, and no-one knew about it. It was just dumped on the table. Of course, the moment we got into government we found that that agreement was built on sand, and it fell through the quicksand. So do not come in here and say that we are locking you out of the free trade agreement.

Why don't you support us more in our endeavours to deal with the biggest economic nation in the world? I know Senator Conroy is under pressure to show a bit of anti-Americanism. We know he is so pro-American that he could not get to President Bush's hand quickly enough to shake it, along with a few others. When those opposite are faced with the leader of the free world, they seem to change their colours. Senator Faulkner, I think, even shook President Bush's hand, and was happy to do so. Yet he comes in here and rails at the cultural measures, the economic measures and the security measures that the most powerful nation in the world is taking. Well, we state that we are happy to be friends with the United States and we were happy to entertain President Bush when he came here. I know Senator Conroy was overjoyed; he may not even have washed his hands since. He had a

few quite words with the President, which I will not divulge, but they were very friendly indeed.

QUESTIONS WITHOUT NOTICE

Trade: Free Trade Agreement

Senator CONROY (2.00 p.m.)—My question is to Senator Hill, representing the Minister for Trade. Now that Minister Vaile has met with US Trade Representative Zoellick and revealed Australia's bottom line in the negotiations, will the government inform the Australian public what the government has already told the US representative? Has the government told the US administration that the Pharmaceutical Benefits Scheme is off the table? Has the government insisted that phase-in time for access to United States agricultural markets should be no longer than five years, as argued by the NFF? Has the government made it clear that Australia insists on reserving the right to protect Australian cultural content in relation to new media, film and television? When will the Australian people be told what this government is willing to trade away?

Senator HILL—The short answer is no, we will not disclose our negotiating position because the idea is to get a good outcome for Australia. We will require some concessions in order to provide greater access to the US market: therefore increased growth in the Australian economy, therefore more jobs for all Australians, therefore more benefits in health, education and everything else that I would have thought the Australian Labor Party thinks is important. It was my misfortune to hear a little of Senator Conroy's speech a few minutes ago. It was typically negative—the typical carping of the Labor Party. There was not one positive, constructive comment that he had to make. Basically, it was just knocking every constructive suggestion that had been put by the government.

Where is Senator Cook? Senator Cook used to advocate free trade and opening up markets. And what did he get for it? They sacked him. They sent him up to the back bench. They brought Senator Conroy down to the front bench and what is he prepared to contribute towards a debate on freer trade? All he will do is dictate what cannot be conceded. The question for the Labor Party is: what would they concede? Or is it the fact that they would not even try to get an open market in the United States? They would not even try to give Australian exporters a greater opportunity than the opportunities they have now. I welcome Senator Cook to the chamber. He is the last of the free traders on the ALP side. This ALP, under Mr Crean, has gone back into its shell—negative and without any vision of a wider market and greater opportunities for growth in the Australian economy.

We have set down a number of benchmarks, it is true. We have set down benchmarks in relation to the Australian cultural sector and in relation to pharmaceuticals. All of this has been put on the table many times. Subject to those benchmarks, we will negotiate to get the best outcome for all Australians. We certainly do not apologise for that and there is certainly no alternative being put by the Australian Labor Party.

Senator CONROY—Mr President, I ask a supplementary question. Is the minister aware that, when appearing before the US congressional hearing in March 2001, US Trade Representative Robert Zoellick said in relation to a possible free trade agreement with Australia that he wanted 'to make sure that it's done in a fashion that has bipartisan support in Australia'? In light of Ambassador Zoellick's comments, why has Minister Vaile rejected Labor's request for a representative to be included in the Australian delegation for the final phase of the FTA negotiations beginning this week with Mr Vaile's visit to

Washington? Given the government's refusal to include federal Labor representation in the final phase of the negotiations, should the opposition conclude that the Howard government is not seeking bipartisan support for the FTA?

Senator HILL—When we were in opposition, we supported the then Australian government's efforts to expand trade opportunities, largely done through multilateral methods. Now what we have done is expand that and look to opportunities that can also be attained bilaterally, something we would have thought that the Labor Party would support. But the Labor Party does not want to be in it. All the Labor Party is prepared to say is what the government should not be doing, never what the government should be doing. In a negotiation like this—

Senator Conroy—I rise on a point of order, Mr President. I asked specifically: why would you not take a representative of federal Labor to Washington if you want bipartisan support? Please bring the minister to answer that question.

The PRESIDENT—There is no point of order.

Senator HILL—I would not take federal Labor because they do not believe in what the government is doing. They are opposed to this process, so what is the point of taking Labor? Labor is not prepared to work towards increased trade opportunities for this country. That is what the Howard government is doing and in this instance it is doing it with the largest market in the world. This is a difficult negotiation, but a real chance for Australia. What the ALP ought to be doing is giving us some support. *(Time expired)*

Immigration: Border Protection

Senator LIGHTFOOT (2.06 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs, Senator Vanstone. Will the minister inform

the Senate why a coastguard will not stop people smugglers reaching our borders? Would the minister inform the Senate of any alternative policies in this area?

Senator VANSTONE—I thank Senator Lightfoot for the most judicious question. The answer is that I have looked seriously at a proposal for a coastguard to protect Australia's 37,000-kilometre coastline. I thought that I would look at what the Labor Party has suggested, and when I looked at its policy I saw it is suggesting three more boats—three boats with a 37,000-kilometre coastline! But wait for it: one of them is in reserve, so we are down to two boats. And then I thought: if we put one in Broome and one over in Cairns, because we have to protect all of Australia, and then all of a sudden there is an incident on the east coast there is only one boat. One new boat! That did not sound very practical, but I thought I should read on.

I considered Labor's proposition that it might look at buying boats the equivalent of the Royal Navy's Castle class vessel. Incidentally, if Labor's proposition were to be implemented, it would be an armed coastguard; I was not looking at it in that context. This sort of vessel is armed with a 30-millimetre cannon and four general purpose machine guns. I thought: 'How very convenient for a 10-metre wooden boat to have an 81-metre vessel armed with cannons and machine guns. That sounds very practical and caring for the people on board the boat.' It is just a joke—all of that for 10-metre wooden boats that travel at five knots. We will buy millions of dollars worth of extra vessels to chase a few boats.

The point is this: if a people-smuggling boat landed on Melville Island, it would take a boat based in Broome travelling at 12 knots 24 hours a day about 63 hours to get there at a potential cost of \$300,000. So you have one boat on one side and one on the other

travelling at 12 knots into the middle. I will tell you what: you're going to be a bit late in this context.

Opposition senators interjecting—

The PRESIDENT—Order! Senators on my left, the minister has the right to be heard in silence. I ask senators on my left to stop interjecting.

Senator VANSTONE—I read on, and my heart was lifted by the prospect that one could supplement these three boats with a volunteer coastguard of commercial people and fishing people.

Government senators interjecting—

Senator VANSTONE—Colleagues, do not laugh—volunteers are very important and they do a good job. You might give these people a badge or some livery for their boat and you can give them a discount on the rego of their boat. These fishing and recreational vessels could go out and catch the boats that have sea mines being thrown over the side, according to Mr Beazley. A modern sea mine weighs about 780 kilos, so for the privilege of getting a coastguard volunteer badge and a discount on your rego you drop your fishing line over and pick up a sea mine. You are right to laugh; it is in fact a joke.

When I consider the policy of a coastguard I realise that the policy we have got, the alternative policy, is a better policy. We will deploy the existing resources we have and use them effectively. We use Coastwatch, we use the Navy: we have the boats and we use them well. Our policy of excising the northern islands was a very strong deterrent to boat people because people do not want to be dumped on an island unless they can be dealt with under Australian law. That is the important point.

Opposition senators interjecting—

The PRESIDENT—Order! Senators on my left, continual interjections are disorderly. I ask you to come to order.

Senator Faulkner interjecting—

The PRESIDENT—Senator Faulkner, did you hear what I said?

Senator Faulkner—Yes, I did, Mr President.

The PRESIDENT—It is surprising with the amount of noise that is going on.

Senator VANSTONE—There is some confusion on the part of my colleagues opposite about what their policy really is. Labor clearly understood the benefits of our policy of excising Christmas, Cocos and Cartier islands and Ashmore Reef. They could see the practicality of excising those islands, they could see that if people could land there and access Australian law it was an incentive, but for some reason they cannot see that in relation to excising the northern islands. *(Time expired)*

Senator LIGHTFOOT—Mr President, I ask a supplementary question. Could the minister further elucidate, on the one hand, the ludicrous situation with respect to the opposition's solution to the problem and, on the other hand, the firm, concise and proper steps the government is taking with respect to our northern coastline?

The PRESIDENT—Senator, I think you should understand the proper way of asking questions. I think the minister would be replying to that part of the question which is within the standing orders.

Senator VANSTONE—Absolutely, Mr President. As I say, I congratulate the Labor Party for endorsing the government's policy of excising the islands that I mentioned. They can see the practicality of that and they can see the deterrent effect. What we do not understand is why it will work there and not on the northern islands. I looked to my col-

leagues and friends in the media and I thought, 'Why haven't they said something about this inconsistency? Why is there this cone of silence? Maybe it is a conspiracy to protect the Labor Party. Maybe that is why they have a go at Philip Ruddock for talking about terrorists but say nothing when Robert McClelland does it and say nothing about Mr Beazley.' Then I realised I had made a mistake. My colleagues in the media are not engaging in a cone of silence to protect the Labor Party; they are simply not interested in what the Labor Party has to say. They have concluded, as the Australian people have, that what Labor has to say on border protection is irrelevant. And, if you will pardon the pun, Mr President, Labor is all at sea.

Senator Conroy interjecting—

The PRESIDENT—Senator Conroy, before you ask your question, would you withdraw that unparliamentary remark.

Senator Conroy—I withdraw.

HIH Insurance

Senator CONROY (2.14 p.m.)—My question is to Senator Coonan, the Minister for Revenue and Assistant Treasurer. Is the minister aware that earlier this week the Parliamentary Secretary to the Treasurer, Mr Ross Cameron, said that the prescriptive measures for auditors in the draft CLERP 9 bill were a response to the HIH collapse and that he would consider relaxing the audit rules in the bill? I ask whether the minister can confirm that the Treasurer told the *7.30 Report* on 16 April this year:

We accept every recommendation that the royal commissioner has made and will implement every single one of them.

Will the Treasurer stand by his promise to implement all of the HIH recommendations?

Senator COONAN—I thank Senator Conroy for his question. What I can tell the Senate is that this government takes very

seriously the recommendations of the HIH Royal Commission. In relation to the matters mentioned by Mr Cameron, it will be apparent to Senator Conroy and to those opposite that the CLERP 9 proposals and the current bill invited submissions from a number of parties. My current information is that the closing date for public submissions was 10 November and over 50 submissions were received. As Mr Cameron quite rightly pointed out, it is important that the government does take on board submissions that it receives. In that regard, the guiding principle will be to implement the recommendations of the HIH Royal Commission. The government will obviously carefully consider all submissions regarding the practical implementation of the recommendations and whether it strikes an appropriate balance between the need to safeguard auditor independence and the policy objectives of not unduly impeding the auditing professions joining companies and bringing their accounting and financial expertise to those companies.

Senator Sherry interjecting—

Senator Conroy interjecting—

Senator COONAN—Why would you invite submissions and say in your exposure draft that you are prepared to consider what people put forward to you if you already had a closed mind to any single thing that was ever put up, Senator Conroy? Senator Conroy is really going on as though he has found the holy grail in relation to corporate governance. We know the holy grail that Senator Conroy has found, but it is not the holy grail on corporate governance!

Senator Sherry interjecting—

Senator COONAN—Labor's approach to this has been pretty soundly frowned on by all of those who have had a chance to look at Labor's—

Senator Sherry—I wouldn't go to the Holy Grail if I were you; we may have to remind you which of your colleagues goes to the Holy Grail!

Senator COONAN—prescriptive approach to this matter.

The PRESIDENT—Order! Senator Sherry, you are continually shouting across the chamber and I ask you to come to order.

Senator COONAN—So it gives me an opportunity to remind the Senate in relation to the proposals regarding auditor independence that this bill actually expands the proposal in three significant ways in line with the recommendations of the HIH Royal Commission. In particular, members of audit firms and directors of an audit company who are directly involved in the audit will be prohibited from becoming an officer of an audited body for four years after leaving the audit firm or audit company. If you go to the exposure draft, you can see very clearly that this government is very serious about the matters that gave rise to CLERP 9, gave rise to an exposure draft and gave rise to the need to consult the community in relation to its implementation.

Senator CONROY—Mr President, I ask a supplementary question. Once and for all, will the minister reaffirm the Treasurer's cast-iron promise to implement all of the HIH recommendations, despite the vigorous lobbying of the accounting industry? If not, what was the point of holding a \$40 million royal commission into the collapse of HIH if you are not going to implement its recommendations?

Senator COONAN—The point is that it was precisely to be able to implement these proposals that we have the CLERP 9 exposure, and now we have a bill that incorporates the very measures that the HIH Royal Commission recommended. That is the point of the inquiry, and that is why this govern-

ment takes seriously the recommendations in relation to this draft, is consulting on it and will be implementing a bill in its final form that will get the balance right.

Law Enforcement: Regional Security

Senator JOHNSTON (2.18 p.m.)—My question is to the Minister for Justice and Customs. Will the minister inform the Senate how regional security is being enhanced by the efforts of Australian law enforcement agencies?

Senator ELLISON—I thank Senator Johnston for what is a very important question for all Australians. The security of the Asia-Pacific region is vital to Australia's interests. We have embarked on a number of operations using law enforcement to ensure that not only the interests of Australia are advanced but also the interests of our neighbours. This week I addressed the South Pacific Chiefs of Police Conference in Brisbane. It was agreed by people there that we could not succeed alone and that in order to achieve stability for the region and progress in law enforcement we have to work together. We have seen great success in the work being done by Australian law enforcement officers in places such as the Solomons and East Timor and we are engaging in discussions in relation to Papua New Guinea.

Firstly, in relation to the Solomons, it is noteworthy that we have now recovered 3,710 weapons and 306,000 rounds of ammunition. We have also succeeded in charging 31 Royal Solomon Police personnel with 107 offences. All this points to a job being done not only to help bring law and order to the Solomon Islands but also to provide that capacity building which is so sorely needed. Any society has to have the rule of law if it is to have social stability and economic progress.

Last week I was in East Timor and saw first-hand the great work that Australian po-

lice are doing there with the United Nations. Of course, we have to look to next year when the United Nations is set to leave that country, and we have announced a \$40 million package which will see the Australian Federal Police continue its presence in East Timor. It is vital to Australia and of course to East Timor, a fledgling nation, to ensure that law and order is maintained. I engaged in discussions with the Prime Minister, the Minister for the Interior and the Minister for Justice. The Minister for the Interior and I have agreed to have discussions on formal extradition arrangements and to progress mutual assistance, because issues such as sex trafficking, people smuggling, drug trafficking and money laundering are all of vital concern to both Australia and East Timor.

We have also announced that on 11 December we will be having a forum with Papua New Guinean and Australian ministers in relation to assistance that we can give that country on law enforcement and justice issues. Recently, I had a discussion with the police minister from Papua New Guinea to progress this. I am confident that we will see a lot of benefit come from the work that we can do with Papua New Guinea in advancing law enforcement and justice measures in that country.

That was a very good question from Senator Johnston, because it points directly to matters which pertain to our immediate region—matters of security and stability that are in the best interests of our neighbours and of this country. Our law enforcement officers are doing a great job in that regard and, of course, with the Australian Defence Force personnel in the Solomon Islands. But much work remains to be done. Across the region in the South Pacific, we have a number of measures in place with the Australian Federal Police transnational crime units in a number of Pacific nations working to fight transnational crime. As we have seen in re-

cent years, transnational crime will use periods of instability to seize an opportunity to try to traffic illicit drugs and engage in large-scale organised criminal activity. This is a challenge that the Australian government is meeting, and it is meeting it with the cooperation of our neighbours in the region.

Defence: Equipment

Senator CHRIS EVANS (2.22 p.m.)—

My question is directed to Senator Hill, the Minister for Defence. I refer the minister to his comments, when announcing the defence capability review, when he said:

... we've taken it out an extra three years. So the new DCP when it's released will be for a 10-year block again basically starting from this year.

Minister, hasn't the government effectively sought to overcome the \$12 billion funding black hole in the DCP by pushing everything back for a further three years? Doesn't this mean that many projects important for the defence of Australia have again been effectively postponed? Does the fact that the minister has not released any revised costings in the review show that he has failed to make the hard decisions about the funding problems in the plan? Minister, when will we see a comprehensively revised Defence Capability Plan, complete with costings and timetables for all defence equipment projects rather than just for a selected few?

Senator HILL—What has happened is that we have extended the DCP by three years because we were three years into a 10-year period. The DCP that we will be releasing as soon as possible will cover a 10-year period basically starting from this year. Further funding has been provided for the last of those three years, and we made that clear in the statement that we issued about the revised DCP. The revised DCP of course includes new and additional equipment as well as price variations, and they in part will certainly extend into that last three-year period

as well. I hope that the full statement can be released as soon as possible. It is still within the department. I inquired about progress this morning, as a matter of interest, and as soon as I am able to release it I will do so.

What we did release, of course, were some of the most important initiatives within it that will significantly add capability to the ADF. The initiatives for Navy confirmed the three-year warfare destroyers and a timetable, an increased amphibious capability and a replacement for the *Westralia*. The initiatives for Army confirmed the replacement tank to provide greater security for our forces on the ground. In relation to Air Force, we largely confirmed the program that we have put in place and are implementing. Today we were able to announce three new government contracts in the Joint Strike Fighter project, which is very pleasing. It is good to see Australian industry winning work in the JSF project. The tenders are out of course for the tanker aircraft and the AWAC project is on price and on capability. But it is not on time; it is actually ahead of time. So the capability is being delivered either on time or ahead of time and the additional funding will enable us to continue to meet our commitments.

Senator CHRIS EVANS—Mr President, I ask a supplementary question. I will not take the bait and talk about the 19 other projects that are delayed, but I do want to concentrate on the DCP. Minister, wasn't the whole basis of the Defence Capability Plan to provide a fully costed program of defence equipment projects? Given that it is 2½ years since you promised to update the DCP, why is it still in the realms of 'as soon as possible'? Surely, it should be released. Doesn't the failure to provide a fully costed update to the plan reflect the government's continued inability to get Defence financial management under control? Why should Australian taxpayers have any more confidence that the revised Defence Capability Plan will not end

up just as unaffordable and undeliverable as the original plan has proved to be?

Senator HILL—That is most unfair, if I might say so. If you look at the Tiger aircraft contract, you will see that it is on price. If you look at the AWAC project—a huge and challenging project—you will see that it is on price. If you look at the most recent contracts, you will see that we are achieving them within the financial strictures that we imposed on ourselves. We are seriously financially disciplined. There are some difficulties with legacy projects. Nobody is denying that. But what we can say is that each of those legacy problems is gradually being worked through and at least the delivery of the Super Sea Sprite helicopter for training purposes was a significant improvement in that particular project.

Finance: Deposit Bonds

Senator BARTLETT (2.28 p.m.)—My question is to Senator Coonan, the Minister for Revenue and Assistant Treasurer. The minister would be aware that Henry Kaye's National Investment Institute has collapsed. Among other practices, Henry Kaye heavily promoted deposit bonds and led thousands of Australians into speculative property investment. Is the minister aware of the concerns of the Reserve Bank of Australia, expressed in a submission to the Productivity Commission, that deposit bonds are fuelling property price growth and the overdevelopment of inner city rental units? In light of this collapse and the effects caused by deposit bonds, what will the minister do to respond to the Reserve Bank's concerns and to the Senate's resolution yesterday calling for improved regulation of the deposit bond industry?

Senator COONAN—I thank Senator Bartlett for a very good question. There is no doubt that the issues surrounding property investment schemes are a matter of concern.

I can confirm to the Senate that the National Investment Institute was placed into both administration and receivership following the appointment of an administrator to Mr Kaye's organisation by its directors and the appointment of a receiver by group corporate services to a company connected to Mr Kaye. The ACCC and ASIC recently launched a number of Federal Court proceedings against Mr Kaye. The ACCC has alleged that Mr Kaye has undertaken misleading and deceptive conduct in claiming that he can make ordinary Australians into 'property millionaires with no money down, no equity, no debt and a price protection guarantee'. If those claims are made, a matter of great concern is whether they misled Australians who participated in some of these schemes. ASIC is pursuing Mr Kaye over his earlier undertaking to ASIC to pay compensation to people who signed up for his seminars on the false belief that they were ASIC approved. The undertakings required Mr Kaye's company to compensate consumers who paid for training courses based on the mistaken belief that they were approved by ASIC.

I do not want to go any further into the ins and outs of this investigation, because it would not be appropriate, but I can make a couple of other comments about ASIC's role in this. However, before I do, I should acknowledge that some of the concerns about these schemes were part of the government's motivation to ask the Productivity Commission to inquire generally into a broad range of issues on the affordability of housing and particularly in relation to practices such as deposit bonds. It was with these matters in mind that the government asked the Productivity Commission to evaluate all of the components of the cost and price of housing, including new and existing housing for those wanting to get into their first home, and the

practice of deposit bonds and the dangers in that.

Importantly, the commission does need to examine impediments to first home ownership and to provide assessments on the feasibility of reducing or removing those impediments. I am aware of the submission by the Reserve Bank, and there are a number of matters there to consider. Obviously this government wants to see what the Productivity Commission says about these matters. You can be assured that these matters will be weighed up very carefully in the whole of the circumstances looked at by the Productivity Commission.

I should also say to the Senate, because it is a very important matter, that the regulation of real estate agents is a longstanding and traditional area of responsibility of the states and territories, as is the regulation of a number of other aspects of real estate in their jurisdictions. Queensland and New South Wales have both introduced legislation that seeks to regulate the activities of property marketeers, but there are some problems because interstate property is unaffected by this regulation. Queensland claims that marketing has been exported to other states and to New Zealand, so it is important that the ministerial council looks at these matters and that this government takes a leadership role to ensure that, whilst we do not directly regulate operators of property investment schemes, both ASIC and the ACCC have general consumer protection in their jurisdictions. *(Time expired)*

Senator BARTLETT—Mr President, I ask a supplementary question. I thank the minister for the answer. Could the minister confirm that the investigations by ASIC are solely to do with misleading conduct rather than the issue of the use of deposit bonds, which is obviously far more widespread than just Henry Kaye? Does the minister believe

that the property investment industry and the use of deposit bonds has contributed to an unsustainable housing boom, leaving many Australians dangerously debt exposed and putting unnecessary upward pressure on interest rates? If so, will the government commit to addressing that problem?

Senator COONAN—Thank you for the supplementary question, Senator Bartlett. It would be inappropriate for me to comment about the ins and outs of the specific case that is currently being investigated by ASIC. That will obviously run its course, as will the Productivity Commission inquiry. The matters that have been raised in relation to deposit bonds are serious matters, and they deserve a serious airing. It would be tempting to think they had some effect that they may otherwise not have had when you look at all the evidence. This government wants to see what the Productivity Commission makes of it, taking into account all of the submissions.

Defence: Equipment

Senator LUDWIG (2.34 p.m.)—My question is to Senator Hill, the Minister for Defence. Can the minister outline the strategic rationale for the government's decision to spend hundreds of millions of dollars on replacement tanks for the Army? Hasn't the minister previously asserted that Australia's strategic environment has changed due to the increased threat of terrorism and the diminished threat of conventional military attack? Precisely what role does the minister envisage a heavy replacement tank would have in protecting Australians from the threat of terrorism? What role will a replacement tank have within Australia and the immediate region?

Senator HILL—The role to be played by these tanks and the rationale for purchasing replacement tanks was spelt out by General Leahy, Chief of the Army, in some considerable detail. I am surprised the honourable

senator was not aware of that. Basically General Leahy's argument was that, in this day and age, with a proliferation of shoulder-fired weapons and rocket propelled grenades, light armour is particularly vulnerable even in relatively unsophisticated combat. It is his view, therefore, that in contributing a combined arms team to such conflict it is important that the forces on the ground are properly protected, and the best way to properly protect them is if they are integrated with a heavier form of armour. Basically, our existing Leopard 1 tanks do not meet that criterion, and that has been the principal argument for Army for replacement of those tanks with a weapons system that is heavier, thus providing protection to forces on the ground.

Senator LUDWIG—Mr President, I ask a supplementary question. What is the minister's response to concerns that these tanks are enormously expensive to buy, require special fuels and lubricants and are incapable of being landed easily on any wharf or jetty in our region? It is clear from the minister's response that he has not read 'Quo Vadis Armour'. He has not been apprised of the research note by the Library in relation to these tanks. The minister clearly has not got himself up to speed on modern tank warfare and light warfare in relation to what should be strategic capability for our area and in our defence.

Senator HILL—That sounds as if it was spoken by an artillery officer. I suggest that the honourable senator have a talk to some armour officers. I am sure they will repeat what I have just said: keeping Australian forces alive is the most critical criterion of all, and it is therefore important, if combined arms teams are to be put into combat, that we provide sufficient protection. The best way to provide that protection is through modern armour.

Information Technology: Internet Content

Senator HARRADINE (2.37 p.m.)—My question is directed to Senator Kemp, the Minister for the Arts and Sport and the Minister representing the Minister for Communications, Information Technology and the Arts. I refer to the research conducted by the Canberra Hospital and the Australian Institute of Family Studies National Child Protection Clearinghouse which was reported in today's *Australian*. The article states:

Children younger than 10 have initiated sexual intercourse and oral sex with other children after seeing explicit images on the internet.

Does the minister share the view of the Institute of Family Studies child abuse expert, Dr Stanley, that allowing children to access Internet pornography is a form of child abuse? If so, what is the government doing to protect children from that abuse? Did the minister note from the article that Dr Stanley also said that 'Internet service providers should be required to guard against children accessing pornographic sites'?

Senator KEMP—I thank Senator Harradine for that important question. I acknowledge there is serious and well-founded concern in the community about the issue of children having access to pornography on the Internet. I can assure Senator Harradine that this government shares those concerns. Indeed, I did see the article in the *Australian* this morning which cited the experience of staff at the Canberra Hospital. I think that article would be enough to make any parent take notice and be very concerned.

As the senator would be aware, this government has taken a strong stand on this issue. On 1 January 2000, the government introduced the online content co-regulatory scheme, in response to community concerns. Just to refresh your memory, Senator Harradine, this scheme specifically targets illegal or highly offensive online material and pro-

motes the use of filtering and access management technologies. It also includes an approach whereby any person who finds highly offensive or illegal material on the Internet can notify the Australian Broadcasting Authority. If the ABA finds that the material hosted in, or uploaded from, Australia is prohibited, it can order a take-down notice to the relevant content host. I can inform the senator that, since the commencement of the scheme, the ABA has issued over 300 take-down notices for such content. In the event that prohibited material is hosted overseas, the ABA notifies the suppliers of certain filters so that they can ensure their products are updated to block access to these sites. To this end, over 1,000 items have been referred to the filter makers.

The government also established NetAlert in 1999 as an independent body to promote Internet safety and to research access management technologies. Only yesterday I was advised that NetAlert has relaunched its advisory web site, with a particular focus on protecting children from the potential risks in accessing prohibited content. I would like to take the opportunity provided by Senator Harradine to reinforce that this government will continue to work towards a safe online environment, particularly focused on young Australians. I am advised by my colleague the Minister for Communications, Information Technology and the Arts, Mr Daryl Williams, that he will be announcing the outcomes of a recent review of the Australian government's online content co-regulatory scheme. I think this is an important announcement and we await its outcomes.

Senator Harradine, you are correct about what was detailed in this morning's paper: it is shocking. I have outlined to you the steps that the government has already taken. I have outlined to you that the outcomes of the recent review will be announced by my colleague Mr Daryl Williams. I have to say that

I know many senators around this chamber share the concerns that you have on this issue, but we receive no help from the Labor Party at all. I think if the Labor Party examines its behaviour in this area—

Opposition senators interjecting—

The PRESIDENT—Order! Senator Kemp, the time for answering the question has expired.

Senator Lundy—Mr President, I raise a point of order. The minister knows the Labor Party's position on this matter. I ask you to ask him to withdraw.

The PRESIDENT—I have already asked the minister to take his seat, which he has done.

Senator HARRADINE—Mr President, I ask a supplementary question. I am of course aware of the co-regulatory scheme. That scheme is not working, as witnessed by the evidence given to that conference in Sydney. I did ask you, Minister, whether you agreed with Dr Stanley, as quoted in that article this morning, when she said that ISPs should be required to take responsibility for the material that goes through them to the viewer, which they get money for, with the result that there is child abuse at the other end, and that child abuse is rapidly increasing.

Senator KEMP—I did say in my remarks that Mr Daryl Williams will be announcing the outcomes of a review into the Australian government's online content co-regulatory scheme, but I would have to say that I was intrigued by the reaction of Senator Lundy on this issue. The performance of the Labor Party on this issue, I must say, is appalling. I was very much aware of the debate in this chamber with my colleague Senator Alston. We received no help from the Labor Party on this particular issue. In fact, Senator Lundy's approach was that you can do nothing about it. Senator Lundy, that is not the approach of this government; the approach of this gov-

ernment is that this is a serious issue, it is an issue that we have taken important steps on and it is an issue that we will continue to work on. And, for a change, could the Labor Party be slightly constructive and helpful on this very important matter, which is of great concern to Australian parents. (*Time expired*)

Defence: Equipment

Senator HOGG (2.45 p.m.)—My question is to Senator Hill, the Minister for Defence. Can the minister confirm that the government has decided to scrap Australia's F111 aircraft in 2010, at least five years before the Joint Strike Fighter is to be accepted into service? Can the minister also confirm that Defence will now only be getting four Airborne Early Warning and Control aircraft instead of the seven that the government originally promised? Taken together, don't these two decisions mean that there will be a significant downgrading of Australia's air defence capabilities after 2010? Minister, why are you now making decisions that have long-term implications for the defence of Australia on the basis of the need to cut costs rather than any change in Australia's strategic circumstances?

Senator HILL—Again, I regret in this instance that Air Marshal Houston was not listened to by the honourable senator when he reassured the public that the outcome of the DCP will be a more capable Air Force.

Senator FAULKNER—Why didn't Peter Reith listen to Air Marshal Houston when he said that the kids weren't thrown overboard?

The PRESIDENT—Order! It is Senator Hogg's question, and the minister is trying to answer.

