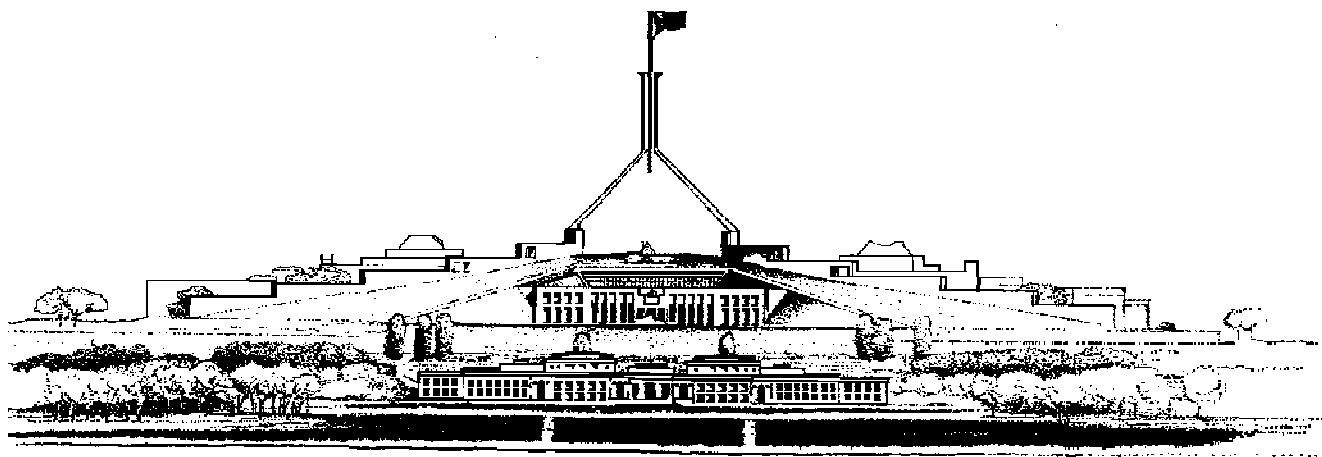




COMMONWEALTH OF AUSTRALIA
PARLIAMENTARY DEBATES



SENATE

Official Hansard

MONDAY, 27 SEPTEMBER 1999

THIRTY-NINTH PARLIAMENT
FIRST SESSION—FOURTH PERIOD

BY AUTHORITY OF THE SENATE
CANBERRA

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Monday, 27 September 1999

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

**ELECTORAL AND REFERENDUM
AMENDMENT BILL (No. 2) 1998**

**Consideration of House of
Representatives Message**

Consideration resumed from 13 May.

House of Representatives message—

SCHEDULE OF THE AMENDMENTS MADE
BY THE SENATE DISAGREED TO BY THE
HOUSE OF REPRESENTATIVES BUT BILL
AMENDED IN PLACE THEREOF

- (21) Schedule 1, items 37 to 42, page 8 (line 24) to page 9 (line 22), omit the items.
(26) Schedule 1, page 9 (after line 27), after item 44, insert:

44B After section 306

Insert:

306A Certain loans not to be received

- (1) It is unlawful for a political party or a State branch of a political party or a person acting on behalf of a political party or a State branch of a political party to receive a loan of \$1,500 or more from a person or entity other than a financial institution unless the loan is made in accordance with subsection (3).
- (2) It is unlawful for a candidate or a member of a group or a person acting on behalf of a candidate or group to receive a loan of \$1,500 or more from a person or entity other than a financial institution unless the loan is made in accordance with subsection (3).
- (3) The receiver of the loan must keep a record of the following:
 - (a) the terms and conditions of the loan;
 - (b) if the loan was received from a registered industrial organisation other than a financial institution:
 - (i) the name of the organisation; and
 - (ii) the names and addresses of the members of the executive committee (however described) of the organisation;
 - (c) if the loan was received from an unincorporated association:

- (i) the name of the organisation or association; and
 - (ii) the names and addresses of the members of the executive committee (however described) of the association or organisation;
- (d) if the loan was paid out of a trust fund or out of the funds of a foundation:
- (i) the names and addresses of the trustees of the fund or of the foundation; and
 - (ii) the title or other description of the trust fund, or the name of the foundation as the case requires; or
- (e) in any other case—the name and address of the person or organisation.
- (4) For the purpose of subsection (2), a person who is a candidate in an election is taken to remain a candidate for 30 days after the polling day in the election.
- (5) For the purpose of subsection (2), persons who constituted a group in an election are taken to continue to constitute the same group for 30 days after the polling day in the election.
- (6) Where a person receives a loan that, by virtue of this section, it is unlawful for the person to receive, an amount equal to the amount or value of the loan is payable by that person to the Commonwealth and may be recovered by the Commonwealth as a debt due to the Commonwealth by action, in a court of competent jurisdiction, against:
- (a) in the case of a loan to or for the benefit of a political party or a State branch of a political party:
 - (i) if the party or branch, as the case may be is a body corporate—the party or branch, as the case may be; or
 - (ii) in any other case—the agent of the party or branch, as the case may be; or
 - (b) in any other case—the candidate or a member of the group or the agent of the candidate or of the group, as the case may be.
- (7) In this section:
- financial institution** means an entity which carries on a business that consists of, or includes, the provision of financial services or financial products and which is:
- (a) a bank; or
 - (b) a credit union; or

- (c) a building society; or
- (d) any other entity registered under the Australian Financial Institutions Commission Codes as a special service provider.

Note: See section 111AZB of the Corporations Law for the Australian Financial Institutions Commission Codes.

loan means:

- (a) an advance of money; or
- (b) a provision of credit or any other form of financial accommodation; or
- (c) a payment of an amount for, on account of, on behalf of or at the request of, an entity, if there is an express or implied obligation to repay the amount; or
- (d) a transaction (whatever its terms or form) which in substance effects a loan of money.

AMENDMENTS DISAGREED TO, BUT, IN
PLACE THEREOF, THE FOLLOWING
AMENDMENTS MADE:

- (1) Schedule 1, item 39, page 9 (lines 4 to 14), omit subsection (2), substitute:
- (2) If any voter satisfies the presiding officer that:
 - (a) the voter's sight is so impaired that the voter is unable to vote without assistance; or
 - (b) the voter is so physically incapacitated or illiterate that the voter is unable to vote without assistance;
 then the presiding officer must:
 - (c) if a person appointed by the voter is present—ask the voter whether the voter wishes scrutineers to be observers; and
 - (d) mark, fold, and deposit the voter's ballot paper, in the presence of the following persons (if any):
 - (i) if a person appointed by the voter is present and the voter wishes scrutineers to be observers—the person appointed by the voter and any scrutineers who are present and wish to be observers;
 - (ii) if a person appointed by the voter is present and the voter does not wish scrutineers to be observers—the person appointed by the voter;

- (iii) if there is not present any person appointed by the voter, but there are scrutineers present who wish to be observers—those scrutineers;
- (iv) if there is not present any person appointed by the voter, and there are no scrutineers present—a polling official (unless the voter requests that no polling official should be an observer).

[section 234—assisted voting]

- (2) Schedule 1, page 9 (before line 28), before item 45, insert:

44B After section 306

Insert:

306A Certain loans not to be received

- (1) It is unlawful for a political party or a State branch of a political party or a person acting on behalf of a political party or a State branch of a political party to receive a loan of \$1,500 or more from a person or entity other than a financial institution unless the loan is made in accordance with subsection (3).
- (2) It is unlawful for a candidate or a member of a group or a person acting on behalf of a candidate or group to receive a loan of \$1,500 or more from a person or entity other than a financial institution unless the loan is made in accordance with subsection (3).
- (3) The receiver of the loan must keep a record of the following:
 - (a) the terms and conditions of the loan;
 - (b) if the loan was received from a registered industrial organisation other than a financial institution:
 - (i) the name of the organisation; and
 - (ii) the names and addresses of the members of the executive committee (however described) of the organisation;
 - (c) if the loan was received from an unincorporated association:
 - (i) the name of the organisation or association; and
 - (ii) the names and addresses of the members of the executive committee (however described) of the association or organisation;
 - (d) if the loan was paid out of a trust fund or out of the funds of a foundation:

- (i) the names and addresses of the trustees of the fund or of the foundation; and
 - (ii) the title or other description of the trust fund, or the name of the foundation, as the case requires; or
 - (e) in any other case—the name and address of the person or organisation.
- (4) For the purpose of subsection (2), a person who is a candidate in an election is taken to remain a candidate for 30 days after the polling day in the election.
- (5) For the purpose of subsection (2), persons who constituted a group in an election are taken to continue to constitute the same group for 30 days after the polling day in the election.
- (6) Where a person receives a loan that, by virtue of this section, it is unlawful for the person to receive, an amount equal to the amount or value of the loan is payable by that person to the Commonwealth and may be recovered by the Commonwealth as a debt due to the Commonwealth by action, in a court of competent jurisdiction, against:
- (a) in the case of a loan to or for the benefit of a political party or a State branch of a political party:
 - (i) if the party or branch, as the case may be, is a body corporate—the party or branch, as the case may be; or
 - (ii) in any other case—the agent of the party or branch, as the case may be; or
 - (b) in any other case—the candidate or a member of the group or the agent of the candidate or of the group, as the case may be.
- (7) For the purposes of this section, if credit is provided on a credit card in respect of card transactions, the credit is to be treated as a separate loan for each transaction.
- (8) In this section:

credit card means:

- (a) any article of a kind commonly known as a credit card; or
- (b) any similar article intended for use in obtaining cash, goods or services on credit;

and includes any article of a kind that persons carrying on business commonly

issue to their customers or prospective customers for use in obtaining goods or services from those persons on credit.

financial institution means an entity which carries on a business that consists of, or includes, the provision of financial services or financial products and which is:

- (a) a bank; or
- (b) a credit union; or
- (c) a building society; or
- (d) any other entity registered under the Australian Financial Institutions Commission Codes as a special service provider; or

Note: See section 111AZB of the Corporations Law for the Australian Financial Institutions Commission Codes.

- (e) an entity prescribed by the regulations for the purposes of this paragraph.

loan means any of the following:

- (a) an advance of money;
- (b) a provision of credit or any other form of financial accommodation;
- (c) a payment of an amount for, on account of, on behalf of or at the request of, an entity, if there is an express or implied obligation to repay the amount;
- (d) a transaction (whatever its terms or form) which in substance effects a loan of money.

[section 306A—loans]

- (3) Schedule 1, item 57, page 12 (lines 1 to 11), omit subsection (2), substitute:
- (2) If any voter satisfies the presiding officer that:
- (a) the voter's sight is so impaired that the voter is unable to vote without assistance; or
 - (b) the voter is so physically incapacitated or illiterate that the voter is unable to vote without assistance;
- then the presiding officer must:
- (c) if a person appointed by the voter is present—ask the voter whether the voter wishes scrutineers to be observers; and
 - (d) mark, fold, and deposit the voter's ballot paper, in the presence of the following persons (if any):
 - (i) if a person appointed by the voter is present and the voter wishes scrutineers to be observers—the person appointed by the voter and any scru-

tineers who are present and wish to be observers;

- (ii) if a person appointed by the voter is present and the voter does not wish scrutineers to be observers—the person appointed by the voter;
- (iii) if there is not present any person appointed by the voter, but there are scrutineers present who wish to be observers—those scrutineers;
- (iv) if there is not present any person appointed by the voter, and there are no scrutineers present—a polling official (unless the voter requests that no polling official should be an observer).

[section 36—assisted voting]

—————
SCHEDULE OF THE ADDITIONAL
AMENDMENT MADE BY THE HOUSE OF
REPRESENTATIVES

- (1) Schedule 1, page 10 (before line 3), before item 47, insert:

46B Paragraph 314AEA(1)(b)

Omit ", together with the details required by section 314AD".

46C Subsection 314AEA(5)

Omit ", 314AD".

46D Subsection 314AEA(5)

Omit "314AB(1)(a)", substitute "314AB(2)(a)".

[technical correction]

Motion (by **Senator Ian Campbell**) proposed:

That the committee does not insist on its amendments to which the House of Representatives has disagreed and agrees to the amendments made in place thereof.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (12.30 p.m.)—I am disappointed that the minister is not here to hear this important debate, but I am assured by the manager of government business that he will be here shortly.

Senator Ian Campbell interjecting—

Senator FAULKNER—Thank you. I hope you do that quite accurately, Senator Campbell, because if you do it accurately I am sure

that the minister will see the strength of the argument that is being presented by the opposition.

I say at the outset that the opposition requests that this particular question be divided because we intend to vote differently on the two key elements of the question. That goes first of all to Senate amendment No. 21, to which the House has disagreed, and House of Representatives amendments Nos 1 and 4, that have been made in place thereof. It is the opposition's intention to vote against that question. And, in relation to the other key element of this particular matter that we are now debating—Senate amendment No. 26, to which the House has disagreed, House of Representatives amendment No. 2, which has been made in place of it and the additional amendment made by the House of Representatives there, which is amendment No. 3—it is the intention of the opposition to support the motion.

This is, as you would be aware, Mr Temporary Chairman Watson, a very important matter for the Senate to give consideration to. There are two key elements here on which I have indicated the opposition will be taking a different approach. The first one relates to the question of assisted voting, the second relates to the amendments and issues that the opposition has been advocating now for a considerable amount of time in relation to strengthening the Electoral Act to deal with vehicles such as the Greenfields Foundation.

Since we last looked at this bill, the Electoral and Referendum Amendment Bill (No. 2) 1998, we have a situation where the House of Representatives has, in large measure, accepted the 34 amendments to the bill which were made by the Senate. I think that the amendments that were agreed to in relation to closing the Greenfields Foundation loophole in the act once and for all are going to be very positive in terms of the disclosure provisions of the act. The government has also moved in the House a variation to its radical assisted voting provisions, and these new provisions were drafted back in May this year. I must say that they were drafted at a time when, as I am sure senators would appreciate, the balance in the Senate was a

little different from the way we find it today. I would not be at all surprised if they were drafted with the views of Senator Harradine—who made his views clear in the committee—in mind. But, whatever, these are important issues. They certainly have been carefully examined by the committee.

The committee deliberated for some time the question of assisted voting and the marking of ballot papers because these issues raise some very fundamental concerns about the rights of voters. There is the fundamental right of Australians to cast their vote in private, free from interference, free from coercion; that is a basic tenet of our electoral system. And, as a general principle, the opposition believes that a person's right to a free and fair vote should be the paramount motivation in structuring any legislation, with the needs of political parties—whether it be the Labor Party, either of the coalition parties, the Australian Democrats or any other party—of secondary importance.

If proposed changes to the Commonwealth Electoral Act in fact compromise this paramount right of the voter, then those sorts of changes should be discarded. Currently, section 234 of the Commonwealth Electoral Act and other related legislation provide that in the case of a voter's sight being impaired—or if they are incapacitated or illiterate—the voter can appoint a person to assist them to carry out their vote. As the Electoral Act currently stands, the voter would just take their voter friend in to assist them to vote. We have always said that this is a very practical way of handling the voting processes. We also think that it is fair and that it preserves the secrecy of an individual's vote. It does not compromise an elector's rights nor in any way compromise the proper functioning of polling booths, particularly busy polling booths.

I want to say that it is pretty clear that the Australian Electoral Commission does not support the government's proposed changes to the Electoral Act in this area. It is quite clear that the Australian Electoral Commission thinks that the current system works well. Currently, it is the voter who has all of the say about who is to assist them. Appropriately, the voter is free to choose someone that

they trust. As senators would be aware, this sort of delegation is not unusual under Australian law. Our laws provide for a person to give another person whom they trust the power of attorney in dealing with their affairs. It is well accepted that this system only works when the person appoints someone that they trust to deal with their affairs. It would be ludicrous for anyone to suggest that the delegation should be given to anyone else. But, of course, that is really the bottom line in what the government is proposing here. It is proposing—for such an important community obligation as voting—that a person who is unable, for whatever reason, to fully execute or exercise their right to vote should not control whom they delegate that right and obligation to. The legislation currently being proposed by the government would see that fundamental freedom of the voter taken away.

The government's original amendment proposed a situation where at least four people were in the booth: the voter, their friend, the presiding officer and the scrutineers. That is a pretty intimidating sort of situation, particularly for voters with a disability or with literacy or other language difficulties, and it is certainly not in the spirit of the act, which tries to ensure that a person's vote should be personal and confidential. You would have a situation where a person's secret ballot would be shared by at least three others. If the principle of secret ballots is as important as the conservative parties argue it to be in other areas, you have to ask why the conservative parties are so ready and willing to do away with that important principle in relation to this provision. I think it probably has something to do with pretty cynical political motives. Perhaps they think it will put them back in the running for seats where there are high levels of illiteracy. Perhaps it is because it would be largely the rights of Aboriginal people, disabled people and migrants that would be affected. I would be disappointed but not surprised if that were the motivation.

Unfortunately, the government's proposal seeks to increase the rights of the candidate but diminish the rights of the non-literate, the non-English speaking or the disabled elec-

tor—and they, of course, are often amongst the most vulnerable people in our community. Perhaps it suits the government's interests to make it even harder for the disadvantaged and the vulnerable in our community to exercise a vote. The proposal the government has now put forward would still have the presiding officer marking the paper, with scrutineers free to observe in some circumstances. It remains a proposal that in our view will pollute the principle of the secret ballot and take rights away from people in our society who are already disadvantaged.

The key problem with the new proposal is that it is not the voter's friend but the presiding officer who would complete the ballot paper. I think this is going to be particularly intimidating for Aboriginal voters in the Northern Territory, in Western Australia and in regional Queensland. In an Aboriginal community the voter's friend is invariably an Aboriginal person, whereas the presiding officer will most likely be a non-Aboriginal person. A situation exists here where explanations and instructions may cross languages and will certainly cross cultures. Intimidation of the voter, conscious or otherwise, could easily occur. There will be three people in the ballot box, rather than two. With the intrusion of the presiding officer, the voter's privacy is compromised—and, with that, the integrity of the ballot is also compromised. With scrutineers present, of course, the problem multiplies further.

Any reasonable person concerned with maintaining the integrity of the process would support an appropriate level of control or supervision by the presiding officer. The opposition argues, as does the AEC, that we currently have a system which provides the appropriate level of control. Indeed, in relation to assisted voting, the AEC's submission to the Joint Standing Committee on Electoral Matters stated:

In relation to ERAB 2, the changes to the assisted voting provisions would represent a significant weakening of the secrecy of the ballot for many disadvantaged members of the community. The AEC is of the view that the current federal legislation relating to assisted voting is operating properly, as the parliament intended, and should be left unamended.

The current assisted voting provisions, with the voter's friend filling out the ballot paper, work as they are and they ensure the greatest possible participation in the democratic process. There is no reason to change it. It is for those reasons that the opposition will be insisting on omitting all of the provisions of this bill that relate to assisted voting.

To this effect, we will also be moving consequential amendments to remove the other sections of the bill relating to assisted voting. I commend the opposition's approach to the committee and, at a later stage during the committee's deliberations, I wish to canvass the second element of this message that we are debating in relation to the provisions around the Greenfields Foundation.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.46 p.m.)—I seek the call briefly because I indicated to Senator Faulkner informally, prior to the commencement of the debate, that the minister would be delayed. I have been informed, while Senator Faulkner was articulately exposing his arguments to the scrutiny of the chamber, that the minister has been further delayed, and may be delayed some time, so I thought I would inform the whole chamber of that. The government will be listening carefully to the arguments and putting on the record our arguments as a proxy for the minister.

Senator BARTLETT (Queensland) (12.46 p.m.)—I thank the government for that explanation. I am sure Senator Campbell will put forward the government's perspective ably. I also am sure, after they have listened to the various arguments put forward, they will take on board some of the concerns raised. I want to speak briefly to the motion that is before the chamber. Firstly, I agree with the approach that Senator Faulkner suggested of splitting the motion. The concerns that the Democrats want to explore as part of this debate relate to the amendments dealing with assisted voting. We are quite happy to support the government's approach in relation to the Greenfields amendments. I want to outline to the chamber the various

perspectives that the Democrats believe need to be taken into account and should be explored as part of the debate on assisted voting.

I suppose it is always appropriate to say that when we, as members of parliament, debate an electoral bill, or any component of it—I think I said this in the second reading debate—we are dealing with legislation which intimately affects how we go about getting elected to this place. It can impact on lots of matters relating to the fundamental aspects of the parliamentary, political and electoral process. Obviously, all of us have an interest—in the full sense of the word—in these matters and it is appropriate to highlight that. Despite having looked quite closely at the issue of assisted voting, I find it hard to see how there is much potential electoral benefit to the Democrats, one way or the other, in relation to how things operate at the moment. Certainly, any suggestion of any political advantage one way or the other is, in my view, not relevant from the point of view of the Democrats.

There are a couple of important issues which need to be balanced and explored fully, and they are both fundamental ones. The first is the secrecy of the vote—the secrecy of every person's vote is something that has a long history in Australia—and the second is integrity of the vote, that each voter has a vote cast on their behalf that accurately reflects their wishes and their beliefs. To some extent, this issue has been presented with those two principles being seen in competition with each other. I am not so sure that that is necessarily the case. In many ways, they are complementary principles and the way we approach the whole issue of assisted voting can take both of those principles into account and ensure that they are both met.

Since this matter was last dealt with in the Senate, as part of the broader legislation, I have had the opportunity to explore this specific issue in a lot more detail in my capacity as the Democrat spokesperson on electoral matters and as a representative on the Joint Standing Committee on Electoral Matters. That committee made two visits to

the Northern Territory—to Darwin and Alice Springs. The issue of assisted voting was prominent at both of those public hearings. I have received a number of submissions, both through the committee and privately, on this issue so I certainly feel much better informed to comment on and assess the various arguments being put forward.

The first thing is that this issue does seem to be very much driven by Northern Territory politics. I know it has been raised to some extent in respect of remote South Australia and also North Queensland but the driving force behind it seems to be the Northern Territory. Having been to a couple of those hearings, my main comment on politics in the Northern Territory is that they seem to play it pretty rough up there. It certainly struck me that there is a fairly intense, shall we say, approach taken to the electoral process in the Northern Territory. I guess robust democracy is a good thing but it seems to go a little above that line from my perspective and that is relevant in terms of where this issue is coming from.

It also seems to be almost exclusively focused on perceptions of voting in relation to indigenous people. Obviously, indigenous people are not the only people that utilise assisted voting—significant groups of disabled people and many people of non-English speaking background utilise it. It is curious that it seems to be focusing solely on concerns expressed about the operation of assisted voting when it comes to indigenous people casting their vote but not other people of non-English speaking background in the capital cities, for example. I think that gives some indication of some of the other aspects that may be behind these proposed changes.

The proposals the government has put forward in the House of Representatives on reconsideration of the bill are much preferable to the Democrats than what was initially put forward. We had very great concerns with those. But the fundamental issues that lie behind the operation of the voting process in the Territory, in particular, still need to be explored. The proposal that was being put forward by those who were pushing for changes such as those put forward by the

government is that somehow or other the integrity of the ballot may be in doubt because of undue influence or guidance on the part of the voter's friend and that to ensure that there was no undue influence there needed to be scrutineers or more direct involvement of polling officials. When that argument was being put forward, I understood where people were coming from, but the issue also needs to be highlighted from the point of view of the voter being encouraged to participate in the electoral process. That is clearly an issue of great importance, particularly for indigenous people, not just in the Territory but around the country.

On one of the visits that the committee had to the Territory we visited a community in Arnhem Land—Maningrida, I think. Some of the issues and difficulties that have to be addressed on polling day in communities like that were, from my perspective, quite an eye opener, being Brisbane born and bred and not having lived anywhere else. Significant numbers of people pass through polling booths in that area, many of whom go bush for large parts of the year. A wide range of different languages are spoken in the community—there is no one dominant dialect. I think about seven or eight different languages are spoken by different groups of people in that area—people with English as a third or fourth language, if they had it as a language at all. There are difficulties in having people from such a wide range of different cultural backgrounds voting through the one booth on polling day, many of whom may not have been in town or had access to, interest in or connection with any form of media for the vast majority of the year. Trying to ensure that those people are able and comfortable to participate in the voting process is a very important issue.

As I said before, one of the other things that struck me in the Territory is that they certainly seem to play it quite hard there. At one of the booths in particular—but I assess from some of the other evidence that it was not just that one booth—there is what could only be described as a very intimidating atmosphere. In that sort of circumstance there is a need to ensure that people are comfort-

able in casting a vote. That they are comfortable in going to a polling booth in the first place is an issue in itself. Their ability to vote being made as easy as possible is something that cannot be undervalued.

The most problematic booth at the last election only existed because of a CLP objection to the Electoral Commission conducting mobile polling around the Aboriginal camps around Alice Springs. The Electoral Commission had to accede to that objection and therefore established a polling booth. That booth then became the subject of a number of incidents which I will not go into here. Suffice it to say that the atmosphere on the day clearly would have been potentially quite intimidating to people going to cast a vote there. I think the last thing you want to do to people when they do turn up on polling day or when they are considering turning up on polling day is to have them feel like the whole thing is going to be an extremely stressful and unpleasant ordeal.

It is important that many of these places where assisted voting occurs are reasonably small communities. In those sorts of circumstances it is unreasonable to say that secrecy of a vote becomes more important. It is more likely that people are actually going to know presiding officers or polling officials in the booth, and it can be very intimidating to people if they have someone witnessing their vote—or, in the case of the government's proposed amendment, actually filling in their ballot paper for them—and if they are not comfortable with that person knowing how they voted. That is no reflection on the Electoral Commission polling officers; it is just a reality of life.

It should not be underemphasised how awkward it can be for some people to have somebody know how they are voting if they are not wanting them to know. That is the whole point and rationale behind the voter's friend—that they have someone they are comfortable with assisting them to vote, not someone they are not comfortable with. Having someone they are not comfortable with witnessing their vote is more likely to produce an outcome where the integrity of a

vote could be called into question. I think those issues do need to be highlighted.

One other issue that I would highlight and that we all need to acknowledge and try to address as a Senate is that—as I understand it, anyway—because of perhaps an oversight when this bill went through the first time, if the Senate insists on its amendment No. 21 relating to assisted voting, we will actually end up with the circumstance where we will have different provisions for assisted voting in the Commonwealth Electoral Act than we will have in the Referendum (Machinery Provisions) Act. That will not particularly be a problem for the referendum in November but, if at another time in the future we do have an election and a referendum occurring on the same day, it will be an absolute nightmare for the Electoral Commission to try to administer different assisted voting provisions for people filling out their voting paper for the referendum from those for the House of Representatives or the Senate.

That is a concern, and I would be interested in comments from other senators about how we should address that particular issue, because that is an anomaly which, if retained, would be potentially a very major problem down the track in terms of the administration of polling day for the Electoral Commission. That is an issue that has to be highlighted and addressed as part of this debate, so that we will not have what appears to be an accidental oversight causing further problems in relation to differing views as to how we proceed on the substantial issue of assisted voting provisions in the Commonwealth Electoral Act.

Senator CROSSIN (Northern Territory) (1.01 p.m.)—I remember that when this issue first came before the Senate some months ago a number of us put fairly substantial arguments before the Senate as to why the status quo should remain. Basically, those positions have not varied today—except that, as Senator Bartlett said, the issue has been considered by the Joint Committee on Electoral Matters and has been subject now to comments by the Australian Electoral Commission. Let me say from the outset that, with all due respect, there are very few senators here in this chamber who have witnessed either what it is like

in the week preceding a federal election or the conducting of a ballot on election day in extremely remote communities.

I stand here today actually defending the rights of at least one-third of my constituents to continue to cast their vote in this country in the way that they have done so in preceding years. There is no doubt that, if this act is amended in the way in which the government is seeking to do, there will be fewer people who feel comfortable about casting a vote; there will be fewer people in this country who will actually want to front up to vote on election day. My interests naturally lie with Aboriginal people in the Northern Territory, but there are significant numbers of people in this country—and, in particular, in the Northern Territory—who are of Chinese, Greek or Vietnamese origin and who rely on a vote assisted by someone in their own community whom they trust and who can clearly explain to them what the issues are and in fact what candidate is associated with which party.

A single presiding officer is not able to do that. In the Northern Territory, when we have pre-polling in the week preceding the election, as in the case last year, we can go to anywhere from three to five communities in any one day. You get on and off light aircraft from dawn till dusk and you have sometimes no more than, or not even, an hour—or, at the most, two hours—in some places, for anywhere between two and 400 Aboriginal people to cast their vote, on a day when you and I have 12 hours to do it. So we are talking about a very concentrated time frame here. To the Australian Electoral Commission's credit, they are able to get to all of those remote places, particularly in the Territory—I do not have knowledge of Queensland or Western Australia—and, to their credit, they are able to ensure that as many people as possible get to vote preceding the election or on election day.

What we as members of parliament ought to be about is ensuring that we enable more and more people to vote and that any changes we make to the Electoral Act ensure that people are comfortable about voting and feel that their vote is fair and that they have a free vote. I find it very difficult to actually explain

to people how frustrating it can be if English is in fact your third or fourth language and how reliant people in remote communities are on getting people they know who understand their language, or even perhaps who have the right kinship relationship to them, and taking them in to vote.

In all the times that I have been in remote communities at polling time, I have never seen the assisted voter provision rorted or manipulated to the detriment of either party. You see, when somebody who is not an English speaking person walks into a polling booth to cast their vote, their assisting voter is able to clearly explain to them which parties are standing and whom the candidates are. But I have seen in Aboriginal communities presiding officers—who are mainly white males that fly out from Darwin—say to Aboriginal people, ‘Do you want to vote Labor or Liberal?’ They do not understand that. Some people might; some people might understand ‘Australian Labor Party’ or ‘Liberal Party’. In the Northern Territory, we do not have the Liberal Party; we have the Country Liberal Party. I have seen presiding officers hold up how-to-votes and say to them, ‘Do you want to vote this way or that way?’ If you cannot read or write English, sometimes a how-to-vote card does not help you either.

So what question does a presiding officer actually ask the voter to elicit the response that is necessary for them to clearly understand how they, as the presiding officer, will cast that person’s vote? An assistant voter may well be somebody within the family who is literate in Aboriginal and English. It may well be somebody in the community who has been, on behalf of ATSIC, teaching Aboriginal people how to vote. It may well be a teacher or an Aboriginal health worker—or one of a number of people in that community—whom that person knows and feels comfortable about casting their vote in front of.

That is what assisted voting should be about. It should be about ensuring that your vote remains secret between you and somebody you trust. If a presiding officer has to be the one and only person who fills in your ballot paper, then the secrecy of your ballot becomes irrelevant and something that most

people, even if you are not a migrant, disabled or Aboriginal, would feel uncomfortable about.

Senator Faulkner alluded to some comments by the Australian Electoral Commission which I think are pertinent here. These are the people who know best about what happens in a polling booth. In a submission to the Joint Standing Committee on Electoral Matters on 12 March this year the Australian Electoral Commission said that they are of the view that the federal legislation relating to assisted voting is operating properly as the parliament originally intended and should be left unamended. The AEC themselves can see no reasons why this legislation should be changed.

They have searched and I have searched for any cases or any substantial evidence that has been brought before the AEC that would show us or convince me that this legislation needs to be changed. There has never ever, so the AEC have informed me, been a single substantiated allegation of impropriety or electoral fraud concerning assisted voting. So if we do not have any evidence before us that the current system is not working properly, then you have to ask yourself: why is the government seeking to change this?

Coming from the Northern Territory, and I concur with some of the comments from Senator Bartlett, there is only one reason why we are seeking to change this. It is based on the premise that an informed vote by an Aboriginal member of our community for the Liberal Party is a good vote, is an informed vote; but if a non-literate Aboriginal person decides to vote for the Labor Party, it is construed as being a manipulative vote. We can cut to the quick here. We all know the arguments about fair voting and free voting and the secrecy of your vote. But let us face it: at the end of the day, people from this government, particularly people from the Country Liberal Party in the Northern Territory, believe that an assisted vote is a manipulative vote on behalf of Aboriginal people which therefore translates to a vote for the Labor Party.

It is about sour grapes on behalf of people in the CLP in the Northern Territory. It is

about them not being able to attract the majority of votes from Aboriginal people for their own political party. If that is the case, then there is some belief that Aboriginal people are not electorally aware of the issues when it comes to election day. They are well and truly aware of the issues. When Aboriginal people go to vote they know exactly whom they want to vote for. Sometimes they need to relay that to people who understand their language as opposed to a presiding officer who would not. They may need some clarification—and, by and large, in the last election of the Northern Territory 80 per cent or more of people voted for the Labor Party—as to where they would put No. 1 on their ballot paper so it translates into a vote for the Labor Party person. But, by and large, once they have had that assistance they know very well whom they want to vote for.

Let me leave you in no doubt whatsoever that the changes to this system are about ensuring fewer people in the Northern Territory get a vote, which in reality translates to fewer people in Aboriginal communities voting for the Labor Party. This will ensure that this government minimises as much as possible the votes in the Northern Territory with respect to Labor Party votes from Aboriginal people.

The amendments that we have considered are based on submissions by the Country Liberal Party to the inquiry on the Joint Standing Committee on Electoral Matters, an inquiry that was conducted into the 1998 federal election. The CLP submission to that committee also accuses the Australian Electoral Commission of collusion and overt political action, but there is no evidence of any of that and there is no evidence, as I said before, of any impropriety or fraud concerning the use of the assistant voter. This is purely and simply about a political party making changes to the Electoral Act for its political gain. If that is the case, then the motivation for restructuring this legislation to accord with the whims of a political party makes this a sad day in relation to what we have held up to be a fair and free voting system within this country.

In the Northern Territory nearly 27.3 per cent of our population are indigenous but only two per cent of the population in the rest of the country are indigenous. The literacy levels in the Northern Territory are the worst in Australia. Our school retention rates are abysmally low. Of those indigenous people who attempt secondary education only nine per cent complete their education compared to 54½ per cent of non-indigenous people. So we are talking about not only people who have second and third languages—Aboriginal languages before English—but also people who are not literate in the English language, and of course ballot papers are presented only in English.

Under this proposed scenario we have not got just two people in the ballot box, that is, the person wanting to vote plus the assisting voter—an assisting voter is the person whom they choose to assist them filling out the ballot paper—but we now have the presiding officer in the ballot box. And not only that, but the very first question the presiding officer will ask the voter is: do you want a scrutineer? What does that mean? Do you want someone else to watch you vote? No, thank you, not if I have a choice. So we could have a situation where we may even have four other people in the booth besides the voter. Under the current legislation we have only two people in the booth and that second person is only there at the invitation of the voter, whereas under the proposed changes to the legislation once that voter decides to bring a person in to help them then the presiding officer must fill in the ballot paper.

We have no evidence that the assisting voter has never recorded a vote in the way in which the voter wants it to happen. We have no evidence of that. So we ask ourselves, 'Oh, yes, if the presiding officer fills in the ballot paper, then we have at least some guarantee that they may well record the vote impartially. They may well record what the voter actually wants.' There is no guarantee of that. There is no more a guarantee about that than there is that the assisting voter would fill in the ballot paper correctly.

If you cannot guarantee that the changes you are suggesting will improve what is

happening, then leave the current scheme alone. We do not have any evidence that the current system relates to fraud or is up for any impropriety. We do not have any evidence that the current system disadvantages people from voting, but we do know from our experiences of being in the bush that, when people do conduct their ballot and do try to cast their vote, the system you are proposing will disadvantage them and is entirely unfair.

Senator McLUCAS (Queensland) (1.16 p.m.)—The legislative changes to the Electoral and Referendum Act proposed by the government are essentially to remove the current provision which allows people who are sight impaired, physically incapacitated or illiterate to select the person whom they wish to assist them. Currently, the voter decides whom they want to assist them. Appropriately, the voter is free to choose someone they trust. The provision is intended to preserve for these people the closest approximation to a secret vote. The principle is that the person who knows how an assisted person votes is someone that that person trusts. The legislative changes currently being proposed would see that principle being abandoned. If this proposal becomes law, detrimental and radical changes will occur in the provision of assistance to some voters.

The amendment proposed seeks to remove the ability for the person with the incapacity to select their assistance and directs the presiding officer to complete the ballot paper on their behalf. The result of the amendment would see a voter with a disability presenting to the polling booth. They might have someone with them, and the amendment will allow for that friend to accompany them through the process. The voter will request assistance in casting a vote. The presiding officer will then have to ask the voter if they wish to have scrutineers present to oversee the marking of the ballot paper. If the voter indicates that they would, then the presiding officer will invite scrutineers to witness that vote. There would be at least three people in the booth but, as we have heard, there could quite possibly be many, many more.

If the voter does not have a friend with them, then the presiding officer will then

request another polling official to witness the vote for his or her protection. Under this proposal, Australian voters will have to vote in the presence of people whom they may not want to see their vote. We will not have to do this, but plenty of other voters in Australia will, and they will be people who are visually impaired or people who are not literate in English—typically migrants and Aboriginal and Torres Strait Islander people. Just consider the sheer ludicrousness of it. In many circumstances, the voter's friend is there because the voter communicates better in a language other than English. The instructions from the voter to their friend will be conducted in a language that potentially the presiding officer will not understand—whether it be Greek, Vietnamese or Wik—at the conclusion of which the friend will tell the presiding officer what square to mark.

What has been achieved? If the government is arguing that you cannot trust a voter's friend to accurately carry out the wishes of the voter who needs assistance, how on earth will the presiding officer actually know that? What is even more absurd in this whole debate is the fact that, currently, as the act stands right now, if an assisted voter prefers it, he or she can seek help from the presiding officer on a polling day and ask the presiding officer to vote for them—that is, as the act currently stands, the voter has a right to take the government's preferred method of assisted voting. If the government's plan for assisted voting is so sensible and non-controversial, then why make the changes at all? Surely voters would vote with their feet and simply take advantage of the existing provision.

The fact is that people who want assistance to vote choose to use a friend to cast their vote in private, out of sight of the polling officials and presiding officers and certainly out of the sight of party scrutineers. Like you and me, they hold the principle of the secret ballot dear. They often live in a small community where the presiding officer and the polling officials are known to them. Officials who conduct the poll are invariably the local teacher, the school principal, the nurse or the council clerk. People do not necessarily want those people knowing how they vote, and

neither do those people want to know how the voter is voting. It can put them in an awkward situation and leave them open to suspicion and resentment.

In fact, a letter to me from the President of the Queensland Teachers Union, Mr Ian Mackie, says as much. He says:

Implicit in the proposed changes is an assertion that, in the past, our members have acted irresponsibly or illegally. I find no evidence of this and hence reject totally the implication.

To suggest that supporting voters is a role for the Presiding Officer clearly breaches the confidentiality of their vote. The voter seeks a friend to maintain their confidentiality. If the Presiding Officer has a role in this voting, large numbers of voters will decide not to vote as their right to seek confidential assistance is denied.

To suggest that the voter cannot exercise discretion over their choice of electoral 'friend' is extremely patronising.

In the face of these concerns, concerns which the government is very well aware of, why then is the government so intent on pursuing these amendments? Is it that the Association for the Blind is requesting that there be changes, or the disability advocacy groups, the migrant community, Aboriginal people and Torres Strait Islanders? In my research into submissions to the Joint Standing Committee on Electoral Matters, I have not found a single submission from any of these groups complaining about the current provisions. But I have found transcripts of coalition members who have raised the matter, and I think their motivation is not to improve access to the electoral process but to limit access by the most disadvantaged group of Australians there is.

This sort of contribution fits with my experience in Far North Queensland. In the area where I live, Liberal and National Party candidates have complained about assistance given to Aboriginal voters in every election that I am aware of since 1992. After every election, Liberal and National Party candidates cast a slur on the conduct of polling officials and AEC officers, Labor Party scrutineers and, most importantly, indigenous people, alleging inappropriate activity. But where do they raise these matters? Not through a complaint to the AEC, not through

a submission to the Joint Select Committee on Electoral Matters; they raise these matters in the media, and only after the Labor Party requests that the matters go through the appropriate methods of investigation, do the complainants sometimes refer these matters.

Not once, not ever have these complaints been upheld. They have been investigated by the AEC or the QEC on three occasions and the result is always the same. There is no basis for the allegations and the AEC staff and the people of Cape York Peninsula are cleared. But the purpose of the Liberal and National parties has been served; they have had the headlines of 'rotting', 'dirty election tricks' and 'misconduct', for example, on page 1 of the newspaper. They have raised the issue in the community's mind. As you would expect, the article which eventually reports that these allegations have been found to be baseless appears on page 7 or somewhere later in the paper, as it is not that interesting to report that there has been no basis for the claim.

I would like to provide the Senate with the facts surrounding the most recent example of the Liberal Party's orchestrated campaign to devalue the voting rights of Aboriginal people on Cape York Peninsula. Predictably, the day following the last election, the member for Leichhardt, Mr Warren Entsch, contacted the Cairns media—not the AEC—alleging misconduct in the conduct of the poll at a number of Aboriginal communities, including the community of Napranum, an Aboriginal community near Weipa. He advised that he had serious concerns about the conduct of the poll which were communicated to him by the Liberals' scrutineer at Napranum. These allegations were denied by the individuals named by Mr Entsch in statutory declarations.

The investigation by the AEC was finally requested by Mr Entsch, after my urging, some weeks later and, finally, on 9 December 1998 there was a small item on page 7 of the *Cairns Post* which reported that the Australian Electoral Commission inquiry found that the workers had not breached the Commonwealth Electoral Act 1918. In that same article Mr Entsch is quoted as saying that he did not accept the findings of the inquiry—although

I do not know how he was going to accept it—and reiterated his spurious claims. It is also interesting that senators note that the Liberal Party scrutineer in this case, the woman who made the allegation, was a Sandy Mulley, who is the partner of Robin Buchan, the then part owner of Cape York Concrete, known to this chamber on another matter.

We need to see the behaviour of Mr Entsch and others before him for what it is; it is an orchestrated campaign to intimidate the indigenous people of Cape York Peninsula and question their intent. It is also intended to denigrate those who assist voters who do not have English as their first language. I raise these issues because this legislation has exactly the same intent: to intimidate the indigenous people of Australia and to denigrate those who assist voters who do not have English as their first language.

This legislation is pandering to the unfounded suspicions of conservative candidates who just cannot quite believe that Aboriginal people vote exactly like everyone else, on the basis of what is in it for them, their families and their communities. They do not accept that Aboriginal voters reject candidates and parties on the basis of their policies and presentation at a local level. We are in danger of creating policy, of setting the guidelines for voting, to quell the unfounded paranoia of parties and candidates, not on what surely must be the most fundamental rationale of the Electoral Act—the rights of voters, irrespective of where they live, their culture or their literacy in English, to a free, fair and, most importantly, secret ballot.

As I have suggested, this matter has not been brought to public attention by those who are affected, the people who are blind, migrants or indigenous people. In fact, in a letter from Wayne Connolly, the Chair of the Aboriginal Coordinating Council, he says:

For many Aboriginal people who speak a traditional language as their first language and/or are elderly, it is important to have a trusted family member or friend assist them to vote. The provision of a Presiding Officer to assist elderly Aboriginal people is inappropriate for a number of reasons. Firstly, the Presiding Officer may be new to the community and unfamiliar with the traditional language spoken or cultural expressions used.

Secondly, if the presiding officer is familiar with the community, the Aboriginal person voting may want their political choice to remain confidential. Overall, the removal of the 'voter's friend' provision in the legislation will make the whole voting process more difficult. Therefore, this proposed amendment is in principle undermining democracy.

That letter is from the Chair of the Aboriginal Coordinating Council in Queensland, which represents every Aboriginal community in our state. Can I suggest to you that he is correct? In principle this legislation fundamentally is undermining democracy.

Senator ELLISON (Western Australia—Special Minister of State) (1.28 p.m.)—I rise to outline, firstly, what has taken place in relation to this legislation. Perhaps I can deal with the more technical aspects first. In relation to the previous bill, a number of amendments were passed by the Senate. When the bill was returned to the other place, the government did not accept them and proposed amendments in their place.

The government moved that the House not agree to an amendment which dealt with financial matters as it was felt that it had unintended application to certain loans and to loans from certain entities. In particular, there was uncertainty over the treatment of credit card debt and concern that credit providers, such as American Express and Aussie Home Loans, were not included in the definition of financial institutions. To correct these deficiencies, government amendment No. 2, which we have here today, provides—

The TEMPORARY CHAIRMAN (**Senator Watson**)—Minister, I do not think you are quite on the amendments before the Senate.

Senator ELLISON—No. This is background and introduction as to how we come to be at this point.

The TEMPORARY CHAIRMAN—The question has been divided into two parts: amendments (21) and (26).

Senator ELLISON—In that case, I will still provide this by way of introduction.

Senator Forshaw interjecting—

Senator ELLISON—For the benefit of the chamber and those listening, I am outlining

the difference we have with the issue at hand and the other issues which are not in contention. I was shortly to conclude on the aspects which were not in contention. There is a difference here. We have assisted voting, some financial matters and some other technical matters. We have treated them in a discrete fashion by putting some to one side and dealing with the other in this particular debate, and that is assisted voting, which I will now deal with if I am allowed to.

There is no hidden agenda on the part of the government in this situation. The government is proposing something which is fair. When this matter was last before the Senate, there was an anomaly, in that there is a difference between the provisions for a referendum and an election insofar as assisted voting is concerned. The government is proposing that there be a system which pervades both a referendum and an election and that the assisted voting provisions be the same. When one looks at the proposals put forward by the government as opposed to what the opposition is saying, there is not much difference. I reject totally the allegations by the opposition that we are attempting to disenfranchise voters who are incapacitated or indigenous voters or to make life more difficult for them in relation to how to vote. When you analyse the step by step process, you can see that there is a great deal of similarity between what we are proposing and what is in existence at the moment.

Firstly, the voter must satisfy the presiding officer that he or she needs assistance. That remains unchanged. The question then is how that person is to be assisted. We are proposing that the person then has a choice as to how the procedure will be conducted. That is identical to the current situation. A friend can accompany that voter when they vote. That situation is the same; there is no difference. The only difference is who fills out the ballot paper. At the moment, a voter can attend with a friend and say, 'I want my friend to fill in the ballot paper for me.' The government are proposing that that person could still attend with the friend; the difference is that, while the friend could be present, the presiding officer would fill out the ballot paper.

The opposition obviously does not trust the role of the presiding officer. The opposition is saying that this opens up a Pandora's box of all sorts of abuse, but it does not. The assistance can still be provided to the voter by the friend, but an impartial assistance is provided by the presiding officer, whom we trust to run the polling booth and to conduct things squarely and properly. The voter is under no sanction or force to have scrutineers present. If scrutineers are present, they can attend but only if the voter agrees. Where is the coercion? Where is the problem with that? If the voter wants those scrutineers to be present, why can't they have them present?

Let us now look at the flip side. The matter has been raised that, by having the presiding officer present—who is most probably a local person—it is no longer a secret ballot. But the current system is not a secret ballot, because it is up to the friend to fill in the ballot paper, and that friend would know how the voter voted. One could say that a friend is in a different position because the voter would not mind a friend being there. But you have to look at the situation in view of peer group pressure and the possibility of external pressure whereby someone might say to a voter, 'You're going to take this friend in with you.' That is always a possibility, and the government believe that possibility should be absolutely excluded. It can be excluded by having the presiding officer fill in the ballot paper.

We trust the presiding officer to run affairs at the booth. That presiding officer is in charge. Why can't they fill in the ballot paper in the presence of a friend? A friend can still give assistance, in the presence of the presiding officer, to the voter. That makes it abundantly fair. It does not detract in any way from the assistance that is being given to the voter. People who question this process must be questioning the integrity of the presiding officer. I wonder why people who question this process are so intent on only the friend being present, because there is no diminution in the secrecy or the integrity of the ballot by having the presiding officer there. Those who question this process leave the way open for external forces to dictate to a voter who the friend is who may accompany them.

Remember, you are dealing with a voter who is at a disadvantage. The wording of the bill is that 'the voter is so physically incapacitated or illiterate'—or the voter's sight is so impaired—'that the voter is unable to vote without assistance'. Quite reasonably, a number of voters who are disadvantaged would fall into these categories. Why not have the presiding officer fill in the ballot paper for them in the presence of their friend if they so wish and in the presence of scrutineers if they so wish? It is all a question of choice but, at the end of the day, at least we have an umpire in the polling booth who knows that no undue influence is being exercised upon that disadvantaged voter.

So I reject entirely the suggestion that there is any attempt by the government here to thwart the process—in fact, it is quite the contrary. These amendments came about as a result of the debate in this chamber when this matter was last before the Senate. It was as a result of that debate that the other place took on these amendments and modified them. I note that, when assisted voting was first proposed by the government, the opposition's position was that they were going to agree to it, and then there was a change in their position. We have come back with a modified position which the opposition still do not agree to. One can only wonder how far the opposition want the government to go in this respect. I might also point to the fact that the submission by the Electoral Commission—which was put before the Joint Standing Committee on Electoral Matters on 12 March this year—pointed to the experience at Tangentyere polling booth in the Northern Territory during the 1998 federal election. That submission stated:

The Northern Territory legislation provides that, if a person needs an assisted vote, then the presiding officer or another official directed by the presiding officer may assist the voter in full view of political party and candidate scrutineers.

What the AEC was doing, I would suggest, was pointing to that as a desirable practice, and what we are doing here is similar to that. We are providing that a presiding officer be present to make sure that everything is done properly and there is no undue influence exercised on the voter.

I commend this provision to the chamber. It is desirable that both the electoral legislation and the referendum legislation have the same provisions for assisted voting so that, at the end of the day, we do not have a discrepancy. I would inquire of the opposition whether they are satisfied that their proposal does result in this.

Senator BARTLETT (Queensland) (1.39 p.m.)—I am also interested in the answer to the question that the minister just proposed because, as I said previously, it is an important issue.

I would like to again briefly respond on this matter on behalf of the Democrats. I do think it is worth acknowledging that the proposal that the government has put forward here has taken on board and sought, I believe, genuinely to address some of the concerns that were raised when the matter was first debated earlier this year. I acknowledge and recognise that and, to that extent, I think it has been a genuine attempt to try to find some middle ground. I think the point still needs to be made, from the point of view of the Democrats, that to make a change, particularly in an area like this which obviously is sensitive, you need to demonstrate that it is not working adequately now. I think that is a fundamental point. I have not seen—despite having attended, as I said before, a couple of electoral matters committee hearings where there was some quite forceful evidence put forward from various sides of the issue—any concrete evidence of manipulation occurring. I suppose that the advocates of this change would say that that is why you need scrutineers: so that you can get concrete evidence. But I think, to make a change in an area as significant as this, you need to have more specific evidence.

There are a few other points that I would emphasise. Clearly, the proposed change, even in its modified form, does not have the support of indigenous groups. While, in practice, assisted voting applies to people much more broadly than just those in indigenous groups, the political momentum behind this change is clearly related to perceptions about the voting of indigenous people and the involvement of people of non-English speaking backgrounds—and, particularly, indigen-

ous people—in the electoral process. I believe all parties and Australian society should recognise it as important that we maximise the involvement of indigenous people in our electoral process as much as possible. Changes may be made that indigenous organisations do not support, and the example read out by Senator McLucas before highlighted that it clearly does not have the support of the Aboriginal Coordinating Council in Queensland. From representations made to me in evidence to the committee, it appears that it does not have the support of indigenous groups in the Territory either.

The coalition may say, 'Well, all those indigenous groups are just Labor Party fronts'—and they would say that, wouldn't they?—but, speaking from the Democrats' point of view, I put a lot more store in the integrity and independence of all community organisations, including the vast majority of indigenous organisations, to be quite able to separate issues like that. I believe it is insulting to indigenous organisations—I am not saying that the government have given that insult—but any comments like that, I think, would be an insult to the integrity of indigenous organisations. The minister, in his contribution, suggested that opponents to this were actually making some negative reflection on the integrity of polling officials—that they could not be trusted to fill in the ballot paper properly, or something like that. I think that is a complete misrepresentation of what motivates the concerns of those who are opposed to this change. It is not so much a matter of the integrity of the polling officer that is of concern; it is a matter of the voter being able to know who fills out that ballot paper.

That is one of the two fundamental changes that are being proposed—that is, who will fill out the voters' ballot paper. Previously, the voter could choose who would fill it out; now, they cannot. That is a big difference, and it should not be underestimated, particularly when you are dealing with people who are not comfortable with the voting process. It also opens up the prospect for other people to scrutinise their vote as well. While the strong implication in the changes that are

being put forward here is that the scrutineers will be able to watch only on invitation—an invitation only arrangement; one pictures that and it sounds nice and genteel: the scrutineers will sit in their chair in the corner, a polling official will put the question somewhere else and then they will go and tap the scrutineers on the shoulder and they will come across the room—I think how that would work in practice would be very different.

From the evidence provided to the committee, the one polling booth in the Territory was a very small room, a very small space—too small, and I hope that will be addressed next time—into which four or five scrutineers from the CLP, plus scrutineers from the ALP, plus two issuing officers had been squeezed. Clearly, the voters felt that the presence of some of those CLP people was intimidating. Clearly, that atmosphere was massively intimidating. In the reality of circumstances such as these, where scrutineers are trying to get in and scrutinise every single assisted vote, the operation of this provision would mean polling officials being forced to beat scrutineers off with a stick all day long. Clearly, on the evidence from booth officials about how that booth operated last time, that would be the reality of such circumstances.

The degree of assisted voting in some booths is enormous with more than 50 per cent of voters being assisted to vote. Therefore, it is also worth emphasising that this provision would add significantly to the load of presiding officers or polling officials. Again, the government may say that is an indication of abuse of the system; I do not think it is at all. But in the case where the assisted vote comes to more than 50 per cent, half the votes or more on that day would have to be filled in by the polling officer or officers. They would be up and down all day. They would spend their whole day in the polling booth, and half of their time would be spent in beating off with a stick the scrutineers who, because they would be convinced of some great rort going on, would be wanting to witness it all. That is the reality of how it would work.

For all those factors, I believe it really must be demonstrated that there is a problem with

the current system—that it is not working, that there is manipulation happening—and there is no concrete evidence of that. Certainly I believe that the minister, in quoting from the Electoral Commission's submission, drew an incorrect inference. He quoted from a submission that spoke of the current situation as it is under Northern Territory law. From my reading of the submission, that was simply a piece of information where the Electoral Commission was saying, 'Well, this is how things operate at the Territory level.' I certainly did not read that as an endorsement of how things operate at the Territory level. Indeed, the original Electoral Commission's submission specifically says that it believes the current system works well and does not need changing.

For all of those reasons, I believe that it is not appropriate to support this change. The Democrats will be voting that the chamber does insist on these amendments. However, again, I would say that I do recognise that the government has moved a long way from its initial amendments which basically were to change things to reflect the Territory approach—and I think that clearly was unsatisfactory. But they still present problems. They still will add to the number of indigenous people in the Territory—but not just in the Territory—who will feel less comfortable about voting. That is not a desirable outcome, even if the majority of them do vote for the ALP and not for the Democrats—although I wish they all did vote for the Democrats, but they do not. But I am not about trying to change the electoral laws so that only people who have the wisdom and insight to vote for the Democrats have the incentive to vote.

This is probably worth also pointing out as a bit of an aside. It concerns the particular booth that was the source of such antagonism from the CLP with the number of scrutineers that were provided. I am sure that the last thing the CLP is interested in is gratuitous advice from me, but I believe that booth was one of the very few booths in the country where the CLP or Liberal vote was actually lower than the Democrat vote. On that day the CLP put huge resources into that booth, including—as I understand it, for most of the

day—senior members of the Northern Territory parliament. But the CLP could have had those people stationed at larger booths with much stronger CLP support bases, and I think it needs to reassess its strategy at polling places in the Territory. But I know that is not an issue of interest to the minister, and I make those comments more as an aside.

I appreciate the efforts to which the government has gone to find common ground on this particular issue. But the Democrats still believe that the change is not necessary and that it still presents problems. So we believe that the chamber should insist on its amendments—although, again, I would be keen to get clarification from Senator Faulkner that the opposition's foreshadowed amendments will lead us to a situation where we do have consistency between the Electoral Act and the referendum act.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (1.49 p.m.)—I am very happy to give that assurance to the committee. My understanding is that the consequential amendments that have been foreshadowed in my name ensure that there will be identical provisions now with the Electoral Act and the Referendum (Machinery Provisions) Act. If the minister has had any other advice, he should present it to the committee, but that is certainly my clear understanding.

Senator CROSSIN (Northern Territory) (1.50 p.m.)—There are a number of things that I very briefly want to point out before we perhaps come to a conclusion on this. This is not about questioning the integrity of the presiding officer; this is about making sure that the voter feels comfortable about the way in which they cast their vote.

Minister, you talked about a local person usually being the presiding officer. In fact, they are not. In the Northern Territory—and this is where it is disappointing that senior bureaucrats who provide you with advice, I would say, have never been in the Northern Territory either on polling day or the week preceding polling day—presiding officers fly in and out from Darwin. They are usually people who put their hand up for an extra day's work during that week. They are not

local people, and that contributes an enormous amount of difficulty to this situation. You think that such a small change to the act has limited consequences, but it does not. It has enormous consequences. By and large, as I have said in a previous speech, they are white males. By and large, they are not people that Aboriginal people feel comfortable with. They are not within their skin group; they do not understand their language. Most of them do not have any kind of cross-cultural training. They do the best job that they possibly can, but they are not local people.

The other difficulty—and Senator Bartlett alluded to this—is if the presiding officer is the person who must fill in the ballot paper. I have given you examples before of how we go to two or three communities in any one day. I have been at places where 500 people have only two hours to vote. As a citizen of Australia you do not incur that. You clearly know that election day is going to be all day on a particular Saturday. A lot of Aboriginal people in the Territory are given this timetable: ‘Your community is Monday afternoon from 1 to 3 o’clock’ or ‘Your community will be Tuesday morning from 8 to 10 o’clock.’ They have a limited time. It is not on the same national day as everybody else enjoys. And now you are telling us that a presiding officer will have to fill in their ballot paper.

The result will be that the Electoral Commission will need to spend longer periods of time in those communities. More than 50 per cent of those people usually need an assisted vote. If the presiding officer is going to be the one and only person who can fill in that vote, the commission will need to spend longer time in those communities. It will need to reschedule the whole way in which the federal ballot process is conducted in places like the Northern Territory. It will not be able to fit in the number of communities that it does at the moment. The presiding officer will be extremely busy in filling out ballot papers as well as presiding over the conduct of the booth.

I put it to you, Minister, that there is a severe lack of understanding about what that will mean in terms of resourcing communities to enable these people to have the same

amount of time that they have now to vote. I can see what is going to happen: the Electoral Commission will be forced to schedule fewer communities that it will visit or to schedule a significant decrease in the amount of time it spends in the communities. Not only will people not feel encouraged to vote but they will probably have less opportunity to do so, because either the Electoral Commission will not be able to stay in the communities as long as it does now or it will not go to the same number of communities that it does now.

While it may seem like a very simple change in your eyes, we are trying to ensure that people in vastly different remote parts of this country and in the isolated communities that the Electoral Commission now gets to will continue to be able to vote this way in the future. But that will not be possible unless you can convince me that the Electoral Commission will start pre-polling two weeks before the election and unless you can guarantee that it will spend the same amount of time in the same number of communities. Under the government’s proposal, with the presiding officer filling in more than 50 per cent of the votes in each of those communities, that will simply not be possible.

Senator ELLISON (Western Australia—Special Minister of State) (1.54 p.m.)—There are some matters which I cannot let pass without comment. There has been a statement that, in some mobile polling booths, two hours has been allotted for some 500 people to vote. If there is any misunderstanding that the AEC has a principle of having two hours there and if those 500 people who are queuing up cannot get through in two hours then the rest miss out, then I want to correct that misunderstanding. My advice from the AEC is that if 500 people have arrived to vote, then vote they will; if they have to be assisted, they will; and any two-hour proposed timing will not have any effect.

My own experience working on a booth in the desert east of Kalgoorlie at Cundelee Mission was that we dealt with the people there until everyone had been processed. I want to make absolutely sure there is no misunderstanding that the AEC would say, ‘We have 500 people and two hours, and bad

luck if we don't get through them all in two hours.'

Senator Crossin—That has happened.

Senator ELLISON—I hear Senator Crossin commenting and my advice is that that is not the case. Can I further say in relation to assistance that the AEC would do whatever it needed to do in assisting voters. The provisions that the government is putting forward would not in any way hinder or impede the process of carrying out voting in mainstream Australia or remote Australia for that matter.