Senator HILL—It is true that the government is purchasing four state-of-the-art AWAC aircraft. As I said, the contract is actually ahead of schedule, on price and on capability. They will, when networked to the new tanker aircraft that are out for tender at

the moment and up to 100 Joint Strike Fighter aircraft, provide a most potent Air Force. That is the view of the experts, I might say, and I regret that the Labor Party does not listen to the experts.

In relation to when is the right time to phase out the F111s, the F111s were always going to be phased out at about the time that the Joint Strike Fighter came into operation. The advice of Air Force is that around 2010 is the appropriate time. By that time not only will the FA18s have new stand-off missiles but they will have GPS bombs, they will be totally upgraded and, in conjunction with the new tanker aircraft and the AWAC aircraft that will all be in service by that time, they will provide a very capable strike capability. That, as I said, is the advice of the experts. The government has taken the advice of the experts.

Senator HOGG—Mr President, I ask a supplementary question. Aren't the F111 aircraft regarded in the region as the cornerstone of Australia's air power? Does the minister agree with the assessment of some defence analysts that the decision to retire the F111s in 2010 will reduce the RAAF's throw weight by over 60 per cent until the Joint Strike Fighter comes into service? Doesn't this have very serious consequences for Australia's defence?

Senator HILL—No, that is not the advice of the Royal Australian Air Force. The advice of the Air Force—

Senator Chris Evans—What do you think?

Senator HILL—I accept the good advice. The advice of the Air Force is that, after 2010, there will be a real issue of survivability in relation to the F111s, and that of course is linked into new capabilities that are being attained by other countries. Therefore, that seems in the view of Air Force, in conjunction with the upgrade program for the Hor-

nets and the new weapons for Hornets, about the appropriate time to retire the F111s. They will be about 40 years old at that time and have provided sterling service.

Senator Chris Evans—The same age as the helicopters you're buying!

The PRESIDENT—Order! Senator Evans, I am not deaf and I do not think anybody else in here is, so there is no need to shout like that.

Taxation: Income Tax

Senator TIERNEY (2.49 p.m.)—My question is to the Minister for Revenue and Assistant Treasurer, Senator Coonan. Will the minister inform the Senate of the Howard government's policies of keeping income tax low? Is the minister aware of any alternative policies?

Senator COONAN—I thank Senator Tierney for his question and his ongoing interest in this government's tax reform policy agenda. Ensuring that the income tax system in Australia remains competitive is very important to this government, and that is why, in July this year, we delivered tax cuts for every Australian taxpayer of \$2.4 billion, worth \$10.7 billion over four years. It is also why the Howard government introduced income tax cuts of \$12 billion per annum on 1 July 2000. Part of the package of tax cuts proposed as part of the tax reform in 2000 was to increase the top marginal threshold from \$50,000 to \$75,000, but this proposal was—as they usually are—opposed by those in the Labor Party on the grounds that they did not support giving tax cuts to the so-called rich. I do not think that these days we should or could consider people earning between \$50,000 and \$75,000 rich—relatively well-off, perhaps, but certainly not rich. So, if the Labor Party had voted for the government's package, the top marginal threshold today would be \$75,000.

So it is very interesting and most welcome that the member for Werriwa, Mr Latham, in the last few weeks advocated tax cuts for those earning up to \$80,000. Mr Latham said that, if people were raising children and had a mortgage, nobody should pretend that \$65,000 is a huge amount of affluence. I welcome this statement of commonsense from the shadow Treasurer, and I think we should all welcome this sensible shift to the government's position, albeit a bit late in the day. But no sooner were these words out of the mouth of the member for Werriwa than shadow ministers were falling over themselves to disagree. Mr Swan, Mr Albanese, Mr Tanner and Mr Beazley were all quick to disagree.

It is duck season in the Labor Party and the mark is Mr Latham, as proxy for the opposition leader. Indeed, the member for Melbourne, Mr Tanner, has gone so far as to release to the *Australian* data he commissioned from the Parliamentary Library saying that, whatever the merits of tax cuts for high-income earners, it is not smart political strategy for Labor. So we know that, whatever happens, the Labor Party are going to be opportunistic about this. The opposition leader has now had to come out and plead with the shadow ministers to stop their public disagreements. And now today we see Mr Latham ducking and weaving and trying to disown his idea that he floated a few days ago. He said he was just identifying a problem and it was no endorsement of a policy. We know that the Labor Party has no policies, unless of course we look at Senator Sherry, who recently—having been asleep for about seven years and a spectator on superannuation policy—popped up suddenly and endorsed the government's policies, either already implemented or in prospect.

Mr Latham was identifying a problem—a problem that would not have existed if the Labor Party had had the guts to support this

government's tax cuts in the 2000 tax reform package. We have Mr Crean's version of roll-back. We know that he is rolling back any tax breaks for any Australians and that he is going to be into government expenditure. The Labor Party has learnt nothing. It is a tax and high-spend party and it would lead Australia back into deficit and debt. We believe in keeping taxes as low as possible for all Australians and we do believe in responsibly delivering services. This government will continue to deliver policies that will deliver prosperity for all Australians. (*Time expired*)

Veterans: Gold Card

Senator MARK BISHOP (2.54 p.m.)—

My question is to the Minister representing the Minister for Health and Ageing, Senator Ian Campbell. Is the minister aware that Health is the lead agency in negotiating schedule fees for the gold card? Can the minister confirm that almost 300 medical specialists have now refused to accept the gold card for veterans and war widows in need of specialist treatment, due to the government's failure over the last two years to negotiate a new schedule of fees? When will the Howard government honour the longstanding commitment by Australian governments to the veterans community to ensure that the gold card guarantees free health care with the doctor of their choice?

Senator IAN CAMPBELL—No, I was not aware that the Department of Health and Ageing was the lead department in negotiating those very important arrangements in relation to the gold card. I do not have that information to hand, but because I have enormous respect for Senator Mark Bishop and his interest in this issue I will seek further information and report back either to him or to the Senate.

Aviation: Air Safety

Senator ALLISON (2.55 p.m.)—My question is to the Minister representing the Minister for Transport and Regional Services. Is the minister aware of the incident at Ayers Rock airport at the weekend involving the former CASA chairman and proponent of the new airspace system? Can the minister confirm that Mr Smith made incorrect radio calls that could have resulted in an incorrect approach to the aerodrome—in fact, in the opposite direction of the air traffic? Does the government agree that such incorrect calls are not uncommon? What happens after tomorrow, when there will be no air traffic controllers at airports such as Alice Springs and Karratha? Will you rethink this heavily criticised new system, or is air safety now not a priority of this government?

Senator IAN CAMPBELL—I will answer the last part of the question first. Air safety is, of course, the pre-eminent care and concern of the federal government and, of course, of the world-recognised agencies of the federal government which are responsible for air safety. Of course, CASA is one of those, but there are also a number of other agencies which have responsibilities in that area. I think all honourable senators would want to be assured, as would their constituents, that the Commonwealth's commitment to air safety is paramount.

The reforms that are being led by the Commonwealth—and with the leadership of the transport minister and the implementation task force headed by Ken Matthews, the head of the department of transport—are fundamentally based on having a better air safety system. The senator has referred to articles about measures at Alice Springs, in particular. The issues that Senator Allison has raised are relatively old news. There is reference to a statement made by Qantas as part of its submission to the Joint Committee

of Public Accounts and Audit back in August of this year. It is a submission that is publicly available.

The facts are that, following the hijacking events in 2001, the Australian government have reviewed a range of measures at airports and, in association with the reforms to air safety—that is, how you manage safety in the air—we have also ensured that passengers are safe on the ground. With the work that has gone on with both safety in the air—with the airspace management reforms—and the reforms on the ground, which have obviously received a bit of publicity this week with the attention paid to the Prime Minister of New Zealand, it is quite clear to all passengers in Australia that the Commonwealth remains committed to their safety both at the airports and, of course, when they are on aeroplanes moving in and out of both our regional airports and our major capital city airports, such as Kingsford Smith—

Senator Sherry—What about Devonport?

Senator IAN CAMPBELL—and Devonport, of course, Senator Sherry.

Senator ALLISON—Mr President, I ask a supplementary question. The minister in fact did not answer any aspect of my question, so I ask him to revisit that question, and I will add to it. Is the minister aware of a meeting convened in Brisbane on 27 October at which a broad spectrum of industry representatives—including pilots, air traffic controllers, search and rescue crews et cetera—expressed grave concerns about the new air system? Why does the government continue to push ahead with these so-called reforms, which the industry believes will put lives at risk?

Senator IAN CAMPBELL—It is simply not true to say that the industry thinks that these reforms will put lives at risk. The great majority of the industry thinks that they will make Australia's skies more safe. This air

safety system is the one that operates in the most crowded skies in the world—in the United States of America—where you have significantly more air traffic, similar issues in relation to smaller regional airports and smaller airports, and also the largest airports in the world, including LAX, Chicago and Atlanta. And, of course, in the United States you have even worse weather than you have here in Australia. So we are actually bringing into place a system that has been proved in one of the most challenging aviation environments on the planet. We are, in fact, bringing a system into Australia very carefully, very cautiously, with the guidance of CASA, with the support of Airservices Australia, with the support of the Royal Australian Air Force—(*Time expired*)

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

**QUESTIONS WITHOUT NOTICE:
ADDITIONAL ANSWERS**
Taxation: Family Payments

Senator PATTERSON (Victoria)—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (3.01 p.m.)—During question time on Monday, Senator Bishop asked me:

Can the minister confirm that the government's two-tier plan for family health thresholds, which is linked to eligibility for family tax benefit A, will require Health Insurance Commission staff to access Family Assistance Office information?

I can advise that Centrelink will provide the Health Insurance Commission with a weekly batch of information on customers in current receipt of family tax benefit A to assist the Health Insurance Commission to determine eligibility for the MedicarePlus safety net. This will include the most current information held by Centrelink that relates to customers who have claimed family tax benefit

A through the Taxation Office. Information can be provided by Centrelink to the Health Insurance Commission under the information disclosure rules in the family assistance law through a strict, regulated process of delegation and authorisation. Amendments will be made to the relevant instrument of authorisation to enable Centrelink to disclose the following information about family tax benefit A customers to the Health Insurance Commission: name, address, date of birth and customer reference number. Senator Bishop also asked:

... what action will Family Assistance Office staff take to prevent individuals who are not entitled to family tax benefit A from providing a false estimate of income in order to access the lower \$500 threshold?

In relation to this issue I can advise that the existing arrangements for family tax benefit encourage customers to provide accurate and up-to-date estimates of their income. If a person tries to fraudulently obtain family tax benefit A by providing an income estimate that the person knows to be lower than their true circumstances, the person runs the risk of being prosecuted for providing false information. The Family Assistance Office is able to seek further information from customers about their income. Where the Family Assistance Office is satisfied that the estimate provided is not reasonable, the customer's family tax benefit claim will be rejected or the customer's existing payments will be stopped. I also remind senators that, under Labor, there was no concept of a medical safety net for out-of-pocket, out-of-hospital expenses of this nature.

Senator MARK BISHOP (Western Australia) (3.03 p.m.)—by leave—I ask that the minister table the written response that she just read into the *Hansard*.

The PRESIDENT—The normal practice is to incorporate an answer.

Senator Patterson—It is in *Hansard*.

The PRESIDENT—The minister has indicated that the statement has been read into *Hansard*, but normally such statements are incorporated.

Environment: Australian Wetlands

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (3.03 p.m.)—Yesterday Senator Nettle incorrectly asked a question of Senator Hill as the Minister representing the Minister for the Environment and Heritage. Had she asked me, she would have got the proper answer about Lake Cowal. In the absence of a proper answer yesterday, I seek leave to incorporate the answer in *Hansard*.

Leave granted.

The answer read as follows—

Senator Nettle asked the Minister representing the Minister for the Environment and Heritage on 25 November 2003:

“At the conference on the Ramsar convention last November, Japan and Australia co-sponsored a resolution seeking greater cooperation between countries in our region to conserve important waterbird habitats. Is this not a hollow commitment to preserving waterbird habitat when the government has not even ordered a federal environment assessment of the Barrick Gold proposal to build a cyanide leaching goldmine next to the home of these internationally recognised migratory bird species at Lake Cowal?”

Senator Macdonald—The Minister for the Environment and Heritage has provided the following response to the honourable Senator’s question:

Resolution VIII.37 on “international cooperation on conservation of migratory waterbirds and their habitats in the Asia-Pacific region” adopted at the 8th Meeting of the Conference of the Contracting Parties to, the Convention on Wetlands (Ramsar, Iran, 1971), promotes the protection of internationally important habitat for migratory waterbirds under the Asia-Pacific Migratory Waterbird Conservation Strategy. To be considered internationally important a site must regularly support greater than 20,000 migratory waterbirds and/or

greater than 1% of the flyway population of a species of migratory waterbird. Lake Cowal supports many waterbirds, but does not qualify as internationally important for migratory species and is therefore outside the scope of the Ramsar resolution.

The mining proposal has been referred under the Environment Protection and Biodiversity Conservation Act 1999 and a decision was made on 29 September 2001 that further assessment and approval under the Act was not required. This is because mine operations and infrastructure will not impinge or significantly reduce important habitat for listed migratory waterbirds that use Lake Cowal from time to time. Risks from cyanide will be managed through rigorous protocols and management regimes enforced by the NSW Government. The proposal has been the subject of rigorous public environmental impact assessment as required under NSW legislation.

Trade: Live Animal Exports

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (3.04 p.m.)—Yesterday Senator O’Brien asked me a series of questions about the Portland sheep issue, most of which I answered yesterday. I indicated that I would get back to him in relation to his question about security arrangements as part of the licence conditions. The current criteria for registration of export premises are designed to address the importing country’s quarantine requirements in terms of managing the isolation and disease status of the animals held at the premises. To this end, the criteria specify:

All fencing, both perimeter and internal, must be maintained in a good state of repair and be of an appropriate height and strength to contain the animals within the area of the registered premises and prevent the ingress of animals from outside of the registered premises.

They are the criteria, Senator O’Brien. The Portland feedlots have been registered for that purpose, and that is the security that is part of the licence. The sort of security that I

understood you to be talking about was, as I indicated yesterday, the security provided by the police force of the relevant state.

**QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS**

Defence: Equipment

Senator CHRIS EVANS (Western Australia) (3.05 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Defence (Senator Hill) to questions without notice asked by Senators Evans, Ludwig and Hogg today relating to defence.

I think today's responses were very informative because the minister, as is his wont, sought to deflect responsibility for the Defence Capability Plan. I refer to an announcement that he made with the defence chiefs shortly before leaving the country a couple of weeks ago. Whenever he is asked about the detail—about the concern in the Australian community about the plan, which was overseen by an interdepartmental committee run out of PM&C and Finance, and only partly involving Minister Hill's department—he hides behind the defence chiefs.

Clearly, the DCP was a political decision taken by cabinet that sought to balance Australia's military strategic interests, our acquisition program and the finance available to fund it. This was a cabinet decision for which, obviously, cabinet is responsible. But, just as on all other occasions Senator Hill likes to refer to anything that has bad news attached to it as a legacy project—and, therefore, nothing to do with him—today's DCP is all the responsibility of the defence chiefs. I suggest that, in fact, it is the responsibility of the government. I am not suggesting at all that Senator Hill is solely responsible. We all know that he is really the 'Minister assisting the Minister for Defence, Mr Howard'. Increasingly, things have been taken out of his hands. Clearly, the DCP was taken out of his

hands because, after 2½ years of waiting, we get a half-baked—

Senator Hill—What do you mean 2½ years?

Senator CHRIS EVANS—There was going to be an annual review of the DCP. Then it became a two-yearly review and now finally it is a press release and a press conference before he leaves the country with no costings, no detail and no explanation of the strategic thinking underpinning the plan. It is a very desultory effort. It obviously reflects the divisions inside cabinet about how to proceed. There was a reference to the Prime Minister having won the battle about the strategic direction forward. The reference was to our core responsibilities being the defence of Australia. Despite Minister Hill arguing for the last two years that that in fact was no longer relevant—

Senator Hill—What reference?

Senator CHRIS EVANS—There was a reference in your press statement.

Senator Hill—To what?

Senator CHRIS EVANS—To the defence of Australia remaining our core objective.

Senator Hill—Haven't you read the 2000 white paper?

Senator CHRIS EVANS—You know I did.

The DEPUTY PRESIDENT—Senator Evans, address the chair; if Senator Hill wants to enter the debate, he can at an appropriate time.

Senator CHRIS EVANS—I understand Senator Hill is touchy about losing that debate as well as the Prime Minister having asserted his authority. But we now have a revised DCP which does not provide the certainty for industry or the detail that was promised as part of this process. I asked the minister today when that was coming. He said, 'It'll be along soon.' As with everything

with them, it is a legacy project, it will be along soon or it is somebody else's fault. That means, 'We don't know and we'll just have to wait and see.' What we do know is that there was no costing. We have a review of Australia's defence capability and the projects that underpin it, but no costing. All we know is that it has been pushed back three years and is allegedly budget neutral—that is, there have been cutbacks to fund his new tanks and a couple of other initiatives.

Those cutbacks are very important for the strategic defence of Australia. There has not been a lot of focus on those, and there needs to be. Today we raised questions about the F111s being retired early without, in our view, adequate replacement of the strike power that they provide. There has been no detailed explanation of those decisions, and a lot of Australians are concerned about the F111 being phased out prior to the JSF coming online, particularly if the JSF is delayed as every other project has been.

There is also concern about what seems to have been a weakening of the front-line capability of the Navy. Two frigates have been retired early and two virtually new mine hunters have been put on the shelf—ships for which we paid \$200 million each. Yet there has been a decision taken to mothball them. These are decisions that are driven not by strategic view but by cost. I understand governments have to make decisions to balance the cost versus strategic interest, but there has been no explanation of these things because the government has a \$12 billion-plus black hole in the DCP. It has gone for the political fix without providing any of the detail of the key decisions. What concerns me most is that there has been a weakening of the front-line capability of both our Air Force and Navy as a result of these decisions. *(Time expired)*

Senator FERGUSON (South Australia)

(3.10 p.m.)—I heard Senator Evans suggest that Senator Hill had lost the debate. I can promise you that Senator Hill will never lose a debate to Senator Evans. Senator Evans has made a lot of statements in relation to the Defence Capability Plan but he really knows that the Defence Capability Plan review that was outlined earlier this month is one that this government is very much committed to. Senator Evans never makes any statements based on fact and, to the best of my knowledge, has never detailed any policy that the Labor Party might put in place in relation to our defence capabilities.

Senator Chris Evans—You should read more widely.

Senator FERGUSON—For instance, he talks about the coastguard, and I understand that is the totality of the Labor Party's defence priorities—a coastguard for Australia.

Senator Lightfoot—One ship for 1,300 islands.

Senator FERGUSON—Yes. It is an amazing policy which they have stuck to since the last election. If the best that Senator Evans can come up with is a rehash of a coastguard for Australia, I can promise you that those in charge of our defence forces—the defence chiefs and others within the department—know that that is simply inadequate for what we require for our future.

Senator Evans talked about a lot of Australians being concerned about the F111s. I do not know who these Australians are. The average Australian knows that matters relating to our Defence Force are best left to government, the Defence Force chiefs and the people who are in the best position to know what is best for Australia. The average Australian in the street has no idea what is best for Australia in relation to the defence forces.

Senator Chris Evans—This will be a speech worth circulating!

Senator FERGUSON—There are some who do know, some take a particular interest, but if you are talking about the average Australian they simply do not. Senator Evans says there are not enough details; they need more details. When they conducted the review, the government sought to ensure that we have a balanced force. That is the idea—a balanced force which is able to achieve the objectives of the *Defence 2000* white paper while recognising the complexity of unconventional threats that are posed now towards Australia.

Senator Evans also talked about the funding shortfall in the Defence Capability Plan. The revised plan strikes a responsible balance. It is important that a balance is responsibly struck between capability needs and resource allocations because each of us knows that the amount of money that is required to be expended on our defence forces is a very large chunk of the government's budget. So it is most important that there is a very responsible balance between the capability needs of our armed forces and the resource allocation. From time to time, those plans have to be adjusted because there is always a great timelag between the decisions that are taken and the implementation of those plans at some stage in the future.

One can always argue that there should be more money to get greater capability, but the government's objective, as has been stated time and time again by the minister, is that we need to have an effective and a flexible Defence Force that meets our expected needs—and those needs can change from time to time. We are committed to delivering a Defence Force that has a strong capability for Australia and doing it in a responsible manner. It is important that we remember all of those things when we are considering the amount of money that we spend on our defence forces over a long period of time—and

it is money that has to be committed years ahead.

Circumstances change. Who would have dreamt in 1996 or 1997 that our defence forces would be required to do the work that they are currently doing today? Who could have foreseen the extent of the operations that Australia had to undertake, outside Australia's immediate area, in East Timor, and our responsibility in many of the peacekeeping forces around the world—in Bougainville, which has been going on for a considerable time, in the Solomons, in Iraq and in Afghanistan? Nobody can foresee exactly what is around the corner. That is why it is important that, when we are devising a defence capability, we devise it to the best of our ability, taking into account the facts that we know today and the things that are likely or possible to happen in the future. (*Time expired*)

Senator LUDWIG (Queensland) (3.15 p.m.)—That was a pitiful defence of the white paper and the new DCP, I must say. The government, in its white paper *Defence 2000: our future defence force*, announced that it had decided against the development of heavy armoured forces suitable for contribution to coalition forces in high-intensity conflicts. That was what was decided by the government in its Defence Force white paper. In its 2003 defence white paper the government announced that the threat of direct military attack on Australia was less than it was in 2000. I did not hear anything in Senator Hill's answer to my question to change that view.

Instead of developing heavy armoured forces for high-intensity conflicts, there has been—at least up until now—a focus in Australia on developing a Defence Force centred on what amounts to a highly mobile, rapidly deployable light infantry supported by a range of light armoured vehicles, otherwise

known ASLAVs. That has been the focus of the Defence Force until now. These forces are air transportable and relatively easy to deploy, not only in Australia but also overseas. I might add that these forces have also proven to be highly effective in a range of our deployments.

Clearly, a number of defence white papers have determined that these were the most suitable types of forces for Australia to develop, not only for our own self-defence but also for the support of coalition operations and for operations in our region. Yet Senator Hill seems to be—and I say it with some caution—obsessed by heavy tanks. These are forces that we did not deploy to East Timor, the Solomon Islands and Afghanistan. Did we deploy any of our current inventory of Leopard tanks to any of these areas of intervention? No, we did not. So you would have to ask the question: why didn't we? I would argue that there are two possible answers to this question.

Senator Hill interjecting—

Senator LUDWIG—Perhaps Senator Hill could listen to the two answers that I have to be able at least to set out the pros and cons in the argument and demonstrate that in truth the acquisition is contrary to policy announced in the 2000 defence white paper. The first issue is this: it was decided that, given the threat level, the tanks were not needed, which is in effect what the two previously mentioned white papers said. I may have grossed that up to simplicity, but effectively that was what was put. The second answer is that the tanks are difficult to deploy. Australia does not have the capacity to airlift Leopard tanks and would find it very difficult to find a sea lift capacity to deploy these vehicles. I remind the Senate that the Minister for Defence said it was due to mobility and deployability that Australia de-

cided to develop the ASLAVs in the first place.

If we have so much difficulty in deploying our current Leopard tanks, I would ask the minister: how are we going to deploy the new ones? There is no point in having a new tank if you do not have a yard in which to play with it. The other problem is the logistical support that might go with that. Senator Hill was a little mute on that point and not just in terms of what the costs might be. The minister has been quiet on the issue of logistical support for these new tanks. Does the mooted \$600 million purchase include the cost of logistical support? We have not heard whether it does.

I find it interesting that the government should be considering the purchase of a new main battle tank when many European nations with a long history and a great experience in armoured warfare are reconsidering the future directions of their armoured forces. According to the recent article which I mentioned ‘Quo Vadis Armour’ in *Armour 2003*, contained in this month’s *Military Technology*, many European NATO nations are considering the development of lighter, more mobile forces to meet not only their internal security requirements but also their future deployment overseas. That was where our white paper was going. It seems that the Prime Minister has changed the Minister for Defence’s mind.

Again, we are faced with the question: why is the Howard government looking at spending \$600 million on heavy main battle tanks that we would have extreme difficulty deploying in Australia, let alone overseas, and when we may not have the logistics to keep the operational capability in use? You then have to consider how you are going to transport them around. Will you need to purchase low loaders for them? Where are you going to put them, and how are you going to

utilise them realistically in Australia—let alone find the ability to get them overseas?
(Time expired)

Senator SANDY MACDONALD (New South Wales) (3.20 p.m.)—Defence is a priority of our government. You will recall that the initial funding commitments in the 1996 budget were to quarantine defence against funding cuts and to meet the overall government expenditure review arrangements that applied to us when we came to government in 1996. You will recall that there was an enormous black hole of about \$10 billion, but the government took the decision then that it was not going to cut defence spending. This initial commitment was reaffirmed by the changes in the strategic environment since 1996. Defence expenditure has been increased accordingly because of that. There was, as you will recall, the continuing Gulf deployment after the first Gulf War. There was the East Timor deployment, which provided an opportunity for Australian forces to be deployed overseas—probably the best led, the best equipped and the best trained ADF personnel ever to leave these shores. Of course, there was the continuing commitment in Bougainville, on the war on terror and in Iraq, and in the Solomons.

I note what Senator Ferguson said in connection with the war on terror. Who could have imagined, when planning, that 15 years before we would have RAAF aircraft stationed in one of the former Soviet republics, Kyrgyzstan, in 2002? That just shows how difficult it is to plan ahead for defence. It is very complex, very expensive and it needs to be flexible enough to meet changes in the strategic environment.

Funding has been continually increased to meet the needs of Australia and the ADF. After the 2000 white paper you will recall that there was a commitment of \$30 billion extra over the next 10 years. That money

certainly will be spent. In fact, more will be spent flowing from changes in the DCP. The DCR is the latest commitment of our government to meet the very complex and expensive activity that is the defence of Australia. The Minister for Defence outlined the key features of the Defence Capability Review in his media conference earlier this month. On present planning, a public version of the revised DCP will be released early next year. This will provide more detail on the revision to the original plan.

The government continued to approve significant DCP projects during the Defence Capability Review. They included the air-to-air refuelling tankers, which are on the drawing board, the EWSP for Tactical Aircraft, and spy-based surveillance and structural refurbishment work on the FA18 Hornets. The pace of approval of the new DCP projects will pick up early next year. Over the next six months, the government expects to approve some significant projects, including air warfare upgrades to the FFGs and Anzacs, further enhancements to the FA18 aircraft, and new lightweight torpedoes. We will also decide on a replacement for the Leopard tanks. Just picking up on what Senator Ludwig said about the Leopard tanks, he protests too loudly. Changes occur in the strategic environment. That is what defence planning is all about. I do not know whether we should take too much of a lead from our European friends. To rely on some of our European friends to do anything in terms of their responsibilities in regions quite close to them is something that I do not think Australia might take all that seriously.

There is no funding shortfall in our Defence Capability Plan. The revised plan strikes a responsible balance between capability needs and resource allocation. The plan has been adjusted sensibly to respond to emerging demands, and provides a sound basis for further developments of defence

capabilities. You can always argue that more money should be spent to get more capability, but the government's objective is to have an effective and flexible defence force that meets our expected needs. *(Time expired)*

Senator MARSHALL (Victoria) (3.25 p.m.)—I certainly agree with Senator Sandy Macdonald that defence is a priority. It is a priority for this government, it has been a priority for previous Labor governments and it will be a priority for a future Labor government. There is no question about that—defence is an important factor for any government of the day. But just because it is a high priority does not mean that the government has got it right. You cannot hide behind the fact that you have put it as a high priority and, therefore, everything you do is correct. Our concern is that the nature of our defence needs has changed considerably. It is now well accepted that insurgency, terrorism and regional instability are the biggest issues facing the defence forces of this country.

We live in a region which has been described by the Prime Minister and the foreign minister as an 'arc of instability'. We have carried out actions in East Timor and the Solomon Islands, there are tensions in West Papua, there have been military coups in Fiji and there are still tensions there, there are tensions in Vanuatu, and there are still underlying tensions in Bougainville, even though that has largely settled down. Enormous issues face Australia in this region. Potentially, given our location within the region, Australia will need to respond to the defence needs of the region as well as—the primary reason for a defence force—the defence of Australia itself.

Even though the government says the revised Defence Capability Plan addresses the issues of insurgency and terrorism, it appears to do the opposite. It seems to be building a conventional defence force based on Cold

War type strategies. Those issues are not the major issues facing Australia today. We do not need to buy the best tanks in the world. If we walk into a showroom and say, 'This is the one we want; it has all the bells and whistles', that is fine—it would be nice to have. But if we cannot deploy those tanks, if we cannot use them to match our defence needs, if we cannot move them to any jetty or wharf within a 10,000-mile radius of Australia, we might have the best tanks, but they are not going to meet the defence needs of the country for rapid deployment and easily mobile and highly agile forces. It is not the sort of armoury we require to meet the changing needs of our region.

These tanks are a serious concern to us. Not only are they incredibly expensive, but we are concerned—Senator Ludwig raised this issue—about how they fit into our existing defence infrastructure. How are they going to be transported? Where are they going to be stored? How are they going to be maintained? What we do know is that they cannot be transported on any existing platform that we have. We know that they will require special fuels and lubricants, making them incredibly expensive to maintain and to move offshore, even if we were able to do so. The tanks are too heavy to be airlifted, which means that they can only be moved by sea. Again, we are unclear whether we even have the capacity to do that. If we ever want to deploy these tanks overseas, what is going to be the additional cost to get them into combat away from our shores? There is significant difficulty involved in moving them to any parts of our region.

Under the original Defence Capability Plan it was proposed that the Navy would receive an additional eight fully upgraded Anzac frigates, six fully upgraded FFG-class frigates and six new mine hunters in addition to the three new air warfare destroyers. However, as a result of this review into the

DCP, the government has now decided to chop four Navy ships from the Defence Capability Plan. That does not go well for a highly mobile, highly agile defence planning process. The Navy will now receive only four upgraded FFG-class frigates and four new mine hunters—a cut of four ships from the original plan. It is ridiculous, considering this decision, for the government to be claiming that the acquisition of new air warfare destroyers improves Navy's capacity. Navy is set to be four ships worse off than it was when the original plan was announced. *(Time expired)*

Question agreed to.

Finance: Deposit Bonds

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (3.30 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Revenue and Assistant Treasurer (Senator Coonan) to a question without notice asked by Senator Bartlett today relating to deposit bonds and the property market.

It is worth reminding the Senate of a resolution adopted yesterday noting the Reserve Bank's opinion that deposit bonds are likely to encourage the overdevelopment of inner city rental units, that they have been a contributing factor to the current housing boom and that some of the organisations that issue them are not regulated by the Australian Prudential Regulation Authority and calling on the government to review the regulation of deposit bonds and related instruments. It is particularly poignant today with news of the collapse of the National Investment Institute. I am not specifically saying that this collapse is related to the fact that they used or heavily promoted deposit bonds, but it highlights some of the risks involved in this area of economic activity, particularly its linkages to the current significant problem with the overblown housing market and the problems

of housing affordability that that is causing for many Australians, and the unnecessary upward pressure it is putting on interest rates. That is leaving many Australians exposed to dangerous levels of debt, as well as generating overdevelopment in some areas of the property market. The evidence is that people are being encouraged at real estate seminars to arrange multiple deposit bonds and use them to leverage themselves into a number of properties off the plan, in the hope that prices will increase and properties can be sold at a profit without ever passing over the deposit. That is fine while prices continue to increase but not so good when the bubble bursts. Using artificial means like that encourages over-investment, which encourages the price to increase, which also creates lack of housing affordability for everybody else.

There is still not a lot of data in relation to this, but one of the key areas is that some issuers of deposit bonds are not even regulated by APRA and ASIC has had problems dealing with the grey area between real estate agents and financial advisers. So it is a key problem area and the Democrats believe it needs to be addressed, as does the broader issue of housing affordability. The Democrats have raised this a number of times in the Senate, both through questions to ministers—to Senator Coonan, Senator Minchin and the Minister for Family and Community Services—at various times and through disallowance motions and other measures. It has been incredibly frustrating to see a lack of willingness on the part of the federal government and the federal Labor Party to address some of the drivers of the problems with housing affordability that are occurring around the country. The area of deposit bonds is a significant component of that.

Minister Coonan said that we should wait to see the report of the Productivity Commission inquiry before acting. There is some sense in that. I hope that the Productivity

Commission does, within its terms of reference, properly address this issue and that the government then recognises the need to act. The Reserve Bank reports that one-fifth of all mortgages issued in Sydney involve deposit bonds and that up to 70 per cent of properties in some development projects involve deposit bonds. These bonds remove the need for the purchaser of a property to pay a deposit at the time contracts are exchanged. Instead, they simply pay a fee to the bonds issuer—usually some form of insurance company—in return for a guarantee that the deposit or an equivalent amount will be paid whenever settlement occurs.

As I said, there are a range of organisations involved. It is not just Henry Kaye who is involved in this area of activity. Some of the organisations are quite well known: GE Mortgage Insurance Services, QBE, and Royal and Sun Alliance. Indeed the ANZ Bank also advertises its deposit bonds. A wide range of organisations engage in them. In linking them to Henry Kaye I am not suggesting that they are all about to collapse. What I am saying is that this area of selling deposit bonds to people who otherwise would not be able to afford properties, particularly for investment, is not only driving up housing prices for everybody but also leading to significant overexposure of debt. It does need action and there is not adequate regulation or examination of the issue. I welcome the government's indication that they will look at the Productivity Commission's report. The time has come—in fact it has long gone in the area of housing at a national level—to not just sit back and wait for reports but recognise that there is a need for action. (*Time expired*)

Question agreed to.

PETITIONS

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

Australian National Flag

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

The Petition of the undersigned respectfully sheweth that:

1. We the undersigned wish to signify our strong opposition to any change in the design or colour of the Australian national flag.
2. We believe that the current flag has served Australia well and will continue to do so in the future and represents a true manifestation of the nation's history.

And your petitioners, as in duty bound, will ever pray.

by **Senator Kemp** (from five citizens).

Parliamentary Zone: Pay Parking

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

The Petition of the undersigned shows:

Overwhelming opposition to the introduction of Pay Parking in the Parliamentary Zone, and the adjacent areas of Barton and Forrest, by citizens employed in the precinct. We believe the lack of reasonable public transport and commercial and professional services in the area means there are no viable alternatives to driving private motor vehicles to and from our places of work, and as such believe that the forced imposition of pay parking would constitute an unjust burden being placed upon us.

Your Petitioners ask/request that the Senate should:

Vigorously oppose any proposals to introduce pay parking in the Parliamentary Zone and adjacent areas of Barton and Forrest.

by **Senator Lundy** (from 2,073 citizens).

Education: Higher Education

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

Your petitioners believe:

1. Fees are a barrier to Higher Education, disproportionately affecting rural, regional and remote students, students from low socio-economic groups, Indigenous students, and note that participation of these

groups since 1996 have fallen back to 1991 levels following the introduction of differential HECS, declining student income support levels, lower parental income means test and reduction of Abstudy.

2. Permitting universities to charge fees 30% higher than the HECS rate will:
 - a. substantially increase student debt
 - b. create an hierarchical, two-tiered university system
3. And that expanding full fee paying places will have an impact on the principle that entry to university should be based on ability, not ability to pay.

We the undersigned therefore call upon the Senate to oppose the Government's Higher Education package as it fails to deliver an equitable solution for regional students to the current funding crisis. It instead asks students and their families to pay more.

We further call upon the Senate to act to ensure the principle of equitable access to universities remains fundamental to higher education policy and to oppose any bill to further increase fees.

by **Senator Stott Despoja** (from 608 citizens).

Medicare

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

The petition of the undersigned citizens of Australia draws to the attention of the Senate:

The need to retain and extend the universal public health insurance system Medicare by:

- restoring bulk billing for all
- increasing financial support to the public hospital system
- switching to the public Medicare system the \$3.6 billion currently used to prop up the private health insurance industry

We therefore pray that the Senate opposes the introduction of cuts to Medicare services limitations on its coverage and the introduction of up-front fees for GP visits.

by **Senator Wong** (from 878 citizens).

Petitions received.

NOTICES

Presentation

Senator Kemp to move on the next day of sitting:

- (a) congratulates the Australian Rugby Union on staging the most successful Rugby World Cup since its inception in 1987;
- (b) congratulates the Australian Wallabies on an outstanding 2003 Rugby World Cup campaign;
- (c) conveys, on behalf of all Australians, the nation's pride and congratulations for the performances of all the team members who played in the team over the course of the competition;
- (d) expresses its thanks to all the team support staff and others who have contributed to the success of the team;
- (e) thanks the Australian people who supported teams from all countries that participated in the 2003 Rugby World Cup;
- (f) notes the contribution made by Commonwealth agencies and departments to the successful staging of the 2003 Rugby World Cup; and
- (g) acknowledges the contribution of the Australian Sports Commission to the development of young Australian rugby players, particularly through the rugby program at the Australian Institute of Sport.

Senator Hutchins to move on the next day of sitting:

That the time for the presentation of reports of the Community Affairs References Committee be extended as follows:

- (a) poverty and financial hardship—to 4 March 2004;
- (b) children in institutional care—to 30 April 2004; and
- (c) Hepatitis C in Australia—to 17 June 2004.

Senator Cook to move on the next day of sitting:

That the Foreign Affairs, Defence and Trade References Committee be authorised to hold public meetings during the sittings of the Senate to take evidence for the committee's inquiry into the performance of government agencies in the assessment and dissemination of security threats in South East Asia in the period 11 September 2001 to 12 October 2002, on the following days:

Thursday, 27 November 2003, from 6.30 pm

Friday, 28 November 2003, from 9 am to 4.25 pm.

Senator Cherry to move on the next day of sitting:

That the time for the presentation of the report of the Environment, Communications, Information Technology and the Arts References Committee on the Australian telecommunications network be extended to 12 February 2004.

Senator Heffernan to move on the next day of sitting:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Legislation Committee on the draft Aviation Transport Security Regulations 2003 be extended to 2 December 2003.

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

That the Senate—

- (a) acknowledges that Monday, 1 December 2003 is World AIDS Day;
- (b) notes that a report released by the Joint United Nations Program on HIV/AIDS and the World Health Organization on 25 November 2003, indicates that:
 - (i) 42 million people around the world are infected with HIV,
 - (ii) 8 000 people die of AIDS-related illnesses every day,
 - (iii) 14 000 new HIV infections occur every day,
 - (iv) 13.2 million children are now orphans as a result of the AIDS virus, and
 - (v) 95 per cent of people with AIDS live in the world's poorest countries;

(c) acknowledges the crucial role played by the Global Fund to Fight AIDS, Tuberculosis and Malaria (the 'Global Fund') in combating the AIDS pandemic;

(d) notes that:

- (i) in its first three rounds of funding, the Global Fund approved \$3 billion over 2 years for more than 220 programs in 121 of the worst affected countries, including \$555 million to programs in South Asia, East Asia and the Pacific,
- (ii) \$224 million has already been disbursed to more than 60 countries, and
- (iii) the Global Fund is facing a significant shortfall in funding which is jeopardising its ability to disburse funds to countries who have had program proposals approved, and to fund new rounds of grants;
- (e) expresses its concern that Australia is one of only two of the world's wealthiest countries yet to make a contribution to the Global Fund; and
- (f) urges the Australian Government to support the Global Fund as a key global initiative that is enabling countries to strengthen their own national response to HIV/AIDS, and to seriously consider making a significant contribution to the Global Fund by the end of 2004.

Senator Cherry to move on the next day of sitting:

That the Senate—

- (a) notes that:
 - (i) a draft import risk assessment on the importation of Filipino bananas released in July 2002 concluded, based on the best science available, that such imports should not be approved due to the unmanageable risk of the introduction of diseases like black sigatoka and moko, and
 - (ii) the Filipino Government has challenged the Australian Government at the highest levels to overturn this decision; and

- (b) calls on the Australian Government to:
 - (i) defend the science-based analysis of the import risk assessment process and to release the final report on Filipino bananas as soon as possible, and
 - (ii) defend Australia's quarantine standards in trade negotiations against pressure to water them down.

Senator Nettle to move on Monday, 1 December 2003:

That the Senate—

- (a) notes that:
 - (i) Monday, 1 December 2003 is World AIDS Day,
 - (ii) there are 42 million people living with HIV/AIDS globally, with more than 95 per cent of these people living in developing countries,
 - (iii) it is expected that programs funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) will enable 700 000 people living with HIV/AIDS to access vital antiretroviral treatment for HIV/AIDS,
 - (iv) without substantially increased funding, the Global Fund's capacity to make a sustained impact on these three diseases will be lost,
 - (v) Australia has endorsed the United Nations Declaration of Commitment on HIV/AIDS (2001) which called for the creation of a global fund for HIV/AIDS and health, and
 - (vi) despite this commitment, the Federal Government has not yet committed any funds to the Global Fund; and
- (b) calls on the Federal Government to provide \$110 million for the period 2002 to 2004 to the Global Fund (in addition to its existing overseas aid commitments) in accordance with the fund's Equitable Contributions Framework.

Senator Nettle to move on the next day of sitting:

That the Senate—

- (a) notes that the European Union has recently introduced labelling of animal feed and of highly processed ingredients derived from genetically-engineered (GE) crops, neither of which are currently labelled under the Australian regulatory system; and
- (b) calls on the Australian Government to:
 - (i) exempt any changes to the GE regulatory and labelling system in Australia from the current free trade agreement negotiations with the United States of America,
 - (ii) ensure that the Government maintains the ability to improve and extend the labelling laws, to bring them into line with international best practice, and
 - (iii) ensure that the federal regulatory system protects the rights of Australian consumers and farmers to GE-free food and farming systems.

Senator Nettle to move on the next day of sitting:

That the Senate—

- (a) notes that:
 - (i) the Government's revised Medicare package proposes to increase the patient rebate for general practitioner services for two groups of Australians as an incentive to encourage bulk billing for these people, and
 - (ii) the Government proposes to introduce discriminatory safety nets which endorse substantial out-of-pocket expenses for medical services;
- (b) condemns the Government for:
 - (i) undermining the principle of universality by failing to propose measures to increase bulk billing for all Australians,
 - (ii) encouraging higher private fees for medical services, which will cause hardship for many Australians and discourage them from seeing doctors, and

- (iii) relying on safety nets in place of strengthening Medicare; and
- (c) calls on the Government to:
 - (i) increase the patient rebate for all Australians, and
 - (ii) develop a plan to promote bulk billing as an essential means of ensuring timely, affordable access to primary health care.

Senator Harris to move on Wednesday, 3 December 2003:

- (1) That a select committee, to be known as the Select Committee on the Lindeberg Grievance, be appointed to inquire into and report on the following matters:
 - (a) whether any false or misleading evidence was given to the Select Committee on Public Interest Whistleblowing, the Select Committee on Unresolved Whistleblower Cases or the Committee of Privileges in respect of its 63rd and 71st reports;
 - (b) whether any contempt was committed in that regard, having regard to previous inquiries by Senate committees relating to the shredding of the Heiner documents, the fresh material that has subsequently been revealed by the Dutney Memorandum, and Exhibits 20 and 31 tabled at the Forde Commission of Inquiry into the Abuse of Children in Queensland Institutions, and any other relevant evidence; and
 - (c) whether this matter should be taken into account in framing the proposed legislation on whistleblower protection recommended by the Select Committee on Public Interest Whistleblowing.
- (2) That the committee consist of 7 senators, 2 nominated by the Leader of the Government in the Senate, 2 nominated by the Leader of the Opposition in the Senate, 1 nominated by the Leader of the Australian Democrats, 1 nominated by the One Nation Party and 1 nominated by the Australian Greens or Senator Harradine.
- (3) That the committee may proceed to the dispatch of business notwithstanding that not all members have been duly nominated and appointed and notwithstanding any vacancy.
- (4) That:
 - (a) the chair of the committee be elected by and from the members of the committee;
 - (b) in the absence of agreement on the selection of a chair, duly notified to the President, the allocation of the chair be determined by the Senate;
 - (c) the deputy chair of the committee be elected by and from the members of the committee immediately after the election of the chair;
 - (d) the deputy chair act as chair when there is no chair or the chair is not present at a meeting; and
 - (e) in the event of the votes on any question before the committee being equally divided, the chair, or deputy chair when acting as chair, have a casting vote.
- (5) That the quorum of the committee be a majority of the members of the committee.
- (6) That the committee and any subcommittee have power to send for and examine persons and documents, to move from place to place, to sit in public or in private, notwithstanding any prorogation of the Parliament or dissolution of the House of Representatives, and have leave to report from time to time its proceedings and the evidence taken, and such interim recommendations as it may deem fit.
- (7) That the committee have power to appoint subcommittees consisting of 3 or more of its members and to refer to any such subcommittee any of the matters which the committee is empowered to consider, and that the quorum of the subcommittee be a majority of the members appointed to the subcommittee.
- (8) That the committee be provided with all necessary staff, facilities and resources

and be empowered to appoint investigative staff and persons, including senior counsel, with specialist knowledge for the purposes of the committee, with the approval of the President.

- (9) That the committee have access to, and have power to make use of, the evidence and records of the Select Committee on Public Interest Whistleblowing, the Select Committee on Unresolved Whistleblower Cases and the Committee of Privileges in respect of its 63rd and 71st reports.
- (10) That the committee be empowered to print from day to day such documents and evidence as may be ordered by it, and a daily Hansard be published of such proceedings as take place in public.

Withdrawal

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (3.38 p.m.)—I withdraw business of the Senate notice of motion No. 2 for today standing in the name of Senator Allison.

Senator BROWN (Tasmania) (3.39 p.m.)—I withdraw business of the Senate notice of motion No. 1 for today.

COMMITTEES Selection of Bills Committee

Report

Senator LIGHTFOOT (Western Australia) (3.39 p.m.)—At the request of the Chair of the Selection of Bills Committee, Senator Ferris, I present the 15th report of 2003 of the Selection of Bills Committee.

Ordered that the report be adopted.

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

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 15 OF 2003

1. The committee met on Tuesday, 25 November 2003.

2. The committee resolved to recommend—That:
 - (a) the Kyoto Protocol Ratification Bill 2003 [No. 2] be *referred immediately* to the Environment, Communications, Information Technology and the Arts Legislation Committee for inquiry and report on 4 March 2004 (see appendix 1 for statement of reasons for referral);
 - (b) the Financial Services Reform Amendment Bill 2003 be *referred immediately* to the Economics Legislation Committee but was unable to reach agreement on a reporting date (see appendix 2 for statement of reasons for referral); and
 - (c) the following bills *not* be referred to committees:
 - Broadcasting Services Amendment (Media Ownership) Bill 2002 [No. 2]
 - Medical Indemnity Amendment Bill 2003
 - Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2003
 - Workplace Relations Amendment (Termination of Employment) Bill 2002 [No. 2].

The committee recommends accordingly.

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

Bill deferred from meeting of 12 August 2003

- Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003.

Bill deferred from meeting of 19 August 2003

- National Animal Welfare Bill 2003.

Bill deferred from meeting of 28 October 2003

- Intelligence Services Amendment Bill 2003.

Bills deferred from meeting of 25 November 2003

- Building and Construction Industry Improvement Bill 2003

- Building and Construction Industry Improvement (Consequential and Transitional) Bill 2003
- Workplace Relations Amendment (Better Bargaining) Bill 2003.

(Jeannie Ferris)

Chair

26 November 2003

Appendix 1

Proposal to refer a bill to a committee

Name of bill(s):

Kyoto Protocol Ratification Bill 2003 [No. 2]

Reasons for referral/principal issues for consideration

The adequacy of the bill to deliver greenhouse gas emmission reductions.

Possible submissions or evidence from:

Climate Action Network Australia, Australia Institute, Greenpeace, Australian Conservation Foundation, Environment Business Australia

Committee to which bill is referred:

Environment, Communications Information Technology and the Arts Legislation Committee

Possible hearing date: February 10-12 2004

Possible reporting date(s): March 4 2004

Senator Sue Mackay

Whip/Selection of Bills Committee Member

Appendix 2

Proposal to refer a bill to a committee

Name of bill(s):

Financial Services Reform Amendment Bill 2003

Batch 5, Corporations Amendment Regulations

Batch 6, Corporations Amendment Regulations

Reasons for referral/principal issues for consideration

The government's amendments to this bill are almost as lengthy as the bill itself and introduce several new concepts which were foreign to the original bill.

The amendments (and the regulations) have a significant impact on the FSR regime and should be considered by the committee.

Possible submissions or evidence from:

Catherine Wolthuzien—Australian Consumers Association

Chris Connolly—

David Horsfield—Securities and Derivatives Institute of Australia

Brag Pagnell—ASFA

Richard Gilbert—IFSA

Can Hristodoulidis from the FPA

Ros, Bennett—ACSI

ASIC

Treasury

David Lynch—IBFSA

Ian Ramsay—Melbourne University

Committee to which bill is referred:

Economics Legislation Committee

Possible hearing date: January 2004 (assuming no extra sitting weeks this year)

Possible reporting date(s): Early February 2004

Senator Sue Mackay

Whip/Selection of Bills Committee Member

NOTICES

Postponement

Items of business were postponed as follows:

General business notice of motion no. 466 standing in the name of Senator Lees for 2 December 2003, relating to the introduction of the Protection of Biodiversity on Private Land Bill 2003, postponed till 3 March 2004.

General business notice of motion no. 702 standing in the name of Senator Lees for 1 December 2003, relating to the introduction of the Broadcasting Services (Safeguarding Local Content and Local Audience Needs) Amendment Bill 2003, postponed till 3 December 2003.

General business notice of motion no. 704 standing in the name of Senator Stott

Despoja for 27 November 2003, relating to the People's Republic of China and Falun Gong practitioners, postponed till 1 December 2003.

Senator NETTLE (New South Wales) (3.41 p.m.)—by leave—I move:

That general business notice of motion no. 711 standing in the name of Senator Nettle for today, relating to public and community housing, be postponed till the next day of sitting.

Question agreed to.

COMMITTEES

Environment, Communications, Information Technology and the Arts References Committee

Reference

Senator BROWN (Tasmania) (3.41 p.m.)—I move:

That the Ozone Protection and Synthetic Greenhouse Gas Legislation Amendment Bill 2003, the Ozone Protection (Licence Fees—Imports) Amendment Bill 2003, and the Ozone Protection (Licence Fees—Manufacture) Amendment Bill 2003 be referred to the Environment, Communications, Information Technology and the Arts References Committee for inquiry and report by 31 March 2004, with particular reference to:

- (a) the need to phase out ozone-depleting substances and synthetic greenhouse gases;
- (b) the means by which the use of air conditioning can be reduced and the transition to natural refrigerants can be encouraged;
- (c) the desirability of banning imports of split system refrigeration and air conditioning equipment 'pre-charged' with hydrofluorocarbons and hydrochlorofluorocarbons; and
- (d) standards for installation, operation and maintenance of refrigeration systems.

Question negatived.

Treaties Committee

Reference

Senator LUDWIG (Queensland) (3.42 p.m.)—I move:

That the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment be referred to the Joint Standing Committee on Treaties for inquiry and report by 23 March 2004.

Question agreed to.

ABORIGINAL AND TORRES STRAIT ISLANDER SPORTS AWARDS

Senator RIDGEWAY

(New South Wales) (3.43 p.m.)—I move:

That the Senate—

- (a) congratulates the following winners of the 9th National Aboriginal and Torres Strait Islander Sports Awards:

National Sportsman Award: Anthony Mundine, Sydney, New South Wales: WBA super middleweight champion;

National Sportswoman Award: Bo De La Cruz, Darwin, Northern Territory: Australian touch football representative since 1998;

National Junior Sportswoman Award: Kathleen Logue, Tennant Creek, Northern Territory: co-winner of world mixed pairs darts championship;

National Junior Sportsman Award: Kyle Anderson, Maddington, Western Australia: world darts champion;

National Disabled Sportsman Award: Troy Murphy, Kirwan, Queensland: national tenpin bowling champion;

National Disabled Sportswoman Award: Tegan Blanch, Stuarts Point, New South Wales: all rounder—member of the Australian deaf tennis squad, swimmer, shot-putter, javelin and discus thrower;

National Coach Award: John Roe, Australian Capital Territory: head coach of the Australian gridiron squad;

National Official Award: Stacey Campton, Australian Capital Territory: netball umpire; and

State Achievers:

Western Australia: Bianca Franklin: state netball representative;

Australian Capital Territory: Katrina Fanning: rugby league;

Victoria: Mungara Brown: Australian rules;

New South Wales: David Peachey: rugby league;

Northern Territory: Sarrita King: netball;

South Australia: Joseph Milera: Australian rules;

Queensland: Ashley Anderson: swimming;

Tasmania: Nathan Polley: boxing;

- (b) recognises the important role that sport and physical activity plays in the social well-being of Indigenous communities, especially among young people; and
- (c) recognises also that Indigenous sports champions are valuable role models for young Indigenous people and that their achievements are a source of pride for all Australians, particularly Indigenous communities.

Question agreed to.

**INDIGENOUS AFFAIRS:
PRODUCTIVITY COMMISSION
REPORT**

Senator RIDGEWAY (New South Wales) (3.43 p.m.)—I ask that general business notice of motion No. 706, standing in my name, relating to the release of the Productivity Commission report entitled *Overcoming Indigenous disadvantage*, be taken as a formal motion.

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (3.44 p.m.)—I have no objection to the motion being taken as for-

mal, but I seek leave to make a brief statement in relation to the motion.

Leave granted.

Senator IAN CAMPBELL—I appreciate leave being granted by my colleagues, and I will try to keep it brief. I was going to seek to incorporate this statement to save time, but it is an important issue that Senator Ridgeway raises. We are opposed to the motion almost effectively on a technicality, but on behalf of the government I would like to explain why because we principally support the sentiments raised by Senator Ridgeway. The government is fully supportive of the process for reconciliation. Indeed, under the leadership of Prime Minister John Howard, COAG commissioned the Productivity Commission’s report *Overcoming Indigenous disadvantage*. Furthermore, the issues raised by that commission’s report are ones that COAG has recognised as needing action from governments, from the private sector, from community organisations and, obviously and very importantly, from Indigenous communities.

The government, together with the premiers and chief ministers of each state and territory, agreed to priority action in three specific areas as reflected in their joint communiqué on reconciliation. These are, firstly, investing in community leadership initiatives; secondly, reviewing and re-engineering programs and services to ensure they deliver practical measures that support families, children and young people—in particular, governments agreed to look at measures for tackling family violence, drug and alcohol dependency and other symptoms of community dysfunction; and, thirdly, forging greater links between the business sector and Indigenous communities to help promote economic independence.

The council also agreed to take the lead in driving changes and, most importantly, to

periodically review progress. That first review took place last year and a further review will occur before the next COAG meeting. The only concern we have with the motion is that Senator Ridgeway suggests the Prime Minister secure a commitment from COAG members regarding the preparation of action plans. While action plans can serve a purpose in terms of accountability and keeping progress on track, they are also resource intensive and can divert from the main goals and from actually achieving those goals. We would like the opportunity to consider whether this is the best approach or whether there may be other ways forward, given that a number of accountability and reporting arrangements are already in place. We note that most ministerial councils have already prepared and submitted action plans.

Senator RIDGEWAY (New South Wales)
(3.47 p.m.)—I note the comments made by the government. I move:

That the Senate—

(a) notes:

- (i) the release of the Productivity Commission report, 'Overcoming Indigenous Disadvantage', which allows the Council of Australian Governments (COAG) to monitor outcomes and measure governments' performance in addressing Indigenous disadvantage, and
- (ii) that, for the first time, COAG will focus on whether Indigenous programs and funding are having an impact on the lives of Indigenous people;
- (b) recognises that this report provides policy-makers with a broad view of the current state of Indigenous disadvantage and what changes are needed to ensure that Indigenous people enjoy the same life expectancy and overall standard of living as other Australians; and
- (c) calls on:

- (i) the Prime Minister, as Chairman of the Council of Australian Governments, to secure a commitment from COAG members regarding the timing and implementation of action plans that will provide the mechanism for achieving advances in the key indicators outlined in the report, and
- (ii) the premiers and chief ministers of each state and territory to commit to the COAG Communiqué for Reconciliation, and ensure that realistic, sustainable and implementable action plans are prepared as soon as practicable but prior to the next COAG meeting.

Question agreed to.

EMPLOYMENT: UNEMPLOYMENT RATES

Senator NETTLE (New South Wales)

(3.48 p.m.)—by leave—I move the motion as amended:

That the Senate—

- (a) notes that the official unemployment rate fell to 5.6 per cent in October 2003;
- (b) further notes the report released by the Australian Council of Social Service on 13 November 2003, which found the official unemployment rate gravely underestimates the true level of joblessness and insufficient hours of work, and that the real level of unemployment is more than double the official rate; and
- (c) calls on the Federal Government to review the official definition of unemployment with the objective of developing, in consultation with the community, a more realistic measure of joblessness and insufficient hours of work.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE

Heiner Affair and Lindeberg Grievance

The DEPUTY PRESIDENT—The President has received a letter from Senator Harris proposing that a definite matter of

public importance be submitted to the Senate for discussion, namely:

Dear Mr President,

Pursuant to standing order 75, I propose that the following matter of public importance be submitted to the Senate for discussion:

The Heiner Affair and the Lindeberg grievance, which leave unresolved issues relating to child abuse in Queensland and raise the necessity of bringing to the Australian public the seriousness of this issue, to ensure that Senate process, and the rule of law are respected and the issue of child abuse is discussed.

Yours sincerely,

Senator Len Harris

One Nation Senator for Queensland

I call upon those senators who approve of the proposed discussion to rise in their places.

More than the number of senators required by the standing orders having risen in their places—

The DEPUTY PRESIDENT—I understand that informal arrangements have been made to allocate specific times to each of the speakers in today's debate. With the concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator HARRIS (Queensland) (3.49 p.m.)—In moving this matter of public importance, I also signal that today I have given a notice of motion to establish a Senate select committee inquiry into the Lindeberg grievance, because both are interlinked. I am well aware that the words 'the Heiner affair' or 'shreddergate' send the Labor Party into apoplexy and damage control and the coalition into a mysterious land of inaction, but we press on. Perhaps the coalition is starting to see the bigger picture that Heiner represents. Various events have converged in Heiner which we cannot ignore. One event was our historic May 2003 vote on the unsuitability of Dr Hollingworth continuing as this nation's Governor-General because of

his handling of child sex abuse issues. It caused certain standards about handling child abuse allegations to be laid down by certain senators; therefore, I say that what we demand of others in handling child abuse allegations we must now demand of ourselves. When we hold inquiries, evidence provided should be truthful, complete and not tampered with, especially when provided by other government or law enforcement authorities. The Senate should not be deliberately or unintentionally misled. It cannot accept into evidence, or have on the parliamentary record, twisted interpretations of the criminal law for political or improper purposes.

My notice of motion, which should be supported by all senators, stems from a major submission by Mr Kevin Lindeberg's counsel, Mr Robert F. Greenwood QC, in which he set out serious charges that this chamber had been misled by the Queensland government and the CJC when Heiner was examined by the Senate some years ago. He brought forward new evidence. I also refer to Mr Lindeberg's open letter of 30 May 2003. It underpins and builds on the Greenwood QC submission. In my opinion, the terms of reference set out in my notice of motion have the capacity to handle what is alleged in his open letter.

On 27 October, 2003, the House of Representatives Standing Committee on Legal and Constitutional Affairs took fresh evidence on the Heiner affair in Brisbane as part of its national inquiry into crime in the community—a more disturbing bracket of evidence you would never read. The Labor members on the committee agreed that the shredding of the child abuse evidence should never have occurred. But it did and it is still claimed to be lawful by the Beattie government. But there are highly respected legal opinions that the shredding was a serious offence, and the Heiner cover-up is continu-

ing in Queensland as we speak. The Brisbane evidence, given on oath, further underpins the charge that the Senate may have become a possible partner in this issue. It even goes to criminal paedophilia, involving the pack rape of a 14-year-old Indigenous girl. This girl was an inmate and was raped by other inmates during a supervised bush outing and no-one was charged with that assault. I ask the question: did anyone involved in the incident who was never charged go on after release and commit other crimes when they should have been locked up for the pack rape? It appears that that is precisely what has happened.