If I can touch on another aspect: Senator Crossin rejected my comments on the presiding officer being a local person. I was only responding to Senator McLucas's comment that one of the problems about having a presiding officer fill in the vote was that the presiding officer would be from the local community and thereby would know how the person voted. My reply in rebuttal of that was that the friend would be in exactly the same situation. The presiding officer is a professional, a person who faces a heavy sanction if they divulge the knowledge of how a person voted or if they interfere in any way with the process. I am saying that you cannot get any better person than the presiding officer to assist in these cases, because the presiding officer has charge of the polling booth.

If you attack the proposal that we are making in relation to assistance being rendered by the presiding officer, then one must question whether you have faith in the presiding officer. That is why I raised that very point about the question of integrity in this process. We are saying that you do not give the marking of the ballot paper to anybody else; you give it to the presiding officer. And, of course, that is only in the situation where the voter is so incapacitated that assistance is required. Those two aspects have to be clarified.

There was also some comment earlier about scrutineers being present. I remind the committee of the three combinations under our proposal: you can have the presiding officer, the voter and a friend; or you can have the presiding officer, the voter and a scrutineer; or you can have the presiding officer, the

voter and another polling official where there is no scrutineer or friend available. Those are the combinations. I would ask the Democrats to bear in mind that there is no question of allowing a situation where scrutineers have to be beaten off with a stick, so to speak.

I can understand Senator Bartlett's concerns and I know that he has seriously considered this issue. But I think it is very important that, for the record, these situations are made very clear. The government is not trying to thwart any process at all. It has taken on board constructive comments made in the debate when this matter was last before the committee and has come back in a genuine attempt to resolve the situation. The government would say that these proposals go further in relation to helping those voters who are incapacitated and in need of assistance or in remote areas.

Progress reported.

MINISTERIAL ARRANGEMENTS

Senator HILL (South Australia—Minister for the Environment and Heritage) (2.00 p.m.)—by leave—I inform the Senate that Senator Nick Minchin, Minister for Industry, Science and Resources and the Minister representing the Minister for Sport and Tourism, will be absent from the Senate this week. He is in the United States addressing the Investment 2000 Forum. During his absence I shall be the Minister representing the Acting Minister for Industry, Science and Resources and the Minister for Sport and Tourism in this place.

QUESTIONS WITHOUT NOTICE

Indonesia: Trade

Senator FORSHAW (2.01 p.m.)—My question is directed to Senator Hill, representing the Minister for Trade. I ask: what is the government's assessment of the possible impact on Australian trade with Indonesia from the anti-Australian feeling which has been whipped up there as a consequence of the role we have taken in East Timor? In particular, has there been any effect, or does the government anticipate any effect, on our sales of wheat, cotton and sugar to Indonesia?

Senator HILL—Apart from the speculation I have read in the press, to which the honourable senator is presumably referring, I have nothing within my brief that would suggest that these matters cannot be otherwise resolved. Obviously it is a time of increased tension, and I think it is important that we continue to stress that the relationship with Indonesia is an important relationship. It is a broad based relationship covering a range of issues, including trade, industry, education et cetera. Obviously, at a time of some tension there will be speculation that would suggest that issues of trade could be drawn within the broader concerns. It is obviously in the interests of the government and of Australia to do our best to ensure that does not become the case, and that is the way the government is progressing on this particular matter.

Senator FORSHAW—Madam President, I ask a supplementary question. Given that you do not have that detail in your brief at the moment, Minister, I ask, firstly, that you confirm that the current annual value of our wheat, cotton and sugar sales to Indonesia is approximately \$800 million. I also ask if, given the importance of these sales to our rural producers and to our economy, you will undertake to get the information regarding the current situation—whether there is a real prospect that our sales will be affected—and report back to the Senate as soon as possible?

Senator HILL—Certainly. I do understand the importance of the wheat trade in particular to Indonesia, and that was the subject of some speculation at the weekend. I will see if I can get some further information and let the Senate know.

Business Tax Reform: Employment

Senator BROWNHILL (2.03 p.m.)—My question is to the Minister representing the Minister for Employment, Workplace Relations and Small Business, Senator Alston. Will the minister inform the Senate how the government is further improving the tax system to generate more jobs through increased investment and economic growth? How do the new measures lighten the load for small business by reducing paperwork and compliance costs that act as a brake on jobs growth? Is the minister aware of any alterna-

tive policy proposals, and what would be the impact if these were implemented?

Senator ALSTON—If there is one party or group of parties in the Senate that is really interested in trying to give small business a fair go and encouraging incentive and innovation it is the government. Senator Brownhill quite rightly points to all of those very important macro-economic benefits that will flow in terms of increased productivity and greater job creation. Certainly it is long overdue after all those years that Labor had the opportunity to address the issue and did nothing.

You will now find that 95 per cent of businesses will be eligible for the simplified tax system and 99 per cent of primary producers. That is an enormous breakthrough, both in terms of paperwork and in terms of reduced compliance costs. It will mean that income and expenditure will be determined on a cash basis, there will be no annual stocktake for 75 per cent of small businesses and depreciation provisions will be dramatically simplified. They are all very important initiatives that have been universally welcomed by the small business sector. And it is no wonder because we are, I think, all in the business of encouraging investment—not in the way the Labor Party would have done it, simply by giving a tax break to US pension funds; we want to encourage Australian superannuation funds as well to take the same attitude: to balance the risk and reward, to get in there and have a go and support those industries that are emerging. That is why the rollover relief scrip for scrip was so important—it enables very small companies that are starting out to merge their ideas and their businesses without prematurely incurring a capital gains tax liability.

The exemptions that now apply and the dramatic reductions in the capital gains tax rate are huge benefits because not only do they retain progressivity in the tax system but also they make it fundamentally more attractive, and not just to high income earners. Of course, a lot of those are not in the capital gains tax business, but there are very many middle income earners who do achieve capital gains and do not want to be taxed at the

highest rates. It is a very big breakthrough and it stands in marked contrast to the Labor Party, which ignored this sector for so many years that they did not even have a small business minister for the first five years. They never had a small business minister in cabinet. Under the Labor Party the income tax acts trebled in size to over 3,000 pages. Then they had those lovely little optional extras like the \$14 billion increase in the wholesale sales tax, the welshing on the l-a-w law tax cuts and the worst recession since the Great Depression—the recession we had to have.

All of those are classic examples of what the Labor Party really stands for. The Labor Party will probably turn around in the not too distant future and say that they have suddenly rediscovered small business—just as they appear to have suddenly rediscovered the bush. Mr Beazley was there on Sunday saying:

Labor has conceded the regions for far too long; we do not concede them any more.

In other words, he had a bit of a look at what he thinks happened in Victoria last week and he suddenly discovered that maybe they had better do something for the bush. Poor old Ms Kernot has been absolutely exhausted and cannot drag herself around to yet another marginal electorate. She has basically thrown in the towel. So Mr Beazley is saying, 'We want a few more people to discover this electoral issue.' Of course, it has nothing to do—

The PRESIDENT—Senator Alston, you seem to be straying a little from the question that Senator Brownhill asked.

Senator ALSTON—No, Madam President, there is a very close analogy here, because the Labor Party's interest is not in benefiting small businesses as such; they are scouring the countryside looking for voting opportunities, looking for areas where they suddenly think people might be interested again. That is exactly what has happened with regional Australia, and that is exactly what they might decide is the case with small business here. But they have left their run far too late. (*Time expired*)

East Timor: Foreign Policy

Senator FAULKNER (2.08 p.m.)—My question is directed to Senator Hill, representing the Prime Minister. How does the Prime Minister explain his failure to consult the Chief of the Defence Force before announcing his new defence doctrine for Australia? From whom did the Prime Minister seek advice in developing the Howard doctrine, or was it all his own work?

Senator HILL—I am not sure what Senator Faulkner was referring to as the 'Howard defence doctrine' beyond that which all Australians know Australia's defence doctrine to be, and that is that we work with our allies to maintain peace and security and meet the challenges facing the international community in humanitarian and peacekeeping type activities. There is no doubt that Senator Faulkner was referring to the current crisis in East Timor. Yes, a particular need has developed for Australia. We were called upon by the United Nations in that instance to take a lead in a force that was given a responsibility to stabilise the existing environment and to ensure a peace within which the transitional processes that were to take place after the recent ballot might proceed in a peaceful and stable way.

Australia, it is true, picked up that challenge and responsibility, and most Australians are very proud of the fact that we are doing so. I remind Senator Faulkner that we hope, in conjunction with the other parties to this force—including a number of different countries which he might describe as more traditional allies as well as ASEAN countries and others throughout South-East Asia and East Asia—to be able to achieve the goal of stabilising the environment, allowing the East Timorese to go about their lives in a peaceful and stable way, and thus enable the processes of transition that are to follow under the UN to take place also with a peaceful and stable background. That is the role Australia is playing in relation to this particular trouble spot in the world. It certainly is somewhat new for Australia to have to play a lead in this way. But, with the problem having presented itself and Australia having been asked to lead in this way, Australia has

demonstrated that it is prepared to meet the commitment that most would expect of it.

Senator FAULKNER—Madam President, I ask a supplementary question. I refer the minister to an article headed ‘The Howard Defence Doctrine’ in last week’s *Bulletin* magazine which says:

The Howard Doctrine—the PM himself embraces the term—sees Australia acting in a sort of “deputy” peacekeeping capacity in our region to the global policeman role of the US.

I ask as a supplementary question: does the Prime Minister embrace the term ‘the Howard doctrine’? Is the minister aware of any positive reaction to the Prime Minister’s ‘deputy sheriff defence doctrine’? And, in light of the widespread criticism of the doctrine, will the Prime Minister be modifying it?

Senator HILL—The explanation, of course, comes in the supplementary question, and that is a misunderstanding on the part of Senator Faulkner.

Senator Alston—Deliberate.

Senator HILL—Yes, he sees a window of opportunity for a short-term political point. But the serious issue is that the government does not see Australia as playing the role of deputy for the United States or, indeed, for any other country in our region; it sees the role in the terms which I have just outlined to the Senate in answer to his principal question.

Business Tax Reform: Tax Avoidance

Senator WATSON (2.12 p.m.)—My question is directed to Senator Kemp, the Assistant Treasurer. Will the Assistant Treasurer inform the Senate how the government review of business taxation will provide Australia with an internationally competitive and fairer taxation system? Will he also inform the Senate how the government intends to combat taxation avoidance?

Senator KEMP—I thank Senator Watson for that very important question. The coalition is equipping Australia with the tools of a modern and fair taxation system for the next century. This is part of the new business tax system. This includes lower company tax rates and a dramatic reduction in compliance costs, complemented by enhanced incentives for investment, which will make Australian

more internationally competitive. Our business tax rate will be one of the lowest in our region—in fact, lower than countries such as Japan and Canada. I have to say it is no wonder that the package has received such a resounding endorsement from the business community—and in fact far wider, from various press commentators and others. We believe that our new business tax system will reinforce integrity and equity within the taxation system. The review’s recommendations will make a significant contribution to reducing tax avoidance through the removal of complexities and anomalies from the legislation. There will be a more consistent approach to determining taxable income.

These changes will end many opportunities people have had to avoid taxation through exploiting unintended loopholes in the law. This government has acted on stopping tax avoidance. We have closed the infrastructure borrowing scheme, which was being increasingly used by financiers and high income earners for tax minimisation. We have also funded the high wealth individuals task force, which is already bearing fruit in tackling tax minimisation practises of high wealth individuals. It is clear that the government will not tolerate tax cheats.

There was another scheme, which would be well-known in the Senate and strongly supported by Senator Cook, the R&D syndicate scheme which, in many ways, put out the welcome mat for tax bludging. While there may have been some valid projects under the scheme, there was no doubt that R&D syndicates were becoming a major tax avoidance vehicle.

The integrity of the government’s new business taxation system is secured with measures designed to deal with, among other things, lost duplication based on excess mining deductions, artificial debt forgiveness, tax avoidance by assigning leases and the use of non-commercial loans to closely held entities to disguise distributions. We are also tightening the 13-month prepayment rule. With our taxation reforms fully in place, the government will make greater inroads into the cash economy than ever before. The combined effect of the simplified business tax payments,

the GST, the Australian business number and withholding arrangements will all help to end tax avoidance.

The government is not only introducing a new set of business tax proposals, which will make Australia more competitive, but also tidying up the loopholes for taxation avoidance so that every person and every business pays their fair share of tax. Our new tax system is fair; it is modern. It will make Australia more competitive and it deserves to be passed by this parliament.

Defence: Conscription

Senator FAULKNER (2.17 p.m.)—My question is directed to Senator Newman representing the Minister for Defence. Is the minister aware of the Prime Minister's statement on radio 4BC last week that he was open to considering the reintroduction of conscription? Can the minister also confirm that the Chief of the Defence Force, Admiral Barrie, yesterday on the *Sunday* program unequivocally contradicted the Prime Minister by ruling out conscription now or in the future? For the record, can the Howard government answer these questions: are young Australians facing conscription into the armed forces, and who is right—the Prime Minister or the chief of the Australian defence forces?

Senator NEWMAN—Pretty typical, Madam President. In this case, both people can be right, because if you look at the transcript of the Prime Minister's interview you will find that he was not out there saying that we are going to have to have conscription at all. Also, the Chief of the Defence Force did not rule out conscription at some time in Australia's future but said, for the current circumstances, it was not necessary. Nobody is arguing against that in the government.

Senator FAULKNER—Madam President, I ask a supplementary question. Can the minister confirm that the Prime Minister said on Radio 4BC that 'we would always be willing to consider the introduction of national service if the national military and defence need of Australia required it' and that it would be considered in a current defence review in the light of 'the views of defence groups and all others.' Isn't the Prime

Minister's willingness to consider conscription completely at odds with the view of Admiral Barrie, who said he 'would rule it out in these circumstances. I just don't think it's appropriate.' Isn't that the professional judgment of the most authoritative defence group of all?

Senator NEWMAN—The answer to the senator's question is no, and I would draw to his attention to the fact that there are reviews and reviews—short term, medium term and long term. They were not in disagreement at all, as I said before.

Radio Australia: Transmission into Indonesia

Senator BOURNE (2.19 p.m.)—My question is addressed to the Minister representing the Minister for Foreign Affairs, Senator Hill. I ask: is the minister aware that the short wave transmission of Radio Australia cannot be picked up by most of the Indonesian population, including residents of Jakarta? Does the minister agree that it is particularly important at the moment that the Indonesian people be given reliable independent news and information about Australia, in particular, and also East Timor, in a form which is very difficult to block? Does the minister agree with Sir Robert Menzies, when he established Radio Australia in its current form, that a strong Australian voice presenting reliable news and current affairs direct to the Indonesian people through short wave radio is highly desirable, particularly in times of crisis? Finally, when will the government reopen the state-of-the-art Cox Peninsula transmitter in order to retransmit Radio Australia into all of Indonesia and to the rest of Asia?

Senator HILL—Yes, I think it is fair to say that we would wish Australian attitudes and policy to be reported and heard in a reputable and accurate way and therefore we trust that our neighbours can have the opportunity of hearing those views. The issue then becomes how we most effectively achieve that goal. My understanding is that Radio Australia has taken action to boost its service to East Timor, in particular, from its Shepparton transmission site. Since the election, it has provided additional broadcasts in both English and Indonesian and is now providing services

including news and current affairs for about 23 hours a day. I further understand that the Cox Peninsula site was unsuitable for that purpose. It provided only an irregular service because of what is referred to as the dead zone that surrounds short wave transmitters. Therefore, on the basis of my advice, we can better achieve that goal of communicating an Australian voice from the Shepparton site. That is in effect what we are doing and hopefully that message is getting through.

Senator BOURNE—Madam President, I ask a supplementary question. I thank the minister, but that is actually not what I asked. I asked about ‘most of Indonesia’. I take his point about East Timor. Of course we could argue about the effectiveness of getting into the rest of Asia as well and about different frequencies, but I do not have enough time. My question is: will the government reopen Cox Peninsula to get into the rest of Indonesia? Radio Australia is not going to Jakarta at the moment and it is not going to most of Indonesia at the moment. It will if we reopen Cox Peninsula. When will the government do it?

Senator HILL—I understand that, alternatively, the ABC has decided to lease offshore transmission facilities to extend its coverage to central and western Indonesia—those being the areas that are not accessible from Shepparton.

East Timor: Detainees

Senator COONEY (2.23 p.m.)—My question is directed to Senator Hill representing the Prime Minister. The Indonesian army and Indonesian police are now withdrawing from East Timor. How will INTERFET deal with the people it detains there? What authority and what capacity does INTERFET have to hold detainees? Will anybody be responsible for keeping those suspected of perpetrating atrocities held secure until their position—that is, the detainees’ position—is ultimately resolved, and who will determine what that position is to be?

Senator HILL—I do understand that that is one of the current difficulties. The Indonesian military forces are withdrawing and Australia is currently fulfilling a task pursuant

to a United Nations mandate. As I understand it, in relation to detainment of those who may have previously committed a crime, the matter is somewhat unclear. I understand that the Australian forces believe that their responsibility is in fact to hand such alleged perpetrators to the Indonesians to be dealt with appropriately. Whereas I suspect that Senator Cooney might think that that is not the best of all outcomes in the circumstances of events that have occurred in East Timor, that is, as I understand it, the responsibility of the Australian forces.

Senator COONEY—Madam President, I ask a supplementary question. Thank you for that, Senator Hill. Do we know how many detainees have been handed over so far to the Indonesian army or to the Indonesian police? Is it the intention of INTERFET to continue the practice of handing the detainees over to either of those bodies or to both?

Senator HILL—I will see if I can get some further information on those matters.

Snowy River: Environmental Flow

Senator BROWN (2.25 p.m.)—My question is to the Minister for the Environment and Heritage, Senator Hill. I remind him of his meeting earlier this year with Mr Craig Ingram, now the Victorian Independent member for Gippsland East, when, as a representative of Native Fish Australia, he asked the minister to comply with his responsibilities under the Endangered Species Protection Act to return an environmental flow to the Snowy River and other highland rivers flowing from the Snowy Mountains. Has the minister taken such action, and is he taking this opportunity to protect some other endangered species in Victoria by taking political action and using his powers to return the environmental flow to the Snowy River?

Senator HILL—I do know of the issue under the Commonwealth’s endangered species legislation. It was suggested by some that the Commonwealth, in being party to a situation in which the waters of the Snowy have been redirected, may in some way be in breach of its own legislation. The legal advice I have had is that that is not so. In relation to the broader question of restoring flows to the

Snowy, the honourable senator will know that that is subject to a process, in particular, of negotiation between the states of New South Wales and Victoria that is currently taking place, that there was an independent environmental assessment that suggested that 15 per cent of the flow might be restored, and that that is now being considered by the parties, with some other interlocutors suggesting that a larger flow would be necessary to achieve some of the environmental outcomes that are being sought for the Snowy.

The honourable senator will also be aware that the matter is complicated because, if water is to be redirected to the Snowy, it then has to come from somewhere else, which will have a further modifying effect upon another environment—that is, unless Senator Brown accepts the argument put by some that, with more efficient practices, you can achieve the benefits of irrigation and therefore economic gain as well as environmental flows without either suffering. That is subject to considerable debate at the moment. Our attitude as a Commonwealth government is that we have been providing advice on the environmental issues, but I would expect that in due course there will be a designation, subject to the EP(IP) Act, probably in relation to the Commonwealth decision, which will be the corporatisation, and that I will then have the opportunity to give further advice to the relevant Commonwealth action minister—as he is now designated—which no doubt will be taken into account.

Senator BROWN—Madam President, I ask a supplementary question. I thank the minister for his answer. I ask him whether he is aware that he has met Mr Craig Ingram on this matter and was asked to use his influence to expedite it by returning an environmental flow to the Snowy River. Is the minister aware that this question is now a subject of high importance in Victoria where government has not yet been settled? Is the minister taking action to either give a decision date or bring forward a decision date as to when an environmental flow will be returned to the Snowy River?

Senator HILL—As I have said, this is a matter currently being negotiated primarily

between the New South Wales and Victorian governments. It is a very complicated matter. I understand the desire to restore environmental flows to the Snowy. I do understand the losses that have occurred. Losses always occur, as Senator Brown would know, when you significantly modify an environment. You presumably do it because you believe that there are other values that can be achieved. Now, with the benefit of hindsight, we are wondering as a nation whether we can achieve both—that is, the economic values provided through water and energy, on the one hand, and the environmental values from a sustainable environmental flow in the Snowy, on the other. I would like to see both outcomes being achieved, and the Commonwealth government will be doing all that is open to it to do in an effort to achieve both outcomes. This government has always been about seeking win-win outcomes—good for the economy and good for the environment—and we apply the same thing to the Snowy. *(Time expired)*

Business Tax Reform: Tax Avoidance

Senator SHERRY (2.30 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. In relation to the tax consequences of individuals corporatising themselves, has the Assistant Treasurer seen yesterday's warning by Mr John Ralph:

I've said to the government, you have the choice of either tackling it . . . or you do nothing about it and you say it's okay for everybody, and then I think it might have a cost to revenue of something like 3 billion dollars.

Will the Assistant Treasurer guarantee that the Howard government will close off this \$3 billion tax loophole?

Senator KEMP—We have announced as part of our tax package a wide range of integrity measures. As a result, if you look at the costs from the tax package and the revenue raised you will see that after the second stage is brought in the measures will be revenue neutral. That is the objective of this government, and the Treasurer has made a number of very important announcements on that. We are very proud of this tax package; we are very proud to have taken a wide range of anti-avoidance measures—measures which,

I might say, the Labor Party when it was in office did not take. When we came into government the taxation system was full of loopholes.

Opposition senators interjecting—

The PRESIDENT—Order! Senators will have an opportunity to ask their own questions at the appropriate time and should not be shouting out other questions during the time that Senator Sherry's question is being answered.

Senator KEMP—I find it extraordinary that Senator Sherry is standing up and asking me about tax loopholes when it was his government that left the taxation system in such poor shape.

Senator George Campbell—What are you doing about trusts?

Senator KEMP—Let me tell you what you did about trusts, Senator George Campbell. You had 13 years to do something about trusts. At the final siren, suddenly we had a bill brought in on trust losses. That was the first thing you did. For 13 years we saw a very lacklustre Labor government in relation to tax avoidance. We saw senior frontbenchers, such as Senator Cook, supporting R&D syndicates—which, as I said in response to an earlier question, was in many ways a welcome mat for tax bludgers. So, Senator, you should have no fears that this government will not move strongly on areas of tax avoidance. We have already shown in relation to the Ralph committee that we have been prepared to announce a number of extremely important measures, measures which, when it was in government—only in government for 13 years, mind you!—the Labor Party was not prepared to take that type of action with. We are a government which is determined that people pay their fair share of tax. We are a government which is determined to close down on loopholes, and I think our record successfully shows that.

Senator SHERRY—The point is that you are widening another loophole and not providing any solution in respect of individuals corporatising themselves. Is the government's reluctance to shut down this tax loophole comparable to its refusal to implement im-

mediately the taxation of trusts proposal? Or are changes to taxation of trusts on ice because so many members of the front bench have family trusts—such as Senator Heffernan, who has no less than six family trusts through which he can avoid tax?

Senator KEMP—One thing that you can always be sure of with Senator Sherry is that when he gets up on a supplementary he plays the man. That is what he does. Senator Sherry is never interested in playing the public policy issues. Senator Sherry plays the man and gets in a completely gratuitous and unfair swipe at my colleague Senator Heffernan. Senator Sherry, I say to you and your colleagues that, if you want to libel and defame people on this side, use the Senator Robert Ray rules—remember? Ten yards to courage, Senator—and then we will see whether you are genuine or not.

Business Tax Reform: Rural and Regional Australia

Senator EGGLESTON (2.34 p.m.)—I have a question for Senator Macdonald, the Minister for Regional Services, Territories and Local Government. Would the minister advise the Senate of reaction to the government's business tax reform package, specifically relating to its impact on regional Australia? Would he pay particular attention to the package's benefits for small business operating outside our capital cities?

Senator IAN MACDONALD—Senator Eggleston—in fact all senators—would be pleased to know that the package has received the endorsement of the National Farmers Federation, whose President said that the system would be much simpler, much fairer, and that primary producers would therefore be much more competitive. Of course that is good news for the bush. The Queensland Canegrowers have strongly endorsed the changes. The General Manager, Ian Ballantyne, said that it would appear this is going to simplify people's lives a hell of a lot. The Certified Practising Accountants have said:

The small business sector are clearly the winners from the announcement and have finally gained a voice in tax reform. The government appears to

have heeded calls from small business who are drowning in red tape.

That is the red tape that Labor put in place in its 13 years in office.

The initiatives that we have introduced will provide for primary producers that assets of \$1,000 or more having an effective life of less than 25 years will be subject to accelerated depreciation and pooling. Assets of less than \$1,000 will be written off immediately. That is a great boost to small business generally and primary producers in particular. Business assets that have been held for more than 15 years, held by someone who is over 55 and about to retire, will be entirely GST free, and so the list goes on. Company tax will be reduced from 36 per cent to 30 per cent. That will be great news for rural and regional small businesses and farmers in particular. That is such a contrast to what the Labor Party did. They increased company tax from 33 per cent to 36 per cent. They wanted to increase taxes on four-wheel drives, an essential form of transport in rural and regional Australia. They increased taxes on motor vehicles and on petrol. You might remember that during the Labor years excise went up from 7c a litre to something like 46c a litre—an enormous tax increase. That is what Labor thought about the bush.

We have listened to what rural and regional Australians have said. As a result of listening to what people in country Australia have said, we have introduced our Rural Transaction Centre Program, the first centre being opened in late October. We have the Rural Plan and the Rural Communities Program. We have the regional Australia summit. Again, this government can listen to the concerns, listen to the problems, listen to the solutions that people in country Australia have. We are proposing a Northern Outlook conference, which also demonstrates that this is a government that understands and cares.

It is so different to the Labor Party. Mr Beazley, I understand, during the recent election campaign was in the electorate of Ripon, a regional seat in Victoria. He was asked why he was there. One would have thought he might have said, 'We're here to understand your problems. We're here to

announce some policy.' What did he say? He said, 'We're here because we want to win it.' That is the only concern Mr Beazley and the Labor Party have in going to regional Australia. They are not interested in regional Australians, not interested in the policy; they are only interested in the politics. That is why their spokesman on regional matters, Ms Kernot, really has not been able to get out into the bush. She has been out there once or twice she said. As far as the Labor Party are concerned, they believe the bush crisis is whether or not Ms Kernot should keep her current portfolio or get a softer portfolio or get some additional help in her portfolio. That seems to be what passes in Labor for concern about the bush—whether Ms Kernot should be moved to another portfolio, because she has obviously failed in this portfolio. (*Time expired*).

DISTINGUISHED VISITORS

The PRESIDENT (2.40 p.m.)—Order! I draw the attention of honourable senators to the presence in the chamber of a delegation from the United Kingdom branch of the Commonwealth Parliamentary Association led by the Rt Hon. Robert Sheldon. On behalf of honourable senators, I welcome you to the chamber and trust that your visit to Australia will be both informative and enjoyable.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Business Tax Reform: Takeovers

Senator CONROY (2.40 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. In regards to the scrip for scrip CGT rollover relief for takeovers, can the minister explain why an 80 per cent threshold was chosen and not 50.1 per cent? Given that many takeovers result in less than 80 per cent of the shares being acquired by the company making the bid, such as the recent AMP takeover for GIO, how will target shareholders know at the time of offer whether they will qualify for the capital gains tax relief or not? Doesn't this proposal, as currently structured by the government, ensure more doubt and uncertainty in the tax treatment of takeovers?

Senator KEMP—I would have thought that the scrip for scrip takeover proposal was one which was widely welcomed and one which dealt with the problem—a problem which, yet again, we were left by the Labor government when it was in office.

Senator Conroy—Why have you limited it?

The PRESIDENT—Senator Conroy, you have asked your question.

Senator KEMP—I am astonished that the Labor Party are getting up now and attacking this particular proposal, which I think frankly is regarded as a very important proposal, a generous proposal and one which deals with the specific problem which you left us and which we are very successfully dealing with. The wide ranging proposals which this government has brought in, and which were recommendations of the Ralph Committee, in relation to areas of capital gains tax have been particularly welcomed. If you do not have a scrip for scrip exchange, one of the big problems that you do have is that there can be significant capital gains issues involved. This is a proposal which the government has accepted. It is a proposal which was recommended by the Ralph Committee and we are very pleased to announce our acceptance of it.

Senator CONROY—Madam President, I ask a supplementary question. Can the minister also explain how the CGT rollover relief will apply where the replacement securities offered by the bidder are not the same type as those they are acquiring from the target where neither the bidder nor the target are widely held entities?

Senator KEMP—As I said, we have accepted the recommendations of the Ralph Committee. We are pleased to accept those proposals. This is a major initiative and a step forward which has been very widely welcomed. If the Labor Party does not like it, that is just tough.

Social Security: Welfare Payments

Senator BARTLETT (2.43 p.m.)—My question is to the Minister for Family and Community Services. I draw the minister's attention to a number of media reports about

the content of her upcoming Press Club speech this Wednesday. In particular, I draw her attention to a report that the minister will be proposing significant cuts in welfare payments—for example, that sole parents will only receive eligibility for the single parenting payment until their child reaches the age of 12 rather than the current age of 16. Given the understandable community concern generated by reports of these proposed changes in entitlements, will the minister rule out that such a change is planned to be proposed? Does the minister agree that while extra programs to assist sole parents into the work force are important it is equally important that their overall income levels are not reduced?

Senator NEWMAN—I suggest to Senator Bartlett that it might be a good idea for him to come to the speech on Wednesday. I am sure he will be interested. I would be delighted to have him come. The answer is: yes, I will be giving a speech at the Press Club on Wednesday, but I would also point out to him and to the Senate that there has been a lot of unfounded and inaccurate speculation about the speech's contents.

The PRESIDENT—Order! There are senators in the vicinity of Senator Bartlett making a lot of noise and he is entitled to hear the answer.

Senator NEWMAN—Well, I hope that Senator Bartlett heard that. Contrary to reports that you may have been reading or hearing about, whipped up I think by the opposition, my speech is not going to contain any specific proposals regarding individual income support measures. You would know that the government is very committed to a strong and compassionate social safety net, and the speculation in recent days should be seen in that context.