It was revealed in the University of Queensland's justice project—and that is on the university's own web site—on 12 October 2003 that one of those involved in the original incident was involved in a point-blank shotgun killing of a former inmate on 1 September 1990. That has only just come to light. One of the entities involved in the pack rape, rather than being charged and incarcerated, was involved in the murder of another person. The high-minded words said in May 2003 about the abhorrence of child abuse, which were used against the then Governor-General, Dr Peter Hollingworth, now rebound on the Senate. During that particular time, Senator Bolkus said:

If we as a national parliament do not take the right and proper moral stand on issues relating to paedophilia, which affects our children, then we too could be condemned—and I think quite fairly so—by the public of Australia for turning a blind eye to paedophilia, its victims and those who tolerate it.

Other senators also made similar comments about the issue. The Heiner affair has effectively boiled down to two key issues. Both deal with the conduct of elected and appointed public officials and their duty to act with complete probity and obey the law. Heiner asked whether there is one law for

politicians and bureaucrats and another law for ordinary people. It is also about whether the Senate can effectively operate if state governments and law enforcement authorities can appear before it and mislead it with impunity. This may be a watershed moment for the Senate in the evolution of the Senate committee system. We cannot remain indifferent to being so grossly misled on matters touching criminal law and the abuse of children in state-run institutions. If proven, this would be contempt of the highest order.

I remind the Senate that on 4 March 2003 it agreed to send a reference to the Senate Community Affairs Reference Committee to inquire into children in institutional care which, amongst other things, is said to look at 'any unsafe, improper and unlawful care or treatment of children in such institutions or places'. How can we invite our abused fellow Australians to come to the Senate when we have these issues relating to the Heiner allegations sitting in front of us and we are doing nothing to check their veracity?

Mr Lindeberg has alleged that the Goss Labor government tampered with a major exhibit which it sent to the Senate in July 1995. It was deliberately cropped to misrepresent the full extent of who knew what in order to inflict minimum damage on one of the Senate committee witnesses and Mr Lindeberg. This allegation alone should be sufficient to revisit the Heiner issue. In new evidence, it is alleged that the Goss government also withheld other known family department files from the Senate which revealed the crime of paedophilia concerning the pack rape of the 14-year-old Aboriginal female inmate which we now know were produced in evidence at the Heiner inquiry. Remember: Heiner was shut down by the Goss government and then it shredded all of its evidence so that it could not be used in a judicial proceeding and could not be used in evi-

dence against the careers of staff at the centre, some of whom were union members.

If the Queensland government saw fit to send us the infamous tampered document 13, which revealed kids being handcuffed to fences through the night, why did it not provide the recently obtained file about the pack rape? Both incidents went to Heiner; both were therefore relevant to the Senate. When our committee system moves into the area of whistleblowing, we are potentially dealing with breaches of criminal law. Therefore, we must be sure that such matters are handled appropriately and that our privileges are not abused.

Importantly, the Senate cannot be deceived into describing *prima facie* criminal conduct in simple political terms; otherwise, those who should be brought to account may use our soft political description as proof of innocence or clearance by a Senate finding. It is for that reason that the terms of reference for the Lindeberg grievance provide for advice from senior counsel to be obtained in matters which may breach criminal law.

The Senate was told by the Queensland government and the CJC that section 129 of the Criminal Code allowed known evidence to be lawfully destroyed up to the moment of a writ being filed and/or served. Former respected Queensland supreme and appeal court judge Justice James Thomas QC has recently advised that such an interpretation was not only manifestly wrong at law but also never open to be made. He was saying not only that the advice was incorrect but that, in his opinion, the advice that was given should not have been. He also advised that those involved in the shredding were still open to criminal charges. I have now included the new material on the University of Queensland's justice project in the terms of reference.

Currently, the Queensland DPP has charged a Baptist minister under section 129 of the Criminal Code, and that is the core provision in Heiner. This Baptist minister has been charged over the destroying of a girl's diary which showed the pastor knew the girl had recounted being sexually abused by a parishioner some five to six years before a judicial proceeding commenced. The Queensland government and the CJC told the Senate differently in the materially similar circumstances of Heiner. Which is correct? This is what we need to know. We are looking at the criminal law being knowingly misrepresented for a political purpose in order to get a favourable or negative report from the Senate. If we keep our description of the shredding as an exercise in poor judgment on the parliamentary record, we will become the laughing stock of the world. In addressing Heiner, the Senate may be placing itself on an unprecedented collision course with the Queensland government and CMC, because, if contempt is found, which would go to the obstruction of justice, then those who were involved must be held to account according to law, and the reason is that the Senate stands to protect the rights of all Australians.

I also refer to a document that was circulated as an open letter to the Commonwealth Parliament of Australia, again by Mr Lindeberg. In that letter, which was delivered not only to every senator in this chamber but also to every person in the House of Representatives, the substantive issues relating to all of the Heiner issues were set out in the four pages. I will read into the record the last three paragraphs:

Against the backdrop of the public declaration denouncing the horror of child sexual abuse earlier cited in both Houses of the Commonwealth Parliament, I am imploring honourable Members to remember famous parliamentarian Edmund Burke's saying; 'It is necessary only for the good man to do nothing for evil to triumph.'

By your own standards, enunciated during the May 2003 debates cited above, Heiner is now your litmus test about handling effectively and seriously allegations of child sexual abuse, thereby carrying out of your public duty.

This open letter respectfully seeks relief from the Commonwealth Parliament in all matters associated with Heiner through approved Federal means as a matter of urgency and in the public interest.

Senator MURRAY (Western Australia)
(4.04 p.m.)—This is a serious matter that is being exposed here again today—and I say ‘again’ because I am acquainted with some of the analysis and documentation by journalists and other people in Queensland. It is serious not just because of the nature of the allegations and the events concerned, which touch on the very worst aspect of the alleged sexual assault of children, but because of what it says about the attempt to conceal evidence, to destroy evidence and to cover up a circumstance. One can only speculate on the reasons for doing so, and speculation it will have to remain without a proper inquiry.

The process of destroying evidence and of not following up an issue like this may simply arise from embarrassment because of the authorities, institutions or people involved. It does not necessarily imply a criminal intent, a notorious or perverted attempt. It may simply imply embarrassment. But it is just not good enough. As parliamentarians, we have to insist, regardless of our personal political attachments, on the accountability of government, of the bureaucracy and of the judiciary in matters which concern access to justice and the proper process of justice with respect to Australian citizens and residents. The issue at hand, of course, becomes even more to the point when you realise that the persons involved are persons of particular disadvantage by their upbringing, their background and their age.

I note for the record, as you would have noted, Mr Acting Deputy President Watson, that the request of Senator Harris for this matter of public importance to be considered was supported by three political parties: One Nation, the Democrats and the Greens. That is not because I would expect the major parties not to agree that matters like these ought to be addressed, but it is indicative of a concern across the non-major parties which might not be as forceful or as well reflected in the major parties, and that is a real concern about far too much secrecy, suppression and concealment within governments and bureaucracies in general. That is why the fight is constantly on to lift the threshold of accountability, to improve whistleblower law and protection and to ensure that as much openness and transparency occur as possible.

The issue then I have to deal with is: what is a core concern here? The affairs known as the Heiner affair and the Lindeberg grievances are particular, but they do represent of their kind something which is general and widespread. The world over, the crime of the sexual assault of children has been the subject of cover-ups. Cover-ups of that sort have required either the active and deliberate collusion of institutions—churches, charities, bureaucrats, law enforcement officers, law protection officers and health authorities—or, and it is probably a more common variant, the inaction on or passive neglect of these issues because they are just too hard or too embarrassing.

I do not rise to speak in this debate as a novice in this area. I have read and followed the stolen generation report at length. I have read and followed the Senate process of the inquiry into the child migrants, and I am currently involved in the inquiry into institutionalised children. The Senate itself has established the nature and the history of such cover-ups. One of the things that politicians, bureaucrats and the media do not understand

is the sheer scale of the number of people affected by these events and the consequence of them. The social and economic consequence of harming a child results in 60 years of harm to an adult, and the social and economic consequences are quite often major. It is in the exposure of individual cases such as these that you can attend to the larger issue.

I commend to people who have an interest in these areas my own paper with Dr Marilyn Rock in the *Australian Journal of Social Issues*, volume 30, No. 2 of May 2003, 'Child migration schemes to Australia: a dark and hidden chapter of Australia's history revealed'. What is pursued in that article is the theme I have already outlined: that if you hurt children you end up with problems with adults and that has a huge social and economic cost. If you hurt large numbers of children then you end up with large numbers of adults and their families being affected. The inquiry we are going through now is electrifying in terms of its evidence. To give you an indication of the numbers of people who were institutionalised, the Mary McKillop organisation told us that 115,000 children went through their homes alone in the last century and a half since the organisation was founded in the 1850s. Numbers of those children, of course, did suffer abuse and neglect and regrettably some would have suffered criminal sexual assault.

What we are referring to in this discussion is that issue and the fact that in contrast to governments and countries, including Ireland, the United States, France and England, Australian governments have been extremely backward, recalcitrant—call it whatever name you like—in addressing the issue of the criminal sexual assault of children, the criminal physical assault of children and the more general abuse and neglect that occurs with children. The current Senate inquiry is addressing these important issues and trying to flesh out the problems that we expose and,

of course, arrive at a situation where governments recognise that, regardless of the embarrassment and regardless of the history of any government or cabinet in these matters, it is better to come clean, to get the issue out in the open, to be accountable, to front up, to fess up and then to do something about the problem. If the benefit of Senator Harris's motion is that at least the Queensland government says, 'All right, it was not us; it was someone else—maybe because they were embarrassed or because someone somewhere made a bad decision. Nevertheless, we'll have a proper look at it and expose it through the institutions of accountability that Queensland has,' then some good will come of it. I hope that those on both sides of the chamber as well as those on the crossbenches who have some influence in Queensland will be able to get that result from this motion.

Senator BRANDIS (Queensland) (4.14 p.m.)—Before I commence my remarks, I want to congratulate Senator Harris on a very thoughtful, considered and persuasive speech. When the sad events leading to the resignation of the former Governor-General Dr Hollingworth were played out before the Australian people in the first half of this year, there would not have been a politician in this country who was more swift to condemn Dr Hollingworth and more swift to try and earn some cheap, political points out of his circumstances than the Premier of Queensland, Mr Beattie. No-one was more eloquent than Mr Beattie in the condemnation of the cover-up of child abuse.

One of the things Mr Beattie said at the time was that there must be a national royal commission into the issue of child abuse. He demanded that that happen and he earned the publicity yield, which no doubt he sought, when he made that demand. Surprising therefore was it that when, only a couple of months later, the respected Independent

member for Gladstone in Queensland parliament, Mrs Cunningham, moved to establish a royal commission into child abuse on 20 August 2003 Mr Beattie spoke strenuously against her proposal and used his overwhelming numbers in the Queensland parliament to thwart her proposal.

The fact is, and Senator Harris's remarks about the Lindeberg grievance brings this to light yet again, that the failure of the Queensland government over many years properly to deal with serious allegations about the abuse of children in care or children in protection has become a matter of growing concern to the people of my state. It started with the so-called Lindeberg grievance, about which Senator Harris has spoken, but that issue has recurred in many alarmingly repetitive forms in all the years since.

Let me say something about the Lindeberg grievance. When the Goss government was elected in 1989, there was in being at the time an inquiry into allegations of child abuse at the John Oxley Youth Centre. One of the first things that the Goss government did, after coming to power on 2 December 1989, was to shut it down. I have with me a copy of the cabinet minute of 5 March 1990 and the supporting cabinet submission in the name of the then Minister for Family Services and Aboriginal and Islander Affairs, Anne Warner, recording the decision:

That following advice from the State Archivist and the Crown Solicitor the material gathered by Mr. N. J. Heiner during his investigation into certain matters at the John Oxley Youth Centre be handed to the State Archivist for destruction under the terms of section 55 of the Libraries and Archives Act 1988.

As the Queensland law then stood, records of that character could only be lawfully destroyed after the State Archivist had so certified. But what is curious about that decision is that it was sought to be justified on this

ground, and I quote from the cabinet submission:

Cabinet would be aware that Mr N. J. Heiner was appointed by the former Director-General, Department of Family Services, to investigate and report on certain management matters relating to the John Oxley Youth Centre. After obtaining advice from the Crown Solicitor, the Acting Director-General decided to terminate the investigation conducted by Mr Heiner, as the basis for his appointment did not provide any statutory immunity from legal action for him or for informants to the investigation.

It went on to say:

Destruction of the material gathered by Mr Heiner in the course of his investigation would reduce risk of legal action and provide protection for all involved in the investigation.

What is very curious about that is that we have since obtained the legal advice from Mr O'Shea, the then Crown Solicitor, dated 23 January 1990. What Mr O'Shea said, and I quote, is this:

I believe there is no legal impediment to the continuation of the inquiry—

that is, the Heiner inquiry. He goes on to say: This advice is predicated on the fact that no legal action has been commenced which requires the production of those files and that you decide to discontinue Mr. Heiner's inquiry.

So the basis put forward in the cabinet submission appears to have misrepresented the position.

In any event, the Heiner inquiry having been closed down by the fiat of the then director-general of the family services department, the documents were destroyed having been certified for destruction by the State Archivist on the authority of a decision of the cabinet. Nevertheless, there is a large body of legal opinion—of which the opinion of the late Mr Bob Greenwood QC was one, and I understand from Senator Harris that an opinion recently expressed by a most respected retired judge of the Queensland

Court of Appeal, Jim Thomas QC, is another—that it almost certainly did constitute a breach, by the entire cabinet, of section 129 of the Queensland Criminal Code. What the cabinet knew, and this was part of the cabinet submission, was that a Mr Coyne was about to initiate proceedings against the government in which the material destroyed as a result of the cabinet decision would have been material evidence.

But it gets much worse than that: we now know that the key allegation made before the Heiner inquiry, the evidence of which was destroyed with the documents, was of the pack rape of a 14-year-old girl who was in the care of the John Oxley Youth Centre at the time. That has more recently come to light. On 3 November 2001, the *Courier-Mail* reported:

A young Aboriginal woman has confirmed claims by several former staff members of a Brisbane youth detention centre that she was gang-raped while being held in the centre as a 14-year-old.

...

The *Courier-Mail* has been told by former members of staff they had 'no doubt' the matter of the gang rape had been raised with the 1989 Heiner inquiry into the John Oxley Centre.

What is even more sinister about this is that on 28 March 1999, during the course of an interview with the *Sunday* program on Channel 9, a person who was a member of the cabinet which made that decision, Mr Pat Comben, who I think was the minister for the environment at the time, said this:

In broad terms, we—

that is, the cabinet—

were all made aware there was material about child abuse. Individual members of cabinet were increasingly concerned about whether or not the right decision had been taken.

I only have a few minutes and there is so much to say about this, but, by just joining the dots, it amounts to this: a submission was

taken to cabinet at the beginning of 1990, evidently on a false premise, which had the effect of authorising, probably in breach of section 129 of the Queensland Criminal Code, the destruction of documents which proved the existence of a complaint of child abuse. That complaint, years later, was subsequently verified by the victim of that child abuse—and very serious child abuse: gang rape of a 14-year-old girl—and a member of that cabinet, Mr Comben, in years since, has confirmed on the public record that the cabinet knew about it. It does not get much more serious than that.

Senator MURPHY (Tasmania) (4.24 p.m.)—As a person who chaired a committee inquiry back in 1995 which dealt in part with the Heiner documents and the matter relating to Kevin Lindeberg, I just want to say a few words with regard to the matter that has been raised by Senator Harris. If the inquiry highlighted one thing, it highlighted the difficulty that often occurs when such matters become politically charged. The inquiry was initiated as a result of a motion by the then opposition. Despite the best attempts of Senate committees to try to deal with these issues, it sometimes becomes very difficult.

I think that in respect of the Kevin Lindeberg matter and the Heiner documents some very serious issues were raised. Former Senator Newman chaired the same committee the year before I became chair, and in that inquiry we made a number of recommendations in respect of a preliminary investigation of the Heiner documents affair which were not accepted by the Queensland government at the time. The process, as we all know as senators in this place, is often difficult when you are trying to conduct an inquiry of such a nature and when you often do not have the expertise or the capacity to acquire certain evidence to ensure that you are able to make a valued judgment. As we all know, we are often on very limited time

constraints. To some extent, that is a sad reflection on the way this place operates, because it does not allow us to often do justice to the people we are elected to represent.

With regard to the issue of Heiner, I share some of the concerns that have been raised. It would seem to me, as it did at the time, that the shredding of the documents was not something that should have occurred. With regard to later events, particularly in respect of the child abuse issue, it was even more relevant to ensure that those documents were not destroyed. I think that Kevin Lindeberg, a person who endeavoured to do the right thing, has suffered very serious consequences as a result of that. I think that points very clearly to the state of whistleblowing legislation in this country—at a state level, in particular, where it is totally insufficient to allow public servants or, indeed, members of the public to blow the whistle on particular matters and receive the sort of protection that they should.

It is a very unfortunate circumstance that, for the purposes of protecting a government, often very important matters do not see the light of day and the people who endeavour to bring them to the public attention suffer the consequences—and, as was the case for Kevin Lindeberg, very bad consequences. He is one of a number of different people who gave evidence to the committee that I chaired and to the committee that Senator Newman chaired, and it is a matter that I think still requires attention. I note that in Senator Harris's speech he referred to the Legal and Constitutional References Committee revisiting, in part, the Lindeberg matter. Again, even after all of these years, I think their view about the issue reflects the difficulty and the importance of having processes in place that ensure that people who endeavour to bring to our attention very serious matters of poor, bad or, indeed, illegal public administration should have the right to do so and

should be able to do so without fear or favour.

I am not in a position to express a valued opinion on where this matter will go from here. I felt very sorry for Kevin Lindeberg. When you sit in this place you try to represent the interests of people and when you find that often you cannot it is very disappointing. We had some very eminent people appear before the committee, one of whom is now a High Court judge. From time to time he probably reflects on the views he expressed and the opinions that he gave the committee and on the way Senate committees operate. I hope people do not find the Senate committees too disappointing, because they do the best job they can. But in certain cases—and this was one of them—when we hold inquiries it is important that we make sure that we have the capacity to get an outcome that is representative of the effort that the public put into providing evidence to the committee. We should at least give them a sense of justice—that at least we have listened to their views and endeavoured to do them justice by considering those views appropriately. We should ensure that the matters are at least seen to be dealt with appropriately.

I think that in many respects the committee that I chaired at the time failed because we did not have the resources and we did not have the time—and of course there were a number of other factors. I do not want to make an excuse for it. That outcome seems to be the case all too often for Senate committee inquiries. I believe there was a very serious deficiency in how the Heiner document issue was handled. It is probably unfortunate that so much time has elapsed. I am not sure whether anything can be done in the future but I hope that maybe there will be some justice at the end of the day for Kevin Lindeberg, at least.

Senator MOORE (Queensland) (4.32 p.m.)—When Senator Harris moved his motion this afternoon he said that somehow the mention of the Heiner inquiry causes apoplexy on this side of the chamber. That is not true, Senator Harris. It causes us to focus deeply on the real issue of this process: child abuse. We concentrate on what we are able to do now and in the future—cooperatively at all levels of government—to work on the genuine issue of child abuse in our community.

Senator Harris and others will move—and they have every right to do so—to continue to review the issues surrounding Heiner in 1989 and 1990. My understanding is that there have been at least eight reviews of this process. That process may well continue to dissect, consider and question what happened—the process and the documents. However, we believe that the major target of our energy, here and in the community, should be the issue of child abuse. We must draw together the energies, the passion and the commitment of everybody to focus on this issue.

Today in Sydney there is a conference called Many Voices, Many Choices—a strong title for a conference. That conference involves community members from across the country looking at what we can do together to focus on child abuse. Our shadow minister, Senator Collins, is at that conference; otherwise she would be taking part in this debate. We should be taking up the last part of the motion that Senator Harris put before us to make sure that the issue of child abuse is discussed. That is the key part of the motion and we must work together on that.

We should take on board the work that has already been done. The recent report by the Kids First Foundation found a horrific figure—that 38,700 children were abused and neglected in the 2001-02 financial year. No-

one can look at that number and remain calm or unaffected—and those cases are only the ones we have heard about. We all know that in this area, as in others, unfortunately we only hear about the cases that become public.

On 26 May this year the then shadow minister for children and youth, Nicola Roxon, tabled in the House of Representatives the [A Better Future for Our Kids Bill 2003](#). Its aim is to make sure that children are protected from child abuse, particularly child sexual abuse—but not only sexual abuse; we have to understand that there are so many ways in which people are horrifically cruel to each other. Labor knows—as we all know—that research into the early years of childhood shows the value of building strong foundations upon which children can learn and develop. And those children then become the parents and the teachers of the future. In Labor's discussion paper *Growing up—investing in the early years* we note that the research shows the importance of protecting children from traumatic experiences, such as abuse or poverty, which are emotionally scarring and which fundamentally affect children's long-term development.

Those challenges are before us all. Australia has particular challenges, as a developed country, to reconcile its achievements and successes in some areas with growing inequalities, particularly those affecting the health of young children. Of particular concern, of course, are the outcomes for Indigenous children—along with the high rates of poverty, abuse and early mortality. There are so many figures. We have seen the statistics on so many occasions. We have heard about the Senate inquiry that has been constituted to look at children in institutional care and we have heard from Senator Murray about some of the evidence that has come before that committee. No-one can remain untouched by that process. We hope that bipartisan and cross-government efforts are made

to listen to the experiences of those people who have been brave enough to come before the inquiry.

One of the lessons of the longstanding reviews of what happened in 1989-90 is that there must be public awareness. People in the community must have the confidence to come forward and tell their stories. This must be what we should be aiming to achieve out of any issue of public importance. We must be able to work effectively to reinforce the value of our system and give people the confidence that their stories will be listened to, that their experiences will not be dismissed and, most importantly, that some action will be taken to look at what we can do to work through education and health programs. We must stop using the issue of children as a political football.

To regain any kind of credibility in this area, rather than using allegations of who is doing what we should be looking at how we can effectively put the plans and the programs that are there to work. The Minister for Children and Youth Affairs, Mr Anthony, has announced a document called *Towards a national agenda for early childhood*. That agenda has now been on the table for several months. What we need to do—what the government needs to do—is put that agenda to work and use what we are able to achieve by the Senate inquiry into institutional care, which has now met in two states and will be moving through the other states in the early part of next year and going to Queensland early in the new year. This will give us a chance to listen to the people who have been talking about what has been going on in institutions in Queensland over many years.

We have the opportunity to work with the public to ensure that agendas, which are only documents and only words, are put into practice through real programs in schools and for community and help groups so that they can

work with the people who have been so damaged in the past through levels of institutional abuse. In this way we can give them some reality, some support and some hope for the future. Otherwise agendas remain on paper in files, and we will be reviewing those agendas rather than reviewing opportunities and chances that people have to make real changes in their lives.

One of the issues that has come out over many years is that the saga of abuse is generational and that families continue to relive the horrors of abuse. If one person has been damaged by this experience, there is a large statistical possibility that that will continue through their children and so on. What we have are dysfunctional families who continue to cannibalise so that the pain, the danger and the real threat continue long after the experiences that one person suffers.

Through this process, and through the work that Senator Harris has done by putting this on the agenda, we can call on people at every level of government to stop talking about this issue and start doing something about it. We can achieve a truly national agenda for early childhood which pulls people together in this process rather than have people going into corners and continuing a form of abuse by yelling at each other instead of concentrating on the genuine issues at hand—identifying the dangers and realities of abuse in our community, working with the people who have suffered through this process and coming up with effective and personalised processes to move forward in this area.

There has been so much discussion about what occurred in 1989 and 1990 in Queensland. I think that will inevitably continue. We have heard today that it will continue. I do not often quote from the *Courier-Mail*, which is the major paper in Queensland and, as Senator Harris acknowledges, has had a

role to play in this process. In a recent editorial, the *Courier-Mail* talked about the impact of the Heiner process and what is occurring in 2003. The editorial said:

The issue now is not what happened then, or even why. It is how to ensure that the reforms proposed by Leneen Forde—

who chaired a review of child abuse in Queensland which exposed the most tragic stories—

are carried forward and how the Families Department should be resourced and managed to protect children at risk in our community.

That must be our aim; that must be what we should be able to achieve. Then maybe the issues of the Heiner inquiry can be put to rest in the best possible way, which is addressing the genuine issue of abuse in our community.

COMMITTEES
Scrutiny of Bills Committee
Report

Senator CROSSIN (Northern Territory)

(4.42 p.m.)—I present the 14th report of 2003 of the Senate Standing Committee for the Scrutiny of Bills. I also lay on the table the Scrutiny of Bills *Alert Digest* No. 15 of 2003, dated 26 November 2003.

Ordered that the report be printed.

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

Leave granted.

Senator CROSSIN—I move:

That the Senate take note of the report.

I have a number of comments to make about a significant issue that is provided in today's reports. As senators are aware, the Scrutiny of Bills Committee considers legislation to ensure that it complies with appropriate civil liberties and principles of administrative fairness. It does this by bringing to the attention of the Senate provisions bills which may infringe upon personal rights and liberties or

delegate legislative powers inappropriately or without sufficient parliamentary scrutiny.

During its consideration of the **Building and Construction Industry Improvement Bill 2003**, the committee noted that clause 170 of that bill reversed the usual onus of proof requiring a person or a building association whose conduct is in question to prove that they did not carry out the conduct for a particular reason or with a particular intent. The committee usually comments adversely on a bill that places the onus of proof on a person to disprove one or more of the elements of the offence with which he or she is charged.

In this particular case a person may have to disprove such elements based on an allegation—as the bill specifies—that the conduct was or is being carried out for a particular reason or with a particular intent. The committee is concerned that this lessens the basic cause that can give rise to proceedings under clause 227 where an appropriate court will presume that the conduct was or is being carried out for that reason or intent. There does not appear to be a provision for a reasonable defence in such instances.

Clause 227 establishes civil penalties for a contravention of the act. The maximum penalty will be 1,000 penalty units for a body corporate or 200 penalty units for other persons. The committee is of the view that the imposition of a penalty that may arise out of an application based on an allegation is a serious infringement of civil liberties. The committee has therefore drawn the Senate's attention to this matter and has written to the minister seeking advice on these matters. The committee would also like to draw clause 170 to the attention of the Senate Employment, Workplace Relations and Education Legislation Committee, which may wish to consider these matters during its current inquiry into the exposure draft of the bill.

Question agreed to.

**Public Works Committee
Reports**

Senator SCULLION (Northern Territory)
(4.46 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present two reports of the committee as follows: No. 12 of 2003—New main entrance at the Lucas Heights Science and Technology Centre, Lucas Heights, NSW; and No. 13 of 2003—Redevelopment of Radiopharmaceutical Building No. 23 at Lucas Heights, NSW. I move:

That the Senate take note of the reports.

I seek leave to incorporate a tabling statement in *Hansard*.

Leave granted.

The statement read as follows—

On behalf of the Parliamentary Standing Committee on Public Works I present the Committee's twelfth and thirteenth reports of 2003 titled respectively:

- New Main Entrance at the Lucas Heights Science and Technology Centre, Lucas Heights, NSW; and
- Proposed Redevelopment of the Radiopharmaceutical Building No. 23 at Lucas Heights, Sydney, NSW.

The need for a new main entrance at the Lucas Heights nuclear facility arises from:

- the age and design of the existing entrance buildings and gateway;
- the need to improve security provisions;
- to provide for more efficient processing of staff and visitor entry; and
- safety issues relating to traffic build-up outside the site.

The estimated cost of the works is \$ 10.336 million.

The works proposal comprises construction of a formal entry zone, decommissioning of the existing entrance and construction of a gatehouse zone. Work elements include:

- an integrated two-storey reception and gate control facility;
- facilitation of identity-logging upon entry to and exit from site;
- application of in-depth security throughout the site; and
- relocation of the new entry facility along an upgraded old alignment of the New Illawarra Road.

At the public hearing, the Committee commented on the lack of detail on project designs and costs provided in the main submission. The Australian Nuclear Science and Technology Organisation explained that some information relating to layout was yet to be confirmed, adding that while security details could not be made generally known, the agency would supply further material on designs and cost break-downs.

The Committee also wished to know more about the consultation process for the works. The Committee was told that discussions had been held with the Roads and Traffic Authority and staff. While the International Atomic Energy Agency had not been approached directly regarding this project, Australia's international obligations are monitored by the Australian Safety and Non-proliferation Office.

The Committee sought assurance that the new security measures would be appropriate in the current and future security climate. The Australian Nuclear Science and Technology Organisation told the Committee that the new security provisions would be 'scalable' to enable the future introduction of additional levels of security as required.

On environmental matters, the Committee was told that the site had already been subject to an extensive environmental impact statement process for the Replacement Research Reactor, and that a number of environmental management conditions were in place.

The Sutherland Shire Council, speaking to a written submission made by the Australian Conservation Foundation, expressed concern about the planning of the works and the potential for cost escalation, and referred to difficulties experienced while negotiating a Community Right to Know

Charter with the Australian Nuclear Science and Technology Organisation.

ANSTO responded that its processes and expenditure were subject to annual scrutiny by the Australian Audit Office and through the Senate Estimates process. Agency representatives added that, while there had been problems in negotiating the Community Right to Know Charter, information was available to the public on the agency's website.

Building 23 houses the Australian Nuclear Science and Technology Organisation's radiopharmaceutical production facilities. The proposed extension works are intended to:

- streamline production flow and materials handling;
- increase production capacity to meet expected demand; and
- address occupational health and safety problems which have resulted from ad-hoc development since the 1950s.

The estimated cost of the works is \$17.9 million.

The works proposal comprises a three-story extension to the existing Building 23. Work elements include:

- modern chemistry laboratories;
- service and instrumentation and production clean rooms;
- packaging and dispatch facilities;
- stores and component wash bays;
- amenities and support facilities; and
- associated road works, engineering and communication services.

At the public hearing, the Committee explored the need for the proposed redevelopment, in relation to written evidence supplied by the Australian Conservation Foundation to the effect that Australia's growing demand for radioisotopes could be met by importation. Witnesses from the Australian Nuclear Science and Technology Organisation explained that, while feasible to a limited extent, importation would not be practical in the long term could satisfy the expected growth in demand. Witnesses explained further that while some hospitals produced their own isotopes on-site, these are generally very short-lived isotopes

and do not impact upon the market served by the Lucas Heights facility.

The Committee asked the Australian Nuclear Science and Technology Organisation to discuss concerns raised by the Australian Conservation Foundation relating to radioactive contamination entering the sewers through liquid waste.

The Australian Nuclear Science and Technology Organisation responded that all wastewater discharges were regulated in accordance with regulatory requirements and its agreement with the Sydney Water Corporation and were well below the maximum safe dose.

The Australian Conservation Foundation was also concerned that the works site may be subject to seismic disturbances. The Committee was informed that although there had been major faulting in the region some 80 million years ago, no significant earth movements had been recorded for a long time.

With regard to airborne emissions from the Building 23 stacks, the Committee was informed that emissions would not increase as a result of the proposed works, and that emissions from Building 23 had decreased by some 90 per cent since 1999.

The Committee wished to learn more about Occupational Health and Safety at Building 23, as this was posited as a major factor in the need for the extension. The Committee was advised that, as a result of the proposed redevelopment, doses to workers would be reduced significantly, largely through more effective materials handling processes and extensive risk management provisions.

The Committee inquired whether the Australian Nuclear Science and Technology Organisation intended to undertake consultation with external stakeholders other than those listed in the submission. The Committee was told that an agreement had been reached with Sydney Water and that the public could access project information on the ANSTO web site.

Finally, on the subject of costs, the Australian Conservation Foundation expressed concern that revenue from radiopharmaceutical production at Building 23 would be insufficient to justify the capital outlay. In response, the Australian Nuclear Science and Technology Organisation reiterated

the expected growth in demand for radioisotopes and stated that a cost-benefit analysis of the project had been conducted.

Having inspected the Lucas Heights site, and having considered the evidence before it, the Committee recommends that the new main entrance at Lucas Heights and the proposed redevelopment of the radiopharmaceutical Building 23 at Lucas Heights, NSW proceed at the mean estimated costs of \$10.336 million and \$17.9 million respectively.

Mr President, I thank all those involved in the public hearing and reporting process and commend these Reports to the Senate.

Question agreed to.

**Public Accounts and Audit Committee
Report**

Senator SCULLION (Northern Territory)

(4.47 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit, I present the 397th report of the committee entitled *Annual report 2002-2003*. I move:

That the Senate take note of the report.

I seek leave to incorporate the tabling statement in *Hansard*.

Leave granted.

The statement read as follows—

Mr President, it gives me great pleasure to present the annual report of the Joint Committee of Public Accounts and Audit for 2002-2003 on behalf of the Committee. The tabling of the annual report is an important accountability mechanism by which Parliament and, through it the public, can conveniently assess the Committee's performance.

The Committee had a productive year in 2002-2003 with the completion of 2 major inquiries. The first was Report 391, which reviewed independent auditing by registered company auditors. The second was Report 394, which reviewed Australia's quarantine function. The Committee also tabled 2 reports as part of its statutory obligation to review all reports of the Auditor-General.

The review of independent auditing by registered company auditors was the first time the JCPAA had undertaken an inquiry into private sector is-

sues. The inquiry gave the Committee an opportunity to bring its expertise in audit and corporate governance matters to bear on the issue of audit independence generally. The report contained 13 recommendations including some with amendments to the Corporations Act 2001. The Committee is pleased to note that many of the report's recommendations have been subsequently incorporated into the Corporate Law Economic Reform Program's draft CLERP (Audit Reform & Corporate Disclosure) Bill.

The review of Australia's quarantine function was an extensive review of Australia's quarantine function following the foot and mouth outbreak in the United Kingdom in February 2001. In general, the Committee believed that Australia's quarantine function was in good shape. It also appeared that the additional funding allocated by the Government in the 2001-02 Budget to the quarantine function was being well spent. The Committee was particularly impressed with the enthusiasm and professionalism of quarantine personnel that it met during the inquiry. Also impressive was the strategy in northern Australia of involving indigenous peoples in quarantine activities. The report contained 13 recommendations designed to enhance Australia's quarantine function.

The JCPAA has a statutory obligation to review the reports of the Auditor-General. The Committee believes that it plays an important value adding role in reviewing the implementation of recommendations made by the Auditor-General. In 2002-2003 the Committee held a number of public hearings for this task. The Committee made its own recommendations arising from the reviews and tabled two associated reports.

In the latter half of the financial year, the Committee announced a review of aviation security in Australia in light of several aviation security breaches. As aviation security is an ongoing concern for Australians, it is important to have in place a robust aviation security framework. This timely inquiry continues and has generated widespread public and industry interest.

The Chairman of the Committee, Mr Bob Charles MP, has asked me to note his appreciation of the efforts of the Members of the Committee. The last year was a productive one for the Committee. He,

like me, is sure that the current year will prove equally productive.

Mr President, I commend the Report to the Senate.

Question agreed to.

DOCUMENTS

Responses to Senate Resolutions

The ACTING DEPUTY PRESIDENT

(Senator Watson)—I present a response from the Victorian Minister for Health (the Hon. Bronwyn Pike) to a resolution of the Senate of 11 September 2003 concerning health and tobacco.

PARLIAMENTARY ZONE

Proposal for Works

(Senator Patterson) (Victoria—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (4.48 p.m.)—In accordance with the provisions of the Parliament Act 1974, I present a proposal for works within the Parliamentary Zone, together with supporting documentation, relating to security upgrade works proposed by the Joint House Department for the Parliament House loading dock. I seek leave to give a notice of motion in relation to the proposal.

Leave granted.

(Senator Patterson)—I give notice that, on the next day of sitting, I shall move:

That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposal by the National Capital Authority for capital works within the Parliamentary Zone, being security upgrade works proposed by the Joint House Department for the Parliament House loading dock.

MINISTERIAL STATEMENTS

Australia's Development Cooperation Program

(Senator Patterson) (Victoria—Minister for Family and Community Ser-

vices and Minister Assisting the Prime Minister for the Status of Women) (4.48 p.m.)—I table the 12th annual statement to parliament on Australia's Development Cooperation Program.

(Senator RIDGEWAY) (New South Wales)

(4.49 p.m.)—by leave—I thank the Senate for giving me the opportunity to make a short statement in relation to the ministerial statement on Australia's Development Cooperation Program. The Australian Democrats made comment in relation to the tabling of the document in September of last year. Obviously that particular document had more detail in it, but as I am concerned about some of the issues that have been raised in the ministerial statement today I want to mention a number of those issues.

Last year we welcomed the government's focus on the question of poverty reduction and also the issue of sustainable development, particularly in relation to least developed countries and those in transition, and providing the opportunity for them to access Australian markets. We also noted with some concern that, despite the fact that the ministerial statement talks about an increase in real funding, over the past 30 years there has in real terms been a decline in overseas aid moneys. One of the things that is disappointing about the ministerial statement is the fact that, whilst it spoke about a new policy document on engaging with civil society groups and, more particularly, non-government organisations, we know from the aid budget summary that was given out earlier in the year that sufficient amounts of moneys were being dedicated to NGOs and volunteer and community programs, yet the ministerial statement seems to focus more on issues of security, counter-terrorism and regional stability.

It is of concern that that focus has been taken, given the politics that have occurred

in relation to the Pacific island states themselves. I think that Minister Downer has been more mindful and sensitive to the need to ensure that Australia ends up being seen as a colonial power in the Pacific. Yet, given a recent Senate committee report that Senator Cook chaired dealing with questions of Australia's relations with Pacific island nations and the issue of how Australia is seen, we do need to tread sensitively in relation to these particular issues.

There is something that comes to mind about the overseas aid budget and, more particularly, how we distribute that to the various programs run in neighbouring countries. I want to particularly draw attention to where I see an urgent need for a shift in focus in relation to the government's policy priorities for Papua New Guinea. The government talks about moving closer to having enhanced agreements put in place to deal with Australia-PNG relationships. We need to keep in mind an impending problem. Monday is international AIDS day. The background to this is that HIV infections in Papua New Guinea were first reported in 1987, and HIV prevalence increased annually throughout the early nineties. Over that time it has continued to increase. I think at the last measure 0.6 per cent of the total population of 15- to 49-year-olds, or 15,000, had contracted HIV-AIDS. It is a concern given that PNG is our closest neighbour.

I am more particularly concerned from the perspective of the effect in relation to the Torres Strait people. I am concerned in relation to the Indigenous communities in the gulf, particularly Mornington Island, Doomadgee and Kowanyama. All of those communities have direct relations with people in the Torres Strait and so on. I want to refer to an ABC report in October of this year. One of the region's leading experts on HIV-AIDS treatment warned that Australia's national interest will be at risk if the impend-

ing epidemic in Papua New Guinea is not brought under control. That was said by Dr John McBride, an infectious diseases specialist at Cairns Base Hospital in Far North Queensland, where they regularly treat HIV-AIDS patients from Papua New Guinea. According to recent statistics from PNG there are around 500,000 reported cases of HIV infected people—the highest number in any South Pacific nation.

It is affecting Australia's interests because not only is PNG our closest neighbour but there are many places in the Torres Strait from where, on a clear day, you can see the mainland not too far away. Part of the emphasis in talking about closer cooperation and arrangements here—

Senator Patterson—We gave you leave for a short statement.

Senator RIDGEWAY—I believe I have 10 minutes available, and I am going to make use of the time.

Senator Crossin—He's entitled to 10 minutes.

The ACTING DEPUTY PRESIDENT (Senator Watson)—Order! Senator Patterson, leave has been granted.

Senator Patterson—Yes, but after the event.

The ACTING DEPUTY PRESIDENT—Continue, Senator Ridgeway.

Senator RIDGEWAY—I thank the minister for intervening, because it draws attention to the need for the government to focus on what is a problem on our doorstep—that is, the prevalence of HIV-AIDS spreading onto the mainland. I think we need to acknowledge that it is a problem for the Torres Strait. The Queensland government are responding by looking at outlying health centres being established on the various islands in the Torres Strait. Essentially, the ministerial statement said very little about dealing

with this problem. The government needs to at least establish some priorities. It is not just about dealing with economic growth in Pacific island countries. It is also about putting emphasis on those things that directly affect the Australian national interest, particularly in relation to PNG, infectious diseases and people in the Torres Strait, both Aboriginals and Torres Strait Islanders. I think that needs to be emphasised.

Senator NETTLE (New South Wales) (4.57 p.m.)—by leave—I would like to draw attention to some of the opening remarks in the ministerial statement just delivered to the Senate about the Solomon Islands and Iraq. The Australian Defence Force should be congratulated for the work that they have done in bringing new peace to the Solomon Islands. It should also be remembered that this disastrous situation and the hundreds of millions of dollars it is due to cost Australian taxpayers could have been averted if the current government had come to the assistance of the Solomon Islanders when requested in 2000. It would seem that a small act then by this government would have saved millions of dollars and, more importantly, many lives.

It is telling that the foreign minister in the ministerial statement placed considerable emphasis on the \$120 million that has been allocated to the rebuilding of Iraq, yet the cost of the war on Iraq to Australian taxpayers was recently stated to be over \$750 million. If the Australian government is serious about bringing stability to Iraq, much more money and less political mileage needs to be spent in this endeavour. In terms of the overview of Australia's development assistance, Australia spends just 0.25 per cent of our gross national income on overseas aid, on official development assistance. This figure falls well short of the 0.7 per cent level which is required by the millennium development goals, to which this government has officially committed.

Foreign Minister Downer claims that Australia's aid funding has increased by \$79 million over the 2002-03 figure. Closer analysis shows that an unprecedented figure of \$255.6 million, up from \$50 million in 1995-96, will flow directly to Australian government departments in 2003-04. This dramatically distorts the overseas development assistance funding figures. Of this sum, \$135 million will go to implementing the Pacific solution, and a further \$48 million will go to looking after asylum seekers in Australia. It is difficult to surmise how this money can be deemed to be assisting developing nations to address AusAID's stipulated goals of poverty alleviation and sustainable development. The government spent just \$31 million in the 2003-04 budget on the promotion of peace and security programs through poverty alleviation in our region, yet spent the stated \$750 million on the war in Iraq.

I will address the issue of how the aid is being delivered. There is often a misconception about how Australia's aid money is spent. The common misconception is that aid is delivered benevolently through charities—fine organisations such as Union Aid Abroad, Oxfam and World Vision. Whilst these organisations do receive some AusAID money and do great work with the money they receive from the official aid budget, most Australians would perhaps be surprised to discover that most of our aid program is delivered through private companies with not development but profit as their prime agenda.

The breakdown of the current budget sees approximately 75 per cent of Australia's aid budget going to private companies and 20 per cent going to multilateral organisations such as the World Bank and the Asian Development Bank. Money also goes to the United Nations, but—as is perhaps typical of the government's regard for the United Nations—UN funding in this area of the aid budget has been cut by 51.3 per cent since

1995-96. Non-government organisations receive just five per cent of funding from Australia's overseas aid budget. Since 1995-96, funding to non-government organisations, who have proven to be generally very effective in delivering these projects, has fallen by over 35 per cent in real terms.

This promotion of Australian companies offers an insight into the predominant focus of Australia's aid, which is not, as most people assume, a benevolent gift, but is instead used to advance the interests of Australian businesses. It must be noted that the major beneficiaries are a few select companies. The three prime recipients of Australia's aid program are a company called SAGRIC, formerly South Australian Agriculture and now owned by Coffey; ACIL, a friend of the current government in their 1998 waterfront dispute; and GRM, which, interestingly, is owned by prominent Australian businessman Kerry Packer. These companies have profit as their first interest, not the development of our neighbours, and the impact that this is having on our relationship in the region is both significant and predominantly negative. This is reflected in the recent comments from the minister for foreign affairs in the Papua New Guinean government, who said in relation to Australia's aid program:

The aid program is designed, developed, implemented and monitored by managers appointed by AusAID itself. The relevance of this point is simple: Does that process ensure that a substantial portion of the aid actually benefits the people of Papua New Guinea?

This quote should be of concern to the Australian government in terms of how Australia's aid is perceived in our region.

This practice of giving aid contracts to donor country companies is known as tied aid, and has been condemned by many experts, including James Wolfensohn, the head of the World Bank. In fact, World Bank research shows that tied aid is 20 to 25 per cent

more expensive to deliver than untied aid. Countries like the United Kingdom and the Netherlands have untied their aid programs, a practice which the Australian government should take note of and follow suit on. Currently the Australian aid program is acting as an elaborate corporate welfare system, where Australian companies are shielded from international competition and free to set whatever prices they please. That is interesting to note in the context of the current free trade agreement that is being negotiated between Australia and the United States.

To look at some of the detail of which countries get Australia's aid money: the latest AusAID statistical summary from 2001-02 showed that the poorest countries, the least developed countries—who, one could argue, need the aid the most—get just 14 per cent of the AusAID budget. Low-income and lower middle income countries get 47 per cent between them. I think this is another illustration of the focus of this government's Australian aid program, which is not necessarily on assisting poverty but on benefiting the economic interests of Australian companies, who obviously would have greater opportunities not in the poorest and least developed countries but in countries where their businesses and enterprises could be more developed.

There is a current focus in Australia's aid program on good governance, which is being promoted by the foreign minister. This sector is currently receiving \$270 million from Australia's aid budget—the largest sectoral recipient, at 20 per cent of the budget. Alternatively, education receives just 15 per cent and health just 13 per cent of the total aid money. Health and education are strong and real roads out of poverty for many people in the countries to which this aid is sent, and more aid needs to be spent in these areas. Good governance, a term adopted by AusAID, can be used to suggest that our sys-

tem of governance—our laws, rules, prison systems, police systems and way of doing things—is the appropriate way to go.

We need to be careful about what this external focus on good governance is in danger of doing in many of our recipient countries to directly undermine traditional governance and thus the very fabric that these societies are built on. For example, the Australian taxpayer has spent over \$120 million since 1998 on the law and justice sector in Papua New Guinea, yet the foreign minister tells us that this sector is failing and that we need to be spending more hundreds of millions of dollars propping it up. There are some questions that need to be asked about how this aid money is being spent in this area in PNG. What have been the evaluations for the programs? Have they been successful? Have the people of Papua New Guinea benefited from the \$120 million worth of police and legal training? Has the money gone to Australian business interests? How much money has stayed in PNG? If the situation is so bad now, how will more money make the situation better? These are questions that need to be answered by the Australian government in relation to their aid project, but we certainly do not see any of the answers in this ministerial statement.

Question agreed to.

MEDICAL INDEMNITY AMENDMENT BILL 2003

MEDICAL INDEMNITY (IBNR INDEMNITY) CONTRIBUTION AMENDMENT BILL 2003

First Reading

Bills received from the House of Representatives.

Senator KEMP (Victoria—Minister for the Arts and Sport) (5.08 p.m.)—I move:

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

Question agreed to.

Bills read a first time.

Second Reading

Senator KEMP (Victoria—Minister for the Arts and Sport) (5.08 p.m.)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

MEDICAL INDEMNITY AMENDMENT BILL 2003

This bill, together with the Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill, provides a legislative basis for several additional elements of the Government's medical indemnity package.

The package of Medical Indemnity legislation passed in 2002 and 2003 forms the basis of the Government's response to the medical indemnity problems that emerged in early 2002, and culminated in United Medical Protection (UMP) applying to be put into provisional liquidation.

The Government was confronted by an industry which had not provisioned properly for future claims and which was structured in such a way as to avoid prudential supervision. The industry had also been badly affected by the failure of HIH, international increases in the costs of reinsurance, and a sustained increase in the number and cost of claims against doctors.

The earlier legislation, together with a guarantee to the Provisional Liquidator of UMP, addressed these problems. The Government agreed to take over unfunded liabilities across the medical indemnity sector for claims that had not yet been lodged—the so-called “Incurred But Not Reported” or IBNR claims. It also undertook to meet half the cost of settlements or judgements in excess of \$2 million up to the limit of the doctor's insurance, and subsidise the costs of premiums for doctors in high risk areas of practice. The

Government has subsequently reduced the threshold for its contribution from \$2 million to \$500,000 in regulations gazetted on 22 October 2003.

The legislation also required doctors who were members of medical defence organisations (MDOs) with unfunded IBNRs to contribute to the cost to the Government of meeting those liabilities over time.

Finally, the Government also brought MDOs under supervision by the Australian Prudential Regulatory Authority for the first time, and required them to offer contracts of insurance rather than discretionary cover to member doctors.

In addition, the Government has worked closely with State and Territory Governments in pursuing tort law reforms to reduce the volume and cost of claims against doctors, and has passed amendments to the Trade Practices Act to complement State and Territory legislation.

The two pieces of earlier legislation brought stability to the medical indemnity sector and a considerable measure of certainty to doctors.

This legislation addresses two remaining matters: the possibility that doctors will be exposed to claims beyond the cover provided by their insurance; and a number of issues around the operation of the Incurred But Not Reported contribution.

Before medical defence organisations were required to offer doctors contracts of insurance, doctors theoretically had access to unlimited indemnity cover, at the discretion of the MDO. In reality, of course, the cover was limited by the capital held by the MDO, and in an environment where MDOs were not prudentially supervised, it is quite possible that the available capital would not have been sufficient to meet all claims against doctors.

Now that MDOs are required to offer contracts of insurance and are prudentially supervised to ensure that they can meet their obligations under the contracts they offer, doctors can be confident that they have solid cover up to the limit of their insurance contract.

However, this leaves open the theoretical possibility that a doctor will be faced with an exceptionally large claim which will exceed their insurance limit. If this did happen a doctor would be

personally liable for any damages in excess of the insurance limit.

The Exceptional Claims Scheme provided for in this bill addresses this possibility, by providing for the Australian Government to meet payments in excess of the limit of a doctor's insurance contract.

Let me stress that the risk of claims in excess of an insurance contract is a theoretical risk only. Two MDOs are currently offering medical malpractice cover limits of \$20 million and the other five are offering \$25 million.

These cover limits exceed the highest amount awarded for medical malpractice in an Australian court. This means that the cover that doctors in Australia are able to access is, on average, double the highest claim amount ever awarded in Australia.

Put another way, a doctor could be the subject of two \$10 million claims in a year and still be covered by their existing insurance contract.

However, the medical profession indicated that the risk of being personally exposed to large claims was a major concern. We have listened to their concerns, and we are addressing them through this legislation even though we believe the risk to be minimal.

The Exceptional Claims Scheme is set out in Schedule 2 of the current bill. It will apply to claims arising from incidents occurring from 1 January 2003 when MDOs began to offer cover solely under contracts of insurance with no discretionary element.

The Scheme will effectively 'mirror' a doctor's insurance policy, covering the same events and incidents as their policy. However, it will not cover the treatment of public patients in public hospitals, as this is covered by State and Territory government indemnity arrangements. Nor will it cover treatment of patients overseas, as it is not appropriate for Australians to be held financially responsible for the decisions of overseas courts.

Under the Scheme, the Australian Government will assume liability for 100 per cent of any damages payable against a medical practitioner that exceeds the greater of a defined threshold or the doctor's level of cover under an insurance contract.

Doctors who were members of UMP for the period of 1 January to 30 June 2003 were covered by contracts with a \$15 million limit, with other MDOs introducing cover limits to their insurance from 1 July 2003 of \$20 million or \$25 million.

The threshold for the Scheme has been thus set at \$15 million for claims arising from incidents that occurred between 1 January and 30 June 2003 and \$20 million for claims from 1 July 2003 to reflect the cover available to doctors.

To encourage insurers to provide the highest level of insurance cover that can be backed by reinsurance, the threshold will be reviewed regularly and adjusted as necessary.

The Government understands that sometimes it is not simply one large claim that may cause a doctor to exceed their insurance cover and become personally liable. The Scheme will thus cover doctors where multiple payments during a contract period taken together exceed the limit of insurance cover under the contract.

The Scheme will operate for a minimum of three years. However, the Scheme will operate on a claims incurred basis. This means that as long as the incident giving rise to the claim was notified or occurred during the operation of the Scheme it will be covered.

The States and Territories have been implementing tort law reforms so the time patients have to make a claim and the amount that can be awarded are reasonable. Over time these reforms may make the Exceptional Claims Scheme unnecessary.

The Government has consulted extensively with medical groups and MDOs in developing the Scheme, and is confident that it will operate efficiently and effectively to address doctors' concerns.

The second element of the legislation addresses concerns expressed by the medical profession about the operation of the Incurred But Not Reported contribution legislation. As I said earlier, an important part of the Government's medical indemnity package was the IBNR scheme. Under the scheme the Government has assumed responsibility for the entire IBNR liability of UMP, which has been estimated as around \$460 million in today's dollars. In return the Government re-

quired doctors to contribute to the cost of this assumption of liability over a period of up to ten years, with contributions based on their 2000-01 UMP premiums.

Even though the structure of the contribution was set out in legislation passed late last year, it is fair to say that it was not until doctors actually received notices of their liabilities under the legislation that a number of apparent anomalies in the operation of the law emerged. These caused great concern to the medical profession.

In response to this concern I announced a Medical Indemnity Policy Review to be carried out by a Panel that I chair, and including four eminent doctors and several legal and financial experts, as well as the Minister for Revenue and Assistant Treasurer. The Panel is to report to the Prime Minister by 10 December 2003 on ways to ensure that medical indemnity arrangements in Australia:

- are financially sustainable, transparent and comprehensible to all parties;
- provide affordable, comprehensive and secure cover for all doctors;
- enable Australia's medical workforce to provide care and continue to practice to its full potential ; and
- safeguard the interests of the consumers and the community.

I announced that the operation of the IBNR contribution legislation would be suspended pending consideration of the Panel's Report. I also announced an 18 month moratorium on contributions by doctors of more than \$1,000.

Schedule 1 of this bill amends the Medical Indemnity Act 2002 to give effect to these announcements. The Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill makes supporting amendments.

While this legislation, together with the other measures the Government has previously implemented, will resolve many of the serious issues in medical indemnity and improve certainty and confidence for doctors, it cannot alone provide a long-term solution. The States and Territories must support these measures through tort and legal system reforms. MDOs must continue to strive to operate efficiently and resolve legitimate

claims quickly and fairly. And doctors must contribute through constant improvements in their practice and in their relationships and communication with patients.

Let there be no doubt that this Government remains committed to ensuring that doctors can continue to practise, confident that they are covered by appropriate insurance for any liabilities they may incur.

MEDICAL INDEMNITY (IBNR INDEMNITY) CONTRIBUTION AMENDMENT BILL 2003

This bill amends the Medical Indemnity (IBNR Indemnity) Contribution Act 2002 to give effect to the moratorium on IBNR contributions announced on 3 October 2003.

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

Ordered that the resumption of the debate be made an order of the day for a later hour.

PLASTIC BAG LEVY (ASSESSMENT AND COLLECTION) BILL 2002 [No. 2]

PLASTIC BAG (MINIMISATION OF USAGE) EDUCATION FUND BILL 2002 [No. 2]

Report of Environment, Communications, Information Technology and the Arts Legislation Committee

Senator SCULLION (Northern Territory) (5.09 p.m.)—On behalf of the Chair of the Environment, Communications, Information Technology and the Arts Legislation Committee, Senator Eggleston, I present the report of the committee on the Plastic Bag Levy (Assessment and Collection) Bill 2002 [No. 2] and a related bill, together with the *Hansard* record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator BROWN (Tasmania) (5.10 p.m.)—I seek leave to take note of the report.

Senator Kemp—I would make the point that I think this is not the usual habit in the

Senate. The Acting Deputy President, Senator McLucas, has explained what the usual procedures are and it makes sense, typically, to keep to those procedures. Senator Brown, we will grant you leave on this occasion but we would not like to see this become a habit.

Leave granted.

Senator BROWN—I move:

That the Senate take note of the report.

I thank the government for granting me leave on this occasion; I assure them that I will grant them leave on the next occasion they seek it, which I think will be within the next few hours. This is an important report because it is on a matter of great public interest, which is the hugely supported concept of a 25c levy being placed on plastic bags which issue out of supermarkets and other stores in Australia at a volume of some seven billion per annum. The Australian public is right behind a levy being placed on plastic bags to achieve the same result that Ireland has achieved, which is a more than 90 per cent reduction in the number of plastic bags going into the environment. Unfortunately, this committee is not going to support the Greens' bill for that 25c levy on plastic bags.

Neither the majority report, which reflects what the government thinks about the 25c levy, nor the Labor Party's minority report, which does not put forward any alternative proposal at all, supports the 25c levy. Eighty per cent of Australians do, but the big parties do not. We have to look into this report to find out why that is. You find on page 16, under the heading 'Support of retailers', that section 2.45 says:

Despite the community support for a levy—

80 per cent as I said—

it is clear to the Committee that large retailers do not support such an approach.

Coles and Woolworths and some others do not want it, so the Australian public does not

get it. Such is the power of these big corporations, who have such a stranglehold on the shopping industry in Australia that they have been able to stop the levy on plastic bags that has been hugely supported by the public and which would be of enormous benefit to the Australian environment and, I might add, to the Australian purse.

I want to briefly canvass the information that came before the committee. Of the seven billion or so plastic bags coming out of supermarkets and so on each year about 80 million a year are cumulatively collecting in the environment. That means that each year they go into the environment and, according to Planet Ark—which has been running a noble campaign in the community to try to educate the community about the advantages of a levy, as has succeeded in Ireland—these plastic bags can remain in the environment for up to 100 years. Anybody who collects rubbish at beaches, local parks or riverside reserves will know this. There are an extra 80 million bags collecting each year in the Australian environment.

There are three things to say about that. The first is that the Irish motivation to get rid of this curse was the visual damage to the countryside. Ireland have a hugely important tourism industry, people like living in a clean environment and they hated plastic blowing all over the place. So they brought in the levy and they have a clean country as a result. The second thing is that it costs a lot of money. We had submissions to the committee from local government, including a sterling local government presentation from New South Wales, that pointed out that it was very expensive for local government to be putting 30,000 to 40,000 tonnes of plastic bags into landfill each year. It is a very expensive clean-up and disposal process, and people pay for that through their rates. The third thing is the impact on the environment itself. There are tens of thousands of birds

and animals killed each year because of plastic bags in the environment. We had the case not too long ago of the rare Bryde's whale washed up in Cairns—and I know you will be interested in this, Acting Deputy President McLucus—which was found to have many square metres of plastic entangled in its innards. It had effectively had its alimentary canal blocked and it had starved to death.

There is a clear presumption from the scientists that many marine animals are dying from plastic bags, and they have only just cottoned on to the enormous impact of plastic bags in the marine environment. It does not stop at the marine environment: plastic bags get into the stomachs of animals, including grazing cows and so on, killing them in the land environment. It is not only a cost to the environment; it is a factor that contributes to the extinction of species in the marine environment where, amongst other things, young turtles and young seals are particular prey to ring-lock plastics and to being throttled by plastics in the environment.

The point being made by Planet Ark and others is that plastic bags are not the only contributor—in fact they are a minor contributor here, because there is a massive amount of other plastics going into the environment, causing the strangulation and death of marine species. If the bills which the Greens have brought into the Senate—and I must compliment the member for Calare, Mr Andren, who brought mirror image bills into the House of Representatives—are passed, this impact on the environment will be dramatically reduced. At the same time, if one-tenth of the plastic bags are still going through supermarkets, you collect some \$270 million a year through the levy to be used in minimising the impact of plastics in the environment and educating the community to reduce it. So a double benefit is coming out of these bills.

I am not going to extend the time of this Senate, because I know the pressure is on, but this is very important legislation and the big parties have let the country down. They have failed this nation. They have failed the expectations of people. Everybody is involved where plastic bags are concerned, and the community has spoken very strongly in the surveys, including the Morgan poll showing that 80 per cent of people wanted a levy. But the community is no match for the big retailers in lobbying this parliament. The option being put forward—and it has been accepted by Labor at state and territory level—shelters those big retailers for the next two years at least from the imposition of a levy. They do not want it simply because it is profitable for them to have the billions of plastic bags at the checkout and add that to the cost of the groceries—people are paying for them anyway.

So there is a failure not only to recognise the scientific evidence and the evidence of local government and consumer and environmental groups, which would go for the levy here, but also to acknowledge the feeling of the public at large that we should have this levy. The governments have got together—they have been pressured by the plastics industry and by the big retailers—and they have hauled off on it. A failure of good, plain commonsense and responsibility is reflected in this committee report.

When it came to the committee inquiry itself, there were some hundreds of submissions, with 90 per cent of them—only 11 out of those hundreds were opposed—saying they wanted the levy. But it does not make any difference: the public does not have the clout of the big retailers. I want to commend Planet Ark, which has been running an enormously effective community education campaign—an education campaign that has got up in small communities like Coles Bay

in Tasmania and Huskisson in New South Wales, and others are looking at it now—to do the job that government will not do. The prescription in place at the moment through state and federal governments—

Senator Kemp—Dr Kemp has done a great job on this issue.