Senator BARTLETT—Madam President, I ask a supplementary question. Does the minister have the current figures for government expenditure on existing employment programs for sole parents and disability support pension recipients, programs such as the JET scheme? Could the minister indicate whether or not overall government expenditure on those programs of employment assist-

ance has increased or decreased since the government came to office?

Senator NEWMAN—I do have some information here, but I would suggest that it is hardly supplementary to the question that the senator asked. JET has not had its funding reduced. The JET program has recently been expanded and funding under JET has increased with the introduction of a number of initiatives, including the provision of pre-vocational training in March 1998. Funding for JET was approximately \$16.1 million in 1997-98. That includes the new pre-vocational training funding as well as funding assistance with child care. This might have been the crux of your question, Senator, but the reported funding for the JET program dropped from \$16.1 million in 1995-96 to \$7.1 million in 1996-97. This reflected the creation of a new corporate program in the then DSS, thus reducing the running costs for all other programs, including JET. This was not a decline in JET resources. It did not include the funding for child care. You should also note that Job Network expenditure on JET customers has not been included in the total JET funding reported by FACTS.

Goods and Services Tax: Frequent Flyer Points

Senator LUDWIG (2.46 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Can the minister confirm the statement by a spokesperson for the Treasurer to the *Australian Financial Review* that 'the law does not apply GST to frequent flyer points'? Given that the definition in the GST act is 'a supply is any form of supply whatsoever', does the redemption of frequent flyer points for an airline ticket constitute a supply for the purposes of the act? How would the value of an airline ticket for GST purposes be determined? Would it be, for instance, at the full economy rate or at the discount economy rate?

Senator KEMP—In relation to frequent flyer points, the government's objective is to ensure that consumers are not taxed twice—once when the points are accrued and once again when the points are redeemed. Senator, we are particularly keen to ensure in relation

to that issue that people are not taxed twice. That is the government's position.

Senator LUDWIG—Madam President, I ask a supplementary question. If, as the Treasurer's spokesperson has stated, the law does not apply the GST to frequent flyer points, why then did the commissioner, Mr Carmody, confirm that the frequent flyer issue was being discussed with both major domestic airlines? Does this mean that the Treasurer's office was in fact wrong and that the GST liability does indeed arise on free airline tickets due to the definition of 'supply' and 'consideration' as found in the GST act?

Senator KEMP—Of course the application is being discussed with the airlines. This is a consultative government. It discusses issues with people, unlike the previous government. Let me make it very clear, Senator: as I said, the government's objective in this area is to ensure that consumers are not taxed twice—once when the points are accrued and once again when the points are redeemed.

Republic Referendum: Overseas Voters

Senator FERGUSON (2.48 p.m.)—My question is to the Special Minister of State, Senator Ellison. Minister, can you advise the Senate what preparations are being made to allow Australians overseas to cast their vote in the 6 November referendum, especially with regard to our troops in East Timor?

Senator ELLISON—This is an important question. There has been some comment recently in relation to granting a vote to our troops in East Timor.

Senator George Campbell—Riveting!

Senator ELLISON—As Senator Forshaw says, it is riveting. It is very important to know, Senator Forshaw, that if you are serving your country in East Timor every effort will be made to allow you to participate in a forthcoming referendum. As in previous elections, pre-poll and postal voting services will be made available at 98 consular offices in 73 countries. It is estimated that we have some 66,000 eligible voters overseas. We are sending to London 30,000 sets of ballot papers. The next biggest is Hong Kong, which will have 20,000 sets of ballot papers. Singapore will get 5,000; New York, 3,000;

Washington, 2,500; just to name a few. Even the smallest polling places will have 200 ballot papers each. Voting material has been prepared and dispatched to consular offices today. Voting in consular offices for expatriates and Australian tourists is planned to commence on 4 October this year and will continue through to referendum day.

In relation to Australian service personnel in Timor, special arrangements are being made in relation to that. We are ensuring the provision of voting services to troops serving in Timor, and that is being coordinated through Headquarters Australian Theatre and the AEC central and Darwin offices. Bulk supplies of postal vote application forms have been supplied to the Defence department representatives and to individual units. These applications will be processed through the AEC Darwin office and postal vote material delivered to the units in Timor by Defence personnel. Completed postal vote certificates will then be delivered to the AEC Darwin office by Defence personnel for distribution to the relevant divisions in Australia.

The delivery of postal voting material by means other than post is allowed for under amendments made to the Referendum (Machinery Provisions) Act. We will do everything in our power to make sure that those Australian service personnel in East Timor will have that opportunity to participate in what is an important referendum on 6 November. It is important that every effort be made so they feel that they are not forgotten. This is regarded as a very important issue by this government and the people of Australia.

Senator Forshaw—Madam President, I raise a point of order. I did not interrupt the minister's answer, but during his answer, for some reason unbeknown to me, he referred to me.

Senator Ellison—You said, 'Riveting!'

Senator Forshaw—I do not know whether you confused Ferguson with Forshaw, but—

The PRESIDENT—Senator, this sounds more like a personal explanation.

Senator Forshaw—I did not ask the question. I did not interject. I ask you to correct the record.

The PRESIDENT—Senator Forshaw, that is a personal explanation, not a point of order.

Senator Forshaw—My point of order, Madam President, is that he should have actually been giving his answer through the chair rather than referring to senators directly and referring to them incorrectly.

The PRESIDENT—I suggest we get on with question time.

Education: Overseas Students

Senator CARR (2.52 p.m.)—My question is to Senator Ellison representing the Minister for Education, Training and Youth Affairs. I ask: is the minister aware of a statement by Mr Clive Graham, chairman of ACPET, the main organisation representing private education providers, that the government's failure to protect the quality of Australia's education exports has had a serious impact on overseas students? Is the minister aware that Mr Graham said:

... at a Singapore education exhibition in April this year, one agency informed me that it sends only non-serious vocational students to Australia now, referring serious students to Canada?

Why has Dr Kemp failed to act on the chorus of advice that the poor administration of education of overseas students by this government has left Australia wide open to visa rorting and financial and other abuses of students by unethical operators?

Senator ELLISON—Senator Carr should know better. He knows very well that Australia enjoys an excellent reputation in the international community in relation to the provision of education. The export of education in this country is worth over \$3 billion. That has only come about because of the excellent services and training that we can offer overseas students. Senator Carr well knows in relation to the ESOS Act that the department of education is looking at that and is always looking at ways of making that function better. But, of course, Senator Carr wants to play up any criticism or any aspect in order to criticise or damage Australia's standing in the international community in relation to its education.

In fact, we have had a very good response from students in the Asian region to Australia.

They are still coming to Australia to get an education, and that is despite the economic situation in Asia. They are coming to Australia because we can offer a very good education. Particularly, we can offer increasing opportunities in vocational education and training.

Senator CARR—Madam President, I ask a supplementary question. Given the importance of this industry to Australia and to education in this country, can I ask: why is it that the industry association ACPET has not been able to secure an appointment with Dr Kemp so as to explain directly to him its concerns about the integrity of the administration of international education by this government? Has the government undertaken an evaluation of ACPET's secure computer network proposals which would be able to be used to identify bodgie colleges and visa factories, or will the minister now confirm that the government is unaware of the industry association's proposals?

Senator ELLISON—ACPET, like all other peak bodies and associations, will have its views taken into account by the government. I attended a conference run by them last year. ACPET is always welcome to put forward its views and there is absolutely no situation where the government is deaf to any constructive view put forward to it. I reject Senator Carr's assertion that this government has closed its mind to any constructive thought or comment. The provision of education and training to overseas students is an utmost priority for this government, and it has grown under this government to such an extent that education brings in over \$3 billion by way of exports. That is a fantastic situation, and that has happened under this government.

Aboriginal and Torres Strait Islander Commission: Elections

Senator CALVERT (2.57 p.m.)—My question is to the Minister for Aboriginal and Torres Strait Islander Affairs, Senator Herron. Will the minister outline the importance of the ATSIC elections due on 9 October?

Senator HERRON—I thank Senator Calvert for his question. I signed an instru-

ment on 9 July this year formally setting 9 October as the date for the Aboriginal and Torres Strait Islander Commission elections. Our colleagues from the United Kingdom and other senators may be interested to know that the elections are held every three years and this will be the fourth round of elections since the creation of the Aboriginal and Torres Strait Islander Commission in 1990 as the peak nationally representative indigenous organisation.

Aboriginal and Torres Strait Islander people all around Australia—except in the Torres Strait, where there will be a separate election in March 2000—will be voting to elect 387 regional councillors onto 35 regional councils. These elections are particularly significant on this occasion. In a move to greater autonomy, the ATSIC chairman and all members of the ATSIC board will be wholly elected by Aboriginal and Torres Strait Islander people for the first time. Previously, the Minister for Aboriginal and Torres Strait Islander Affairs selected two of the commissioners and determined the chairman. The regional councillors elected on 9 October will meet in zone elections in late November or early December to elect the zone representatives who will constitute the members of the ATSIC board of commissioners. The new board in turn will meet later in December to elect its chairman for the next three years.

The number of candidates indicates continuing strong interest in ATSIC by the people it represents. Nominations for people wanting to stand for election to regional councils closed on 8 September this year, and 1,044 nominations were received for the 387 positions. This is a small reduction in the total number of nominations, compared with 1,269 candidates in 1996. However, it represents an increase in proportionate terms from 2.1 candidates per regional council vacancy to 2.6 because of a reduction in the number of regional council positions. At the last poll in October 1996 only 49,550 people voted out of an ATSIC estimated total of 172,305 eligible voters.

While the polling day turnout in these non-compulsory elections has been around 28 per cent of eligible voters, I would urge all indigenous Australians to exercise their demo-

cratic right to ensure the ATSIC board is truly reflective of the wishes of Aboriginal and Torres Strait Islander people. Indigenous Australians should vote for the candidates they believe will do the best job in representing their interests.

It is pleasing to note that more than one-third of the candidates at the elections are women and this represents a slightly larger representation of candidates. I have been campaigning in this regard for some time. Presently there are only two women commissioners on the ATSIC board and I would hope that more get support as they have a great deal to offer.

As required by the ATSIC Act, the elections are being conducted by the Australian Electoral Commission. The Australian Electoral Commission will establish polling places in more than 500 locations around Australia, including in the most remote areas of the country, such as Mornington Island in the Gulf of Carpentaria, Beagle Bay or Lombadina north of Broome, and Jigalong in the Western Desert. Mobile polling facilities will also be available where necessary, such as on Flinders Island in Bass Strait. The election of indigenous representatives to regional councils and to the ATSIC board is a key element of self-management and self-sufficiency among Aboriginal and Torres Strait Islander people. It is important that indigenous Australians who are 18 years of age and over who have their name on the Commonwealth electoral roll vote at the forthcoming elections. I urge all eligible indigenous people around Australia to participate in these important elections. As the peak representative, administrative and policy advice agency for indigenous Australians, it is vital there be a maximum possible involvement of Aboriginal and Torres Strait Islander people in these elections.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

East Timor: Foreign Policy

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.01 p.m.)—I move:

That the Senate take note of the answers given by the Minister for the Environment and Heritage (Senator Hill), to questions without notice asked by Senators Faulkner and Cooney today, relating to Australia's role in East Timor.

Last week, readers of the *Bulletin* magazine were treated to the bizarre spectacle of the newly formed Howard doctrine of Australia's relations with our Asian neighbours being outlined. Australians were informed that the Prime Minister had decided that henceforth Australia will be acting in a sort of deputy peacekeeping capacity in our region to the global policeman role of the US. I gather the Prime Minister is already backsliding away from the so-called Howard doctrine. He started that process in question time in the House of Representatives today.

This must be the quickest ever repudiation of an Australian foreign policy doctrine in history. What is clear is that the new doctrine was the product of John Howard himself. It was utterly insular. It was demonstrating a craving to wear the deputy's badge to the international John Wayne figure, the United States. But the Prime Minister fails to realise that we are not dealing with a 1950s Saturday afternoon matinee with the good guys in the white hats. Australia's relations with its neighbours are infinitely more complex, difficult and important than that.

The Prime Minister would understand that if only he had consulted with his professional advisers before announcing his Deputy Dawg doctrine, things would be very different today. But he did not consult, did he? Admiral Barrie made it absolutely clear yesterday that he had not been consulted on the doctrine. He is only Chief of the Australian Defence Force—surely you would have thought that was the sharp end of the deputy sheriff role. A former senior diplomat, Mr Tony Kevin, indicated this morning on ABC Radio that it was clear to him that the Howard government does not see long-term policy development as a valid role for the foreign affairs professionals in the Department of Foreign Affairs and Trade and the Department of the Prime Minister and Cabinet. Mr Kevin went on to say:

To me, that is an enormously dangerous doctrine. What the government does not seem to understand

is that foreign policy is not a hobby you do in your spare time. It is actually part of your national security policy.

Over the past few days, the Howard doctrine has been panned and parodied by many experts and commentators. Dr Harold Crouch from the Research School of Pacific and Asian Studies warns that we need to keep our aspirations in perspective. We are not and never will be the leader of South-East Asia. Greg Sheridan noted in the *Australian* that casting us as the US deputy in the region is also about the most demeaning characterisation of ourselves that you could conjure up.

How did Owen Harries, one of the leading foreign affairs commentators in Washington and a former adviser to Malcolm Fraser when Prime Minister, describe the Howard doctrine? He said, 'He's a fool.' Doesn't this very accurate description of Prime Minister Howard's approach to foreign relations hold water no matter where you look? The Howard doctrine ignored intelligence warnings about East Timor, held out on involving the United States economic lever until it was too late and even raised the prospect of national service last night. That is the Howard doctrine, and it is no wonder the Prime Minister has just started to backslide in question time in the House of Representatives today. It is the shortest lived foreign policy doctrine in world history, and so it should be.

Senator HILL (South Australia—Minister for the Environment and Heritage) (3.06 p.m.)—Australian foreign policy is best demonstrated by action rather than words. If we look at the role Australia is playing now within our region in very difficult circumstances, we will find—as I suggested in question time—a contribution towards peace and security which makes most Australians proud. Most Australians—but not this opposition, who are still living in the illusions of past government—believe that we have taken up our responsibility in a way that was needed and which they recognise and appreciate. It has not been an easy situation. It could never be an easy situation for an Australian government to put forces into a situation of danger. But, in all the circumstances in this instance, we believe such action was demanded.

What has been picked up was an expression used by a journalist in an article which sought to characterise our role in these circumstances as in some way acting as a deputy for the United States. While one can understand how a journalist might come to describe it in such a way, it is invalid. The reason that a journalist might come to describe it in that way is obviously that, in this post-Cold War environment, the United States—as the one remaining global superpower—really has taken on a great deal of responsibility in seeking to maintain global stability across a whole range of regional and localised conflicts. It is obvious that the United States simply cannot do the whole job itself and that other states have to be prepared to pick up areas of responsibility. It was clear that Australia should take on a particular responsibility and, in this instance, a leadership responsibility.

These circumstances obviously arose from our geography—our place in the region so geographically close to East Timor—our historical links with East Timor, our capacity to be able to provide the manpower and technology to be effective in these circumstances, our very good defence and political relations with other countries—with all countries, really, within our region—and also the longstanding and strong military ties that we have had with the traditional Western superpowers. All these attributes, in this instance, jointly presented a situation where Australia had to stand up and take extra responsibility. We, as a country, have not had to face a situation quite like this before. But it did not mean, simply because we have not experienced it in the past, that it was not ever going to occur, and in this instance it did. When Australians were faced with the evidence of the horrors as they were occurring in East Timor post the vote—the wanton violence and destruction—clearly the vast majority of Australians expected us to stand up and play our part, and under the leadership of Prime Minister Howard we were prepared to do so.

I think it should be emphasised that we are doing this under a United Nations mandate. It is not as if we have gone in on our own initiative. We are in there at the request of the

United Nations and we are leading the force at the request of the United Nations. It is a force strongly supported by other nation states—in this instance, most importantly, by nation states within ASEAN and other nation states both in South-East Asia and East Asia. They all recognise that the international community in today's age cannot stand by and witness the sort of violence and horrors that were occurring without taking some action. (*Time expired*)

Senator FORSHAW (New South Wales) (3.11 p.m.)—There is no doubt that the circumstances that have arisen in East Timor since the ballot on 30 August are tragic. There is no doubt also that our troops, engaged as part of and, indeed, leading the UNAMET force up there, are facing a very dangerous situation. The opposition have been fully supportive of the position that Australian troops should be part of that peacekeeping force and that Australia should be taking a lead in that regard. We have maintained that position—indeed, we have argued that position—for many months. That position was being argued by the shadow minister for foreign affairs well prior to the holding of the independence ballot. So the government cannot just stand up here and say that the Australian people can take pride in the effort that Australia is now making, and leave it at that.

We have to critically examine the circumstances that have led to this tragic situation and we have to go on critically examining the position as it unfolds. We now have the situation where the government's foreign policy and defence policy are effectively frozen. They are in a mess. The government have walked away from the doctrines that they enunciated in their white paper in April 1997. We have policy being made in an ad hoc fashion, on the run, and then being recanted within a matter of almost a few hours or a few days. We have seen this, for instance, in the enunciation of the Howard doctrine that was reported in the *Bulletin* of 28 September. It was reported in an article in the *Bulletin* that the Prime Minister himself has embraced this term, the 'Howard doctrine', and given support to the concept

that we would become the US's deputy in Asia. We now understand that, as the Leader of the Opposition in the Senate has pointed out, the Prime Minister has had to walk away from that because it has been roundly condemned by the experts and by a range of former diplomats with vast experience in this area. It has also been attacked by some of our Asian neighbours who are standing beside us as part of the UN force. Thailand and Malaysia are now both on the record as expressing serious concerns about the long-term future of Australia's relations with the entire Asian region. Former ambassador Richard Woolcott, for instance, has written on this matter, and he has stated:

Our relationship with Indonesia, which the Howard government noted in its first ever white paper of foreign trade policy in 1997 would always be fundamentally important and one of our three or four most important relationships, has been set back perhaps a generation. The Australian community is now alienated towards Indonesia and the Indonesian community now alienated towards Australia.

Despite warnings from a number of quarters, the government has allowed its policy towards Indonesia and the region to become a hostage to its policy towards East Timor. Our wider engagement with East Asia has also been damaged. Countries have been surprised by the rush to press for early independence for East Timor, a rush which Australia led largely as a combination of domestic pressures and a naive assumption that we could secure a great diplomatic success.

Equally, there have been comments from others expressing their concern, including—as referred to by the Leader of the Opposition in the Senate—Tony Kevin, the former Ambassador to Cambodia.

The problem we have here is that the government continues to focus only upon the fact that we are now in there with peacekeeping troops, endeavouring to stabilise the situation—a noble objective that we totally support. But the government also has to get straight and get very clear the long-term policy implications for defence and for foreign policy in this area. It is no good the Prime Minister just running around and enunciating these 'Howard doctrines', as he calls them, without having regard to the ultimate consequences of setting up a con-

frontationist approach with the rest of the Asian region, as he is doing. (*Time expired*)

Senator ABETZ (Tasmania—Parliamentary Secretary to the Minister for Defence) (3.16 p.m.)—Today's taking note of answers to questions without notice exercise is another example of how the Labor opposition is devoid of any policy of its own in relation to the important issues facing this nation. Indeed, the one spokesman who has been trying to make some noise, the shadow spokesman on foreign affairs, Laurie Brereton, has been roundly condemned by former Labor Prime Minister Gough Whitlam and the former foreign affairs minister Gareth Evans. So, before making any assertions that policy on our side of politics is in disarray, I would invite Senator Forshaw and his Labor Party colleagues to try to sort out those differences within the Labor Party and determine where the Labor Party stands on some of these fundamental issues. Is it the Brereton line or the Whitlam-Evans line that is going to be pursued?

The sad thing in relation to this issue is that we, as a nation, are involved in East Timor not only of our own volition—and that is something that the Labor Party needs to understand—but also as a result of the United Nations requesting us to be involved, with Indonesia's support. Whilst the Labor Party runs around saying that things should have been different and things should have been put in place prior to the referendum, the reality is that the people of East Timor do want independence, as witnessed by the poll, and they want it sooner rather than later. Now, with hindsight, people are saying that conditions should have been imposed prior to that ballot being conducted. But if such conditions had been imposed, the ballot would not have gone ahead in the first place. So it is that sort of policy making on the run which is a bit too smart by half.

Senator Forshaw—That is what Gusmao, Belo and others asked for. Tell the full story.

The DEPUTY PRESIDENT—Order! Senator Forshaw, you have had your five minutes.

Senator ABETZ—Indeed, Madam Deputy President, Senator Forshaw had some time

during question time as well when he was interjecting and then trying to deny that he was, in fact, interjecting when Minister Ellison pointed that out.

Senator Forshaw—Madam Deputy President, I raise a point of order. That is an absolute lie by Senator Abetz, and I will not stand for it. That is an untruth, as the *Hansard* will prove.

The DEPUTY PRESIDENT—Senator Forshaw, there is no point of order.

Senator ABETZ—And I am sure that Senator Forshaw will deny that he used the word 'riveting' when Senator Ellison was—

Senator Forshaw—I will deny it, you sleaze-bag.

The DEPUTY PRESIDENT—Order! Senator Forshaw, you will withdraw that comment, thank you.

Senator Forshaw—Madam Deputy President, I was not aware that that was unparliamentary, but I will withdraw it.

The DEPUTY PRESIDENT—Senator Forshaw, it is unparliamentary to reflect upon another member in this place, and you know that. Senator Abetz, would you address the chair, please—

Senator ABETZ—I was, Madam Deputy President.

The DEPUTY PRESIDENT—and ignore interjections.

Senator ABETZ—We have just witnessed—and it is a pity that we are not being broadcast at the moment because the people of Australia would have seen it—a display by a Labor senator dealing in the cheapest way possible with an issue of great moment to the Australian people. The Australian people are concerned about the young men and women in East Timor, the very real dangers that they face and the very real possibility that casualties may indeed flow from their involvement there. That is the gravity of the matter that we are dealing with. To try to cheapen this debate in some sort of political way, as has been attempted by Labor Party senators during question time and now with the taking note of answers, I think demeans them.

There have been a few furrphies thrown around in this debate. The first is in relation to whether or not the Prime Minister believes that conscription ought to take place. On 25 September an article in the *Australian* stated quite clearly that the issue of national service 'will be considered in its coming defence white paper', but the Prime Minister said he saw 'no need for change at present'. That is exactly what Admiral Barrie said in relation to our presence in East Timor. There is no conflict between Admiral Barrie and the Prime Minister on this matter. The Prime Minister is simply saying that further down the track he will not rule out a possible option. But he did go on to say, 'I don't believe at the present time there is a defence need for it.' He was talking about conscription there. So they were completely together on this point. For Senator Faulkner, the would-be Leader of the Government in the Senate, to try to make cheap political capital out of issues like this demeans the Labor Party. (*Time expired*)

Senator COONEY (Victoria) (3.22 p.m.)—Senator Faulkner is a former Minister for Defence Science and Personnel and has a proud record on issues to do with the defence forces. I take up the issue of conscription and national service. It is not simply a matter of saying, 'We need more forces therefore we will conscript them.' The issue is more how can we get people with the high level of skills needed to operate modern weapons and to carry out the sorts of tasks that the military now must expect to be called upon to perform.

I refer to an interesting article in the *Sydney Morning Herald* today in which Professor Hugh Smith of the Australian Defence Force Academy talked about the strain that was placed on people who are in peacekeeping forces. He also talked about the need for the personnel to be highly trained and for the equipment to be at its utmost readiness. He said that the reserves that Australia now has are not up to speed in terms of their knowledge of the equipment and their readiness to face the issues that might arise in the future.

It is in that context that the Labor Party says, 'If you are going to look at national

service, it is not simply a matter of people going in for six months, as happened in the 1950s; it is a matter of looking not at numbers but at the quality of service that is provided.' The Labor Party has a grand tradition of being against conscription. That tradition is bolstered by the need to have very professional forces these days. The army in Indonesia is set up largely to control the population of Indonesia. The army in Australia is set up to defend these shores against any possible attack and to do the sort of duty that it is now doing so magnificently in East Timor.

The Labor Party on this side of the chamber is right behind the troops in East Timor, as indeed are everyone in this chamber and most people throughout Australia, but that does not excuse us as a parliament from looking at issues that arise in this context. As I understand it, an issue that is now running throughout the Asian region is that we, through our Prime Minister, seem now to be taking an aggressive and arrogant approach to people in Asia.

The secret to all this is to ask: what is our approach to people throughout Asia and, indeed, throughout the world? Our approach should be that we attribute to them the humanity that we would like to have attributed to ourselves. If we take that approach, we understand that we are right in defending the people of East Timor, but we also owe to the rest of Asia and to the rest of the world the respect that we would expect from them. That respect is not given when we create—either intentionally or unintentionally—the idea that we somehow think ourselves superior and that we are the policemen on the block, superior in quality and superior in arms to others. That is something that must be avoided. It must be made clear as soon as possible that that is not our approach.

Senator CRANE (Western Australia) (3.27 p.m.)—I rise with some sadness to speak on this motion to take note because what we have heard here today, starting with Senator Faulkner, is an attempt to beat up a situation. We then heard Senator Forshaw try to play it down a bit and make it look as though the situation was not quite as bad as the Leader

of the Opposition in the Senate said it was. Then we moved to Senator Cooney who said some rather surprising things. One comment of his that I want to address in particular was the suggestion that we were being aggressive towards Asia.

When we look at some of the countries that supported the resolution under chapter 7 of the United Nations Charter which allowed us to go into East Timor with these other nations as part of a United Nations peacekeeping force, we see names such as Japan, Russia, China, Thailand, Malaysia, the Philippines and Singapore. Those countries agreed with the proposition that was put at that time when Australia—quite rightly in my view—played a leadership role under the circumstances which arose. If any of these countries I have referred to and others believed that we were being aggressive or unreasonable, I suggest that they would never have agreed so conclusively with the positions that were put.

What we have heard in this parliament, particularly from the other side of this chamber, is not helping our men and women abroad now in the role that they have to play. In fact, it is undermining them. It is creating a situation where you would think there was a great dispute going on in Australia, but the only place where the issue gets any mention of note or gets raised is in this chamber. If you try walking down the street, as I did over the weekend when I was back in Perth, you will find that person after person is congratulating the Australian government, congratulating the Prime Minister and congratulating Alexander Downer for the leadership that they have shown in dealing with what is a very difficult situation. People are praising the way our men and women are going about handling the situation in a country that is absolutely in ruin, almost burnt to the ground, and where they are discovering some of the worst atrocities that have been found in the world in modern history.

I say to you people on the other side of the chamber: it is about time you let up a little bit and gave our people up there a chance so that there is a united force behind our troops. I believe they will come back with a lot of glory and a lot of greatness not only for what

they are doing on behalf of Australia but also for what they are doing on behalf of world peace. I find it absolutely amazing that this type of attitude is coming through on a whole range of things. It is worth commenting on some of these things, particularly being ready and the different international troops and arrangements. Australia has for a long time covered itself in pride because of the success it has had in the various places it has gone to assist elsewhere in the world. Now there is something very serious much closer to our shores where we need to play a much stronger and more significant role. I read three or four days ago that the President of the United States said that he recognised the role Australia is playing and that it is now their turn to assist in what is going on in this part of the world.

I must make the comment that the Howard government had increased the readiness of our armed forces in case peacekeeping was required. Australia was willing and able to cooperate with our regional colleagues in restoring order in East Timor and allowing United Nations processes within Indonesia and Timor. The Howard government have made clear throughout that we would not send forces to East Timor except at the request of the United Nations and with Indonesian agreement. These things were achieved in terms of Australian men and women going up there to assist. To listen to you people on the other side of the chamber you would think that we unilaterally walked in there, took over and were doing our own thing with no coordination with the United Nations and with other countries in the region. I think I have demonstrated, given the countries that I have named here, that what you have heard from me, from our leader Senator Hill and from Senator Abetz proves you are absolutely wrong. (*Time expired*)

The DEPUTY PRESIDENT—Order! The time for the debate has expired.

Question resolved in the affirmative.

PERSONAL EXPLANATIONS

Senator FORSHAW (New South Wales) (3.32 p.m.)—I seek leave to make a personal explanation.

Leave granted.

Senator FORSHAW—In answer to a question from Senator Ferguson during question time, Senator Ellison responded to an interjection from a member of the opposition. He mistakenly thought that I made that interjection, when I did not. He referred to me in his response to the interjection during his answer. I, at the end of his answer, stood and took a point of order wherein I explained that it was not me who made that interjection and that he had obviously confused me with another senator.

During his speech in taking note of answers, Senator Abetz claimed that I had made the interjection, that I had misled the Senate and that my explanation that I had not made the interjection was false. In fact, in his comments he claimed that I was lying or that I had misled the Senate. I totally reject that. It is untrue. I believe that Senator Abetz's allegation was a wilful misleading of the Senate because he and all the Senate heard my explanation that I had not made that interjection.

The DEPUTY PRESIDENT—Thank you. I urge caution, Senator Forshaw, in the words you use to describe another member in this place.

PETITIONS

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

Truth in Food Labelling

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

The Petition of the undersigned call on the Federal Parliament to ensure that the current regulations relating to food content are retained by the Australian New Zealand Food Authority and that adequate food labelling is introduced which allows the Australian community to make a real choice when it comes to the purchase and consumption of food.

Your Petitioners ask that the Senate support legislation which will ensure that all processed food products sold in Australia be fully labelled. This labelling must include:

- all additives
- percentage of ingredients
- nutritional information
- country of origin

food derived from genetically engineered organisms

by **Senator Bartlett** (from eight citizens).

World Heritage Area: Great Barrier Reef

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

The Petition of the undersigned shows strong disappointment in the Australian Government's inadequate protection of the Great Barrier Reef World Heritage Area from the destructive practices of prawn trawling. Prawn trawling destroys up to 10 tonnes of other reef life for every one tonne of prawns while clearfelling the sea floor. There are 11 million square kilometres of Australia's ocean territory of which the reef represents just 350,000 square kilometres.

Your Petitioners ask that the Senate support the phasing out of all prawn trawling in the Great Barrier Reef World Heritage Area by the year 2005.

by **Senator Bartlett** (from 150 citizens).