Senator BROWN—Well, the good senator talks about his brother in the other place, the Hon. Dr Kemp, the Minister for the Environment and Heritage. The minister has completely failed the environment yet again on this issue, and it has been left to small communities to do the job for him. There is a minister who talks about protecting whales but who is quite happy for these 80 million extra plastic bags a year to go into the Australian environment. Want does he say? What is his prescription? It is to have voluntary codes from the big retailers. Those are codes that will fail.

Senator LUNDY (Australian Capital Territory) (5.22 p.m.)—I would like to say a few words about Labor's position with respect to the report of the Environment, Communications, Information Technology and the Arts Legislation Committee on the [Plastic Bag Levy \(Assessment and Collection\) Bill 2002 \[No. 2\]](#) and a related bill. I do not think it is fair to interpret Labor's view that this legislation will not be effective in achieving the outcomes that the bill says it is going to achieve—which is our reasoning for not supporting it—as in any way not supporting the issue of trying to reduce the number of plastic bags and their usage in Australia. Labor feel very strongly about this. I concur with Senator Brown in his recognition of Planet Ark and the range of communities from Coles Bay through to Huskisson who just last week have determined to become plastic bag free. That activity is to be commended. We need effective mechanisms to help make change in the Australian commu-

nity. Labor concluded that this particular bill was not the best way to achieve that. But I do not think it was fair to characterise Labor as not supporting this issue. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

BUSINESS

Rearrangement

Senator KEMP (Victoria—Minister for the Arts and Sport) (5.24 p.m.)—I move:

That government business order of the day No. 1 (Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and a related bill) be postponed to the next day of sitting.

Question agreed to.

SPAM BILL 2003

SPAM (CONSEQUENTIAL AMENDMENTS) BILL 2003

In Committee

Consideration resumed from 25 November.

SPAM BILL 2003

Bill—by leave—taken as a whole.

Senator GREIG (Western Australia) (5.25 p.m.)—by leave—I move Democrat amendments (1) and (2) on sheet 3204:

- (1) Clause 6, page 10 (lines 3 to 32), omit subclause (1), substitute:
 - (1) For the purposes of this Act, a ***commercial electronic message*** is an electronic message, where either :
 - (a) the substance of the content of the electronic message is sent to a large number of electronic addresses; or
 - (b) having regard to:
 - (i) the content of the message; and
 - (ii) the way in which the message is presented; and

- (iii) the content that can be located using the links, telephone numbers or contact information (if any) set out in the message;

it would be concluded that the purpose, or one of the purposes, of the message is:

- (iv) to offer to supply goods or services; or
- (v) to advertise or promote goods or services; or
- (vi) to advertise or promote a supplier, or prospective supplier, of goods or services; or
- (vii) to offer to supply land or an interest in land; or
- (viii) to advertise or promote land or an interest in land; or
- (ix) to advertise or promote a supplier, or prospective supplier, of land or an interest in land; or
- (x) to offer to provide a business opportunity or investment opportunity; or
- (xi) to advertise or promote a business opportunity or investment opportunity; or
- (xii) to advertise or promote a provider, or prospective provider, of a business opportunity or investment opportunity; or
- (xiii) to assist or enable a person, by a deception, to dishonestly obtain property belonging to another person; or
- (xiv) to assist or enable a person, by a deception, to dishonestly obtain a financial advantage from another person; or
- (xv) to assist or enable a person to dishonestly obtain a gain from another person; or

- (xvi) a purpose specified in the regulations.

(2) Clause 6, page 10 (after line 32), after subclause (1), insert:

- (1A) For the purposes of paragraph (1) (a), the apparent source of an electronic message is disregarded for the purpose of determining whether the electronic message is sent to a large number of electronic addresses.

These Democrat amendments, which work together, go to the heart of what was our recommendation 2 in our minority report to the Environment, Communications, Information Technology and the Arts Legislation Committee inquiry into the provisions of the [Spam Bill 2003](#) and the [Spam \(Consequential Amendments\) Bill 2003](#). They go to the heart of our recommendation that we strongly believe that the legislation should be amended to prohibit unsolicited bulk email regardless of whether it is of a commercial or non-commercial nature. As I said in my speech in the second reading debate on this legislation, it is a misnomer to regard this legislation as a spam bill. It is not a spam bill; it is a commercial spam bill. Our strong argument is that all spam ought to be banned, regardless of whether it is commercial or not. Regardless of how strong the desire may be for some to send it, I have heard of no potential recipients complaining that they will stop receiving spam if this is strengthened to ban all of it, as I said in my speech in the second reading debate.

These amendments implement the Democrats' view that a bill seeking to limit and protect against unsolicited bulk emails should not distinguish between the commercial and non-commercial nature of such emails and that all unsolicited emails should be prohibited. As was pointed out in a submission to the inquiry on this bill, it is not the content of spam that causes the damage; unsolicited bulk emails have equal potential

to clog up network links and obscure legitimate communications regardless of the fact that the content is not commercial. As an additional prohibition, this would not do violence to the existing prohibition on unsolicited commercial emails.

As I also pointed out in my speech during the second reading debate, spam is an expensive problem. It has recently been estimated that it is currently costing companies some \$US20 billion world wide in indirect costs. Wasted bandwidth and the cumulative huge waste of time associated with dealing with unwanted emails contribute to the magnitude of the problems caused by spam. If we are really serious about dealing with this problem, let us ban all kinds of unsolicited emails, not just commercial messages.

As the bill currently stands, there is no prohibition on unsolicited non-commercial emails. While we understand the need for the protection of freedom of speech, it can be argued that this is anticipated by the provisions relating to consent. The exemption for government bodies, political parties and religious and charitable organisations seems quite ridiculous in that context as they are already permitted to send non-commercial and ideological emails. Is this bill really proposing to give them a special exemption just so they can send commercial spam—that is, to spam people, asking for money, whether it be for fundraising or the sale of a particular product or merchandise?

I will return to that issue a little later, with further amendments. At this stage, it is sufficient to say that the Democrats' belief is that, if you are really serious about banning spam and really making an effort to try to take the first steps in dealing with this really significant problem, let us expand the definition and cover unsolicited emails of all kinds.

Democrat amendment (1) would replace the existing definition of a 'commercial elec-

tronic message' in clause 6 of the Spam Bill, with a definition for unsolicited bulk email instead. While the main purpose of amendment (2) is to prevent spoofing—that is, it provides that, if someone uses an email address which is not their own but from which they send spam, this is irrelevant in terms of determining whether spamming has occurred. Specifically, the apparent source of an electronic message is not the issue.

Democrat amendment (2) inserts sub-clause (1A) into clause 6 to ensure that the apparent source of an electronic message is disregarded for the purpose of determining whether unsolicited bulk spam has been sent. But, as I say, at its core, the strong argument coming from the Australian community—and our principal argument—is that they do not particularly want a distinction between commercial and non-commercial spam; they want an end to spam. That is what we Democrats strongly believe, what we advocate and what we would really like to see in a bill of this nature but which this bill does not do. However, these amendments go to attempting to achieve that.

Senator LUNDY (Australian Capital Territory) (5.31 p.m.)—The Labor opposition will not be supporting the Democrat amendments. That is basically because we accept the government's explanation for trying to target the organised commercial spammers who are out there and who operate in a very decisive way to try to send unsolicited email for the purposes of making money.

One of the reasons why we support the definition of commercial unsolicited emails is that it says to the spamming community, if you like, 'We're going to target you, but we're not going to allow ourselves to get distracted by those who perhaps inadvertently spam and aren't motivated by a commercial purpose or return some sort of profit making exercise.' What Labor is trying to do

here is twofold. Firstly, we think it is really important that this bill gets up, and we have a series of amendments which we think refine it, strengthen it and sharpen it. But I think that the Democrat amendments would fundamentally change the approach by virtue of the definition of spam, and we accept that the government's basis for this legislation is unsolicited commercial electronic messages.

We will move an amendment later which looks at single unsolicited commercial messages, which we think is an area we can refine to make more reasonable. But the sorts of scenarios that would fall under the jurisdiction of this legislation if this Democrat amendment were passed would be school children emailing all of their elected members of parliament or school children sending out bulk emails on a particular issue, perhaps to their local community. Technically, if they spam in the way that the definitions are provided here, it becomes a question of a subjective assessment of whether or not their motivation is correct, and I think that that adds a layer of ambiguity to this legislation, which, in its first incarnation, quite frankly it can do without. I think it is appropriate that we target organised commercial spammers in this legislation first and foremost.

I would like to go through specific issues with the Democrat amendment. There is no definition of a large number—is it 10 or is it 100?—so there is ambiguity there. It is always difficult to prove the exact number of emails that have been sent. The substance of the content, as worded in the amendment, is extremely vague. This gets around the problem of spammers making slight changes to emails, but bona fide emailers could still get caught under those provisions—such as a jobseeker sending out a CV to a dozen workplaces, a constituent mailing every politician or a worker sending out a farewell message to all the staff at work.

What it gets down to is that no-one can argue with the sentiment expressed by the Democrats in this instance that everyone hates spam and everyone wants to stop unsolicited emails. But I do think it is appropriate that this legislation targets operations which are organised around it and seek to profit from the exercise and engages in an education campaign of non-commercial spammers, if you like—the people who do it inadvertently because they have something to say and do not realise that they are potentially breaching people's privacy.

In opposing these amendments, it comes back to a core point that I think we have all made through this legislation—that is, this legislation is only ever going to be part of an individual solution to spam. A huge part of the solution is people educating themselves and arming themselves with the knowledge and the tools at the level of their own computer to stop unsolicited emails coming through. Users need to be educated so that, if they are thinking about sending out a bulk email to a group of people, which is not for commercial purposes, they realise the need to abide by the principles of permission based approaches and the need to obtain the consent of, or establish a relationship with, the person to whom they are sending the email in the first instance in order to get the true value of email—to use it wisely and effectively so that it stops being an annoyance and starts being a very useful and important tool for communication between parties.

Senator KEMP (Victoria—Minister for the Arts and Sport) (5.36 p.m.)—We will not be supporting the Democrat amendments. We listened very carefully to the comments that Senator Greig made. From our point of view the Democrat amendments are designed to apply the legislation to all unsolicited electronic messages whether commercial or not and they do this by labelling non-commercial electronic messages as commer-

cial electronic messages, which I think has great potential for confusion. The prohibitions in the bill are deliberately crafted in respect of unsolicited commercial electronic messages rather than all electronic messaging. It is worth while noting, Senator Greig, that the overwhelming majority of spam is commercial in nature. People who may have listened to your remarks may not appreciate that spam which is 'spiritual' or political in nature is only five per cent according to the figures I have. It is not correct to say, as you infer, that this bill does not deal significantly with the spam problem.

Establishing regulation in terms of non-commercial messaging, which includes political, religious and ideological messages, is not a desirable goal from a free speech perspective and would provide at best only marginal gains in reducing the bulk of spam targeted. In addition, these amendments talk of messages being sent to a large number of addresses without defining what the large number is. I think Senator Lundy made that point quite well, so I will not bother to repeat it. We appreciate Labor's support in rejecting these amendments. Senator Lundy made a number of useful points which, by and large, I do not quarrel with, and gave some useful examples which help people understand why what Senator Greig is proposing is not practical.

Senator GREIG (Western Australia) (5.38 p.m.)—I have to express genuine disappointment that the bill will not be amended in this way. I suspected that it would not be, having been aware of both the government and the opposition positions on this matter for some time. But I do feel that we have seriously missed the mark in trying to come up with the best legislation we can in this area. I accept your point, Minister, that non-commercial emails of what you have described as a spiritual or ideological nature constitute only five per cent of current spam,

but that is currently. We are seeing an evolution in information technology and the way in which lobby groups and political parties campaign and advertise. We are seeing much greater uptake of Internet technology and the use of emails in those areas in particular. We senators in this chamber know what it is like in terms of the dramatic increase in spam that we have been getting in our own email systems. I would have taken at least 10 spam emails today alone through my parliamentary intranet system.

My key point is that, while non-commercial spam of which the minister speaks may at this time constitute only a small amount of spam, that is not to say that that will be the case in the future. I think we will see a dramatic increase in spam in this particular area—non-commercial spam of a religious and/or political nature. I can see that also spilling over into SMS text messaging. This parliament needs to look at that particular area as well very soon and stop the commercial telecommunications companies moving spam into mobile phone technology.

The other key point that I must pick you up on, Minister, is that you described the potential banning of this non-commercial spam as an infringement on freedom of speech. That is the key point: this speech is not free. You pay for it. You did not ask for it, it is unsolicited but when you get it you pay for it. That is why it is costing \$US20 billion a year for unsolicited bulk email. When you receive it and download it you are consuming the bandwidth and using up the ISP costs involved in that. Spam—unsolicited email—is not free speech; it is expensive speech. That is why it is objectionable to the Australian Democrats that this spam, this unsolicited email for which you do not ask but for which you pay, will be allowed to continue from certain groups—namely, non-commercial and commercial within certain categories.

I argue that those categories are so broad that the legislation is effectively useless. This legislation will provide commercial spam exemptions for political organisations, religious groups and charities, but I understand Labor proposes to extend this to trade unions and not-for-profit community organisations. Frankly, that does not leave anything. Who within this legislation at the end of the day cannot spam, apart from the very obvious commercial companies with very obvious commercial messages, few of which it seems are generated from within Australia, but not entirely?

Our fundamental objection to the flaws we perceive in this legislation and the traps which the minister walked into is that we are not talking about a small percentage of annoying emails that will remain small forever. The potential for non-commercial spam to explode is huge and I can see that already happening within political organisations. It is not a question of free speech because it is expensive speech. We also need to recognise that the legislation does not provide for, at this stage, an opt-out clause for those people receiving unsolicited bulk email from the groups I have talked about. We remain fundamentally committed as a party to stomping out spam altogether, and for the reasons I have given. I feel genuine disappointment that that is not the case and that the bill, once it is passed, will have so many holes in it that the whole exercise will have been largely pointless.

Question negatived.

Senator LUNDY (Australian Capital Territory) (5.43 p.m.)—I move opposition amendment (7) on sheet 3162:

(7) Clause 16, page 15 (line 14), omit “a commercial”, substitute “an unsolicited commercial”.

This amendment flows on from the issue we have just been discussing and it is another

finessing of this definition of 'an unsolicited commercial electronic message'. Perhaps Senator Greig will look on it as letting spammers off, but in Labor's view the Spam Bill as currently drafted prohibits some single unsolicited commercial electronic messages sent by individuals or organisations that do genuinely believe that the intended recipient would want to receive it. In other words, the bill prohibits some emails currently not widely regarded in the community as spam.

Our amendment refines this so that there is an additional test, if you like, to the sending of a single, commercial email as to whether or not there was reasonable belief that the recipient might be interested. An example of this might be an email from a stamp collector who is aware that a person is interested in stamps after they have visited their personal web site but has no existing relationship with that person. I do not think it would be an act of spam if that stamp seller emailed that individual with an offer to sell them some stamps that they had reason to believe that person would be interested in, if it were based on genuine belief. Nonetheless, under the current legislation and the way it is drafted, the stamp collector would be subject to the regime outlined in the *Spam (Consequential Amendments) Bill 2003* and indeed subject to potentially some hefty fines. Amendments (7), (8) and (9) will provide an exemption.

I will move amendments (8) and (9) shortly, but I am talking about amendments that provide an exemption to the prohibition in clause 16 so that senders of commercial emails who have ascertained with reasonable diligence that the intended recipient of the email had a specific commercial interest in receiving the message. Under these amendments, the onus is clearly on the sender to prove that they had a bona fide belief that their email would be of interest. It would not

be possible to demonstrate this if a spammer had sent out emails in an indiscriminate manner. This is an onerous enough test to separate well-meaning users of email from the type of person or organisation that this legislation is intended to target. This was an issue that was raised in the committee by a number of submitters and witnesses in the committee and it strengthens the bill in that it removes something that I do not think the community would determine as spam and therefore adds credibility to this legislation.

Senator GREIG (Western Australia)

(5.47 p.m.)—We Democrats have circulated an identical amendment. We adhere to the same principle. As I argued in our primary recommendation of the minority report of the Democrats to the ECITA committee inquiry into this bill, we are of the view that consideration should be given to the likely interest of a recipient in the content of an unsolicited message and a requirement to be able to demonstrate how this conclusion is reached is an appropriate mechanism. It will not only assist to reduce unsolicited traffic but will also require greater accountability, clarifying issues of consent and placing limits on allowable messages that arise from existing relationships. Others who contributed to the committee process agreed with that view. The Australian Computer Society, for example, stated:

At the moment the onus of proof is on the sender to prove (a) that the recipient gave consent or (b) that the person did not know that the message had an Australian link or (c) that the message was sent by mistake. The onus of all of those things is supposed to be cast on the sender. We suggest that it is quite reasonable to also cast on the sender the onus of proving that they held a genuine belief that the addressee is likely to have had an interest in the content.

We would endorse that and believe strongly that the bill ought to be amended to require that the sender of unsolicited electronic mes-

sages be able to demonstrate a genuine belief that the addressee is likely to have an interest in the content of a given message. For that reason, I will support the opposition's amendment in that regard and indicate that I will be withdrawing Democrat amendment (3) on the running sheet as a consequence, should the amendment be carried.

Senator KEMP (Victoria—Minister for the Arts and Sport) (5.49 p.m.)—As was mentioned by Senator Greig, the Democrats and the ALP seem to be as one on this particular amendment, which I think is a pity because it dilutes the underlying principle of the bill, namely that the consent of the recipient is an essential requirement. It also leads one directly into what could be called the state of mind of the spammer argument, which frankly would be very difficult to prove. Unscrupulous spammers would be provided with a loophole which, of course, inevitably they will look for in the legislation. If this amendment is carried, the fact of the matter is that Senator Lundy and Senator Greig will have substantially weakened the bill.

I say that, Senator Greig, because the proposal that you have put forward with Senator Lundy will take the legislation from the realm of fact—has a message been sent; is it commercial in nature; was it unsolicited?—to a situation where there is no possibility of an independent and impartial verification. It would leave legitimate businesses confused as to when they could properly send messages. Regardless of the state of mind of the sender, time and resources have been consumed in dealing with the unwanted message and privacy has been invaded, we believe, in a manner that should be addressed.

I think that it is a pity, in the light of his earlier comments where Senator Greig was opposed to all spamming, that he has now opened a loophole. That is what he has done.

I have to say, Senator, from where I stand over here, that is a somewhat illogical position. This is not the first time I have had to point this out in relation to your good self. For a senator who does not want any spam, Senator Greig has opened a loophole. I do not want to use words like 'bizarre' but, Senator, in the light of your comments, there is an inconsistency there which is awesome. The government will not be supporting this amendment.

Senator LUNDY (Australian Capital Territory) (5.52 p.m.)—I do not believe this is opening a loophole, because the onus is absolutely on the sender. Unless they can demonstrate that intent, this act has such a broad application and will be reliant, effectively, on the resources of the monitoring regime to gauge its effectiveness anyway. By not allowing this provision to add to the realistic and credible operation of this legislation, the minister is implying that it is all black and white with regard to single emails. I do not think that is the case, and I will be raising later concerns about adequate resourcing within the ACA to ensure that these provisions are monitored and enforced. I certainly do not accept the minister's claim that this opens a loophole. I think it adds to the credibility of the bill, and that is what Labor is trying to achieve.

Senator KEMP (Victoria—Minister for the Arts and Sport) (5.53 p.m.)—Thank you, Senator Lundy, but you have to ask the question: what is the state of mind of the spammer? If you ask me, people will always seek to argue against the facts. The facts are that a message has been sent, commercial in nature, and it was unsolicited. Those are facts. Now you have added another element—that is, the state of mind of the spammer. You have thereby opened a significant loophole and, I believe, added to the complexity. I do not think you will be thanked, Senator Lundy, by those who are trying to administer

this. I think it is a pity. I have already dealt with what I regard as the somewhat irrational position that Senator Greig has put in the light of his earlier comments.

Question put:

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

The committee divided. [5.58 p.m.]

(The Chairman—Senator J.J. Hogg)

Ayes.....	35
Noes.....	<u>33</u>
Majority.....	2

AYES

Allison, L.F.	Bartlett, A.J.J.
Bishop, T.M.	Brown, B.J.
Buckland, G.	Campbell, G.
Cherry, J.C.	Conroy, S.M.
Cook, P.F.S.	Crossin, P.M.
Denman, K.J.	Evans, C.V.
Forshaw, M.G.	Greig, B.
Hogg, J.J.	Hutchins, S.P.
Kirk, L.	Lees, M.H.
Ludwig, J.W.	Lundy, K.A.
Mackay, S.M. *	Marshall, G.
McLucas, J.E.	Moore, C.
Murphy, S.M.	Murray, A.J.M.
Nettle, K.	O'Brien, K.W.K.
Ray, R.F.	Ridgeway, A.D.
Sherry, N.J.	Stephens, U.
Stott Despoja, N.	Webber, R.
Wong, P.	

NOES

Abetz, E.	Alston, R.K.R.
Barnett, G.	Boswell, R.L.D.
Brandis, G.H.	Calvert, P.H.
Campbell, I.G.	Chapman, H.G.P.
Colbeck, R.	Coonan, H.L.
Eggleston, A.	Ferguson, A.B.
Ferris, J.M. *	Harradine, B.
Harris, L.	Heffernan, W.
Humphries, G.	Johnston, D.
Kemp, C.R.	Lightfoot, P.R.
Macdonald, I.	Mason, B.J.
McGauran, J.J.J.	Minchin, N.H.
Patterson, K.C.	Payne, M.A.
Santoro, S.	Scullion, N.G.
Tchen, T.	Tierney, J.W.

Troeth, J.M.
Watson, J.O.W.

Vanstone, A.E.

PAIRS

Bolkus, N.	Ellison, C.M.
Carr, K.J.	Hill, R.M.
Collins, J.M.A.	Macdonald, J.A.L.
Faulkner, J.P.	Knowles, S.C.

* denotes teller

Question agreed to.

Senator GREIG (Western Australia)

(6.02 p.m.)—I move Democrat amendment (6) on sheet 3204:

(6) Clause 18, page 18 (line 14), omit “a commercial”, substitute “an unsolicited commercial”.

This amendment goes to the heart of the principle that we were dealing with a moment ago. It harks back to recommendation 1 of our minority report:

That the Bill be amended to require the sender of unsolicited electronic messages is able to demonstrate a genuine belief that the addressee is likely to have an interest in the content of a given message.

In that sense it is hardly different from the amendment which we just endorsed but this goes to a different part of the bill and therefore ensures that in clause 18 electronic messages must contain a functional unsubscribe facility.

Senator LUNDY (Australian Capital Territory) (6.03 p.m.)—We are not supporting this because our interpretation of this amendment—and Democrat amendments (7) and (8)—is that amending clause 18 will not have the desired effect that you are articulating in relation to single unsolicited emails. It will have the effect of removing the requirement to have a functional unsubscribe facility within those single unsolicited emails. Labor thinks that even single unsolicited emails should have a functional unsubscribe, even though that might appear contrary to the motivation. For example, if you are send-

ing a single commercial unsolicited email, why would you have an unsubscribe facility?

We think it is a good backup to have that unsubscribe facility to create an added awareness and a disincentive for people who have not worked out what spam is and are not aware of what they are doing. We do not support the amendment because it does not fit within clause 18 and because even for single unsolicited commercial emails it would be good practice to have a functional unsubscribe facility or an ability to say, 'Don't send me any more,' and have that honoured.

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.05 p.m.)—Again the Democrats surprise me. They have expressed concern about the very limited and well-defined set of messages which currently do not require an unsubscribe facility but they propose an amendment which would greatly broaden the range of messages which would not require such an unsubscribe facility. The amendment totally undermines the requirement for commercial electronic messages to include an unsubscribe facility. It would enable messages to be sent without unsubscribe details where the sender believes the addressee has a specific commercial interest in receiving the message. The government strongly believes that it is critical that messages include an unsubscribe facility, regardless of whether the addressee wishes to receive the message. We will not be supporting Senator Greig's amendment.

Question negatived.

Senator LUNDY (Australian Capital Territory) (6.06 p.m.)—by leave—I move opposition amendments (8) and (9) on sheet 3162:

(8) Clause 16, page 15 (after line 19), after subclause 16(1), insert:

(1A) For the purposes of subsection (1), a commercial electronic message is not unsolicited if at the time the message

was sent, the sender had ascertained with reasonable diligence that the addressee had a specific commercial interest in receiving the message.

(9) Clause 16, page 16 (line 3), after "subsection", insert "(1A)".

These amendments relate to this issue that we are currently talking about. They still relate to clause 16 and the issue of not having single commercial unsolicited emails characterised in the same way as spam. I do not believe the community's definition of spam captures these emails. Essentially, it is the same argument that I presented in relation to our amendment (7). I think these amendments refine this bill. Given that the previous amendment was supported by the chamber and that amendments (8) and (9) fit in neatly with that proposition, I urge your support.

Senator GREIG (Western Australia) (6.07 p.m.)—Again, this is an area on which we Democrats very much agree with Labor's position. We had in fact drafted identical amendments to attempt to achieve the same aim. It goes to the heart of the question of requiring a sender to be able to demonstrate genuine belief. In clause 16, we are dealing with the section of the bill that establishes that unsolicited commercial electronic messages must not be sent. We have already dealt with Democrat amendment (3), but what would have been amendments (4) and (5) were to follow opposition amendments (8) and (9) in the running order. Democrat amendment (4) would have inserted a provision into section 1A that establishes that the sender must determine with reasonable diligence that the recipient had a specific commercial interest in receiving the message. Democrat amendment (5) is a consequential amendment that completes this set. That would have been our strategy to achieve the same outcome. That outcome is nonetheless achieved by opposition amendments (8) and

(9), which we support. Should the amendments be successful, I would then withdraw Democrat amendments (4) and (5) from the running sheet.

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.09 p.m.)—I will not delay the Senate. Our concerns in relation to these amendments have already been expressed in discussing opposition amendment (7) and Democrat amendment (3). Again, it leads one directly into the state of mind of the spammer. We have discussed those matters and the complexity that it brings to this bill.

Question agreed to.

Senator GREIG (Western Australia) (6.10 p.m.)—by leave—I move Democrat amendments (7) and (8) on sheet 3204:

- (7) Clause 18, page 19 (after line 6), after subclause (1), insert:
 - (1A) For the purposes of subsection (1), a commercial electronic message is not unsolicited if at the time the message was sent, the sender had ascertained with reasonable diligence that the addressee had a specific commercial interest in receiving the message.
- (8) Clause 18, page 19 (line 19), after “subsection”, insert “(1A).”

These amendments also go to the heart of recommendation 1, to which I have spoken already—particularly in relation to the notion of genuine belief when sending unsolicited electronic messages. As we expressed in previous debate on this bill as well as in our minority report of the Senate committee inquiry into it, we are of the view that consideration given to the likely interest of the recipient in the content of an unsolicited message, and the requirement to be able to demonstrate how that conclusion is reached, is appropriate. We believe it will assist in reducing unsolicited traffic and provide for greater accountability.

Again, this was an area on which the Australian Computer Society presented a strong argument about onus of proof. Clause 18 requires that electronic messages must contain a functional unsubscribe facility. Democrat amendments (7) and (8) would ensure that the clause relates to unsolicited commercial messages. Amendment (7) inserts section 1A, which establishes that the sender must determine with reasonable diligence that the recipient had a specific commercial interest in receiving the message. Democrat amendment (8) is a consequential amendment to that.

Senator LUNDY (Australian Capital Territory) (6.11 p.m.)—Again, as I said in explaining Labor’s opposition to Democrat amendment (6), I think these are still related. Labor are unsure of why the Democrats want to move these amendments in clause 18, because we feel that they have a weakening effect in relation to single commercial unsolicited emails and that it is good practice for the senders of those emails to ensure that people have an ability to effectively unsubscribe from receiving those emails or to say, ‘Do not send me any more.’ That is what we believe will be achieved by opposing these amendments.

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.12 p.m.)—We will oppose these amendments for reasons that I set out in relation to Democrat amendment (6). I am interested in the way that these amendments have been divided up. It seems to me that the grouping of them could have been done in a way that was a bit different and that may well have shortened the debate. We seem to be discussing the same things time and time again. I do not propose to delay the Senate but I just make that point. We will obviously proceed with the bill now, but it does seem to me an odd way to have divided it up.

Question negatived.

Senator LUNDY (Australian Capital Territory) (6.13 p.m.)—by leave—I move opposition amendments (2) and (3) on sheet 3162:

- (2) Clause 18, page 18 (line 16), omit “and”.
- (3) Clause 18, page 18 (line 17), omit paragraph 18(1)(b).

These amendments are designed to ensure that electronic messages classed as designated commercial electronic messages—which, as proposed by this legislation, are therefore exempt—are required to have a functional unsubscribe facility. Whilst we have not dealt with the exemption amendments that are proposed, I think this principle is an extremely important one.

These amendments are designed to ensure that Australians can voluntarily opt out of commercial email lists and are presented with a very simple mechanism for doing so. Amendments (2) and (3), which amend clause 18 of the Spam Bill, remove the provision that exempts designated commercial emails—that is, those that will be exempted under this legislation—from the requirement of including an unsubscribe facility with an electronic message. We are saying that we want to make sure that even organisations which are exempted under this legislation—and we will talk about those shortly—also abide by good practice and have an unsubscribe facility.

Senator Greig raised this issue before when he expressed concern about the growing number of emails from political or religious organisations. I know in his speech in the second reading debate he expressed concern about the use of unsolicited emails by the religious right, I think it was. Whether we are talking about an exempted organisation or non-commercial emails it is always good practice to have an unsubscribe or opt-out facility so people can say to senders of

emails, ‘I do not want any more email from you.’

Our amendments here are designed to ensure that even exempted organisations—and Labor will be arguing later for an increase in or an expansion of the definition of organisations deemed exempt under this legislation—honour good practice, good Internet etiquette, if you like, and provide that unsubscribe facility so that recipients of emails from those exempted organisations can still say: ‘Don’t give it to me anymore. I don’t want to receive anything from you anymore.’ I think that is sound, good practice. Whilst a clear case for exemptions exists, it is also absolutely fair and appropriate, good practice and commonsense, to ensure that all of those organisations have a functional and effective unsubscribe facility so that people can say no and thereby not receive any more of those emails if they are in fact not wanted.