East Timor

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

This petition of certain citizens of Australia draws to the attention of the Senate that the people of East Timor have overwhelmingly voted to become an independent and sovereign nation and the Indonesian Government has failed to fulfil its responsibility to maintain security in East Timor during the period of transition to independence.

We therefore petition the House to require the Government and all responsible Ministers to:

Withdraw Australia's original de jure recognition of Indonesia's annexation of East Timor;

Suspend Australia's remaining military ties with Indonesia;

Support calls for international institutions to suspend all financial assistance to Indonesia;

Advise the Indonesian Government to direct forthwith the Indonesian Army to disarm the pro-Jakarta militia in East Timor; and

Advise the Indonesian Government to authorise forthwith the UN to dispatch a peacekeeping force to East Timor.

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

by **Senator West** (from 139 citizens).

Goods and Services Tax: Referendum

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

We, the undersigned petitioners believe that

- (a) a valid mandate does not exist for the introduction of a Goods and Services Tax (GST)
- (b) the Australian electorate was not adequately informed, prior to the 1998 Federal election, to be able to deliver a valid mandate
- (c) the overwhelming response to the Senate inquiry into the tax system confirms these beliefs
- (d) the findings of the Senate Inquiry have shown, over recent weeks, that the proposed GST will be a regressive tax instead of the intended tax reform. It is abundantly clear that the enactment of the GST will result in the rich of this country benefiting at the expense of the more than five (5) million citizens living near or below the poverty line

Your petitioners request that the Senate should:

- (a) reject legislation presented to the Senate for the enactment of a Goods and Services Tax
- (b) initiate a process, based on the findings of the Senate Inquiry, which should inform and enable the Australian electorate to deliver a valid mandate for a just tax system. This process to culminate in a referendum.

by **Senator Woodley** (from 65 citizens).

Petitions received.

PERSONAL EXPLANATIONS

Senator Ian Campbell—Madam Deputy President, I raise a point of order. Is it or is it not unparliamentary to allege that an honourable senator has wilfully misled this place? It is an incredibly serious allegation that has been made. You suggested to Senator Forshaw that he be cautious; should you not suggest that it is unparliamentary and should be withdrawn?

Senator Forshaw—Madam Deputy President, on the point of order: I chose my words carefully. As I outlined, I stood in this place and clearly indicated to the Senate that I had not made the interjection.

Senator Ian Campbell interjecting—

The DEPUTY PRESIDENT—Your point of order, Senator?

Senator Forshaw—My point of order is this: what Senator Campbell is raising is, again, not a true reflection—

Senator Ian Campbell interjecting—

The DEPUTY PRESIDENT—He is speaking further to your point of order, Senator Campbell. I will make a decision after I have heard Senator Forshaw, and I hope he will be brief.

Senator Forshaw—The point I am making is that what I said in my personal explanation was what I believed. It came about as a result of the fact that I had already given to this Senate an explanation to make it clear that I had not made the interjection. A senator rose after I had given that explanation to the Senate—an explanation to make it clear that I had not made the interjection—and suggested that I had misled the Senate and that I had lied to the Senate, after I had given an explanation to the effect that I had not done that, that I was not the person who made the interjection. I questioned whether the senator who made that suggestion afterwards was misleading the Senate.

Senator Ian Campbell interjecting—

The DEPUTY PRESIDENT—Order! I cautioned Senator Forshaw on the language he was using, and I would leave it at that at this stage. If, Senator Campbell, you wish him to withdraw it, you may ask for that to happen.

NOTICES

Presentation

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

That the Economics References Committee be authorised to hold a public meeting during the sitting of the Senate on 29 September 1999, from 3.30 pm, to take evidence for the committee's inquiry into the operation of the Australian Taxation Office.

Senator Ian Campbell to move, on the next day of sitting:

That the Australian National Training Authority Amendment Bill 1998 be taken together with the Vocational Education and Training Funding Amendment Bill 1999 after the bills are read a first time.

Senator Brown to move, on 12 October 1999:

That the Senate—

- (a) notes the overwhelming vote for independence of the East Timorese people and Indonesian

President Habibie's endorsement of this outcome; and

- (b) calls on the Australian Government to withdraw its *de jure* recognition of Indonesian sovereignty over East Timor.

Regulations and Ordinances Committee

Senator COONAN (New South Wales) (3.36 p.m.)—On behalf of the Standing Committee on Regulations and Ordinances, I give notice that on the next day of sitting I shall withdraw six disallowance motions, the full terms of which have been circulated in the chamber and I now hand to the Clerk.

The list read as follows—

Business of the Senate Notice No. 1 standing in Senator Coonan's name for six sitting days after today for the disallowance of the **Airports (Protection of Airspace) Amendment Regulations 1999 (No. 1), as contained in Statutory Rules 1999 No. 113** and made under the *Airports Act 1996*.

Business of the Senate Notice No. 3 standing in Senator Coonan's name for six sitting days after today for the disallowance of the **Financial Management and Accountability Amendment Regulations 1999 (No. 3), as contained in Statutory Rules 1999 No. 107** and made under the *Financial Management and Accountability Act 1997*.

Business of the Senate Notice No. 5 standing in Senator Coonan's name for six sitting days after today for the disallowance of the **Hazardous Waste (Regulations of Exports and Imports) (Decision IV/9) Regulations 1999, as contained in Statutory Rules 1999 No. 102** and made under the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*.

Business of the Senate Notice No. 6 standing in Senator Coonan's name for six sitting days after today for the disallowance of the **Migration Amendment Regulations 1999 (No. 6), as contained in Statutory Rules 1999 No. 81** and made under the *Migration Act 1958*.

Business of the Senate Notice No. 8 standing in Senator Coonan's name for six sitting days after today for the disallowance of the **National Measurement Regulations 1999, as contained in Statutory Rules 1999 No. 110** and made under the *National Measurement Act 1960*.

Business of the Senate Notice No. 10 standing in Senator Coonan's name for six sitting days after today for the disallowance of the **Telecommunications (Charges) Determination No. 1 of 1999, Amendment Determination No. 1 of 1999** and made under section 53 of the *Australian Communications Authority Act 1997*.

Senator COONAN—Madam Deputy President, I seek leave to make a short statement.

Leave granted.

Senator COONAN—On 26 August 1999 I advised the Senate that the committee was giving notices of motion of disallowance to protect its options in relation to concerns it had with these instruments. Our concerns related to the following matters: an unclear definition and a possible unfair provision, possible invalid delegation, no indication when an enabling act will be amended, possible retrospectivity, a discretion that appeared not to be subject to independent merits review, and an unclear commencement date.

The relevant ministers have now provided information which meets our concerns. I seek leave to incorporate in *Hansard* the committee's correspondence concerning these instruments.

Leave granted.

The correspondence read as follows—

Airports (Protection of Airspace) Amendment Regulations 1999 (No. 1) Statutory Rules 1999 No. 97

12 August 1999

The Hon John Anderson MP

Minister for Transport and Regional Services

Parliament House

CANBERRA ACT 2600

Dear Minister

I refer to the Airports (Protection of Airspace) Amendment Regulations 1999 (No. 1), Statutory Rules 1999 No. 113, which seek to provide a more streamlined process for approving proposals to carry out activities in the controlled airspace around airports.

Item 5 of the Schedule to these Regulations substitutes a new paragraph 7(2)(c) in the Principal Regulations. The former paragraph included reference to the height 'above ground' of a proposed building, but the substituted paragraph refers to the height of a proposed building 'above the Australian Height Datum'. There appears to be no indication, either in the Regulations or the enabling Act, of the meaning of this term, or where its meaning could be ascertained.

New subregulation 15A(3) of the Principal Regulations, to be inserted by item 11 of the Schedule, provides that if a delegate of the Secretary does

not, within 21 days, give a decision on a proposal to undertake a controlled activity, the proposal shall be taken to be refused. This provision may be unfair on the proponents of such activities, as it provides no incentive at all—and indeed provides a strong counter incentive—to a delegate of the Secretary to discharge his or her duties promptly.

The Committee notes that the Explanatory Statement provides only a general description of the effect of these Statutory Rules, and does not provide a detailed commentary, item by item in the Schedule, of their meaning and effect.

The Committee would appreciate your advice on the provisions discussed above and whether further detailed information on the effect of these Regulations is available.

Yours sincerely

Helen Coonan

Chair

Senator Helen Coonan

Chair

Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan

Thank you for your letter of 12 August 1999 concerning the Airports (Protection of Airspace) Amendment Regulations 1999, Statutory Rules 1999 No. 113.

You note that there is no indication in the Regulations or the Act of the meaning of the term 'Australian Height Datum'. In the drafting of the Regulations, it was not considered necessary to define the term, owing to its widespread use. The Australian Height Datum is the standard height reference for all mapping and surveying activities within Australia, defined as the mean sea level of a sample of tide gauges around Australia. Its meaning is well known by persons involved in applying or approving applications to carry out controlled activities under the Airports (Protection of Airspace) Regulations. However, if the committee has remaining concerns, I could arrange to define the term in some minor amendments to the Regulations which are likely to be made in the near future.

You raise concerns about the requirement of new subregulation 15A(3) that a decision on a proposal is taken to be refused if a delegate of the Secretary does not inform the proponent of a decision within 21 days of receiving the proposal. This does not represent a significant divergence from the original subregulation 15(2). The reason that this provision was included in the original regulations was to safeguard the interests of aviation safety by remov-

ing any ambiguities about a proposal which was not approved within the given time. You will appreciate that these interests cannot be compromised. The provision in Regulation 17 that proponents may apply to the Administrative Appeals Tribunal for review of a decision ensures that delegates of the Secretary have an incentive to discharge their duties promptly.

I attach the Regulation Impact Statement for the amendments, which provides more detailed information on the effects of these Regulations.

I hope that the above answers all your concerns about the Regulations.

Yours sincerely,

JOHN ANDERSON

10 SEP 1999

Financial Management and Accountability Amendment Regulations 1999 (No. 3) Statutory Rules 1999 No. 107

12 August 1999

The Hon John Fahey MP

Minister for Finance and Administration

Parliament House

CANBERRA ACT 2600

Dear Minister

I refer to the Financial Management and Accountability Amendment Regulations 1999 (No. 3), Statutory Rules 1999 No. 107, which give effect to amendments made by the *Financial Management Legislation Amendment Act 1999*.

Items 5, 7 and 9 of the Schedule to these Regulations substitute new subregulations 24(1), 25(1) and 26(1) in the Principal Regulations. The Explanatory Statement, however, makes no reference to these changes. Reference to the form, which these subregulations took previously, reveals that the effect of the amendments is to remove a prohibition on sub-delegation by the Finance Minister, the Finance Chief Executive and the Chief Executive of an Agency, respectively. Furthermore, items 6 and 8 of the Schedule insert new regulations 24A and 25A, which permit the Treasurer and the Treasury Chief Executive to delegate any of their powers and functions, with no prohibition on sub-delegation.

The Committee would appreciate your advice first, on why the Explanatory Statement contains no reference to these changes and secondly, why none of the possible delegates are to be prevented from delegating the power of delegation.

Yours sincerely

Helen Coonan

Chair

Senator Helen Coonan
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600
26 AUG 1999

Thank you for your letter of 12 August 1999 concerning the Financial Management and Accountability Amendment Regulations 1999 (No. 3)—Statutory Rules 1999 No. 107. You enquired why the Explanatory Statement omitted reference to amendments made to existing subregulations 24(1), 25(1) and 26(1) and why delegates under these provisions, and subregulations 24A and 25A, are not prevented from delegating the power of delegation.

Paragraph 34AB of the Acts Interpretation Act 1901 provides that where an Act confers powers on a person or body to delegate a function or power, the powers that may be delegated do not include that power to delegate. In light of this, it is not considered necessary to include a reference to "other than this power of delegation" in the new subregulations or in subregulations 24(1), 25(1) and 26(1). The latter amendments to the existing subregulations were made to ensure consistency.

I agree that it would have been useful to have included explanation of the rationale for the amendments to subregulations 24(1), 25(1) and 26(1) notwithstanding their straightforward nature.

I hope that this satisfies the Committee's concerns.

Yours sincerely

(Sgd)

JOHN FAHEY

Hazardous Waste (Regulations of Exports and Imports)(Decision IV/9) Regulations 1999

Statutory Rules 1999 No. 102

12 August 1999

Senator the Hon Robert Hill
Minister for Environment and Heritage
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Hazardous Waste (Regulation of Exports and Imports) (Decision IV/9) Regulations 1999, Statutory Rules 1999 No. 102, which implement Decision IV/9 of the fourth meeting of Conference of Parties to the Basel Convention.

The effect of these Statutory Rules is to amend the Schedule to the enabling Act. While this is permitted by subsection 62(2) of that Act, the Regulation Impact Statement notes, in paragraph 7, that it would be desirable to incorporate these changes by

amendment of the Act itself 'at a subsequent date'. The Committee would appreciate your advice as to when such an amendment to the Act will take place.

Yours sincerely

Helen Coonan

Chair

Senator Helen Coonan

Chair

Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan

Thank you for your letter of 12 August 1999, regarding the Hazardous Waste (Regulation of Exports and Imports) (Decision IV/9) Regulations 1999, which implement Decision IV/9 of the fourth meeting of the Conference of the Parties to the Basel Convention.

As you noted in your letter, the purpose of the Regulations was to amend the Schedule to the enabling legislation, the Hazardous Waste (Regulation of Exports and Imports) Act 1989. You have also noted the statement in the Regulation Impact Statement accompanying those Regulations, to the effect that the changes effected by the Regulations should be reflected by an amendment to the Act itself, and have queried when such an amendment will take place.

This is one of a raft of amendments I propose to make to the Act during the current sitting period. The proposed amendments have been allocated Category A status. I expect to introduce the amending legislation before the end of this sitting period.

I will write again to advise when this amendment to the Act has been passed.

Yours sincerely

(Sgd)

Robert Hill

Migration Amendment Regulations 1999 (No. 6)

Statutory Rules 1999 No. 81

28 June 1999

The Hon Philip Ruddock MP
Minister for Immigration and Multicultural Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Migration Amendment Regulations 1999 (No. 6), Statutory Rules 1999 No. 81, which increase various fees and charges, make certain

decisions reviewable by the Migration Review Tribunal and change criteria for the grant of certain visas.

Paragraph 6(3)(a) provides that the amendments made by items [4401] to [4403] in the Schedule shall apply to applications for review by the Migration Review Tribunal, if those applications were made, but not finally determined, before 1 July 1999. The Committee notes that those amendments redraft parts of regulations 4005, 4006A and 4007 in the light of the decision of the Federal Court in *Minister for Immigration and Multicultural Affairs v Seligman*, which had held that another regulation, r.2.25B, was invalid. The Explanatory Statement advises that the purpose of the amendments is to maintain the intended effect of the Regulations read as a whole. Nevertheless it may be argued that by having the charges apply even to applications which had been filed and commenced some time before these Statutory Rules were made, the effect of paragraph 6(3)(a) gives retrospective operation to the amendments made by items [4401] to [4403]. The Committee would be grateful for your advice.

The Explanatory Statement also advises that the amendment made by item [101] in Schedule 1 is to substitute a new subregulation 4.13(1) in the Principal Regulations thereby increasing the prescribed fee for an application for review by the Migration Review Tribunal from \$850 to \$1400. However, the Statement does not advise that the fee of \$850, set by Migration Amendment Regulations 1999 (No. 4), was to take effect from 1 June 1999, and the current increase to \$1400 takes effect from 31 May 1999. Nor does it state the amount of the fee, prior to the increase to \$850, and the length of time that such previous fee had been in place. When the Principal Regulations were made, with effect from 1 September 1994, the fee was \$300, which was increased to \$500, with effect from 1 July 1997, by Statutory Rules 1997 No. 109. It appears that there were no further increases in the fee thereafter, but the amendments to the Principal Regulations are so constant that it is difficult to be sure. The Committee would appreciate your advice as to whether the summary above is accurate and whether there are any reasons for the double increase in fees in the two sets of amending regulations this year.

Yours sincerely

Bill O'Chee

Chairman
Standing Committee on Regulations and Ordinances
Australian Senate
Parliament House
CANBERRA ACT 2600

2 SEP 1999

Dear Chairman

On 28 June 1999, then Senator Bill O'Chee wrote to me in his capacity as Chairman of the Standing Committee on Regulations and Ordinances. Mr O'Chee requested advice to the Committee on the Migration Amendment Regulations 1999 (No. 6), Statutory Rules 1999 No. 81, which increased various fees and charges and changed the criteria for the grant of certain visas.

Firstly, the Committee sought advice on whether it may be argued that the effect of paragraph 6(3)(a) gives retrospective operation to the amendments made by items [4401] to [4403].

Paragraph 6(3)(a) of the Migration Amendment Regulations 1999 (No. 6), affects applications that were not finalised before 1 July 1999, as well as new applications received after that date. This was an intentional move to restore the effect of the legislation as nearly as possible to that prior to the Court's finding that Regulation 2.25B was invalid and to remove additional difficulties caused to applicants in the intervening period.

The Court did not find that the policy intent of Regulation 2.25B is invalid-and indeed the policy has a longstanding, bipartisan foundation based on the principle of equality of treatment for Australians. Requiring some Australians to restrain their ill families from using Medicare, community services, or health services covered by government subsidised health insurance would create an unprecedented, unworkable and undesirable division in the community.

While not criticising the content of the Regulation, the Court found that Regulation 2.25B was invalid due to a structural flaw. The technical invalidity arose because Regulation 2.25B, although it purported to direct how Medical Officers of the Commonwealth (MOCs) were to form opinions of future medical and community services costs for visa applicants, was not located in the area of the Regulations from which MOCs are to draw guidance. MOCs are to form opinions on the criteria in Schedule 4 of the Migration Regulations and Regulation 2.25B was located outside that schedule.

The impact of the Court decision was that MOCs were to form their opinions differently. In the period after the Regulation was declared invalid and while no new provisions had been made, that is, between 1 March 1999 and 1 July 1999, MOCs were required to have regard to whether health care and community services were likely to be used, after the medical eligibility was established. In effect, this meant that having met the medical criteria for, say, Disability Support Pension, assessment of ability to meet means test criteria for that pension was also necessary. In addition, a statement of intent was required, and an assessment

of the likelihood of that person being bound by that statement not to avail themselves of care and benefits for which they would be medically eligible.

Means testing overseas applicants and in particular predicting future levels of income following a move to Australia is a difficult task for which consultancy support from Centrelink needs to be engaged. Means testing documentation requirements are necessarily complex and detailed in Australia, but in the foreign context need, in addition, accurate and expensive translation, authentication, and exchange rate calculation. Applicants who have been diagnosed with a medical condition resulting in a significant cost would be required to provide full documentation of their financial affairs for the MOCs to take into account via a Centrelink recommendation.

Once it is established that a person is sufficiently wealthy to assume that they need not rely on government services in Australia, actually preventing that reliance or use, binding an applicant to the stated intent, is not within current legislative abilities. Bonds, trusts, private nursing or schooling arrangements may all be proposed, but constraining future Australians to their own resources, including withstanding a test of time and perhaps a change of circumstances, is considered socially divisive and detrimental to community health.

While considerable extra and more complex documentation was required from applicants whose applications were decided in the intervening period, and while the decision making process was more difficult, it was not envisaged that any applicant could sufficiently substantiate a claim that they would not avail themselves of Medicare or other community services.

Remedial legislative measures were urgently taken to reinstate the equitable basis on which ability to meet the health criteria is assessed. This re-establishes the integrity of the legislation as it existed at the time most of the currently outstanding applications were made. The Committee may care to note that many of the applications not finalised by 1 July 1999 were also not finalised at 1 March 1999. That is, most of the difficult medical assessment cases have been in process for some months, and at the time of the original application, were made under a set of circumstances which has now been restored. Thus there is no different effect, now, on those cases. Medical Officers of the Commonwealth, guided formerly by Regulation 2.25B and now by the revised Schedule 4005-4007 provisions, form their opinions away from inquiry into personal and financial affairs.

Secondly, the Committee sought advice on increases to the prescribed fee for review by the Migration Review Tribunal (MRT). By way of background, the Committee should note that the MRT com-

menced operations on 1 June 1999. While the prescribed fee of \$850 was set by Migration Amendment Regulations 1999 (No. 4) to commence on 1 June 1999, this fee was never in effect as Migration Amendment Regulations 1999 (No. 6) amended that amendment on 31 May 1999 and set the fee at \$1400. Thus there has only ever been one fee in effect for review by the MRT.

Prior to the commencement of the MRT, the Immigration Review Tribunal (IRT) was the external review body for general migration decisions. When the IRT commenced operation in 1989 the fee for review was \$300 and remained at this level for over eight years. While I had proposed to increase the fee to \$500 from 1 July 1997 coupled with the removal of generous refund and fee waiver provisions, negotiations with the Senate led to the maintenance of the refund provisions with a commensurate increase in the fee to \$850 to keep the changes cost neutral. This fee remained until the cessation of the IRT on 31 May 1999.

As you can see from the above, it is clear that there has not been a double increase in MRT fees.

You will recall that prior to 1 June 1999, my portfolio provided a two tier system of merits review. Internal review was provided by the Migration Internal Review Office with a fee of \$500 and external review by the IRT with a fee of \$850. The current \$1400 fee for review by the MRT is only marginally higher than these combined fees.

The \$1400 fee represents less than full cost recovery for individual review applicants, It also reflects increased costs in the new Tribunal flowing from its prescription under the Financial Management Act and the introduction of a package of measures to improve certainty of communication with applicants and to provide them with the opportunity to appear again before the Tribunal for the handling down of the decision in their case.

I trust this response clarifies the issues for you. Please do not hesitate to contact me again if you require further information.

(Sgd)

Philip Ruddock

**National Measurement Regulations 1999
Statutory Rules 1999 No. 110**

12 August 1999

Senator the Hon Nick Minchin
Minister for Industry, Science and Resources
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the National Measurement Regulations 1999, Statutory Rules 1999 No. 110, which rewrite,

consolidate and make necessary changes to the regulations under the *National Measurement Act 1960*.

Regulation 85 lists those decisions made under these Statutory Rules which may be subject to reconsideration and, if necessary, external merits review by the Administrative Appeals Tribunal. While the Committee is gratified to see such an extensive list of such decisions, it would appreciate your advice on why determinations made under r.52 are not included.

Although these Regulations are substantial, covering 114 pages, the Explanatory Statement is two pages long and provides nothing more than a general overview of the Regulations. In particular, the lack of detailed explanation, regulation by regulation, makes it difficult for a reader to understand the effect of the various provisions. The Committee would therefore appreciate your advice as to whether there is a reason for this lack of detailed explanation.

Yours sincerely
Helen Coonan

Senator the Honourable Helen Coonan
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600
16 SEP 1999

Dear Helen,

Thank you for your letter of 12 August 1999 in relation to the National Measurement Act 1960, Statutory Rules 1999 No. 110 and its Explanatory Statement.

Regulation 85 lists decisions of the National Standards Commission that apply to an individual, person or company. It is therefore appropriate that those decisions are reviewable by the National Standards Commission and the Administrative Appeals Tribunal.

Regulation 52 allows the National Standards Commission to determine the standard methods by which property values of reference materials must be established. In contrast to regulation 85, regulation 52 applies to all certifiers equally and is not a matter of a particular individual's rights. As a result, it is not appropriate to list determinations grouped under regulation 52 in regulation 85.

Following the National Standards Commission's first draft Explanatory Memorandum of four pages, it received advice from the Executive Council secretariat that the maximum length should be two pages and that the Explanatory Statement should mirror the Explanatory Memorandum. As a result, the essential elements were distilled in two pages

and that draft was approved by the Executive Council secretariat. However, the National Standards Commission is prepared to provide the standing committee with whatever level of detailed explanation it requires.

Yours sincerely
(Sgd)
Nick Minchin

Telecommunications (Charges) Determination No. 1 of 1999, Amendment Determination No. 1 of 1999

28 June 1999
Senator the Hon Richard Alston
Minister for Communications, Information Technology and the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Telecommunications (Charges) Determination No. 1 of 1999 Amendment Determination No. 1 of 1999 made under s.53 of the *Australian Communications Authority Act 1997*, which delays the commencement of a revision of charges levied by the Australian Communications Authority.

Although the Explanatory Statement advises that the purpose of this Determination is to delay the commencement of the Telecommunications (Charges) Determination No. 1 of 1999 from 5 May 1999 to 1 July 1999, that Determination, despite being gazetted on 5 May 1999, was expressed to commence on 10 May 1999. Indeed, 5 May 1999 was prior not only to the date of commencement of the earlier Determination, but also to the date of making of the current Determination. The Committee would appreciate your assurance that the Explanatory Statement should have referred to 10 May 1999 as the date from which the commencement was to be delayed.

Yours sincerely
Bill O'Chee
Chairman

Senator Helen Coonan
Chairman
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan

I received a letter dated 28 June 1999 from Senator O'Chee, then Chairman of the Committee, seeking an assurance that the Explanatory Statement to the

Telecommunications (Charges) Determination No. 1 of 1999 Amendment Determination No. 1 of 1999 (the Determination) should have referred to 10 May 1999 as the date that commencement of certain provisions of the Telecommunications (Charges) Determination No. 1 of 1999 (the original Determination) was to be delayed.

I have been advised that the ACA made a clerical error in the Explanatory Statement, and that this error does not affect the efficacy of the Determination. I can assure the Committee that the Explanatory Statement should have referred to 10 May 1999 as the date from which the commencement of certain provisions of the original Determination was to be delayed.

Yours sincerely

(Sgd)

RICHARD ALSTON

Minister for Communications,
Information Technology and the Arts

Presentation

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (3.38 p.m)—I give notice that, on the next day of sitting, I shall move:

That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the following bills, allowing them to be considered during this period of sittings:

Migration Legislation Amendment (Migration Agents) Bill 1999

Intellectual Property Laws Amendment (Border Interception) Bill 1999.

I also table a statement of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statement incorporated.

Leave granted.

The statement read as follows—

MIGRATION LEGISLATION AMENDMENT
(MIGRATION AGENTS) BILL 1999

Purpose of proposed Bill

The proposed Bill will make amendments to the *Migration Act 1958* flowing from the recommendations of the Review of Statutory Self-Regulation of the Migration Advice Industry, including extending for three years (until March 2003) the sunset clause in the Act, which covers the statutory self-regulation Provisions for migration agents.

Reasons for urgency

Introduction and Passage in the same Sittings is required to ensure that the necessary changes are made before 21 March 2000.

Effect if Bill is not dealt with in one Sittings

If this Bill is not dealt with in the 1999 Spring Sittings, there are only three weeks in the Autumn 2000 Sittings within which the Bill could be dealt with before the critical date of 21 March 2000.

(Circulated by authority of the Minister for Immigration and Multicultural Affairs)

INTELLECTUAL PROPERTY LAWS (BORDER INTERCEPTIONS) AMENDMENT BILL 1999

The proposed bill, the Intellectual Property Laws (Border Interceptions) Amendment Bill, will amend the border interception provisions of the Sydney 2000 Games (Indicia and Images) Protection Act 1996 (Sydney 2000 Games Act) and the Trade Marks Act 1995 (Trade Marks Act). The border interception provisions of the Sydney 2000 Games Act and the Trade Marks Act allow the Australian Customs Service (ACS) to seize and deal with goods that are imported into Australia if the goods bear unauthorised Sydney 2000 Games indicia or images or infringe a registered trade mark.

There is a discrepancy between the seizure powers of the ACS and its obligation to notify the 'designated owner' of seized goods under the border interception provisions of the two Acts. Whereas the seizure power is in broad terms, applying to all infringing goods, the ACS is also obliged to notify the designated owner that their goods have been seized—that is, the person identified as the owner of the goods on the 'entry' made in relation to the goods under section 68 of the *Customs Act 1901*. Therefore, goods that are not entered (for example, goods worth less than \$1000 consigned through the post or goods worth less than \$250 consigned by other *means*) do not have a designated owner, and the result is that the ACS cannot seize the goods as there is no designated owner to notify. The discrepancy undermines the intent of the border interception provisions of the Sydney 2000 Games and Trade Marks Acts.

As the period before the staging of the Sydney 2000 Games is reasonably short, the ACS is likely to encounter increasing numbers of imported goods bearing Sydney 2000 Games indicia or images that are subject to a notice of objection. There are also considerable volumes of goods that infringe registered trade marks subject to a notice of objection that are currently imported without the need of a Customs entry. Most of these goods are either low

value low volume or low value high volume and are imported as cargo, through the postal system or the parcel courier services network. If the ACS cannot seize these goods then it is likely that significant amounts of counterfeit Sydney 2000 Games goods and goods bearing infringing trade marks could enter the market place for sale and distribution unchecked.

Urgent legislative action is necessary to amend the definition of 'designated owner' in the Sydney 2000 Games Act and the Trade Marks Act to enable the ACS to seize all imported goods that seek to ambush the Sydney 2000 Games marketing or goods that infringe registered trade marks, whether or not the goods are required to be entered. The proximity of the Sydney 2000 Games highlights the need for urgent action. The unique nature of the Olympic Games and the need to ensure protection of its revenue base was a major factor in the Parliament's decision to enact the Sydney 2000 Games Act.

(Circulated by authority of the Minister for Industry, Science and Resources)

Postponement

Items of business were postponed as follows:

General business notice of motion no. 288 standing in the name of Senator Stott Despoja for today, relating to current gene technology regulations, postponed till 28 September 1999.

General business notice of motion no. 289 standing in the name of Senator Stott Despoja for today, relating to genetically-modified foods, postponed till 28 September 1999.

General business notice of motion no. 307 standing in the name of Senator Stott Despoja for today, relating to genetically-engineered hormonal milk, postponed till 28 September 1999.

General business notice of motion no. 311 standing in the name of Senator Carr for today, relating to the Victorian state election, postponed till 29 September 1999.

General business notice of motion no. 312 standing in the name of Senator Cook for today, relating to the Victorian state election, postponed till 29 September 1999.

Business of the Senate notice of motion no. 1 standing in the name of Senator Bartlett for 28 September 1999, relating to the disallowance of item 101 to Schedule 1 of the Migration Amendment Regulations 1999 (No. 6), postponed till 29 September 1999.

General business notice of motion no. 299 standing in the names of Senators Bishop and Stott Despoja for today, relating to the *Broadcasting Services*

Amendment (Online Services) Act 1999, postponed till 30 September 1999.