Senator GREIG (Western Australia) (6.16 p.m.)—While I do not agree with Senator Lundy that a good case can be made for exemptions, I do agree that, given that exemptions are going to form a part of this bill, those exempt organisations should also be subject to an unsubscribe facility. For example, I wonder whether Senator Kemp, who no doubt endorses the legislation, wants to receive a whole lot of unsolicited emails from the Labor Party advising him of their various policies into the next election ad nauseam without the opportunity of asking them to stop.

Senator Kemp—They would be short! I would like to find out what their policies are.

Senator GREIG—You have the opt-in option, Minister, and you can become an enthusiastic reader—

The TEMPORARY CHAIRMAN (Senator Brandis)—Order, Senator Kemp! None of this raillery across the chamber!

Senator GREIG—More specifically, there would be many people in the community who would find some political and religious spamming objectionable and they should have every right to say no to that. We have seen, particularly with international spam, that the alleged opt-out provisions they come with are very deceitful and annoying. I am sure many of us have had the ‘click here if you want to unsubscribe’ message. It is deceitful. All you are really doing is confirming to the spammer that you are receiving their spam, and then they know that they have got a live one and you will get more from them. We need to make sure, as best as we can, that that practice is not facilitated within an Australian jurisdiction.

I can only reiterate that ideally from the Democrats’ perspective we would like to see no exemptions. We would like to see a prohibition on all spam. But given that exemptions will form a part of this legislation when it is finalised, it ought to be the case that even those exempt groups, as Senator Lundy has said, demonstrate and provide for Internet etiquette in terms of giving those who receive it the right to say, ‘No more, thank you.’

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.18 p.m.)—We will be opposing the Labor amendments (2) and (3). Designated commercial electronic messages which are certain messages from government bodies, registered political parties, religious organisations and charities, and messages of a purely factual nature, may be sent to recipients regardless of whether they were solicited or not. Because the messages may always legitimately be sent without the consent of the recipient then it logically follows that an unsubscribe facility attached to such messages would not necessarily be effective or needed to be acted upon.

In practical terms, it is likely that groups that send designated commercial electronic messages would include an unsubscribe facility and would act on requests to unsubscribe from future messages. The legislation does not prevent it but neither does it require it. NOIE have indicated that they will work with these groups to ensure that they have best practice guidelines on electronic messaging and will recommend the inclusion of such a facility. It should be noted that such groups are still required to include accurate sender information which will enable recipients to contact the sender requesting their removal from future messages. However, a mandated requirement that such a facility be included may lead to an incorrect expectation by consumers that an unsubscribe request must be honoured.

I note that one of Senator Lundy’s amendments appears to have attempted to address this issue by relating to the withdrawal of consent. This proposed amendment is designed to remove messages from the exception if a person has unsubscribed. However, the government is concerned that this could have undesirable consequences. There may be certain types of messages which a person should not be able to unsubscribe from—for example, product recall notices or where a person has a contractual obligation not to opt out. So we will not be supporting these amendments.

Senator LUNDY (Australian Capital Territory) (6.20 p.m.)—I am provoked into responding to that. Of course these organisations would have some ability to unsubscribe, so it does not make sense to Labor why the government does not take the next step. With respect to amendments (2) and (3)—and I take the minister’s point about the ordering—they fit together with the opposition amendments last on the running sheets, opposition amendments (5) and (4), to achieve the outcome that I have described.

You make the point about the direct effect of these two amendments correctly, but they are related directly to further opposition amendments to have the effect I described.

I think the government has made the decision not to support anyone's amendments. That was certainly made clear in the second reading debate contribution on this issue by the minister. It is timely to reiterate Labor's motivation in moving these amendments. Although the Democrats and Labor are not agreeing on everything, the motivation here is to improve the operation of the bill, to improve consistency, to introduce clarity and make it clear to these organisations that they cannot abuse the system. That is what this set of amendments does. It is saying, 'Don't think you can abuse the system.'

Quite frankly, the ability of government agencies to work with these groups and educate these groups comes down to a resources issue, and I am not particularly confident that government agencies will be resourced to be proactive in this department. I am of the view that the Privacy Commissioner has always been underresourced in these areas. They cannot afford to be proactive in working with organisations in the way that the minister describes. If it is expected behaviour anyway, it does not make sense to not support these amendments to make it a provision of the act. I think it would make the government and NOIE's jobs a lot easier in achieving their desired objectives.

Question agreed to.

Senator GREIG (Western Australia)
(6.23 p.m.)—I move Democrat amendment (9) on sheet 3204:

(9) Page 30 (after line 24), after clause 29, insert:

29A Action for damages

(1) A person who suffers loss or damage by conduct of another person that was done in contravention of a provision of

Part 2 may recover the amount of the loss or damage by action against that other person or against any person involved in the contravention.

(2) An action under subsection (1) may be commenced at any time within 6 years after the day on which the cause of action that relates to the conduct arose.

This is an amendment we have designed around recommendation 9, again from our minority report to the committee inquiry—specifically: that the bill be amended to ensure that receipt of spam is grounds upon which the recipient may seek damages and costs from the sender. As we argued in our minority report, a substantial driver, impetus and motivation behind the development of this Spam Bill was the cost incurred to business and private individuals contending with large volumes of unwanted data. We Democrats share the view expressed by the Australian Computer Society that where a person or company has incurred any expense arising from the receipt of unsolicited spam they should be entitled to seek redress for expenses through the court system.

With regard to damages and data loss caused as a consequence of search and seizure, the bill currently provides that compensation will be partly determined on the basis of whether the owner or the owner's employees and agents provided appropriate warning and guidance on the operation of the equipment. The same principle that leads to our concern regarding possible imprisonment for failure to provide a password or encryption key applies in this case. The Democrats are of the view that it is unsafe to assume that anyone other than the owner will have full knowledge of all security safeguards and the damage which would be caused by any attempts to tamper with those safeguards. Consequently we believe that the owner should be fully compensated for any damage or data loss occurring as a result of search

and seizure that occurs without a warrant or direct consultation with the owner. This amendment would insert a new clause, 29A, to establish an action for damages to implement that objective.

Senator LUNDY (Australian Capital Territory) (6.25 p.m.)—Labor will not be supporting this amendment either. There are two main reasons for this. One, we are not convinced of the necessity for this amendment. From our viewpoint there is nothing in the legislation that would prevent an individual from taking legal action for damages under the common law torts regime. Perhaps the minister could clarify this. In any case there is a provision for a wronged party to apply through the Australian Communications Authority for a right of action. Two, this type of private action I think starts to run against the theme of government regulation that is proposed by this bill. I am concerned that simultaneous independent lawsuits could in fact impede the progress of an ACA investigation. Given that private avenues are available to individuals—as I said, through tort—anyway, I think it risks impeding the operation of this bill. We are not convinced about it at this point in time. I am interested if the minister has any comments about that, but it is Labor’s intention to also oppose this Democrat amendment.

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.26 p.m.)—We will be opposing the amendment. To pick up the point Senator Lundy made, I think it is worth noting that the bill already provides for a person who has suffered a loss or damage to receive compensation once a breach of the bill has been proven. Once the court has found that a contravention of the legislation has occurred, people may apply on their own behalf for compensation for damage they have suffered as a result of the contravention. In terms of spam that contains fraudulent, criminal or illegal content, there will be, of

course, Senator Lundy, recourse under existing law. The amendment is, in our view, redundant and will not be supported.

Question negatived.

Senator GREIG (Western Australia)

(6.28 p.m.)—I move Democrat amendment (10) on sheet 3204:

(10) Schedule 1, clause 2, page 39 (line 17), after “information”, insert “and functional unsubscribe facility”.

This is an amendment we have designed to implement the following recommendations, again from our minority report of the Senate inquiry. The Democrats on that occasion argued:

Recommendation 7: That the Bill be amended to ensure all unsolicited electronic messages be required to contain an opt out clause.

Recommendation 8: That the Bill be amended to ensure that any method chosen by a recipient of a commercial electronic message is accepted as a means of communicating that person’s desire to opt out of future communication.

The Australian Democrats fully support the requirement for commercial electronic messages to contain a functional unsubscribe facility, though we do not accept that there should be circumstances or organisations exempted from providing such a clause. Additionally, we agree again with the submission from the Australian Computer Society that any request to be removed from a mailing list communicated in any mode shall be respected. The Democrats do not believe that there is any need for a prescribed form of opting out.

The relevant part of this recommendation is ‘any method chosen’—those being the key words. A recipient of a commercial electronic message should be permitted to communicate their desire to opt out of future communication in any form they choose, whether that is via the phone, regular surface mail or whatever. Amendment (10) inserts

the words ‘functional unsubscribe facility’ into item 2 of schedule 1. I note that Labor is proposing amendments also regarding compulsory opt-out facilities, although its approach is a little different. I think the distinguishing feature with our amendment is that we have the additional amendment to follow, Democrat amendment (11), that provides for communicating a desire to opt out of email communication by any method chosen.

Senator LUNDY (Australian Capital Territory) (6.30 p.m.)—We already have support for amendments (2) and (3), and (4) and (5) are still to come. We think our approach to this issue of creating opt-out clauses is far more comprehensive, because we do not let anyone off. All of those designated commercial electronic messages must carry the opt-out provision with them. So we think our approach has greater clarity. For that reason we will be opposing Democrat amendments (10) and (11) and we look forward to moving opposition amendments (4) and (5), which will complete that package to achieve a comprehensive requirement for an opt-out regime and an unsubscribe facility for all of those designated commercial electronic messages sent by exempted organisations under the bill.

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.30 p.m.)—We will be opposing amendments (10) and (11) moved by the Democrats. Again, this next one is a grouping issue. Some messages of a purely factual nature may be sent to recipients regardless of whether or not they are solicited. If messages can always legitimately be sent without the consent of the recipient then it logically follows that an unsubscribed facility attached to such messages would not necessarily be effective or need to be acted upon. In practical terms, it is likely that the groups that send the designated commercial electronic messages would include an unsubscribe facility and would act on requests to

unsubscribe from future messages. The legislation does not prevent it, but neither does it require it. It should be noted that factual messages must still include accurate sender information which will enable recipients to contact the sender requesting their removal from future messages.

Question negatived.

Senator GREIG (Western Australia)

(6.32 p.m.)—In speaking to amendment (10) I spoke also to amendment (11). I understand that the chamber is not inclined to support that, and in some senses it is now redundant. I have spoken to it already and therefore will not propose to go over it again. It is complementary to (10), which has not enjoyed the support of the chamber, so I will now withdraw amendment (11).

Senator LUNDY (Australian Capital Territory) (6.33 p.m.)—I move opposition amendment (1) on sheet 3162:

- (1) Schedule 1, page 40 (line 18), at the end of paragraph 3(a), add:
 - (v) not for profit political lobby groups; and
 - (vi) trade unions;

This is one of the substantial themes that Labor have expressed in our response to the government spam bills, and it relates to exempt organisations. This amendment is intended to remove what we see as an inconsistency that currently exists in schedule 1, clause 3 exemptions, which currently cover government bodies, political parties, religious organisations and charities. There is inconsistency on the grounds that, in terms of attempting to protect political speech, some political groups are protected but not others. Labor’s amendment to expand the exempt organisations will correct this and improve the consistency of the exemption.

According to the explanatory memorandum, the reason for exempting designated commercial electronic messages from or-

ganisations listed in schedule 1, clause 3, is to avoid any 'unintended restriction on government to citizen or government to business communication' or 'any restriction on religious or political speech'. Labor agrees with this reasoning. Even if free religious and political expression were not inherently desirable values, this exemption would be necessary to ensure that this legislation is consistent with both the express constitutional right to freedom of religion and the limited implied constitutional right to freedom of political expression.

The groups listed all make vital contributions to this political and religious discourse, both amongst their members and throughout the entire community. There is an argument that prohibiting unsolicited commercial emails would not impinge on these rights. However, there are many circumstances where religious or political activity might overlap with what could be interpreted as being commercial activity, such as fundraising or membership drives that involve, perhaps, seeking renewals of membership and therefore involve commercial transactions. It is important to avoid areas of ambiguity.

Further, the price of the safeguard is very low. In their submission to the Senate inquiry into this bill, NOIE said:

Very few messages that are currently sent have been identified as falling squarely within the scope of these exemptions.

For example, another witness, representing the Coalition Against Unsolicited Bulk Email, was only able to recall a couple of isolated cases in which charities had actually been guilty of what could be interpreted as spamming. In this context, the proposed exemptions, if applied consistently across all not-for-profit political groups, are an appropriate way to protect free political and religious expression. So it is unclear to us why the government has chosen to apply this rea-

soning in an inconsistent fashion by only listing the exempt organisations that they have listed. I do not know whether it is deliberate or arbitrary.

The Democrats invoked a bit of a conspiracy theory about the religious right in their speech in the second reading debate, and there may well be a strong point there, but the decision has been made to protect the free speech of some classes or types of political, religious and charitable organisations and not others. So in order to introduce greater consistency in this provision Labor is seeking to include both trade unions and not-for-profit political lobby groups in schedule 1, clause 3. This would include groups like the Australian Republican Movement, Ausflag and Amnesty International—all of which play important roles in our nation's political discourse and development. They are both membership based organisations that have membership drives and fundraising activities—at least some of them do—and they are also lobbying organisations. I know this because we all get lots of emails from them here in this place. That is the point I am trying to make.

Labor's amendment will have the additional effect of providing extra protection for charities. It is worth noting that the Treasurer has already foreshadowed moves to exclude from the definition of 'charity' those charitable organisations which also engage in political lobbying. We actually want them to be able to keep doing their lobbying—I think that is important in respect to free speech. Under this rule it is possible that charitable organisations will only be covered by the exemption in schedule 1, clause 3 so long as they do not engage in political lobbying—unless Labor's amendments are supported. These types of organisations are unfairly disadvantaged by the current measure and the current definition. This point was raised in a submission from the Australian Council

of Trade Unions during the Senate inquiry, and I would like to quote the ACTU:

Unions should be able to send out mass e-mails to members, supporters and to other groups and individuals participating in our democratic society so long as an effective opt-out system is provided and maintained.

That point is consistent with Labor's amendments in the area of an unsubscribe facility to these exempted emails. The ACTU goes on to say:

The ACTU submits that unions should be exempted on the same basis as other non-profit community groups. If this is not done, it will be difficult to explain other than as reflecting the Government's ideological bias against unions.

Giving the government the benefit of the doubt, this was just a really shortcut, poor drafting exercise. The government are now presented with an opportunity to fix that and demonstrate that indeed it was an oversight and that their intention is in fact to honour the rhetoric surrounding these provisions in the bill by supporting Labor's initiative to strengthen it and make this legislation more consistent.

This amendment is specifically designed to end what appears to be discrimination against some kinds of political organisations under this bill and therefore to protect the ability of these organisations to express themselves politically. However, Labor agree that these groups should not have unfettered power to send unsolicited commercial emails to individuals who have said, 'I don't want them.' That is also why we are moving those amendments: to ensure that these designated commercial electronic messages, or commercial emails sent by these exempted organisations, must also contain functional unsubscribe facilities to enable people to opt out. We are trying to find the best of all worlds. We are saying to these exempted organisations: 'You must act responsibly. This legislation will require you to act re-

sponsibly,' but we are also being fair and consistent in our proposal to expand the definition of exempt organisations to trade unions and not-for-profit political lobbying organisations.

The only other comment I would like to make is that Labor are always mindful that the national privacy principles are still applicable. They certainly do not excuse anybody from good practice in their Internet based communications, from honouring people's privacy and ensuring that they have permission based systems where possible. In the case of this particular bill, we will also be moving our final set of amendments in relation to the unsubscribe facility for these exempt organisations that are to be found towards the end of the running sheet.

Senator GREIG (Western Australia)

(6.41 p.m.)—I think the opposition's amendment certainly provides for balance and equity. It removes the inherent bias that is in the legislation, and for that reason I will support it. But, at the same time, I have to acknowledge that I do so begrudgingly because I think it undermines the whole purpose of the legislation. What we now have is a situation where we theoretically have legislation, soon to become law, which is going to ban spam—or that is the public perception. However, it does not apply to non-commercial spam, only to commercial spam, but, within that, it excludes commercial spam from political, religious and charity groups—and now from trade unions and not-for-profit organisations. I am left wondering who it is who is specifically targeted by this legislation.

The minister spoke earlier of his desire not to trample on freedom of speech. 'Freedom of speech' was the express phrase he used in terms of the government's approach to this legislation. But the exemptions provide for censorship. The exemptions provide,

for example, that a religious organisation could mount a fundraising spam campaign around an anti-abortion campaign it might be engaged in but a women's rights group or a pro-choice group could not. The exemptions mean that a conservative political organisation could run a spam campaign selling T-shirts or bumper stickers to oppose gay law reform in a particular state but a lesbian and gay rights lobby group could not. So there is imbalance; there is censorship. I think it was unwitting but it is nonetheless in there. If the government is serious about providing for freedom of speech in this legislation, it has to accept that the exemptions be expanded so that some groups are not excluded.

I can only reiterate that the principal position of the Democrats is that there ought to be no exemptions whatsoever. If you do go down the path of exemptions, you end up with the very dog's breakfast that we now have. We now have a situation where—for understandable reasons, but for the wrong reasons—the scope of the exemptions is now so broad that the legislation is filled with holes. I can understand Labor's concern; I share it in terms of the inherent bias of those excluded from the exemptions. I can understand the reasoning behind wanting to ensure that those exemptions do not specifically include some groups and exclude others, and I hope that those people following this debate will understand why the Democrats would be supportive of that. I think it is making a bad bill better. But, at the same time, it is undermining the very purpose of the bill and, from our perspective, is producing a result which is the antithesis of what we, as the legislature, should be aiming for in addressing spam.

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.45 p.m.)—I guess one point is not surprising, but another point is. The not surprising point is that—gosh!—the Labor Party are moving a special exemption

for the trade union movement. The trade union movement is the paymaster of the Labor Party. Why wouldn't they do that? The Labor Party receive a phone call from the ACTU and of course everyone jumps to attention. That is the nature of our current, major two-party system. The Labor Party are the political arm of the trade union movement. Therefore, for anything which may be seen to impinge on the untrammelled rights of trade unions, the Labor Party are quick to the lists. We understand that, but I do not think we need to feel that it is done out of any particular virtue or any particular argument. The paymaster has asked you to do something and you are doing it.

Senator Greig did not want any exemptions in the bill—no exemptions whatsoever. Senator Greig is now standing up proposing exemptions and supporting exemptions. There is an amendment further down the list where Senator Greig wants to remove exemptions. I just think it is an illogical position. I hear what you say and I listened carefully to your arguments. At least with the Labor Party you know they are predictable—it is a logical position from their point of view. Of course they would do anything to support the trade union movement and the ACTU. Of course they would—it is the boss, it is the paymaster. But, Senator Greig, your position is flip-flopping on this bill, and I am not sure you have given it the attention you should have.

Let me now make a couple of points. The opposition's proposal is based on the assumption, which we have regularly corrected, that these provisions are here to provide some 'licence to spam'. These provisions are, in effect, safety net provisions needed to provide certainty in new legislation in areas of considerable sensitivity. NOIE has indicated that it will work with these exempted groups to ensure they have

the best practice guidelines on electronic messaging.

Why are the groups currently specified worthy of special consideration? This goes to the nub of the argument. Religious organisations and charities commonly reach beyond their congregations or membership to deal with broader elements of society that have no ongoing relationship with their organisation. The beneficial nature of the activities of these sectors has led to their exemption from the prohibition on the sending of unsolicited commercial electronic messages in order to ensure that there are no unexpected or untoward impacts on the sector. It should be noted that activities in these sectors remain, as Senator Lundy said—correctly, in this case—subject to the relevant Privacy Act provisions.

In the case of the exemption for government bodies, this amendment will avoid any uncertainty over what is a commercial email and when an agency can communicate with a local business or individual. For example, a local government agency might send a message to a land-holder stating that a major hazard has been identified on their land and they must remedy it or the agency will arrange for it to be remedied on a cost-recovery basis. Is this a commercial email? Does this meet the requirements of implied consent through a pre-existing business or other relationship? The bills that are currently written alleviate these concerns and provide certainty.

The trade unions and the majority of other not-for-profit organisations typically operate for the benefit of their members. They have no such need, in the government's view, for the status of their communications to be classified. Because there is an ongoing relationship with their membership, they do not require the exemption that other organisations may require, as it is unlikely that their activi-

ties would reach beyond the provisions of this legislation. The government is also concerned that, without a finely delineated definition, this extension to the exemptions has the potential for abuse. We will, therefore, not be supporting Senator Lundy's proposal. I urge the chamber to vote this down.

Senator LUNDY (Australian Capital Territory) (6.49 p.m.)—I think it was a fairly cheap shot for the minister to have a go at us on this. Organisations like Amnesty International of course reach beyond their membership, as does Planet Ark, as do trade unions. It was a very predictable cheap shot, and I urge your support.

Progress reported.

ADJOURNMENT

The DEPUTY PRESIDENT—Order!

There being no consideration of government documents, I propose the question:

That the Senate do now adjourn.

Economy: Hunter Valley

Senator TIERNEY (New South Wales) (6.50 p.m.)—I rise tonight to bring the good news to the Senate that my area of Newcastle and the Hunter is now reaping the benefits of robust economic growth. These economic conditions have been created by the hard work of the Howard government in implementing policies which have created the best economic conditions ever in Australia. Currently we are enjoying low inflation, low interest rates and low unemployment. These lows are bolstered by the highs: high economic growth and high exports. The Hunter and Newcastle have moved forward dramatically under these economic circumstances. Under the Keating-Hawke government, unemployment was standing at 15.5 per cent back in the early 1990s. Now, 12 years later, in the September quarter, it reached 5.4 per cent in the Hunter and Newcastle, well under the national average. This is due to a dra-

matic shift from an economy with a heavy reliance on secondary industry to one that is now very much buoyed by the service industries.

In 1997 the announcement of the closure of the BHP steel-making facility in Newcastle was seen by many across the nation as a potential knockout blow for the Hunter's economy. But in many ways it has unleashed the region. There has been a major sea change, which continues to gather momentum. To give an example of the way in which the work force has been prepared for this change, one of the great things BHP did when it shut down was create a five-pathway program for its 2,000 remaining employees. This program helped them to catch the wave. It mainly recommended redeployment or retraining and gave people the skills needed to take advantage of a rapidly diversifying economy.

In 1999, following visits to the Hunter Valley, John Howard set up a structural adjustment package of \$10 million for the Newcastle area and established the Prime Minister's task force to oversee social and economic developments following the down-sizing of BHP. This was matched by \$10 million from the state government and \$5 million from BHP. This package has funded key infrastructure that has enabled the rapid growth of many small businesses. The role of government in this exercise has been to create the basic conditions for new growth from which private enterprise can generate jobs. Each project was assessed carefully in terms of the jobs it could create. For example, the Maitland transport hub was funded to the tune of \$1.5 million. If you go past that transport hub today, you will see an incredible range of transport related industries in that area. Another example was the funding of the Hunter Call Centre. Call centres are one of the biggest developing industries of the information age. Since the creation of the

Hunter Call Centre, many other call centres have been created in the Hunter, generating 2,000 jobs. What is very neat about that is that we lost 2,000 jobs from BHP and within four years we have created 2,000 jobs in the call industry. It is the same number, symbolising the shift from a blue-collar economy to one that is reaping the benefits of the new information age.

The shift has been both physical and economic. The Newcastle foreshore, once an industrial port and railway wasteland, is now the social hub of Newcastle at the weekend. With restaurants, hotels and architectural housing and units being constructed around the harbour, the economic shift is dramatic. At this time, in the centre of Newcastle, there is half a billion dollars worth of new investment in construction and there is a further quarter of a billion dollars of investment on the drawing boards. A lot of this came out of an earlier program, the Better Cities program. The state and federal government at the time—one was Labor and one was Liberal—collaborated and put in \$60 million to redevelop the foreshore of the harbour. If you go there now, 10 years later, it is also a new hub of economic development. According to the *Newcastle Herald* last week, the number of people employed in the Hunter has risen sharply—to 275,000 in September 2003. This is an 11 per cent increase on the figure for the same time last year. The *Newcastle Herald* states:

This positive trend has continued for some time in the Hunter, defying forecasts that had suggested regional unemployment would start rising by the middle to late part of this year.

The report continued:

Household consumption in the region is strong, with retail sales up three percent on last year.

New car registrations have increased 17 percent.

Based on these measures, which mirror national trends, the Hunter Valley Research Foundation

rates business and consumer confidence in the region at its highest level in seven years.

Yesterday there were further reports of good news. The 2003 state of the regions report released yesterday indicated that the coal-fields economy in the Upper Hunter is enjoying a similar increase in prosperity. Indeed, employment in this area has also increased. Cessnock ranked in this report as Australia's second-best performer in economic growth. This is no mean feat, given that Cessnock was formerly a pocket of severe unemployment. It has enjoyed a 22 per cent increase in employment during the time the Howard government has been in office.

Overall, manufacturing is the Hunter's biggest industry, with an output of \$6.53 billion in 2001. The fastest growing sectors, however, have been government administration and defence, which enjoyed 5.3 per cent growth per year since 1991, and culture and recreation, also with five per cent growth. People are now realising that Newcastle and the Hunter area are an accessible getaway destination with spectacular natural beauty and a wealth of hospitality options to choose from. People are realising that Newcastle has more to offer.

Now that both Newcastle and the Hunter are enjoying the benefits of a lot of hard economic work during the 1990s, it is time to identify further opportunities for growth. Information and communication technology is one such area that has great potential. A recent consortium held by 70 Newcastle and Hunter based companies recommended that the ICT industry would further bolster the growing economy and help to retain young people in the area. It would improve population sustainability, with young people staying in the area and attracting more young people to settle to counter the ageing population trends in the valley. The growth in employment and new industries in Newcastle and the Hunter indicates healthy long-term op-

portunities for its citizens which will enhance the prosperity of Newcastle and the Hunter.

Australian Capital Territory: Bushfire Recovery

Senator LUNDY (Australian Capital Territory) (6.59 p.m.)—I rise this evening to inform the chamber that Canberra is in the grip of a baby boom. According to the *Canberra Times*, local hospitals have reported a rise of more than 20 per cent in their delivery rate for the month of October. In case you are asking why I have decided to share this information with the Senate this evening, it is because the rise in the Canberra birthrate in the month of October is symbolic of the journey that the Canberra community has taken in 2003. I do not think it was lost on anyone, not least the *Canberra Times*, that this leap in birthrate coincided with the devastation that occurred back in January of this year when Canberra suffered immensely during the Canberra bushfires. It feels like a rebirth of the Canberra community.

As Canberrans, we are very conscious of the heart and soul of this place and have been for a very long time. I think that, for the first time, many Australians saw the depth of that spirit of community that exists in Canberra. For the community to have walked in the face of much adversity and, as we near the end of 2003, come out with much pride, it has been one of the most devastating, and then most uplifting, periods that I can remember. Over 500 families lost their homes and four people very sadly lost their lives in the firestorm which gripped our city in January, and it has changed us forever. Emotional and financial difficulties have been faced not only by those families but by their friends, volunteers, emergency services and professionals. They have all had an enormous load to bear, and no Canberran has remained untouched by it.

Even now the effects are still being felt. If you go out to the suburbs that were affected, you will see that homes are still sprouting. There are people living in new homes and indeed there are still some vacant blocks as people continue that very difficult journey back to normalcy in their lives. But I know that we will continue to grow as a community, and that that sense of community will only become stronger as we remember 2003 as quite an extraordinary year—one full of the most devastating events, as well as some of the most uplifting and inspiring events as we emerge from that tragedy.

According to the Australian Bureau of Statistics, the insurance cost of the fire as a proportion of gross state product has eclipsed the cost of the Ash Wednesday fires in Victoria and the 1999 Sydney hailstorm, which, to date, had been Australia's most expensive natural disaster on record. The fire cost Canberra 2.5 per cent of gross state product, and this percentage could still rise, given that insurance costs are ongoing. So it is the most expensive in dollar terms and that, of course, has an impact. The most expensive natural disaster since 1967, the Sydney hailstorm, cost \$1.8 billion in today's prices but equates to only 0.8 per cent of New South Wales' gross state product. The ABS report said that it was reasonable to suggest that the impact of the January 2003 bushfires on the ACT was larger, proportionally, as a result of both Canberra's small size and relatively small economy—although the same sorts of calculations to compare other natural disasters were not done. The ACT government has invested more than \$40 million in emergency response and bushfire recovery and, using total dollar payouts of insurance claims as a measure, the ACT firestorm ranks as the seventh worst economic disaster in the last 35 years. None of this has been lost on the ACT community or on the ACT government.

In January 2003, the firestorm burnt some 160,000 hectares in the ACT and another 100,000 hectares in neighbouring New South Wales, taking so much of our local wildlife and our much loved and used national parks and recreation areas. Indeed, not so long ago I thought it might be a good idea to go camping as a family, so I visited the ACT government web site. Again, it was a powerful reminder that we have no camp sites in the ACT, because all the areas have been burnt out and they are not sufficiently rehabilitated to facilitate camping for local families. It was just one of those stark reminders of the devastation that the firestorm caused in our national parks and wilderness areas. It will take many years for those physical scars to heal.

In coming through the tragedy and seeing Canberra reborn through the fires, the ACT economy has performed quite well, and that is a credit to the ACT Labor government, under the leadership of Jon Stanhope. I think it is worth while placing on the record in this place some of the indicators of that growth and success. In September, employment grew by 400 to 171,600. In June it was nearly 171,000, so there are about 700 extra jobs there. Job advertisements continue to grow. They grew by 9.9 per cent in May and by 5.9 per cent in September 2003. Unemployment fell in September, from 8,500 to 7,100—that is, from 4.7 per cent to four per cent—and that is well below the national average. The gross state product rose by 3.9 per cent and is forecast to increase by 3.4 per cent in the current financial year.

We have a booming property sector, driven by housing development with considerable increases in employment and high levels of activity in private investment in dwellings. Since 1999 Canberra has had the second highest increase in house prices of all capital cities, behind Brisbane. House prices have increased in some areas by 45 per cent.

Of course, it is worth noting that this is a double-edged sword: while it is great for those in the market, it does present quite a formidable barrier to those who want to purchase a home. That state of affairs has led to many Canberrans being unable to afford that, and that is something of concern.