General business notice of motion no. 285 standing in the name of Senator Allison for today, relating to programs for people with disabilities, postponed till 28 September 1999.

DELEGATION REPORTS

Parliamentary Delegation to Argentina

The DEPUTY PRESIDENT—On behalf of the President, I present the report of the Australian parliamentary delegation to Argentina which took place from 19 to 22 January 1999. With the concurrence of the Senate, I ask that the President's tabling statement be incorporated in *Hansard*.

Leave granted.

The statement read as follows—

Report on a visit to Argentina

Following the 7th Annual Meeting of the Asia Pacific Parliamentary Forum I made a visit to the nearby Republic of Argentina.

The visit provided an opportunity to review and contribute to the developing bilateral relationship between Argentina and Australia. It included meetings with:

- . the Vice-President of Argentina, His Excellency Carlos Ruckauf (who had previously visited Australia);
- . Senator Ricardo Branda; and
- . key Australian business people in Buenos Aires.

Discussions focused on three main areas:

- . bilateral relations;
- . political and parliamentary developments; and
- . economic issues.

Bilateral relations

The bilateral relationship between Australia and Argentina is based on common political and economic multilateral interests and promising growth in trade and investment. It was apparent from discussions with government and business representatives that there is an increasing awareness in both countries of similar perspectives and objectives.

Discussions with Australian business representatives in Buenos Aires suggested there were good opportunities for Australia businesses wanting to invest in Argentina.

Political and parliamentary developments

Meetings with Vice-President Ruckauf and Senator Branda provided opportunities to review political and parliamentary developments in Argentina. I

note that presidential and general elections will probably be held in October 1999.

Both Vice-President Ruckauf and Senator Branda were interested to hear about political and parliamentary developments in Australia and to compare and discuss the situation in Argentina.

Recent visits to Australia by President Menem and Vice-President Ruckauf and visits to Argentina by members of the Australian Government, most notably the then Deputy Prime Minister, the Hon Tim Fischer, MP were discussed. These visits were recognised as indicative of the desire by both countries to develop the bilateral relationship.

Economic issues

Economic issues were a key topic discussion throughout the visit. Argentina has made significant progress on a number of fronts, not least of which is the control of inflation. It has been reduced from 3,294 percent to 0.3 percent. Also various reforms implemented under the Menem Government have done much to create a more stable economic environment. Unemployment (at approximately 14%) and underemployment continue to be major problems for Argentina.

At the time of my visit, Brazil had experienced an economic crisis and Argentina was assessing the extent to which it would experience flow-on effects. In relation to the Brazilian crisis, Vice-President Ruckauf noted that, while in some areas Argentina could be insulated from it, other areas would be affected. Approximately 30% of Argentina's exports are to Brazil.

Conclusion

The visit to Argentina provided an opportunity to encourage the developing relationship between Australian and Argentina.

Meetings with Vice-President Ruckauf continued the high level contact between the Australian Parliament and Government and Congress in Argentina and it was evident that at this and other levels there was a strong desire to strengthen the bilateral relationship, particularly in the areas of trade, investment and tourism.

Meetings with representatives of the Congress provided an opportunity to discuss the operation of both countries' parliamentary systems of government. There was much interest in the nature and operation of the Australian Parliament and the Australian system of government more generally.

I would like to place on record my appreciation for the hospitality shown by Senator Ricardo Branda and his family. Discussions with Senator Branda and time spent at the La Angelita estancia provided unique insights into cultural, political and social aspects of life in Argentina.

I would also like to thank Trevor Rowe who accompanied the delegation as Secretary for his support at both the APPF and in Argentina.

Overall, the visit was highly successful with discussions at all levels reaffirming Australia's desire to strengthen ties with Argentina, particularly in the area of bilateral trade.

I commend the report to Honourable Senators.

Parliamentary Delegation to the 7th Annual Meeting of the Asia Pacific Parliamentary Forum

The DEPUTY PRESIDENT—On behalf of the President, I present the report of the Australian parliamentary delegation to the 7th Annual Meeting of the Asia Pacific Parliamentary Forum, which was held in Lima, Peru from 11 to 14 January 1999. With the concurrence of the Senate, I ask that the President's tabling statement be incorporated in *Hansard*.

Leave granted.

The statement read as follows—

Report of the Australian Parliamentary Delegation to the 7th Annual Meeting of the Asia Pacific Parliamentary Forum

The Asia Pacific Parliamentary Forum, or APPF as it is more commonly known, held its 7th Annual Meeting in Lima, Peru from 11 to 14 January this year. I was a member of the delegation from the Australian Parliament, which was led by the Speaker of the House of Representatives. The other delegation members were the Deputy Leader of the Opposition, the Hon. Simon Crean MP, and the Chief National Party Whip, Mr John Forrest MP.

The APPF was formally established at its first annual meeting in Tokyo in January 1993, following earlier preparatory meetings in 1991 held in Singapore and Canberra. It comprises 26 member countries from the Asia-Pacific region.

The APPF has five objectives, which are concerned with providing national parliamentarians of the Asia-Pacific region with the opportunity:

- . firstly, to identify and discuss matters of common concern and interest;
- . secondly, to deepen their understanding of the policy concerns, interests and experiences of the countries of the region;
- . thirdly, to examine the critical political, social and cultural developments resulting from economic growth and integration;
- . fourthly, to encourage and promote regional cooperation at all levels on matters of common concern to the region; and

finally, to fulfil the duties national parliamentarians have to further in their respective countries a sense of regional cohesion, understanding and cooperation.

While the APPF is a relatively young inter-parliamentary body, it provides a valuable means for the sharing of ideas and the resolution of issues of mutual concern in the Asia-Pacific region. It also complements activities in the region conducted under the umbrella of APEC which will, of course, be of particular significance following recent events in East Timor.

Members of the Australian delegation to the 7th Annual Meeting participated widely and fully in plenary sessions and led discussions on two key subjects:

- . nuclear non-proliferation; and
- . international terrorism.

Resolutions submitted on these subjects by the Australian delegation were debated and agreed to by the forum.

The Congress of Peru hosted the 7th Annual Meeting. Facilities and arrangements were of the highest standard and matched by the hospitality extended to all delegation members and accompanying persons. I place on record my appreciation of the Chairman of the 7th Annual Meeting, Mr Oswaldo Sandoval, for his leadership, hospitality and friendship. I also record our gratitude for the ongoing leadership provided by the President of the APPF, former Japanese Prime Minister Yasuhiro Nakasone. In Lima, Mr Nakasone was unanimously re-elected president for a further three-year term.

The 7th Annual Meeting was of particular relevance to the Australian delegation because, in the second week of January 2000, the Australian Parliament will host the 8th Annual Meeting here in Parliament House. This is the first time that Australia will have hosted the Annual Meeting, although a preliminary APPF planning meeting was held in Canberra in December 1991 under the chairmanship of the then Speaker, the Hon. Stephen Martin, MP (now Chief Opposition Whip and the Member for Watson).

The Speaker and I will host the January meeting in our capacities as joint presidents of the Australian National Group of the APPF. While January is usually a quiet time of year in Australia, I would encourage Senators to consider attending the 8th Annual Meeting. It will provide a unique opportunity to discuss regional concerns with fellow parliamentarians from 26 APPF member countries. Although the final agenda is still to be confirmed, East Timor will clearly be a major concern.

The Speaker and I will shortly be writing to Whips, seeking nominations for the Australian delegation to the 8th Annual Meeting. APPF rules permit the

host country to be represented by a delegation of up to 10 members, and other members will be welcome as observers.

I would like to conclude my remarks on the APPF's 7th Annual Meeting by acknowledging the contribution made by Mr Rajan Venkataraman, an officer of the Department of Foreign Affairs and Trade based in Santiago, Chile. He was of great assistance, particularly in the finalisation of amendments submitted by Australia on nuclear non-proliferation and international terrorism.

I would also like to thank Trevor Rowe who accompanied the delegation as Secretary for his support at both the APPF and in Argentina. The APPF will meet in Canberra in January 2000 and I hope Senators who are able will attend and participate in the Forum.

I commend the report to Honourable Senators.

COMMITTEES

Community Affairs Legislation Committee

Additional Information

Senator CALVERT (Tasmania) (3.40 p.m.)—I present further additional information received by the Community Affairs Legislation Committee in response to its inquiry into the Social Security (Administration) Bill 1999 and two associated bills.

Migration Committee

Report

Senator O'BRIEN (Tasmania) (3.40 p.m.)—On behalf of Senator McKiernan, I present the report of the Joint Standing Committee on Migration entitled *Going for gold: immigration entry arrangements for the Olympic and Paralympic Games*, together with submissions, *Hansard* record and minutes of proceedings, and seek leave to move a motion in relation to the report.

Leave granted.

Senator O'BRIEN—I move:

That the Senate take note of the report.

Senator O'BRIEN—I seek leave to continue my remarks later.

Leave granted.

Senator BARTLETT (Queensland) (3.41 p.m.)—As a member of the Joint Standing Committee on Migration, I would like to speak to this report. Firstly, as I frequently

say in relation to that committee, I commend the secretariat for their work in the course of this inquiry. I also thank the members of the committee. It is one of those committees that work quite hard to try to get a consensus across party lines and to work through issues to get a common view, and I think this report is another one which has achieved that. Whilst the committee is not always successful in that regard, in this case it has been.

The report deals with an issue which on one level might seem fairly mundane—the immigration entry arrangements for the Olympic Games and the Paralympic Games. But this is an important issue not just in an administrative sense but in terms of making sure that all of the procedures and the best arrangements are in place to make sure that there are no unforeseen hiccups in departure, arrival, border security, arrangements for the Olympic family, games information and accreditation for Olympic and Paralympic family members. All of those issues are obviously crucial to the effective operation of the games. In that regard it is important that they be assessed to ensure that they are going to operate as effectively as possible.

Whilst all of those issues are important, there is one particular aspect of the report that I would like to focus on, and that is the issue of the visitor visa experience. This is an important issue not only at Olympic time but throughout the year and is one that I think needs some attention.

I have mentioned in this place before a circumstance that occurred a month or two ago at the World Congress for the Deaf, a major international conference that was being held in Brisbane. It is held every four years. It was the 12th international congress of this major international organisation. It was the first time that it had been held in Australia, and I think it was the first time it had been held in the Southern Hemisphere. It is a significant event, which was held in the Brisbane convention centre. As a Queensland senator, I think it is important for Queensland and Brisbane to be able to attract significant conferences—important not just economically but also culturally and socially.

Unfortunately, there was a significant problem where a significant number of visitors were denied visas to get into the country to attend that conference. That caused some very negative publicity, which is not good. Far worse than the negative publicity was the inconvenience to the conference organisers, who had spent so long planning the conference and who had this problem dropped in their laps just a day or two before it started.

It also caused great inconvenience and distress to some of those who were not able to attend. It is often their only opportunity in four years to connect with people from other countries, to explore issues of importance in their work in their own countries. It was a significant loss, a significant detriment to the operation of that organisation, to the furthering of issues of importance to the deaf and hearing impaired community. It was also an embarrassment for Australia, and for Brisbane, that we had this problem. What made it more embarrassing was that all of the people who had been refused visas all came from developing countries—from African countries, Bangladesh or parts of the Middle East. That raised some more awkward questions where organisers and others were putting the question of how come all of the people from western Europe and North America did not have any problem getting in but people from Africa and parts of Asia did.

It is pretty obvious that, when questions are put in that way, that can easily reflect quite negatively on Australia. I am pleased the committee has highlighted that this is a potential problem during the Olympic period, even more so. Indeed, this question was raised during the public debate following this unfortunate incident. The minister's response—and I am paraphrasing him here but hopefully not misrepresenting him—was basically that 'people had better make sure they have their documentation right and that they can prove their bona fides because, if they buy all their Olympic tickets and make all their airline bookings and travel plans without ensuring the department accepts their bona fides, that will be too bad.' That might make sense in a purely administered sense, but in a social sense and in the message that it sends to the

world—in terms of not inconveniencing people and of potential problems that that can cause for Australia—I think it is an area where we need to be a little less uncompromising. The committee has addressed that issue in chapter 6 in its report and made some recommendations.

The committee recommended that, as a matter of urgency, the Department of Foreign Affairs and Trade examine the potential embarrassment if a large number of visa applications from any country are refused and work with the Department of Immigration and Multicultural Affairs on reducing this potential. It also recommended an independent review analysis on the effect of the visa application fee on applications and the effect on Australia's image as a potential tourist destination.

Certainly some evidence was presented to the committee inquiry from the tourist industry about their concerns. It is obviously a highly internationally competitive industry. It is an industry of great importance—again, to my own state of Queensland in particular—from an employment and economic point of view. Australia already has a bit of a disadvantage in being so far away and being more expensive. That is where issues such as the visa application fee and negative feedback about the difficulty of getting in come into play.

As with many issues relating to immigration, I recognise that this is an issue that has to be balanced. There does have to be some assessment of the risk to Australia of allowing people to enter the country. I understand the department's rationale about why people from developing countries often find it more difficult because they are countries without the ETA, electronic travel authority, that is applied in many Western countries and a number of non-Western countries. For that reason, the committee recommended the expansion of the number of countries eligible for the ETA. That seems to reduce people's difficulties in getting a visitor visa.

I believe, as I have said in this place, a culture and an attitude has developed amongst parts of the Department of Immigration and Multicultural Affairs that is too paranoid. It

makes establishing bona fides for people from particular countries more difficult. It is very difficult not to portray that and for people not to perceive that as anything other than a high jump that is higher for people from some countries than it is for people from other countries. Whilst the department will say that is not a discriminatory approach in any racial sense—and I understand their reasoning for saying that—it is easy for that to be perceived in that way.

The thrust of what the committee has put forward here in, I believe, a very responsible and moderate way is that that issue needs to be taken seriously. I am not suggesting an open door policy. I do not want DIMA to get down on their knees and beg forgiveness for doing everything wrong, but I do want them to at least take seriously the fact that this is a potential problem. A hardline approach from the department might make them feel virtuous about their uncompromising implementation of government or departmental policy, but it has potential negative flow-on effects in many other areas for Australia such as the future growth of the tourism industry and our international reputation as well as—and this is important not to forget—the innocent, genuine people who just want to visit Australia, whether it is for the Olympics, for international conferences, for general tourism purposes or whatever.

The committee has put forward its message unanimously here—and I may have emphasised it a bit more strongly than other members of the committee may feel comfortable with—and the thrust of its recommendation is that there is the potential embarrassment if a large number of visa applications are refused. There is a need to look at expanding the number of countries eligible for the ETA and there is a need to monitor current practices amongst agents issuing ETAs. All of those issues are related to what I have spoken about. I was happy to agree to a unanimous report rather than put in some higher rhetoric of my own in a supplementary report because I could put it forward in a low-key and responsible way. I hope the government, in response to that, takes it seriously.

Senator McKIERNAN (Western Australia) (3.51 p.m.)—I thank my colleague Senator O'Brien for presenting this report on my behalf. I was monitoring proceedings and was expecting to rise after Senator Ferguson had delivered his earlier report. I missed that, but I thank my colleagues for assisting me with this.

In 1998 the Minister for Immigration and Multicultural Affairs, the Hon. Philip Ruddock, asked the Joint Standing Committee on Migration to report on immigration entry arrangements for the Olympic and Paralympic Games being held in Sydney in September and October 2000. The inquiry lapsed when the parliament was prorogued. The minister re-referred the matter to the new committee on 16 December 1998. The purpose of the inquiry was to review issues relating to the planning and coordinating of entry arrangements for visitors, participants and officials for the Olympic and Paralympic Games.

The committee received 46 submissions and accumulated 250 pages of evidence at public hearings. Participants at the hearings included representatives of the tourist and travel industries and the Department of Immigration and Multicultural Affairs; the Australian Customs Service; the Australian Quarantine and Inspection Service; the Department of Foreign Affairs and Trade; the Australian Federal Police; the National Crime Authority; and the Department of Transport and Regional Services.

Whilst government departments were asked about their arrangements, tourism and travel industry submissions tended to focus on ways of simplifying access to Australia for visitors. The committee was not disposed to consider any waiving of visitor visa requirements, as suggested in some of the tourism and travel industry submissions. The committee felt that this would put added strain on Australia's border entry arrangements and cause delays in visitor entry processing on arrival.

There was broad agreement by witnesses that Australia's paperless electronic travel authority, or ETA, was a satisfactory way of minimising formalities and speeding visitor entry while protecting Australia's border integrity. The committee recommended

increasing the number of countries for which ETA was available. The committee recommended investigation of the practice of charging visitors for the ETA. The committee was advised that the standard of scrutiny currently applying to intending visitors will continue through the games period.

The committee was concerned that refusal to grant visas to some would-be visitors from specific countries could be caught in the spotlight of media attention during the games and generate negative publicity. Consequently, the committee has recommended forward planning to permit effective responses to visa issues which may gain a higher public profile during the period of the games.

The Olympic and Paralympic Games will place considerable demands on Australia's capacity to plan and coordinate immigration arrangements. Not only are more people expected to visit Australia but the arrivals are also expected to be concentrated in a short period of time, with most visitors expected to arrive through Sydney international airport.

The games will also see increased numbers of people seeking to exploit any consequent weakening of DIMA vigilance by attempting to enter Australia without documents or with false documentation. This will impose heavy demands on the skills and resources of Australia's border agencies, chiefly the Customs Service which staffs the immigration booths, DIMA and AQIS. Although these agencies sought to reassure the committee that they would be able to handle the expected demands of the games period efficiently, the committee noted that there were only narrow margins between the border authorities' predicted capacity and the expected demand. Australia's capacity to handle the predicted volumes of visitors is reliant on trained and experienced staff offshore, and at onshore entry points. Staffing in DIMA, ACS and AQIS is generally being approached by restructuring staffing arrangements rather than by recruiting more people. The committee was concerned that this approach would not permit the agencies to cope with unexpected events. The committee therefore recommended that staffing levels receive further consideration.

The committee was also uneasy about the current and proposed staffing at international hub airports such as Singapore and Bangkok. It felt that the provision of still further staff was needed to ensure that personnel at these key locations would be sufficient to deal with the games generated pressures. Efficient processing of visitors will be dependent on information technology, some of which is yet to be tested. The committee was concerned that implementation dates had slipped significantly and it was not convinced that the systems would be adequately bedded down and tested prior to the games. Consequently, it recommended that the installation of specific games-orientated systems be given the highest priority and tested in situations as close as possible to those that will occur during the games.

As part of its games responsibilities, Australia will provide special immigration arrangements for the accredited members of the Olympic and Paralympic families, which include competitors, officials, and other personnel nominated by national Olympic, Paralympic and other sporting bodies. The arrangements for family members are set out in an information booklet, which is part of the broader visitor information campaign. The committee noted that this had been undertaken with limited supplementation of the funding for DIMA, AQIS, ACS and DFAT, and it has therefore recommended some low cost measures to further publicise Australia's immigration arrangements.

The special treatment of family members will impose additional pressure on Australia's immigration arrangements. Some of the concessions are procedural, such as the quarantine arrangements for animals and equipment imported for the games and the waiver of duty-free allowances. Others concessions relate to the manner in which Australia's immigration requirements are applied. The most significant of these is the provision of special purpose—the Olympic and Paralympic travel authority—to accredited games family members. This represents a temporary extension of the ETA to nationals of countries which do not usually have that facility. A number of safeguards are in place

to maintain Australia's visa requirements for family members, including approval by DIMA prior to the issuing of such a travel authority. A memorandum of understanding between DIMA and SOCOG on this process had not been finalised at the time of the committee's report. The committee therefore has urged prompt finalisation of the MOU so that the committee members can reassure themselves that Australia's border integrity is being maintained.

An entry response team, drawing on the expertise of Australia's border agencies and SOCOG, is being set up to facilitate the entry of family members. The committee has recommended that this team be operational well before the games. To speed their entry to Australia, it is essential that visitors are aware of the arrangements made to facilitate their passage through our border formalities. The committee noted that there was an unwarranted assumption that the purpose and benefits of the express lane would be well understood by visitors. It recommended that this mechanism for arrival and departure management be more widely promoted.

The holding of the Olympic and Paralympic Games in Australia in 2000 offers us many opportunities to promote our country, to demonstrate our business capabilities and to emphasise our unique assets as a tourist destination. The committee has considered the work of the responsible agencies and has unanimously recommended a number of steps which can be undertaken to contribute to the success of providing a positive experience for visitors, while at the same time maintaining our border integrity.

In commending the report to the Senate, I pay particular tribute to the committee secretariat who assisted the committee in the preparation and delivery of today's report. As senators will note from page (x) of the report, almost the whole membership of the secretariat has changed in a short period of time, which made it somewhat difficult for the secretariat themselves in preparing the report but also for the members of the committee when we were deliberating on the contents of the report which we have now presented to the Senate.

Particular tribute has to be paid to Dr Stephen Dyer, who was the main author of the report and has only been with the committee since April 1999 and did not have the benefit of attendance at public hearings of the committee. Other members of the secretariat ought to be commended as well, as indeed should all members of the committee, for their work in preparing this unanimous report to the Senate. I commend the report to the chamber.

Question resolved in the affirmative.

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

Report

Senator FERGUSON (South Australia) (4.01 p.m.)—I present the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade entitled *Bougainville: the peace process and beyond*, together with the *Hansard* record and minutes of proceedings.

Ordered that the report be printed.

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

Leave granted.

Senator FERGUSON—I move:

That the Senate take note of the report.

On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I am pleased to present a report on the Bougainville peace process. The report is entitled *Bougainville: the peace process and beyond* in order to emphasise that the committee's inquiry had a focus that went further than simply a historical review of the peace process since mid-1997.

As an important part of the inquiry, a delegation of committee members visited Port Moresby and Bougainville in March this year. The visit provided an excellent opportunity for the nine members to see for themselves the extent of the destruction of Bougainville's physical, economic, social and political infrastructure. Most importantly, the visit enabled the delegation to hold frank discussions with most of the key participants in the peace negotiations and to gauge the scale of the reconstruction and rehabilitation tasks facing Bougainville. The visit program also

enabled the delegation to visit several Peace Monitoring Group team sites, as well as major AusAID funded projects, such as the Bishop Wade High School, the Talena Specialised Training Centre, the Buka district hospital and the upgrade of Buka airport.

The committee's interim report on the visit contained several preliminary conclusions, many of which have been reaffirmed in the final report presented today. As the interim report stated, the delegation was greatly encouraged by the almost universal desire for peace which was evident in Bougainville and by the positive signs that the lives of Bougainvilleans are at last returning to some degree of normality.

In conjunction with other regional countries, Australia has made a major contribution to advancing the peace process—through political and diplomatic efforts, through our substantial bilateral aid program with Papua New Guinea and through the excellent work of the regional Peace Monitoring Group stationed in Bougainville. Australia is not a party to the peace negotiations. The question of Bougainville's future political status is therefore one to be resolved by the PNG government, the people of Bougainville and their leaders. However, in bilateral discussions, and in conjunction with other countries of the region, Australia may be able to support education processes designed to reduce differences in perception between the negotiating parties.

In this report, the committee has expressed confidence that, despite occasional setbacks, the peace process has continued to move forward. While major divisive issues still remain to be resolved, the committee views such developments as the peaceful elections in May 1999 and the successful establishment of the Bougainville People's Congress as very positive signs that the aims and objectives of the Lincoln and subsequent agreements will be achieved in the not too distant future.

The committee recognises the possibility that tensions could again erupt if there appears to be any faltering on the part of the PNG national government in its resolve to pursue the peace negotiations and to restore effective civil administration to Bougainville.

A chapter of this report is devoted to evaluating the role of the Truce and Peace Monitoring Groups in Bougainville since monitoring operations began in December 1997. The important contribution of both groups to facilitating the peace negotiations, and the neutrality with which their responsibilities have been discharged, have been widely recognised. Acknowledging that the Peace Monitoring Group operation is not an open-ended commitment, the committee has recommended that clear guidelines for the phasing out and eventual withdrawal of the PMGs be developed in conjunction with our regional partners in the Peace Process Steering Committee.

Australia is by far the largest donor of external aid to Papua New Guinea and Bougainville. For 1999-2000, the estimated total PNG aid program amounts to \$328.9 million, which includes aid to Bougainville of approximately \$21.5 million. Since 1991, Australia has contributed around \$45 million in aid to Bougainville, and projects currently under way or planned represent a commitment of some \$66.3 million. These projects have been listed in appendix L of the report.

Clearly, however, Australian aid could not possibly—and should not—meet the entire development and reconstruction needs of Bougainville. It has been Australia's approach to work in consultation with the PNG and Bougainville authorities, as well as with Bougainville communities and their leaders and the NGOs, in the design and implementation of aid projects for Bougainville. The main focus for Australian aid remains on the priorities determined by Papua New Guinea and Bougainville: direct assistance to the peace process, rebuilding of damaged or destroyed infrastructure, and restoration of essential services in the priority areas of health, education and agriculture.

The committee is very aware that external aid will be needed in Bougainville for some time to come. Apart from the immense human tragedies of the violent conflict, there has been an almost total destruction of the province's political, social, economic and physical infrastructure. Restoration of basic communications, law and order and other

essential services are huge tasks which will take many years.

In suggesting ways in which the delivery of Australian aid could be improved, the committee acknowledges the significant contributions already made by Australia's aid program to Bougainville, often under very difficult conditions. Nevertheless, the committee has sought to achieve greater flexibility and responsiveness in external aid delivery and to encourage maximum involvement of Bougainvilleans in all phases of the aid projects. Several of the report's recommendations focus on the need to achieve a balance in aid delivery, in the form of a more even geographical distribution, as well as an appropriate mix of major infrastructure projects and smaller, community based projects.

In the report, the committee has also highlighted the need to give further consideration to the feasibility of funding recurrent costs such as salaries or overheads. Some completed projects lend themselves to continuation of support—for example, the pilot training program for auxiliary police which was conducted in Arawa. Nor has the report neglected the important fields of reconciliation and trauma counselling in recommending areas for further attention. Above all, the committee has endorsed the aim expressed in much of the evidence received, bringing about a 'Bougainville-led' recovery in which a wide cross-section of the people of Bougainville have the opportunity to benefit from the 'peace dividend'.

At various times during the inquiry, the situation in East Timor was raised in the context of its potential to affect the level of assistance to Bougainville. Earlier this year, reassurances were given that there were no plans to divert aid from Bougainville. However, since the recent referendum conducted in East Timor under the auspices of the United Nations, the scale of the human tragedy has escalated dramatically. At the time the report was being written there were harrowing reports of intimidation and violence against the civilian population by armed militia, with the apparent complicity of elements of the Indonesian security forces. The dimensions of the looming humanitarian

disaster have been tempered to some extent in recent days by the presence of the multinational peacekeeping force, INTERFET, led by an Australian commander, Major General Peter Cosgrove.

The committee welcomes Australia's additional contribution of emergency aid relief for displaced East Timorese, which was announced last week. While recognising the scale of the tragedy which continues to unfold in East and West Timor, and Australia's commitment to assist where possible, the committee would not want the situation to divert attention from the necessary work that still needs to be done to assist the recovery of Bougainville and its people after 10 years of fighting which resulted in so much death and destruction.

When the report was being written, events were still moving rapidly in Port Moresby and Bougainville, and negotiations are still continuing between the PNG government and the various Bougainville leaders, and between faction leaders in Bougainville, on key issues such as disarmament, political autonomy and the transition to a Bougainville reconciliation government. In the middle of this year, the negotiations were conducted against a backdrop of acute political instability at central government level, which culminated in the sudden resignation of Prime Minister Skate in July. The committee encourages the new Morauta government to keep Bougainville firmly on the national agenda.

Although the report presented today marks the conclusion of the committee's current inquiry, it by no means signals the conclusion of the committee's interest in Bougainville and in Papua New Guinea as a whole. Accordingly, the committee will continue to monitor developments in Bougainville with great interest as the peace process continues to unfold.

In conclusion, I commend those involved in the secretariat, particularly Cliff Lawson, as this inquiry has gone over the sitting of two parliaments. The work that they have put into the writing of this comprehensive report *Bougainville: the peace process and beyond* is to be commended. I commend the report to the Senate.

Senator QUIRKE (South Australia) (4.11 p.m.)—I do not want to take up too much time of the Senate here today because I understand we have a time limit on this particular debate and there are other reports that hopefully we can slip through before that time expires. As a member of that delegation that went to Bougainville—and I have spoken here before on the interim report—I want to associate myself with the remarks that have been made by Senator Ferguson. I think it was a very valuable and useful exercise earlier this year. I would emphasise very strongly the fact that this report, I think, covers the basic issues that came up there and, indeed, nothing has changed my mind in the last six months to suggest that the Bougainville peace process will not be a very long one.

A friend of mine was up there the other week as a visiting Reserve Army surgeon, and he came back with pretty much the same conclusions that I did. He indicated very strongly to me that we are going to have a long-term involvement up there. Although certain elements of the Peace Monitoring Group may be able to come home, I think Australia's role in Bougainville will be necessary for some considerable time to come. I commend the report to the Senate.

Question resolved in the affirmative.

Foreign Affairs, Defence and Trade Committee: Joint

Report

Senator FERGUSON (South Australia) (4.13 p.m.)—I present the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade on a visit to the northern defence bases, together with the minutes of proceedings.

Ordered that the report be printed.

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

Leave granted.

Senator FERGUSON—I move:

That the Senate take note of the report.

The visit, encompassing visits to selected Defence establishments in Queensland and the Northern Territory, was initiated by the

Defence Subcommittee following its re-establishment in the 39th Parliament. Primarily a familiarisation activity, the tour provided an excellent opportunity for members of the Defence Subcommittee to acquaint themselves with some of the current capabilities of the Australian Defence Force and its disposition in northern Australia. Although brief, the tour covered a considerable amount of territory and included visits to a range of Navy, Army, Air Force and joint Defence Force establishments. The subcommittee was exposed to a wide range of Defence capabilities and a large variety of issues.

Time does not permit me to address the details of the visit or all of the observations made by the subcommittee. However, I must note that the subcommittee was particularly impressed with the efforts of the 1st Brigade in the recent achievement of an increased state of readiness. And we all know of events that have come to pass since our visit. All personnel in the brigade are to be commended on their efforts in this regard. The current status of the 1st Brigade provides Australia with a formidable asset that will only be improved by planned enhancements to the formation's capability. Events this month have clearly justified the government's earlier decision to increase the readiness of the 1st Brigade.