The Yellow Pages business index survey of May to July this year showed 63 per cent of small- to medium-sized businesses in the ACT were confident about their business prospects over the next 12 months. On 5 November 2003, the ACT Chief Minister, Jon Stanhope, released the final report, *Shaping our Territory—Opportunities for non-urban ACT*. This report related to what occurred in the fires and it provided a detailed set of ideas, options and recommendations regarding the future uses of the area. The report was commissioned by the ACT government to provide advice on the best pattern of future non-urban land use in the ACT in the wake of the January fires. It attempts to provide a legacy to protect us from the bushfires in the future. The non-urban areas of the Territory are integral to the look and feel of the ACT and its distinctive bush capital heritage and flavour, so the efforts in restoring urban and non-urban ACT are inextricably linked.

We have the opportunity to restore and enhance these non-urban areas for the people of the ACT—and indeed for the people from those areas that were directly affected—in relation to land use and housing in a strategic manner which results in a sustainable, stronger and more prosperous community. Labor believes that the health of the non-urban part of the ACT is crucial to the economic health of Canberra.

The ACT government in its response to the McLeod report into the January bushfires has committed to fire mitigation, improved emergency response capability, communications and public information, operational

procedures and policy and organisational and legislative change. All of those are great achievements in what has been an extraordinary year. In addition, the ACT has played host to many events. I have mentioned the Masters Games in this place previously but there have been other festivals, like the National Folk Festival held in April. It is an extraordinary town. We do extraordinary things and it has been a remarkable year for the ACT. *(Time expired)*

Economy: Interest Rates

Senator McGAURAN (Victoria) (7.09 p.m.)—As the Senate would be aware, on 5 November the Reserve Bank Governor announced an interest rate rise of 0.25 per cent, lifting the cash rate to five per cent. It was the first interest rate rise in over 16 months, yet it was a bad decision. It will always be the case that you will never get full agreement on Reserve Bank decisions, especially in relation to interest rate rises, but this particular decision is different from the others and sets a very bad precedent if left unchallenged. The decision of the Reserve Bank to lift interest rates is, from their own analysis, shallow and even contradictory and carries potentially severe consequences for the whole economy if this decision signals further rate rises. The decision has the look of a stale board. The make up of the board should be rejigged to bring in a broader experience, in particular rural based representatives to water down the urbancentric nature of the board.

The fact that much of the Reserve Bank's decision to lift interest rates now and into the future has been based on matters outside their charter brings into question the Reserve Bank governor's idea of his role. The bank's ill-judged decision was based on the following assessment:

It is no longer prudent to continue with such an expansionary policy stance—

that is, an expanding global and domestic economy. The inflation rate, which is the prime indicator of an expansionary economy, is well within the acceptable band set by the Reserve Bank itself. While the inflation rate is under control, what is wrong with an expansionary economy? Growth is good. The truth is that the growth in the economy is not across the board and in many sectors is fragile. That is something the board should have placed greater weight on in its deliberations. It is clear the housing market, more particularly the apartment sector, is what caught the attention of the board.

Rising asset values, growing oversupply and debt financing have been the grounds that have compelled the board to lift interest rates across the whole economy. But while the housing sector is high profile, it is dwarfed by more important sectors like primary industry, tourism and manufacturing. Besides, it is a market that started to self-correct long ago in the normal cyclical nature with supply and demand finding their equilibrium, however imperfect that may be. The adjustment in the housing market will always be smoother than the blunt instrument of high interest rates. Surely the Reserve Bank governor learnt that lesson as the deputy governor during the Keating years of economic policy.

The Reserve Bank has used a sledge hammer to crack a nut. The bank points to the recovery of the international economy as being influential in its decision. This in itself is questionable. It is a matter of degree. What is known is that in the US and Japan the predicted growth is slow and steady. There is no boom around the corner. In fact, the United States' own Reserve Bank governor, Alan Greenspan, has signalled that there will be no short-term rise in US interest rates, which has opened up a four percentage point gap between Australian and US cash rates. Naturally the flood of speculative money, like

water finding its level, rushed in to lift the Australian dollar into the mid-70c.

Further, Australian interest rate rises will send the dollar possibly into the high 70c or maybe even break the 80c range, driving our exports into an ever more uncompetitive position at a time, at the bank's own admission, when international markets are improving. Markets will be lost and the balance of payments will be worsened. The real losers as a result of the interest rate rise are the rest of the economy outside the housing market, which to state the obvious is the main economy—the rural sector, mining, manufacturing, tourism, retail, hospitality and, most of all, the small business sector that covers all these industry sectors.

There is no bubble in these sectors, least of all the rural sector, which from the Reserve Bank governor's own statement is just recovering from a drought—the worst in 100 years. A great proportion of New South Wales is still experiencing the effects of drought. Further, even in the recovering areas, sheep and cattle numbers have been devastated during the drought years. At a time when farmers are still either in drought or need to borrow to lift their stock numbers, the last thing they need is an increase in interest rates with the possibility of more to come.

Take the dairy industry as a prime example. It is dependent on exports, with over 50 per cent of its produce exported. It has been hit by a double whammy of increased interest rates and the rising dollar. Murray Goulburn, a major dairy cooperative in Victoria, has felt the effects of the drought and an unprecedented drop in world export prices and a stronger Australian dollar. Its net profit has fallen dramatically from the previous year, which was something like \$59 million, to something around the \$15 million mark.

Another sector that will be badly hit by a rising dollar at a time when markets are coming back on stream is the mining sector. Australia's mature and rich resource industry, which has been in the doldrums for several years, was set to take advantage of international growth. The best example of the fragility of this industry is the coal industry—Australia's third largest export earner which, even with a stronger international scene, has been jammed between falling coal prices over the last 12 months and now a higher Australian dollar. So the Reserve Bank ignored Australia's primary industries when it decided to lift interest rates. It is a sector that far outweighs, in employment and dollar terms, the housing and apartment market.

Another major contributor to Australia's wealth which dwarfs the housing sector is the tourism industry. It has taken a nosedive over the last couple of years due to the effects of September 11, SARS and ongoing security fears. Of all the industries, the tourism industry is the most dollar sensitive. The rise of the dollar will have a marked effect on an industry which is seeking to grow and attract steady numbers into Australia. It is an industry that is a heavy employer and is made up of large and small businesses. It is as solid and as equally worthy a contributor to the economy as the housing sector and therefore deserves equal weight and attention by the Reserve Bank. While big tickets events like the Sydney Olympics and the Rugby World Cup greatly benefit the industry and the economy, nothing attracts international and domestic tourists more than a low Australian dollar.

The manufacturing sector is another industry that is greatly affected by the slightest shift in interest rates or dollar movements and can ill afford the latest Reserve Bank judgment. Manufacturing in Australia contributes over 30 per cent of total exports. Australia now exports one-third of all pas-

senger motor vehicles manufactured domestically, providing a \$3.1 billion injection to the Australian economy. Moreover, the manufacturing sector has a strong base within rural and regional areas across Australia, contributing to employment and wealth in many rural towns. For example, the company Oztrack in Ballarat, Victoria manufactures vehicle tracking systems which are exported to India and the export dollars inject close to \$1 million into the local Ballarat economy. And so I could go on.

With time running out I want to mention the small business sector. As I have said, it crosses all these major industries. It is a great employer that is terribly interest rate sensitive as most businesses operate on overdrafts which are at the high end of the interest rate market. The Reserve Bank has gravely erred in making a decision based on a single sector rather than on the whole economy. It really should stick to its brief or it will seriously jeopardise the integrity and goodwill which has grown out of its charter of independence established by this government.

Education: School Bullying

Senator ALLISON (Victoria) (7.19 p.m.)—I have raised the matter of bullying in schools before in this place and I am pleased to say that the states have now adopted a national safe schools framework, which I understand parliament will deal with early next year. The national safe schools framework will mean that every school will eventually have to have a plan to achieve a safe school. I congratulate the federal Minister for Education, Science and Training for getting the state and territory education ministers to reach agreement and this came after some years of discussions that were achieving very little on the whole. I also ask the Senate to note that this was a Democrat initiative.

What I want to say tonight is that it is one thing to have a framework and to sign on to

an ideal but it is quite another thing to have properly resourced programs operating in schools that have been evaluated and have been proven to have effective programs. It is my experience as a former teacher that schools might wish to deal with this problem but there is certainly no one understanding of how to go about it. Typically, schools try to work out how to do it on their own.

We want to see schools which are able to deal with bullying. Comments have been made in the press in the last two days or so about the level of mental illness, which is now affecting very young children in our community. At least some of this mental illness can be attributed to violence and particularly to the bullying that takes place in schools. It is not just that we want to foster environments which are physically safe but we also want to make sure that they are mentally safe. We also want to foster relationships between children, between children and teachers and, of course, between children and their parents—relationships which are positive and create a culture of cooperation and safe, respectful attitudes to one another.

My optimism and enthusiasm for creating safe environments for children at school and equipping children with the skills that can allow them to develop positive relationships not just in school but throughout their lives comes from a very small school in Victoria, just outside Bendigo. Quarry Hill Primary School began in 1997 what has become known as Solving the Jigsaw, which is a program that has now spread to the whole Loddon-Campaspe region. Forty-six schools, so far, have now picked up on that program, so effective was the program at Quarry Hill Primary School. In fact, what happened when the first group of children went through this small primary school and on to the secondary school in the region was that the principal of the secondary school rang

the principal of the primary school and said, 'Something amazing has happened with these children. They are very different from the normal cohort of children. They are mature and they show strong signs of leadership. We're impressed. What did you do?' So it was this small school that effectively changed the direction of so many schools around it, because of that success.

The aim of this program, Solving the Jigsaw, is to change the culture of violence to what is described as a culture of wellbeing. The program was initiated and is run by EASE, the Emergency Accommodation and Support Enterprise, which is a domestic violence agency based in Bendigo. EASE is the provider of outreach domestic violence services in the Loddon-Campaspe region. It started because they said, 'We don't wish to always be picking up the effects of the cycle of violence; we want to see if we can intervene and break that cycle,' which they think, correctly, starts in very early childhood.

That organisation provides services to over 1,500 women every year, and those women represent only a small proportion of abused women in this area. It is estimated that 80 per cent of women who experience violence do not in fact seek help. This region has had more than its share of social problems. It has a relatively high level of involvement in the child protection unit, and the youth suicide rate in the Loddon-Mallee region is more than double that of the whole of the rest of Victoria. The program seeks to strengthen connectedness, belonging and resilience in young people in upper primary and lower secondary school. These students are in the age range in which early intervention and prevention programs are likely to have significant short- and long-term impacts—in fact, it has been demonstrated that they do that. It is a partnership with schools, and classroom based programs were seen by EASE as the best way to respond to the

needs of children living with violence. Whole classroom sessions meant that Solving the Jigsaw could reach all students, not just those who might be affected by violence. It has allowed for a comprehensive awareness program about violence in all its forms to be offered. In 2003, Solving the Jigsaw had 2,500 students, young people and parents participating, and it provided 128 programs.

The crunch is funding. Funding was initially made available from the Victorian state government's Department of Human Services, but over time schools themselves have had to become the main funding source for the program. As is often the case with schools, they go with a begging bowl to whomever they think might be able to assist them with that funding choice. Philanthropic trusts have come to the party and have contributed to the program's resource base in various places. I would like to mention those foundations and trusts. They include the William Buckland Foundation, the R.E. Ross Trust, the Myer Foundation, Zonta International Strategies to Eradicate Violence Against Women and Children, and the Fletcher Jones Family Trust. I thank and congratulate those trusts for having the foresight to see this as important work.

The program targets students, parents and school communities, and it works because it addresses the issues in the short and the long term. It is based on two premises. The first is that current at-risk behaviour amongst young people, including bullying, and potential later problems such as substance abuse, suicide and violence are assumed to be interrelated. I think we can accept that that is the case. The second is that these destructive behaviours can be addressed through facilitated programs that create a safe environment for young people where self-esteem, resilience and connectedness can be fostered. The program brings optimism and delivers

tangible results in terms of greater understanding of self and others, improved relationships, greater community connectedness and improved behaviour.

As I said, the program is now offered to all schools in the Loddon-Campaspe region. There are 20-week to 40-week classroom targeted group programs, and time is set aside after each session for individual student and teacher follow-up. I participated in one of these programs, which was very memorable indeed. I was impressed by the way those facilitators from EASE came into the classroom and worked with young people in a very positive way. In fact the school found that not only did this change children's behaviour but also that the behaviour of teachers was altered dramatically. It is the case that some teachers use bullying tactics in their own teaching methods. When they were exposed to discussion about what violence and bullying are about, they recognised that behaviour in their own teaching practices.

I congratulate the federal government for its initiatives on bullying, but the next step is to make sure that those highly successful programs are properly evaluated and that other schools know about them so that it does not just depend on the children from one school going on to another school and spreading the word. We need to make sure that the states truly pick up this program, with federal government involvement and funding so that the schools do not have to flounder around to find money from wherever they can. There is far too much rhetoric about the need to solve this problem and too little by way of commitments from governments at federal and state levels. The experience of EASE is that departments are not much interested in utilising their expertise and their proven methodology in the delivery of these school based antiviolence programs. *(Time expired)*

Senate adjourned at 7.30 p.m.**DOCUMENTS****Tabling**

The following government documents were tabled:

Companies Auditors and Liquidators Disciplinary Board—Report for 2002-03.

Employment National Limited—Report for 2002-03.

States Grants (Primary and Secondary Education Assistance) Act 2000—Report on financial assistance granted to each State in respect of 2002.

Telecommunications (Interception) Act 1979—Report—Review of named person warrants and other matters, June 2003.

Tabling

The following documents were tabled by the Clerk:

Civil Aviation Act—Civil Aviation Safety Regulations—Airworthiness Directives—Part—

105, dated 23 [2] and 31 October; and 6 [2], 12 [9], 13 [10] and 14 [10] November 2003.

106, dated 12 and 14 [2] November 2003.

107, dated 12 and 13 November 2003.

Family Law Act—Family Law (Superannuation) Regulations—

Family Law (Superannuation) (Methods and Factors for Valuing Particular Superannuation Interests) Amendment Approval 2003 (No. 1).

Family Law (Superannuation) (Provision of Information—SA Local Government Superannuation Scheme) Determination 2003.

Financial Management and Accountability Act—

Financial Management and Accountability (Determination 2003/04) Childcare Centre Capital Replacement and Upgrade Special Account—Establishment.

Financial Management and Accountability (Determination 2003/05) Superannuation Productivity Benefits Aboriginal Tutorial Assistance Scheme Tutors Special Account—Establishment.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Health: Blood and Blood Products
(Question No. 1781 amended)

Senator Hutchins asked the Minister for Health and Ageing, upon notice, on 18 August 2003 in part:

- (6) (a) Does the Minister agree that Australia is self-sufficient in the supply of blood and blood products; (b) at what periods in the past has Australia not been self-sufficient in the supply of blood and blood products; (c) what blood products have been imported into Australia since 1975; (d) what quantity of each blood product has been imported; and (e) what are the names and countries of business registration of the companies that manufactured the imported products.
- (7) (a) Is the Minister aware that the Australian plasma fractionator CSL Ltd. has, in the past, imported foreign-sourced plasma into Australia which was used to make medical products for therapeutic use in Australia; and (b) can a list be provided of the countries from which the formerly government-controlled CSL, and the currently privatised CSL Ltd., bought plasma.
- (8) (a) Is the Minister aware that the practice of accepting blood from prison inmates has occurred in Australia; and (b) on what date was this practice stopped; and (c) what are the names of the prisons where this practice occurred and the time periods in which this practice occurred at each prison.

Senator Ian Campbell—The Minister for Health and Ageing has provided the following answer to the honourable senator's question:

Answers have already been provided to Questions 1 to 6 and were published in *Hansard* of Thursday, 18 September 2003.

This response provides some additional information to that already provided by the Minister for Health and Ageing in respect of Question 6(c) and (e) and addresses questions 7 and 8 where information was not available at the time of the response on 18 September 2003 from third parties.

- (6) (c) The Therapeutic Goods Administration (TGA) has advised that an additional plasma derived product, ie. the anti-D product RhoGAM, should have been included in the list of plasma derived products imported into Australia since 1975. RhoGAM had not been placed on the Australian Register of Therapeutic Goods (ARTG) nor had it been approved for use through the Special Access Scheme (SAS) provision. Rather, the Therapeutic Goods Regulations were amended to permit its importation via Statutory Rules 1995 No. 33 and Statutory Rules No. 9, Gazettal dates 8 March 1995 and 31 January 1996 respectively.

The total period of supply of RhoGAM was restricted by the Therapeutic Goods Regulations from 8 March 1995 to 31 August 1996.

- (e) The following table provides details of the business registration of the company that manufactured this product:

No	Product	Company	Origin	Approval
i)	Anti-D immunoglobulin - RhoGAM	Ortho-Diagnostic Systems Inc	USA	Therapeutic Goods Regulations

- (7) (a) CSL Limited (CSL) has advised that prior to 1986, Australian and New Zealand plasma were blended to manufacture medical products for therapeutic use. When this occurred, this practice was designed to support New Zealand where there was insufficient plasma to make up a meaningful batch size or where there was a shortage of plasma to meet product demand (for example, hyperimmunes). Products made from blended plasma were used both in New Zealand and Australia.

QUESTIONS ON NOTICE

The practice of manufacturing clotting factors from blended plasma ceased in 1984, and for other products in 1986. An internal lookback carried out by CSL in 1992 identified seven breaches in segregation practices for Australian and New Zealand plasma between August 1986 and May 1990. Products involved comprised albumin and immunoglobulins. There is no recorded incident in Australia of these products being associated with viral transmission. No further incidents have occurred since May 1990.

(b) CSL has advised that it has never, whether as a government controlled agency or private company, bought plasma from any foreign country for the purpose of manufacturing products for therapeutic use in Australia.

(8) (a) Yes.

(b) The Australian Red Cross Blood Service (ARCBS) has advised that collection of blood from prison inmates had ceased by the following dates:

- Victoria 1983
- Tasmania 1983
- New South Wales mid-1970s
- South Australia 1975
- Western Australia early 1980s

(c) The ARCBS has advised that, owing to limited retention of mobile venue records, it cannot provide comprehensive specific information about the dates and locations of blood collection from prisons.

Foreign Affairs: West Papuan Refugee Centre
(Question No. 1965)

Senator Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 10 September 2003:

Is it true that the area in which the major West Papuan refugee centre in Papua New Guinea is located is to be logged; if so: (a) what will be the impact on the refugees; and (b) what is Australia doing to ensure the logging is not detrimental to the refugees.

Senator Hill—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator's question:

Authorised commercial logging has not commenced in the area of the major West Papuan refugee centre. A Forest Management Agreement has been signed between the landowners and the Papua New Guinea Government, agreeing for the area to be opened for logging. A project agreement between the Papua New Guinea Government and a logging company has also been signed, setting out the conditions of the entitlement. However, as no timber permit has been issued, authorised logging activity has not commenced. The Australian Government is not aware of any assessment of the impacts of possible future logging to West Papuan refugees.

Customs: Charles Ulm Building
(Question No. 1991)

Senator Mark Bishop asked the Minister for Justice and Customs, upon notice, on 11 September 2003:

With reference to the unauthorised entry to the Charles Ulm building occupied by the Australian Customs Service at Sydney airport on 27 August 2003:

- (1) Was the closed circuit television (CCTV) fully operational; if so, (a) was it turned on; (b) did it record on film; and (c) were staff observing screens at the time.
- (2) Were any other CCTV cameras outside the building working on the night in question, either attached to the building or any other building, which might have captured images of the intruders as they entered or left; if so, was any footage obtained of the intruders and any transport used.
- (3) Does the Australian Customs Service (Customs) provide its own security guards at the entry to the building or is the function contracted out; if the latter (a) who is the contractor; (b) what is the term of the contract; and (c) what penalties are contained in the contract for breaches.
- (4) At the time of the unauthorised entry, how many security personnel were in attendance.
- (5) What system of entry is in place at the building i.e. photographic identification only or swipe card technology.
- (6) What identification checking process is in place at other Customs establishments at the airport.
- (7) On the night in question, precisely what check was made of any identification presented.
- (8) What security checking process is in place between Customs and all contractors, including Electronic Data Services (EDS).
- (9) Are police checks required; if so, are they conducted with both state and federal police agencies.
- (10) Were those who gained illegal entry dressed in any clothing identifiable as EDS uniform, or with EDS logo or badges.
- (11) How many EDS staff have access to the building.
- (12) What was the turnover of EDS staff engaged at Customs in Sydney, who had access to this building, during 2002-03.
- (13) Are identity passes for access to the building prepared by Customs or by EDS.
- (14) In this particular instance, were those seeking entry required to have a photographic pass; if so, what check was made of the validity of the passes.
- (15) Has it now been concluded that any ID passes used by the intruders were forged.
- (16) What new procedures have been put in place with respect to identification provision and checking within Customs and with EDS.
- (17) On the night in question, how many Customs and EDS staff were on duty in; (a) the building; and (b) on the key floor containing the mainframe infrastructure.
- (18) Is access within the building restricted between floors, or is total access possible.
- (19) Have all Customs and EDS staff on duty at the time been interviewed; if so, how many reported unidentified strangers on site.
- (20) Was the presence of unidentified strangers reported by any Customs or EDS staff either at the time or on a subsequent occasion.
- (21) What instructions exist within Customs and EDS for the identification of strangers on site.
- (22) What have police investigations revealed of the identity of the intruders, their ethnic origin, and any likely connection with either terrorist or known criminal associations.
- (23) Did the intruders engage in any conversations with other staff; if so, how many.
- (24) Were the intruders challenged by any other member of staff at any time.
- (25) Do the systems operating in the building contain records of; (a) passenger entry and exit; (b) cargo entry and exit; (c) planned passenger interceptions either personal or luggage; (d) detail of investigations of illegal imports; (e) records of interview; (f) inspection programs of air freight

containers; (g) intelligence from overseas agencies; and (h) communications between all those employed in the building and all outside agencies.

- (26) Is the inter agency intelligence system, ASNET, connected to any systems within the building.
- (27) Is detail of the Customs activity at Port Botany and any other Customs site within Australia accessible from the building.
- (28) With respect to the servers stolen; (a) what brand and type were they; (b) what was their storage capacity; and (c) was their function solely one of internal and external communication, if so, was encryption used.
- (29) Was any of the information contained on the stolen servers backed up to another server; if not, why not.
- (30) Did the investigations conducted by the Defence Signals Directorate (DSD) reveal whether any systems had been accessed by the intruders; if so, which ones.
- (31) Did DSD find whether any data and information had been down loaded onto either compact discs, floppy discs, or the two servers in question.
- (32) If systems were accessed, were legitimate passwords used and how were they obtained.
- (33) (a) Since 27 August 2003, what specific new security arrangements have been put in place at the building; and (b) what new arrangements have been required of EDS.
- (34) What is the current status of the review of IT Security Policy in Customs, referred to in the Australian National Audit Office report No. 35, 2002-03.
- (35) When was a site security plan last prepared for the building.
- (36) Has a protective security risk review and a work area risk review been conducted of the building, as required in the Protective Security Manual; if so, when.

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

The question relates to matters which are subject to reviews being conducted by the Signet Group and Defence Signals Directorate. Some also relate to matters which are presently before the Courts. It would not be appropriate to respond to this question until the reports from these reviews are finalised and considered by the Government.

Foreign Affairs: West Papua

(Question No. 2015)

Senator Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 11 September 2003:

With reference to the answer to question on notice no.1227 (Senate *Hansard*, 10 September 2003, p. 14263): (a) What representation has the Government made to the Indonesian Government about the shooting of Elsye Rumbiak Bonai, her daughters and others; and (b) what information has Indonesia supplied.

Senator Hill—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator's question:

The Australian Government continues to take every opportunity to urge the Indonesian Government to uphold human rights, including in Papua. The Australian Government has not made specific representations to the Indonesian Government about the incident involving Elsye Rumbiak Bonai.

Transport and Regional Services: Paper and Paper Products
(Question Nos 2244 and 2271)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 15 October 2003:

For each of the financial years 2001-02 and 2002-03 can the following details be provided in relation to paper and paper products:

- (1) How much has been spent by the department on these products.
- (2) From which countries of origin has the department sourced these products.
- (3) From which companies has the department sourced these products.
- (4) What was the percentage of the total of paper and paper products in value (in AUD) sourced by the department by country.
- (5) What was the percentage of the total of paper and paper products in value (in AUD) sourced by the department by company.
- (6) What steps has the department taken to ensure that paper and paper products sourced by the department from other countries comply with the ISO 14001 environmental management system standard.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

My Department has a policy to encourage use of Australian-made paper while observing the Commonwealth Procurement Guidelines.

Expenditure for stationery and supplies in 2001-02 and 2002-03 was approximately \$814,000 and \$931,000 respectively. Most of that expenditure was for paper and paper products (including envelopes, writing pads and message pads).

Industry, Tourism and Resources: Paper and Paper Products
(Question Nos 2258 and 2263)

Senator O'Brien asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 14 October 2003:

For each of the financial years 2001-02 and 2002-03 can the following details be provided in relation to paper and paper products:

- (1) How much has been spent by the department on these products.
- (2) From which countries of origin has the department sourced these products.
- (3) From which companies has the department sourced these products.
- (4) What was the percentage of the total of paper and paper products in value (in AUD) sourced by the department by country.
- (5) What was the percentage of the total of paper and paper products in value (in AUD) sourced by the department by company.
- (6) What steps has the department taken to ensure that paper and paper products sourced by the department from other countries comply with the ISO 14001 environmental management system standard.

Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator's question:

Please note that small business and tourism are part of the Department of Industry, Tourism and Resources. This response includes the response to Question No. 2263, asked of the Minister representing the Minister for Small Business and Tourism.

These figures represent departmental expenditure on office paper (e.g. photocopy and printing paper) and paper stationery products for the relevant financial years. Figures have been rounded and any discrepancies between totals are due to rounding.

2001-02

- (1) \$232,854.
- (2) Australia, Indonesia and Finland.
- (3) Boise Cascade, Fuji Xerox, Corporate Express and Complete Office Supplies.
- (4) Australia 99.48% (\$231,643); Indonesia 0.26% (\$605), and Finland 0.26% (\$605).
- (5) Boise Cascade 67.88% (\$158,072); Fuji Xerox 10.71% (\$24,940); Corporate Express 16.63% (\$38,712), and Complete Office Supplies 4.78% (\$11,131).
- (6) None.

2002-03

- (1) \$213,225.
- (2) Australia, Austria, Indonesia and Finland.
- (3) Boise Cascade, Fuji Xerox, Corporate Express and Complete Office Supplies.
- (4) Australia 93.59% (\$199,557); Austria 5.21% (\$11,109); Indonesia 0.61% (\$1,301), and Finland 0.59% (\$1,258).
- (5) Boise Cascade 56.41% (\$120,282); Fuji Xerox 16.55% (\$35,297); Corporate Express 21.81% (\$46,510), and Complete Office Supplies 5.22% (\$11,136).
- (6) None.

Health: Chemical Fragrances
(Question No. 2319)

Senator Allison asked the Minister representing the Minister for Health and Ageing, upon notice, on 23 October 2003:

With reference to the article, 'Chemical Warfare at Work' published at pages 30 to 35 in New Scientist (June 1997):

- (1) Does the Government agree that fragrances pose a threat to the health of those who are sensitive to chemicals.
- (2) Does the Government intend to: (a) assess and regulate the chemicals used in fragrances for their effects on such people; (b) ban the use of fragranced products in health care facilities; and (c) otherwise discourage the use of fragranced products.

Senator Ian Campbell—The Minister for Health and Ageing has provided the following answer to the honourable senator's question:

- (1) Some consumer products on the Australian market contain fragrance ingredients. In general, fragrances contain several ingredients often in small quantities. Usually, consumer products contain the overall fragrance mix at low concentrations therefore individual fragrance ingredients are present in minute quantities in the final product. It is possible that some individuals may be unusually sensitive to some chemicals including fragrances. The existing regulatory controls for chemicals in Australia are sufficient to ensure that fragrance chemicals are safe for use by the

general public, including sensitive subpopulations. The Australian regulatory system is benchmarked with comparable countries, including Europe and North America.

(2) (a), (b) and (c) The Government is committed to ensuring chemicals are safe to use. Consumer products containing fragrances are regulated through two separate mechanisms. The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) regulates industrial chemicals (including cosmetics). NICNAS assesses all new chemicals, including fragrance chemicals, prior to their introduction onto the Australian marketplace. NICNAS assesses the health and environmental effects of these chemicals, including their impact on sensitive subpopulations, and makes recommendations for their safe use. NICNAS also reviews chemicals already in use in Australia on a priority basis. The existing regulatory scheme includes a mechanism whereby anyone including members of the public, can nominate a chemical(s) of concern to NICNAS for consideration for review. In addition to regulatory controls under NICNAS, public health controls apply to chemicals in domestic products through the National Drugs and Poisons Schedule Committee (NDPSC), Standard for the Uniform Scheduling of Drugs and Poisons (SUSDP) incorporated into State and Territory poisons legislation. The SUSDP classifies poisons into several schedules, based on their toxicity, their intended use, safety in use and potential for abuse. Substances in these schedules are subject to regulatory control over their availability to the public, container specifications and labelling requirements.

The regulation of any chemical in Australia is based on the scientific assessment of its hazard, use and risk. Currently there are proposals under consideration in Europe requiring labelling for some 26 specific fragrance chemicals that can cause allergic skin reactions. European regulatory activity is being closely monitored by NICNAS to ascertain whether similar action may be required in Australia. Where the risk of adverse health effects is identified for Australian uses a range of regulatory action is possible, including risk reduction, change in uses and bans.

Health: Therapeutic Goods

(Question No. 2327)

Senator Allison asked the Minister representing the Minister for Health and Ageing, upon notice, on 27 October 2003:

- (1) Is the Minister aware of any legislation pending in the United States (US) Congress, concerning the pricing of therapeutic goods in the US, which may have a drastic impact on the availability in Australia of therapeutic goods made by US companies; if so, (a) can details be provided; and (b) what representations, if any, has the Government made to the US on the matter.
- (2) Will this legislation be raised with the US in the current free trade agreement negotiations.

Senator Ian Campbell—The Minister for Health and Ageing has provided the following answer to the honourable senator's question:

- (1) No.
 - (a) Not applicable.
 - (a) Not applicable.
- (2) Not applicable.