In the report the committee makes a number of observations, noting the significant surveillance capability of the ADF deployed in northern Australia, the marked capability improvement provided by the ongoing night fighting enhancement to the 3rd Brigade and the training opportunities and advantages offered by the newly commissioned weapon training simulation system demonstrated during the visit to Lavarack Barracks in Townsville. My colleague Senator Quirke, who was with us on that visit, will no doubt remember very well that training simulation system.

Senator Quirke—I remember the real thing, too.

Senator FERGUSON—And the real thing as well; true, Senator Quirke.

Senator Quirke—I qualified.

Senator FERGUSON—I am sorry to say that I did not. The report also contains two recommendations by the committee. The first deals with financial allowances paid to personnel posted as caretaker staff to the RAAF bare bases at Learmonth, Curtin and Scherger. While caretaker staff are paid allowances to compensate for the increased costs of living associated with their posting, the subcommittee was advised that such allowances are insufficient. Indeed, it was suggested that an accompanied member could be significantly financially disadvantaged as a result of a posting to the caretaker staff of a bare base. Accordingly, the committee has recommended that the government conduct a review of the financial allowances paid to caretaker staff at the bare bases Scherger, Learmonth and Curtin.

The second recommendation addresses the issue of proposed changes to the fringe benefits tax reporting requirements. This was an issue which genuinely concerned many of the ADF personnel encountered during our visit. It was argued that the implications of the proposed changes would be significant for some service personnel, particularly in the areas of income tested government payments, liability for child support, liability for HECS, the superannuation contribution surcharge and the liability for the Medicare levy surcharge. The committee notes that since the tour this issue of FBT reporting has, in part, been addressed with the government moving to exempt defence rental subsidies from FBT reporting requirements.

However, while the decision to exempt defence housing assistance from FBT reporting was a positive move, the committee accepts that some defence personnel will still be financially worse off as a result of the proposed changes to FBT reporting. The committee is firmly of the view that financial conditions of service for ADF personnel are unique and reflect the circumstances and conditions under which they serve. Accordingly, the committee has recommended that the proposed changes to the FBT reporting requirements should be further reviewed to ensure that ADF personnel are not disadvantaged.

I conclude on the issue of the ADF's most important capability, and that is its people. The subcommittee was very impressed by the enthusiasm and the professionalism of the ADF personnel that we encountered during the whole of our visit. They were well trained, capable and committed to the service of this nation. We as a nation should be very proud of our Defence Force and the people who comprise and serve in it. Of course, many of those personnel are now involved in Australia's efforts in support of INTERFET. I take this opportunity on behalf of the committee to thank the men and women of the Australian defence forces for their commitment to this task and to wish them well. For those deployed in East Timor, we wish them all a very safe return.

I also comment on the secretariat again for their outstanding effort, particularly Michael Ward, in putting this whole visit together and for the manner in which it was conducted and for the way in which we were treated and received by all of the Defence Force personnel throughout all of the bases we visited in Northern Australia. It was a well worthwhile visit and one in which we were well looked after and given a comprehensive review of the state of readiness of Australia's defence forces. All of us on that trip could not be more impressed with our state of readiness and of the enthusiasm of the Defence Force personnel whom we spoke to and visited during that whole visit. I certainly would offer my thanks to the secretariat, particularly the secretariat of the Defence Subcommittee, who put so much time and effort into making sure that that visit to the Northern Australian bases was so worth while. I commend the report to the Senate.

Senator QUIRKE (South Australia) (4.19 p.m.)—I wish to be associated with the remarks that have been made by Senator Ferguson. Again, without giving a travelogue on it, I was with him on this particular trip. Although Senator Ferguson did not qualify on the rifle range, I must say that he did not do a bad job. In fact, I was somewhat concerned last week when the Prime Minister was casting his eye around for potential replacements for Timor that Senator Ferguson and

myself may well be called back to active service.

Having said that, I think that most of the people that Senator Ferguson and myself met up there are probably either in East Timor now or on the way there. We met and saw the capability of the 1st Brigade as well as the Tindal operation of the Royal Australian Air Force in the north. We met a number of other groups up there that are very important to the Australian defence forces that will not be involved in the INTERFET forces. We met the NORCOM people. We met a number of other groups associated with the defence of Australia and the north of Australia. We met a number of people who raised quite a number of issues with us, some of which the committee and other parliamentarians no doubt will take up, such as the number of illegal entrances in and out of Australia in our airspace, strangely at times when the radar system is meant to be down. We were very impressed by the monitoring work that is done up there.

The other remark that needs to be made is that the capability of the 1st Brigade in Darwin in particular was quite something we can be proud of. Although we were there some time ago now, there was no doubt what was on the minds of most of the soldiers and commanders up there. They were making it crystal clear to us that they had learnt the lessons from the Balkan wars and the peace operations in the Balkans in the last 10 or so years. They were saying that the presence of armour and tanks and that sort of equipment in what could basically be described as policing operations would not be needed. In fact, a detailed analysis and review had been done by many of the ranks up there about how best to enforce peace operations in Timor should that come about. These plans are now being put into operation.

In Townsville, we saw the 3rd Brigade; three or four platoons of this brigade were paraded in front of us. Again, they were men and women who were very well trained for the job they had to do. They had been on 72 hours of readiness for some time at that stage, and they too were ready to go into East

Timor. Indeed, they were the first soldiers who went into East Timor.

No doubt the visit of the committee was timely and I certainly received quite an education from the soldiers there about how the operation would unfold. So the whole exercise in the last few weeks has been extremely useful from the point of view of the Senate, and it was certainly important for my own education about how things will unfold up there. I have every confidence in the men and women of this force. I believe it is a very capable force and one would hope it does not have to go into harm's way.

I would also like to say that I think this Senate is well served by its committee staff. I also think the Joint Standing Committee on Foreign Affairs, Defence and Trade is especially well served by its staff. They have done a great job and, in both of the reports presented here today, the work of the individuals is probably without equal.

Question resolved in the affirmative.

Treaties Committee

Report

Senator QUIRKE (South Australia) (4.24 p.m.)—On behalf of Senator Cooney, I present report No. 25 of the Joint Standing Committee on Treaties, entitled *Eight treaties tabled on 11 August 1999*, together with submissions, the *Hansard* record and minutes of proceedings, and I seek leave to move a motion in relation to the report.

Leave granted.

Senator QUIRKE—I move:

That the Senate take note of the report.

I seek leave to incorporate Senator Cooney's tabling speech in *Hansard*.

Leave granted.

The statement read as follows—

The Report I have just tabled deals with eight treaties that were tabled in the Parliament on 11 August 1999.

This group of proposed treaty actions covers a range of subjects from double taxation agreements to the Food Aid Convention to the Articles of Agreement of the IMF to the adoption of uniform technical prescriptions for wheeled vehicles, equipment and parts.

In all cases, we have recommended that binding treaty action be taken as proposed.

We have also made some additional comments on some of these treaties. I understand that my colleague, the Honourable Member for Lyons, will make some comments on consultation in the treaty-making process in his remarks on this Report.

Two of the proposed treaties tabled on 11 August have not been included in this Report because we want to continue our inquiries. They are the proposed termination of the Social Security Agreement with the UK, and the revised text of the International Plant Protection Convention.

We will report on these two matters later in the year, and I have advised the relevant Ministers of this situation.

Report 25 is the eighth report we have tabled this year. One of these, on the proposed Multilateral Agreement on Investment, was a large Report on a significant international issue. Another dealt with a seminar the Committee conducted on the role of Parliaments in treaty-making. The other five have examined treaties or groups of treaties, tabled in the Parliament from time to time.

It is likely that there will be another three Reports tabled before the Parliament rises this year. It is appropriate to say a few words about how the process of reviewing treaties seems to be operating.

The Committee continues to provide an opportunity for interested organisations and individuals to make comments on the texts and National Interest Analyses tabled for each proposed treaty action. We send out a goodly number of copies of this material after each tabling.

We hold public hearings on all the treaties that are tabled in the Parliament. If we find that there are issues that need further attention, we delay tabling the results of particular reviews. This is what has happened to the two other treaties tabled on 11 August 1999.

This Committee receives considerable assistance in its work from Ministers and their officials. That does not mean, I am sure, that they agree with everything we say in our Reports.

I would like now to talk briefly about two of our recommendations.

While it is negotiating double taxation agreements, the Australian Taxation Office now consults with members of a panel that represents government, the accounting professions and business. We believe that there would be value gained by including country-specific business councils in the panel's deliberations. These bodies are in contact with companies that do business overseas, and we think that business councils have a contribution to make in the formulation of double taxation agreements.

We also believe that the operations of the International Monetary Fund and the World Bank, have changed significantly since they were set up in the middle 1940s.

These changes seem to have led to some duplication of effort and higher costs that are passed on to developing countries via loans. Administrative overheads should be reduced to ensure that more of donors' funds are available for assistance to developing countries.

We have therefore recommended that the Australian Government should actively support reform of these two important bodies, with a view to reducing duplication and waste and amalgamation as a longer term goal.

We are asked to report on proposed treaty actions within 15 sitting days of their being tabled. Depending on the program of Parliamentary sittings, this period can be as little as five or six weeks.

Today is in fact the fifteenth sitting day since these eight proposed treaty actions were tabled on 11 August: less than seven weeks ago.

During this review, we held two public hearings and received a number of valuable submissions in response to our requests for comment. On behalf of the Committee, I would like to thank those who have offered their views believing that, without them, our Report would be the less.

I would also like to take this opportunity to thank all of my colleagues, in both Houses and all Parties, for their contribution to the work of the Committee. It does have a significant workload, and the rest of 1999 is unlikely to be less busy than it has been to date.

I commend *Report 25* to the Senate.

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

Leave granted; debate adjourned.

ASSENT TO LAWS

A message from His Excellency the Governor-General was reported, informing the Senate that he had assented to the following laws:

Coal Mining Legislation Amendment (Oakdale Collieries and others) Bill 1999

Social Security (Family Allowance and Related Matters) Legislation Amendment Bill 1999

Ministers of State Amendment Bill 1999

Defence Legislation Amendment Bill (No. 1) 1999

Taxation Laws Amendment Bill (No. 7) 1999

Statute Stocktake Bill 1999

Workplace Relations Legislation Amendment (Youth Employment) Bill 1999

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Messages received from the House of Representatives agreeing to the amendments made by the Senate to the following bills:

Superannuation Legislation Amendment Bill (No. 3) 1999

Human Rights Legislation Amendment Bill (No. 1) 1999

A message received from the House of Representatives returning the following bill without amendment:

Aboriginal and Torres Strait Islander Commission Amendment Bill (No. 1) 1999

TAXATION LAWS AMENDMENT BILL (No. 9) 1999

First Reading

Bill received from the House of Representatives.

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

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

Bill read a first time.

Second Reading

Senator ELLISON (Western Australia—Special Minister of State) (4.26 p.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The government is committed to encouraging regional economic and jobs growth in an innovative timber industry, whilst also balancing responsible environmental concerns.

An inadvertent consequence of the passage of the overall package of amendments to the modified ANTS diesel fuel rebate scheme is that the forestry and timber processing industries would have been required to pay approximately 8 cents per litre more for off-road use of fuel than other agricultural industries. The intention of the government was always that these industries would receive the same rebate amount. The Amendment contained in this bill ensures that this commitment is kept.

The full rebate will be payable for fuel purchased for eligible forestry activities from 1 July 2000 and this amendment aligns the diesel rebate rate for forestry use with the rebate rate for agriculture.

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

I commend the bill.

Ordered that further consideration of the second reading of this bill be adjourned till the first day of sitting in the summer sittings 1999, in accordance with standing order 111.

COMMITTEES

Environment, Communications, Information Technology and the Arts References Committee

Report

Senator ALLISON (Victoria) (4.26 p.m.)—I present the report of the Environment, Communications, Information Technology and the Arts References Committee on the development of Hinchinbrook Channel, together with submissions, the *Hansard* record and minutes of proceedings.

Ordered that the report be printed.

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

Leave granted.

Senator ALLISON—I move:

That the Senate take note of the report.

I wish to begin by thanking the committee secretariat for what is a very thorough report and for their careful work in collecting evidence in a sometimes difficult and heated political context. I would also like to thank those who made submissions to the inquiry for their input and for their patience in waiting a further 12 months from when the report was initially due to be tabled.

Hinchinbrook Island and the Hinchinbrook Channel in North Queensland are renowned for their natural beauty. The channel is in the Great Barrier Reef world heritage area and abuts the wet tropics world heritage area. The outstanding natural values of the area demand the most careful and cautious environmental management of development in the region. This is a place where, if anything, environmental management should truly be best practice.

This inquiry was prompted by concern that environmental management of the region has in fact been very far from best practice, particularly in relation to the controversial Port Hinchinbrook marina and resort development near Cardwell at the north end of the channel. In my view, the environmental management of Port Hinchinbrook has been a tragedy of errors, the results of which have been unsatisfactory for all concerned.

For more than a decade, the proposal to develop a resort at Oyster Point on the Hinchinbrook Channel has been characterised by controversy, intergovernmental disputes and bungling at all levels. The issue has grown from one about shortcuts in permit approvals to one about protection of an outstanding natural area, the right of local communities to decent prosperity and a full-blown national debate that arouses the strongest of emotions.

The Port Hinchinbrook development promised regional jobs in an area that sorely needed them. The committee notes that, despite the many public claims of the developer as to the economic value of the development, there has never been any economic assessment of the impact the development is likely to have on the region.

The committee received 166 submissions, the clear majority being from people who did not want the resort to proceed because of its dangers to the surrounding world heritage area. A number of independent submissions came in from scientists expressing grave concerns about the impacts of the resort and about the way governments have managed this matter. The committee notes that a number of scientists reported being threatened or intimidated for putting their views forward about this development. The committee finds this sort of behaviour to be regrettable. The committee gave those who had had adverse comments made about them in submissions the opportunity to respond in writing. This generated a large amount of correspondence that the committee took into account in its final deliberations regarding the evidence to this inquiry.

In retrospect, a tremendous amount of expense and aggravation would have been avoided if the resort and marina project first

proposed in 1987 had been subjected to a proper environmental assessment process. In response to the continuing controversy about the development, a deed of agreement between the local and state governments and the developer was made. The Commonwealth later entered the agreement under what is known as the deed of variation. This deed is only enforceable by the signatories and has never been legally enforced despite documented and acknowledged breaches. It is doubtful whether it will ever actually protect the area from the impacts of the development. Evidence to the committee demonstrated that there are serious environmental risks from this development which have been overlooked or downplayed by various governments. It also shows those risks are ongoing. The committee notes that concerns so far highlighted by the Queensland Acid Sulphate Soil Inspection Team and by Professor Ian White raise serious questions about the short- and long-term management of acid sulphate soil on site.

In the committee's view, the Port Hinchinbrook example is a clear case for government of how not to consider and deal with development applications in sensitive areas. The attempts, mainly by state and local authorities, to short-cut even minimal environmental assessment has had the perverse effect of substantially increasing the costs in time, money and degradation to all parties—including developers, regulatory agencies and the community. It is also clear to the committee that the whole system of environmental impact assessment needs substantial overhaul. A system where parties interested in development both commission and pay for environmental impact assessments tends to produce reports with a bias towards development. Reports commissioned independently or by the scientific community do not demonstrate anything like this unanimity and might advocate greater caution.

Many witnesses to the inquiry stressed the need for better regional planning policies. No one would want to see the Port Hinchinbrook controversy repeated up and down the coast. We need regional plans to give clear ground rules to developers about what sorts of devel-

opments will or will not be acceptable. The committee is recommending that planning authorities must commit to thorough, independent, up-front environmental impact assessment of significant development proposals. This is particularly the case in management of world heritage, where the highest standards and the most cautious application of the precautionary principle should apply.

Some key recommendations of the report are the following. The Commonwealth, as a party to the Port Hinchinbrook deed of agreement, should engage an independent assessor to report on whether the developer has been complying with the deed and, if there have been any breaches, the Commonwealth should act to ensure they are remedied. That is recommendation 1. There should be a full assessment of acid sulphate soils at the Port Hinchinbrook site, and the Commonwealth should act to ensure that any breaches of the acid sulphate management plan are remedied. The Commonwealth should fund CSIRO to expedite research on acid sulphate soils and acid sulphate mapping around Australia. The Commonwealth and the Queensland governments should expedite research into the environmental effects of aquaculture on the Great Barrier Reef world heritage area. The Commonwealth should fund a program of regional planning in local government areas where planning decisions may affect the world heritage values of world heritage areas. Funding should be conditional on using best practice planning processes. The Commonwealth should also fund a program of information and education about world heritage conservation in those local government areas. The Commonwealth, in cooperation with the states, should expedite research into risks to the world heritage values of Australia's world heritage properties.

Senator TIERNEY (New South Wales) (4.34 p.m.)—I also rise to speak on the Hinchinbrook Channel inquiry by the Senate Environment, Communications, Information Technology and the Arts References Committee. It is a great pity that Senator Allison is leaving the chamber at the moment, because I would like her to hear this. This has been yet another superfluous inquiry set up by

Senator Allison into environmental matters. We have had the Jabiluka inquiry, and now we have the Port Hinchinbrook inquiry. We are about to have the Spencer Gulf inquiry. We seem to be travelling around Australia on a series of inquiries trying to examine things that are pretty much already determined and listening constantly to arguments that proper processes have not been followed when indeed, as we found with Jabiluka and as we have found now with Hinchinbrook, this sort of evidence has been constantly ignored.

One would wonder why Senator Allison is wasting so much of the Senate's time on these matters and why she is this afternoon having a private press conference on this. When I tried to check with the committee where the press conference was on this particular issue, I was amazed to learn that it is a private one. Members of the government and other senators are not invited to express a view. Perhaps this is because we would reveal the shonky nature of what has been set up here by Senator Allison inquiring into this resort.

If I could set the record straight—and it certainly has been set straight—in the government members' response to this report we emphatically reject that the government has been negligent in its duty to protect the environment at Port Hinchinbrook. The government has taken a very proactive approach to protecting world heritage values in the area. This was vindicated by His Honour Justice Sackville in the Federal Court of Australia. The Commonwealth government has entered a comprehensive deed of agreement with Cardwell Properties Ltd for the construction and operation of this complex at Oyster Point on Port Hinchinbrook. The deed expressly notes the grant of consents. The minister would specifically require the company to enter into certain enforceable arrangements to ensure the protection, presentation and conservation of world heritage values in the area. This includes stabilisation of the foreshore, monitoring of continued erosion and best practice dredging as well as control of acid sulphate soil run-off.

This has been not only a Commonwealth government matter but also a joint matter with the Queensland government. A memorandum

of understanding has been signed between the two governments and a regional management plan has been developed and put in place. Senator Hill also requested that the six independent scientists have a look at and do the environmental risk assessments, and we have had advice from the Australian Heritage Commission and the Queensland environment minister. So these management plans have been put in place and executed properly. It was only after all the various steps that I just mentioned that the Commonwealth entered into the deed and the memorandum of understanding and Senator Hill finally gave his formal consent for this resort to proceed.

The strange thing about the whole process of this inquiry, given that so many procedures have been put in place to protect the environment, is why this particular matter has been pursued for so long in the Senate and why we have received such—let me put it politely—strange advice from so-called scientists, who have put forward evidence that reflects not any particular science but their own political bias. We came across this again and again in the evidence that was presented. You have only to look at some of the rebuttal evidence by scientists who were put up as independent advisers and also the response of the developer, Keith Williams, to see that we have had presented to this committee pieces of evidence that have no validity in science at all.

In my own training I was trained to measure scientifically things that change. Admittedly, it was not related to the environment, but I do understand the principles of measuring change. One of the things that you must do is start from baseline data, but we found again and again that, when we challenged people about where this baseline data was, we found it wanting. We also found that certain types of evidence that should have been obvious to any scientist were withheld. I could give one example of that, and it relates to what happens when acid sulphate reaches the ocean. It was claimed that this acid sulphate was very damaging—it turns into a very dilute form of sulphuric acid—and that, when it got to the sea, it would be damaging to the seagrasses which the dugongs feed on. An elementary knowledge of science would

tell anyone—and this was also revealed by one of the top scientists in the evidence—that, if you add a weak acid to a weak alkali, which the ocean happens to be, as it is salt water, it is neutralised. I asked one scientist, ‘How far does this acid effect reach out into the ocean?’ He said, ‘Oh, about two or three feet.’ In other words, as it proceeds into the ocean, it is neutralised. Therefore, it does not affect the seagrasses and the dugongs.

The dugongs were another point of contention. We were told that damage to dugongs occurred in the channel because of the activities of boats. Increased tourist activity would be damaging to the dugongs. We were actually shown photographs of this damage—dugongs with marks along their sides—and this was claimed to be caused by propellers. What we actually found, from other photographs in evidence that we received from other scientists, was that these marks on the side were from the amorous activities of male dugongs. This is something that occurs quite naturally—it had absolutely nothing to do with environmental effects. It was sad to see that so much of the evidence presented to us by people who were masquerading as scientists—just putting their own particular political spin on something that they believed in—was done so dishonestly.

For this reason, the government members of the committee have dissented from all the recommendations in this report. This is a blatant political exercise. Senator Allison kept referring to ‘we, the committee’. What she really meant was the majority of the committee, because there were also government members on that committee. We put in a minority report and dissented from something that was a blatant political exercise. I call on Senator Allison and the Democrats to stop wasting the Senate’s time by holding inquiries like those on Jabiluka and Port Hinchinbrook. I am not too sure what we are going to find when we get to Spencer Gulf—maybe that will be a valid one. I look forward to it in that case, Senator Bolkus. I hope so, because the inquiries that we have had so far have been into things that have virtually been decided and into processes which you claim have not been implemented properly but,

when the evidence sees the light of day, it is clear they have followed proper processes.

This government has brought in a new environment, conservation and biodiversity bill which puts into the forefront the Commonwealth role in the environment and the protection of world heritage values. We have done this; we have followed proper procedure and, in the case of Hinchinbrook, we have certainly followed proper procedure. The minister, the Hon. Robert Hill, did not sign off until all those procedures were followed. What has happened with this report is a disgrace. It is a totally dishonest, biased and completely political report.

Senator BOLKUS (South Australia) (4.44 p.m.)—I also rise to speak in this debate and assure the Senate that I will not be breaking my record—I will not be agreeing with Senator Tierney for the first time this afternoon. I would like to start off by thanking the staff of the committee, and all those who were involved in making submissions, for the amount of work, effort and thought applied in helping the committee in its deliberations. I would also like to thank Senator Reynolds, in particular, and Senator Hogg for the work that they put into this inquiry. This is an important inquiry—important not as recognised by Senator Tierney but important as recognised by those interested in the Great Barrier Reef and the Port Hinchinbrook proposal, as well as those interested in future good environmental management.

It has to be said that Senator Tierney was totally unfair in the way he described Senator Allison’s history of raising proposals for inquiry by Senate committees. Jabiluka was, and continues to be, an important national issue. It will not go away because of anything that Senator Tierney says here this afternoon. It is an inquiry which highlighted enormous gaps in the government’s environmental assessment and approval processes, and those gaps are still there. The lack of adequate environmental support for the government’s approval of mining there not only is of national concern but also continues to be of international concern.

Gulf St Vincent is an area which is under enormous environmental stress. Senator

Tierney may be sceptical about the importance of a Senate inquiry into that particular part of Australia, but we are talking of an area on which there are enormous environmental pressures and the future management of which the Senate, by analysing the state of the gulf, can play an important role in. In this particular case, the opposition agree with the recommendations of this report. But we do not agree with the report and we do not agree with many of the conclusions arrived at by Senator Allison.

In some respects, we find the actual body of the report a self-congratulatory document for the Democrats, one which in many respects is not justified by the facts. But we do not let that detract from the important recommendations made by the report—recommendations with which we agree. Senator Allison may be having a private press conference at the moment but, in terms of environmental politics, it must be acknowledged in this place that the Democrats at the moment have a fair way to go to catch up. Having dumped the major environmental movement over the last few months on environmental legislation, I do understand that Senator Allison would be going out and having private briefings at the moment. But let us not allow that level of politicking to detract from the recommendations before us.

This inquiry has highlighted shortcomings in terms of the environmental impact assessment and approval processes and also the relationship between Commonwealth, state and local governments and developers. It is these shortcomings that should give us guidance as to how we should approach these matters into the future. The proposal before us not only has media specific implications but also has wider implications. This is a highly sensitive, large development. It abuts the Great Barrier Reef world heritage area, it is about six kilometres from the wet tropics world heritage area and there are a number of endangered species involved.

The marina and resort development was started in 1988 but has been halted a number of times due to the failure of a development company and due to government intervention to protect the environment. The inquiry into

the Port Hinchinbrook development has highlighted a number of problems, including a lack of up-front environmental impact assessments dating back to the 1980s. This has fuelled claims that the authorities are too biased in favour of development. The deed of agreement, which did exist, was not complied with. Also, despite evidence of frequent breaches, the matter has never been tested in court.

There are lessons here for a Commonwealth with a commitment to environmental protection—lessons in terms of adequacy of processes and the need for enforcement capacities. The approval process has been attacked as not providing a transparent public consultation process. In such a polarised issue, it is important that there be confidence in the public process. The lack of a comprehensive EIS allowed for a situation where the developer was able to present the development as a fait accompli. For example, the previous developers carried out earthworks for the marina for which they had some state and local approval but before securing other necessary Commonwealth and state approvals. There are lessons there in terms of timeliness of approvals and coordination between Commonwealth and state and also taking into consideration environmental concerns in an adequate and meaningful way.

Concerns have been expressed also by scientists that there was not adequate baseline data in the EIS process. We must recognise that the deed of agreement between the state government, the shire council and the developer was inadequate in terms of transparency and accountability. These are others measures that should be of concern to a national government. The committee was also able to make an assessment of the recent approval—that is, in 1996—by the Commonwealth minister for works to recommence. We are of the view that such an approval raises questions of whether the interpretation of 'environmental assessment' was too narrow. It appears that the wider impacts have been ignored, including the effects of boat traffic on dugongs and the potential for increased tourism on the nearby island national parks.

So there is a raft of recommendations that comes up through the report—recommendations which not only deal with specific issues but also, as I said earlier, have wider implications. Specifically, the recommendations in relation to Port Hinchinbrook include: (1) that the Commonwealth should ensure independent assessment of the development and ensure that the developer remedies any breaches of the existing agreement; and (2) that full assessment of acid sulphate soils at the Port Hinchinbrook development should be undertaken and steps be taken to ensure that the developer does not breach existing agreements.

Senator Tierney might think those sorts of recommendations frivolous and irrelevant, but they are important in terms of the ongoing Commonwealth responsibility in an area such as this—as I said earlier, so close to the wilderness area and also to the Great Barrier Reef Marine Park. Recommendations that deal with broader environmental planning issues include the need for: (1) improved procedures for early open independent EISs; (2) general research into acid sulphate soils and their effects on aquaculture; (3) regional land use planning, including support for local governments; (4) better Commonwealth and state cooperation in the protection of world heritage values; and (5) control of threats to dugongs in the southern Great Barrier Reef.

We feel that these issues need to be taken into account and there needs to be continuing federal interest in this matter. In that respect, were a Commonwealth government not to take issues such as this seriously, its recent environment legislation allows it an escape clause. Even though the Australian Democrats claim great success in achieving better environmental protection as a consequence of that legislation, the fact of the matter is that, through a number of mechanisms, that legislation will allow for a Commonwealth government to wash its hands of policy interests and concerns in an area such as this where so much of the decision making can be done by state and local governments. It is important for us that a more definite role be detailed in terms of Commonwealth responsibility in areas such as this. We should recognise that

areas such as this have led to the major environmental battles of the sixties and seventies—battles which have laid the legislative foundation for Commonwealth involvement and also laid in many ways the policy foundation for such involvement.

We feel that the recommendations accurately reflect the findings of the inquiry. As I said earlier, we agree with the recommendations, but we do not agree with many of the comments made by the Australian Democrats in the body of the report. Unfortunately, agreement was not reached as to working through the body of the report and coming up with agreed words and conclusions. But, as I said earlier, this should not detract from the fact that there has been agreement between the Australian Labor Party and Senator Allison with respect to the recommendations here—agreement which should provide some foundation for further government policy initiatives when there is a change of government.

Senator BARTLETT (Queensland) (4.52 p.m.)—I would also like to speak to this report on the development of Hinchinbrook Channel. As Senator Tierney felt it appropriate to mention that Senator Allison left the chamber when he was speaking, it is probably worth mentioning his immediate absence from the chamber as soon as he concluded his remarks, which is a pity because it is appropriate that I respond to some of his comments. As a senator for Queensland, I have a great interest in this report and in the Port Hinchinbrook development which has been, as all senators would know, an ongoing issue for many years not only for this parliament but also for the Queensland state government and the Queensland community in general.

The reason why the development has continued to be an issue for many years is that many of the concerns that have been raised, many of the flaws in the process and many of the ongoing threats to the environment surrounding the Hinchinbrook Channel and the Great Barrier Reef Marine Park have not been acknowledged and have not been adequately addressed. It is important to emphasise that this report is not simply a matter of beating up on the Port Hinchinbrook development. The aim of this inquiry was to

assess the process that occurred and the flaws in the process that enabled things to get where they are today not only to see what can be done to prevent any further damage but also to see what changes need to be made—what things need to be done differently—so that we do not have a repeat elsewhere in Australia and, of particular relevance from my point of view, elsewhere along the Queensland coast.

Evidence presented before this inquiry demonstrated that that is a real threat. One reason, amongst many, why this development got as far as it did was that various approval permits were given in inappropriate or inadequate circumstances many years ago. That was then on-sold, and the development was seen as already having approval and was already a certain way down the track. As everyone would acknowledge, once something has approval and is further down the track, it is a lot harder to stop it. There are many other proposed developments along the Queensland coast that are potential repeats of this situation—that is, where initial development approval has been given and there is inadequate protection if any developer chooses to go ahead.

I counter some of the suggestions of Senator Bolkus that, somehow or other, the Democrats amendments to the recent Environment Protection and Biodiversity Conservation Act exacerbate this problem. On the contrary, if that new act had been in place when the Port Hinchinbrook permits were first put forward, then there would have been a much stronger likelihood of a proper environmental assessment being done from the outset. That is one of the major improvements that the Democrats have managed to achieve with that new environmental legislation.

Senator Bolkus said that the new law would allow the Commonwealth to wash its hands of the issue. But the fact is that, under the law as it stood at the time of this development, the Commonwealth did wash its hands despite there being clear evidence of a potential impact on world heritage areas. Under the new act we have a role for the parliament in being able to prevent the Commonwealth from offloading its responsibilities by enab-

ling the parliament and the Senate to disallow any attempt made by the Commonwealth to offload its responsibilities. Clearly, there is increased power for the Commonwealth but the Democrats have managed to achieve increased protection as well.

I commend to the Senate many of the recommendations of this report. I hope that coalition senators, particularly those from Queensland, will examine those recommendations because there is an ongoing threat to the Great Barrier Reef, which is an indescribably huge asset to Queensland in terms of employment and the environment. Many of these recommendations address that ongoing risk. They are forward looking recommendations that not only try to prevent the travesty of the Port Hinchinbrook development recurring in the future but also provide ongoing, broader assessment and work to ensure that those ongoing threats to the Great Barrier Reef Marine Park area are addressed and managed properly. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ELECTORAL AND REFERENDUM AMENDMENT BILL (No. 2) 1998

Consideration of House of Representatives Message

Consideration resumed.

The TEMPORARY CHAIRMAN (Senator Watson)—The question is that the committee does not insist on amendment No. 21, disagreed to by the House of Representatives, and agrees to the amendment made by the House in place thereof.

Question resolved in the negative.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (4.58 p.m.)—I have had circulated the consequential amendments to the Referendum (Machinery Provisions) Act that we have spoken of earlier in the debate. Given that the House of Representatives' amendments have been negated, the appropriate course of action is to have all three consequential amendments now dealt with by the committee. The Labor Party intend to oppose schedule 1, items 55 to 58;

schedule 1, items 60 to 63; and schedule 1, items 64 and 65.

Senator BARTLETT (Queensland) (5.00 p.m.)—We traversed the debate on these issues fairly extensively prior to question time, so I will not go over those again. But, for the record, the Democrats have a view similar to the view of the ALP in relation to the way forward on this particular issue. We have not been convinced of the need for change at this time in this area of assisted voting. As I understand it, the question before the chair will ensure that we have an outcome where the Electoral Act and the Referendum Act are consistent with each other, which is obviously a very important outcome to achieve. On those grounds, the Democrats will also be voting to maintain the status quo.

Senator ELLISON (Western Australia—Special Minister of State) (5.01 p.m.)—For the record, the government, whilst disappointed that it was not successful in having its proposals in relation to assisted voting passed, recognises that there should be consistency between the electoral provisions and the referendum provisions. It recognises that these consequential amendments would achieve that, and therefore does not oppose them on that basis.

The TEMPORARY CHAIRMAN (**Senator Crowley**)—The question is that items 55 to 58 and 60 to 65 stand as printed.

Question resolved in the negative.

The TEMPORARY CHAIRMAN—The question now is that the committee does not insist upon amendment No. 26, disagreed to by the House of Representatives, and agrees to the amendments made by the House in place of it.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (5.02 p.m.)—Let me speak briefly to what is the second element of this message that is before us, which is, as you have properly indicated, Madam Temporary Chairman, Senate amendment No. 26. In one sense, this second element about the provisions relating to vehicles such as the Greenfields Foundation was perhaps the most controversial of the amendments that were adopted by the Senate in

February. I am pleased that the House of Representatives has passed those amendments with what I would describe as some minor refinements, and I am happy to agree to those refinements that have been proposed by the government. The disclosure of loans was the critical part of those amendments. Our amendments will prevent loans from being received from anyone other than a registered financial institution unless certain information such as terms and conditions of the loan are disclosed. We also inserted a definition of 'loan' consistent with the Income Tax Assessment Act.

Our amendments would prohibit a loan from being received from anyone other than a registered financial institution—guaranteeing its commercial nature—unless certain information was disclosed: basic information such as the terms and conditions of the loan and details about the individual or organisation from whom the loan was received. I believe that this information would greatly assist the AEC in their investigation and pursuit of possible or suspected associated entities such as the notorious Greenfields Foundation. The amendments do not, of course, prohibit loans being received. They just say that if you get a loan from an organisation, other than from a registered financial institution, then you have to disclose enough about that loan to inform the AEC as to whether it is on a commercial basis or not—or, indeed, would actually constitute a gift.

Hopefully, this definition, as set out in the Income Tax Assessment Act, will help Mr Lynton Crosby and Mr Ron Walker, along with the Special Minister of State and the Prime Minister, understand exactly what constitutes a loan. I think, to give him credit, Senator Ellison has probably finally worked out that there is not much support for the government's position, untenable though it might have been, on the Greenfields Foundation issue. I suppose in politics you eventually get to a point where you decide it is no longer tenable to defend the indefensible. I am pleased that the government has swallowed some humble pie on this and seen the good sense in the opposition's amendments.

The government has, to be fair, proposed some technical amendments here that have

been raised in relation to our Greenfields amendments, and I am happy to accept those technical amendments. Finally, the government has proposed a couple of technical amendments also in relation to omissions in the Electoral and Referendum Bill 1997, and we support those non-controversial amendments also. In relation to Senate amendment No. 26, to which the House has disagreed, House of Representatives amendment No. 2, which it has made in place thereof, and the additional amendment which has been made by the House, the opposition will support the question that has been moved by Senator Ellison on behalf of the government.

Senator BARTLETT (Queensland) (5.06 p.m.)—For the record, as I indicated previously when we were debating the message earlier on today, the Democrats will support the minister's motion that we not insist on the original Senate amendment in this area. We do acknowledge the government's taking on board of the intent and aim of the Senate's amendment from earlier in the year. As far as we can ascertain, the extra amendments that the House of Representatives has made to that Senate amendment are a refinement or an improvement on the initial proposal.

It is worth mentioning the Democrats' longstanding commitment in the area of electoral legislation for greater disclosure of donations and assistance to political parties, and it is pleasing to see the ongoing commitment of all political parties. The proposals for declaration of donations and issues such as that were first floated by the Democrats probably 15 or more years ago—from memory, by my Queensland predecessor Senator Macklin. I think it is fair to say that there was far from universal support from political parties for those proposals. I think it is a credit to all political parties, an indication of the improvement in the political process and also a recognition in the parliament—taking on board community beliefs and community perceptions about what is necessary in terms of transparency in the political process—that it has now become a close to universally accepted principle that we should have openness in relation to disclosure of political donations and related matters such as loans.

All that remains to be debated is the issue of how best to ensure balance in relation to issues of openness. I think that is an issue on which there have been a lot of advances in recent years in the political arena across all political parties. It is an issue that the Democrats will continue to promote and to monitor to examine potential loopholes, such as those which have been addressed by the amendments that will be contained in the new act. It is an ongoing issue; it is not something that is now resolved and we can all forget about and move on to other things. But it is pleasing to see. It is worth noting the more widespread general political consensus for openness and disclosure of political donations. There is always room for improvement, and we will certainly continue to put forward suggestions for further improvement. But we are pleased that the government has accepted the overall thrust of the amendment that the Senate has put forward, and we will be supporting the minister's amendments on this occasion.

Senator ELLISON (Western Australia—Special Minister of State) (5.09 p.m.)—For the record, these are the amendments I mentioned earlier which make the situation more workable, and which the government has brought forward to do just that. I acknowledge the comments of Senator Faulkner and Senator Bartlett in relation to this, and I commend the amendments to the chamber.

Amendments agreed to.

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

That the committee agrees to the further amendment made by the House of Representatives.

Resolution reported; report adopted.

NATIONAL HEALTH AMENDMENT (LIFETIME HEALTH COVER) BILL 1999

Second Reading

Consideration resumed from 23 September, on motion by **Senator Ellison**:

That this bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator CHRIS EVANS (Western Australia) (5.14 p.m.)—Madam Temporary Chairman, I do not as yet have a running sheet, but I understand that the first amendment to be considered is the Labor opposition's first amendment, which seeks to establish an independent review of Lifetime Health Cover. I move:

(1) Page 2 (after line 2), after clause 3, insert:

4 Review of operation of Act

- (1) The Minister must cause an independent review of the Lifetime Health Cover Scheme to be undertaken as soon as practicable after the third anniversary of the commencement of this Act.
- (2) A person who undertakes such a review must give the Minister a written report of the review.
- (3) The Minister must cause a copy of the report of the review to be tabled in each House of the Parliament not later than 31 December 2003.
- (4) In this section:

independent review means a review undertaken by persons who:

 - (a) in the Minister's opinion possess appropriate qualifications to undertake the review; and
 - (b) include one or more persons who are not employed by a registered organization, the Commonwealth or a Commonwealth authority and have not, since the commencement of this Act, provided services to a registered organization, the Commonwealth or a Commonwealth authority under or in connection with a contract.

Opposition amendment No. 1 seeks to put in a clause entitled 'Review of operation of Act'. It requires the minister to establish an independent review of Lifetime Health Cover and to report to parliament before the end of the year 2003. The wording of the motion is similar to others that the Senate has passed for other legislation and requires the minister to appoint a person who is clearly independent. I understand the government may be accepting this amendment. It was originally proposed by the Private Health Insurance Ombudsman during the inquiry into the bill. As the bill deals with very complex change to

the existing situation, there could be considerable difficulties for both the funds and the members during the implementation phase. Therefore, this is an appropriate amendment to be moving.

The committee would be aware that the opposition has given very strong warnings that we think the design of the Lifetime Health Cover Scheme could close the door to many people thinking of joining health insurance. We have concerns about how it may act as a disincentive to others taking out membership. But the funds should not expect this review to be the basis of yet another rescue plan. The onus is very much on them to make sure that the scheme works and for them to do so without expectation of additional subsidy. The opposition wants to make it very clear that that is our view and that this parliament ought not be in the position of continually looking to bail out private health insurance funds.

Senator LEES (South Australia—Leader of the Australian Democrats) (5.16 p.m.)—The Democrats will be supporting this amendment. We think it is commonsense to have a look at how this has worked, if it has worked. We do not foresee huge problems, nor do we see a huge increase in fund membership, but there may be some difficulties and we will be supporting this amendment.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.17 p.m.)—The government agrees to the amendment. I table a supplementary explanatory memorandum relating to the government amendments to be moved to the bill. The memorandum was circulated in the chamber on 20 September 1999.

Amendment agreed to.

The TEMPORARY CHAIRMAN (Senator Crowley)—Before we progress any further, I am advised that a running sheet should be with us any minute now. According to the one that I am working from, I understand we are now to move to opposition amendment No. 2.

Senator CHRIS EVANS (Western Australia) (5.17 p.m.)—I move opposition amendment No. 2:

- (2) Schedule 1, page 3 (after line 29), after item 6, insert:

6A After section 11

Insert:

11A Grants of financial assistance to States

Any part of an agreement entered into under the *Health Care (Appropriation) Act 1998* which provides that the Commonwealth may withhold or reduce payments to a State or Territory in response to changes in the private health insurance participation rate in that State or Territory shall be of no effect.

This amendment seeks to add a clause which deals with the potential for clawback from the states in relation to Australian health care agreements. The amendment has been of central concern to the Labor Party because of the provision that under the Australian health care agreements the funding to the states for public hospitals can be reduced if private health insurance levels increase.

In our view it is vital to ensure that public hospitals are not adversely affected by losing funds as a result of the new scheme. Public hospitals stand to lose a large slice from their budgets as a result of Lifetime Health Cover, if it is successful, and the opposition believes the only long-term effective way to protect them is by legislation. The Australian health care agreements set trigger points for each state above which funds are clawed back out of the public hospital system if participation in private health insurance increases.

Nationally, the trigger point is 34 per cent and the states stand to lose \$200 million, or more, if participation reaches the level assumed in the original actuarial work of 36 per cent. I understand the government and the Democrats have been discussing this issue and have reached some arrangements which will, as I understand it, see this measure defeated. That is obviously for them to explain to the Senate, but the Labor Party is most concerned that we get some protection for public hospitals out of this legislation. We are most concerned about the potential for clawback.

We think that participation in private health insurance and use of public hospitals are not the same thing and that we ought to be very clear in protecting the role of public hospitals in debating this legislation. We cannot accept

that we ought not ensure that clawback does not occur, otherwise what we will see is a huge investment of funds in private health insurance and encouragement of private health insurance at the expense of the public health system.

At the time of the signing of these health care agreements, the introduction of Lifetime Health Cover was not predicted and the potential for states to be impacted in this way was not understood. In their minority report, after the Senate inquiry, the Democrats agreed that public hospitals had to be protected and they specifically said that no funds should be deducted without proof that demand had reduced as a result of an increase in private health insurance. We think that was a very sensible point to make. We are concerned about the agreement entered into by the Democrats and the government, and I have been provided with letters that purport to give effect to that agreement. By far the better way to deal with this is for us to put into this legislation that protection for public hospitals, under the Australian health care agreements, that we see as necessary.

Senator LEES (South Australia—Leader of the Australian Democrats) (5.21 p.m.)—As was discussed during the committee process, the protection of the public hospital system should be seen as one of the prime, if not the prime, responsibility of government when we are talking hospitals generally. We are certainly concerned that the Medicare agreements, as signed, do not do this. Hopefully, by the time we get to the next Medicare agreement—I think it is three years down the track—the states will understand what it was that they signed and be far more careful in terms of having to show that measures that the government enters into are not going to harm the operation of the public hospitals and, indeed, reduce their income.

I have some personal concerns in this area that the Medicare agreements are in fact signed and that this place has seen them pass through it before. To now start undoing sections of those is not the preferred option. You will see from the letter that I tabled last time that we have an undertaking from government that basically that will not hap-

pen—in other words, we will look at the amount of money that is going into the public hospitals. Hopefully, through the inquiry we are about to have, more light will be shed on the money that is or is not going into the public hospital system. But, in this case, we are going to track it through the funds—in other words, require that there is actual evidence of how much money is going into the public hospitals.

I understand that the minister has the final attachment to the first of the letters that were tabled last week. If not, I will table that shortly to explain how it works. So I say to the Labor Party that their amendment certainly takes us in the right direction, but the problem with undoing the Medicare agreements will just lead us into more hot water. What we need to do is get the undertaking from government that the hospitals will not be adversely affected—in other words, to start tracking the money that is going into the public hospital system.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.23 p.m.)—There are two good reasons why the Senate should reject this amendment. The first is that the opposition amendment is redundant. As Senator Lees quite rightly said, all states and territories have signed Australian health care agreements with the Commonwealth for the five years to 2002-03. Part of that deal involved agreement on risk sharing arrangements between the Commonwealth and the states. They provide a framework for sharing both the risk for change and demand for public hospital services flowing from health insurance rate change and the benefits from hospital efficiency gains. The agreements have an automatic adjustment to provide an extra \$82 million nationally for every percentage point reduction in private health insurance participation rate in recognition of the increased demand on public hospitals.

The states argued long and loud for this adjustment mechanism and they accepted that it was entirely reasonable that as private health insurance participation returned to 1996 levels there would be reduced demand on public hospitals and it was fair that Common-

wealth funding should be reduced. The agreements already protect the states against reduced funding arising from a marginal increase in the participation rate. The arrangement will only come into effect when the participation rate exceeds a national average of about 33 per cent. The June quarter participation rate was 30.5 per cent. This means that the states and territories have a cushion equal to a 2.5 per cent participation rate increase before the arrangement comes into play.

But the government has listened to the concerns of the Democrats. The government has agreed to a new proposal to guarantee that the states cannot be worse off as a result of any increase in private health insurance participation rates. The Commonwealth will offer each state and territory a deal in the event that participation rates rise above the level where Commonwealth grants would be reduced. Revenue from privately insured patients and veterans will be compared with revenue received from these patients during 1997-98. If the increase in revenue from these patients does not match or exceed any loss in revenue under the agreements, the Commonwealth will waive the additional reduction. For example, if Commonwealth funding to a state would otherwise be reduced by \$7 million and the increase in revenue in that state was \$5 million more than in 1997-98, the Commonwealth will waive \$2 million.

The states will not be worse off as a result of the increase in private health insurance participation. If a state receives an additional \$9 million in privately insured patient and veteran revenue, the state will still be better off as a result of the increase in private health insurance participation. This is a very good deal for the states and territories. It also means that we keep a fair risk sharing arrangement under the Australian health care agreements.

The second reason for rejecting the opposition amendment is that it is hypocritical. Madame Temporary Chairman Crowley, far be it from me to state it in your presence, because you have been around longer than Senator Evans, but you would well recall the fact that when the Labor Party were in

government they never kept the agreement about a fall in two per cent participation rate to reimburse the states at that time. To come back in and now say it should be done when they are in opposition is entirely hypocritical. The opposition amendment would entirely wreck risk sharing under the agreements. The effect of the amendment is that the Commonwealth carries the entire risk of a decline in participation rates and the states bear nothing if participation rates rise.

In the previous Medicare agreement the opposition was not prepared to give any ground to the states on health insurance participation rates and public hospital funding—the states carried all the risk for declining insurance participation, which the previous government did nothing to stop. In contrast, this government has entered agreements which assure the states and territories of the biggest ever rise in Commonwealth funding for the public hospital system—an increase of more than 20 per cent over the five years to 2002-03. Commonwealth base funding for public hospitals in 1999-2000 will increase by six per cent in nominal terms and by 4.1 per cent in real terms over the last year—well in excess of the increase in demand caused by population growth and ageing.

I should point out that the states are not matching the Commonwealth's increase in recurrent funding for public hospital's services. While the Commonwealth has increased base funding in 1999-2000 by six per cent over last year, total public hospital funding provided by states and territories has increased by only 2.2 per cent over the last year. The states are simply pocketing the difference. In some cases, they are probably reducing the amount of their own source revenue that they put into hospitals and, as you well know, Madam Temporary Chairman, they have been doing that for as long as any of us can remember. The reality is that the Commonwealth has given the states a very generous deal. The opposition should wake up to the fact that the agreements are fair and reasonable and that, after all, the states did sign off on them; they agreed to enter them. The government has shown its good faith in assuring Commonwealth funding under the

Australian health care agreements and in making a generous concession in the deal with the Democrats. I would think that the opposition should show a bit of commonsense and that the Senate should reject this amendment.

Senator CHRIS EVANS (Western Australia) (5.29 p.m.)—I must say it makes a nice change to be patronised by Senator Herron instead of Senator Newman. I actually have a series of fairly serious public policy concerns with the proposition. I think a lot of the claims made by the minister either are not supportable or certainly do not conform with the letters that Senator Lees has given me.

The starting point would be to ask the minister—and the Democrats, I suppose—what revenue received by state public hospitals from private health insurance and veterans sources tells us about the demand for public hospitals. It seems to me that they are used in this agreement as being the same thing. Our concern is that public hospitals should be funded according to their usage. I am just not sure why you have chosen, as the measure that determines whether this measure has impacted on the use of public hospitals, this question of revenue from private health insurance and veterans sources. I suppose the first question to ask is whether that is what we should take as being the measure of usage of public hospitals and demand for public hospital services in this country. I am a bit confused.

Senator LEES (South Australia—Leader of the Australian Democrats) (5.30 p.m.)—Perhaps I can begin my answer by seeking leave to incorporate attachment A. I am not sure if Senator Herron has attachment A. It is an attachment to the letter that we circulated during the second reading debate.

Leave granted.

The document read as follows—

Attachment A

Should the level of private health insurance rise such that the claw back provisions of the Australian Health Care Agreements (1998-2003) come into play, then the following would happen.

At the end of that financial year the Commonwealth would determine from the Private Health

Administrative Council the amount of revenue that each State and Territory has received from

1. Health funds through
 - (a) day patients
 - (b) overnight stay patients
 - (c) nursing home type patients
2. Payments from the Department of Veterans' Affairs

and compare this with to the amount of revenue received from the same sources by the States in the last year of the previous agreement, 1997/98.

The Commonwealth will only invoke the claw back if the amount of money to be clawed back is less than the amount of extra revenue received by State Public Hospitals from Private Health Insurance and Veterans' sources.

Thus, this way no State or Territory can lose revenue, as any money taken by the Commonwealth would be more than made up from a new revenue stream from Private Health Insurance and Veterans. However, State and Territory hospitals can be better off because, should the extra money from the sources above exceed the claw back amount, they will keep all of this themselves.

It should be noted that, over the life of the current Agreement (ie to 30 June 2003) the Commonwealth does not expect the level of private health insurance to rise to such a level or the claw back provisions would be revoked.

Senator LEES—Our concern is that the public hospitals are going to lose money. At the moment, almost regardless of what the demand is on their services, the states have, I believe, been taking money out. That, as the committee inquiry goes on, is something that will be given greater light, but we cannot deal with that under this bill.

What we are trying to make sure of is that the money flowing in to the hospitals is not going to be reduced by this measure. What the states are then going to do we have no power over, and neither does the Medicare agreement in many ways. They do have some, but certainly not as much as we would like. By actually asking the funds how much money is going through for day patients, overnight stay patients and nursing home type patients and also the Department of Veterans' Affairs, you will get a figure for the amount of money that has actually been paid through to public hospitals, state by state.

If we should get to 33 per cent—and it depends on the state—or up to as high as 36 per cent of private insurance levels, if there were to be a clawback, that clawback could not be more than the amount paid in. Indeed, the states still can gain considerably, because I suspect that we will not get anywhere near, in any of the states, that trigger point. But, should we do so—and this was highlighted in the committee—we must not see a reduction in funding to the public hospitals. It would be balanced off against what they are getting from this supposed increase in their income. That would be documented by the funds if it happened, and they would then not have to pay back any more than that if the clawback were triggered.

I guess it would partly start to show us, as we look through these figures and further documentation from the Senate inquiry, how many privately insured people are not declaring their status. Basically, the funds will not show them as being down as patients. They may have simply chosen—as many people are doing—not to declare that they are privately insured, and the public hospitals will not suffer if that is in fact the case.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.33 p.m.)—That is a very clear explanation which should be accepted by Senator Evans.

Senator CHRIS EVANS (Western Australia) (5.33 p.m.)—I am glad for the encouragement, Senator Herron. Perhaps you could then indicate for the record that this document that Senator Lees has tabled is actually authored by the government. Senator Lees has had it tabled, and it is the attachment referred to in Dr Wooldridge's first letter of 22 September 1999. If this is a government assurance, it seems to me that you ought to be giving that assurance to the Senate; so perhaps you could make that clear.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.34 p.m.)—I am happy to do so.

Senator CHRIS EVANS (Western Australia) (5.34 p.m.)—I take it therefore that you said that this was the appendix attached to the letter dated 22 September 1999 addressed to

Senator Lees. I assume that you are also confirming that that is the separate attachment referred to in point 1 of that letter. Could you confirm that, please? Could you also then perhaps explain to me what the last paragraph of attachment A means, because it does not seem to say what you say you are doing. It says:

It should be noted that, over the life of the current Agreement (ie to 30 June 2003) the Commonwealth does not expect the level of private health insurance to rise to such a level or the clawback provisions would be revoked.

I did not know that you had committed yourselves to revoking the clawback provisions. I am encouraged by that. I would like you to confirm that that is what you are doing. If you are doing that, could you also give me some indication of what you expect to be the level of private health insurance under this proposal?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.35 p.m.)—Yes. Senator Lees did cover that, and I think it should be perfectly clear. That is the last paragraph:

. . . the Commonwealth does not expect the level of private health insurance to rise to such a level or the clawback provisions would be revoked.

In other words, we do not expect that private health insurance would rise to the level of 36 per cent or in that vicinity.

Senator CHRIS EVANS (Western Australia) (5.35 p.m.)—You are saying to us, though, that the government policy is that, if it did, you would revoke the clawback provisions. That is what the Labor Party is seeking in this amendment. We have been told that that is not possible; but your attachment seems to imply that you have accepted the logic of that and that you will be revoking the clawback provisions if that becomes a problem. Our argument is: why can't we do it now?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.36 p.m.)—In the circumstances as detailed in the letter, of which attachment A has been tabled.

Senator CHRIS EVANS (Western Australia) (5.36 p.m.)—I still do not think that answers the question, Minister. As I say, your

attachment A, which Senator Lees tabled on your behalf, says:

. . . the Commonwealth does not expect the level of private health insurance to rise to such a level or the clawback provisions would be revoked.

I assume that means that the government is committing itself to revoking the clawback provisions if the trigger is hit. That is not what you said. If you are saying that, I am pleased to hear it, because that is the Labor Party policy; but I thought you were saying something quite different from that.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.37 p.m.)—As I said previously, it is under the circumstances that are in attachment A, which has been incorporated. The first paragraph of attachment A reads:

Should the level of private health insurance rise such that the claw back provisions of the Australian Health Care Agreements (1998-2003) come into play, then the following would happen.

The last sentence refers to the material that occurs following that first paragraph. I think that clarifies the issue if you read the full attachment A. The second paragraph reads:

At the end of that financial year the Commonwealth would determine from the Private Health Administrative Council the amount of revenue that each State and Territory has received from . . .

And so it follows. Only in those circumstances would the clawback provisions be revoked.

Senator CHRIS EVANS (Western Australia) (5.38 p.m.)—I thank the minister for his answer. I am not sure it is as clear as he would have us believe. This is probably a good time to make the more central point that we do not believe this is the way to conduct the public affairs of this country. I have no difficulty with the Democrats dealing with the government in coming to arrangements about what they will support. That is part of the political process. But I think the difficulty is that, instead of dealing with the legislation, we now have three letters and an attachment from Dr Wooldridge. I thought he was a doctor of medicine, not a doctor of letters. It seems to me that this is not the way to deal with the legislation.

We have assurances from the minister in correspondence to the Leader of the Democrats. The Labor Party would want to argue quite strongly that this is our opportunity to make sure that the legislation is right, that we have correct public policy, and that we amend the legislation to reflect the will of the Senate. Senator Lees and the Labor Party, I think, are of a similar mind as to what the problem is, but we do not agree that this is the way to resolve it. We think we ought to amend the legislation and therefore put into law the intent of the Senate, but what we have here is three letters and an attachment from the current minister.

As we know, these things can change quite quickly in the area of aged care, and we have had a great deal of difficulty in getting assurances given by former ministers of aged care enacted by the government. It seems to me very much a second or third best option to have letters, which do not contain even the attachment at the time they are distributed, as a means of confirming what we are going to do with a very important part of the public policy in this country.

I reiterate the point that this is best dealt with by an amendment. I know the minister says it is redundant and that there would be unintended consequences, but governments always say those sorts of things. The point is that this is the opportunity for the Senate to pass the legislation it thinks is most appropriate in regard to Lifetime Health Cover. The Labor opposition has a very strong view that central to this approach ought to be the protection of the funding of public hospitals. We do not think a series of letters from the minister is the way to provide that public policy certainty and the protection for that.

I know we disagree with the Democrats on this occasion about that, but I wanted to raise the point with Senator Lees because, quite frankly, it is a difficulty I am having in dealing with the Democrats in a range of areas about responding to government assurances and arrangements made in private rather than dealing with the legislation. I am not here to lecture the Democrats on how to run their business, but it is important that the Senate fulfils its legislative role properly; and

that means dealing with the legislation and, if amendments are needed, treating them on their merits rather than reaching agreements privately and then distributing material that purports to provide the same sort of security.

As I say, it is not for me to tell the Democrats how to conduct their business, but I do think it is an important public policy issue that is emerging about how we deal with important issues. I think it is the role of this Senate to vet the legislation and to make necessary amendments where we think they are appropriate. I do not think this sort of method of distributing letters providing assurance is as good a way. I do not doubt the sincerity of Senator Lees or the minister in relation to those things. I am not questioning that. That is a view Senator Lees has come to and that is fine. But I argue very strongly that we are much better off and have a great deal more security if those assurances are reflected in legislation.

I will not labour the point any further, but I am not sure that the collection of correspondence received by Senator Lees from Dr Wooldridge in the last few days provides the appropriate protections, and I would urge her that we would be much better off making the legislative changes to give effect to the policy decisions that there is a majority for in this chamber.

Senator LEES (South Australia—Leader of the Australian Democrats) (5.43 p.m.)—I just need to respond to the issue of to legislate or not to legislate. The Medicare agreements are there—signed by all the states. I would argue that, unless we find within the agreements a problem that is something absolutely exceptional, we should not be tampering with them. We should not be getting into a situation where we start going back to the states. This is an agreement that is just as good. It will make sure that the states do not lose any money.

If you go through the other points in the letter, you will find that regulations are involved and supporting your amendments are involved. As for known gaps, we are simply reinforcing what is already known out there, something that the AMA supports. It is just that consumers, unfortunately often elderly

consumers, are not aware of the fact that they have rights and should not be paying gaps that they have no idea about. As for the advertising campaign, it is not something we need to legislate. So in terms of the items you are referring to, Senator, in that first letter, this is the only area where we argue we should not be legislating, that this has to be done by agreement because legislation, signed off by the states, is already there.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.44 p.m.)—I feel I should reply to the central point of Senator Evans's argument. The government has agreed to the proposal to guarantee that the states cannot be worse off as a result of any increase in private health insurance participation rates. That is the central core of Senator Evans's statement. I think he should accept that assurance.

Senator CHRIS EVANS (Western Australia) (5.44 p.m.)—I ought to indicate that there is a track record with this minister on some of these sorts of things. I remember that there were certain assurances given about pre-existing ailment rules on one of the earlier occasions we had a debate on a bill in the Senate. That reinforces my point about the need to put these things into legislation rather than to rely on the then minister's undertakings. But, as I say, I do not want to labour that point any further, although it is something that is concerning me in a range of policy areas at the moment.

I do ask the minister to respond to the fact that there was a great deal of enthusiasm about private health insurance membership when we put through the last private health insurance bill and the expenditure of \$1.7 billion of taxpayers' money. The mood seems to have changed considerably. This is another measure designed to support and encourage private health insurance, but we are now assured that there is no risk at all of us getting to this clawback trigger, whereas there was a great deal more enthusiasm in earlier times about the impact on membership levels. I am interested to know what the government's thinking and frame of mind is in terms of the future of private health insur-

ance and what impact this measure will have, in their view.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.46 p.m.)—The philosophy behind it is to stop the free-fall out of private health insurance, which was initiated by the Labor government. For example, it fell from over 50 per cent to below 30 per cent in my own state of Queensland. This measure was to provide assistance to people in an attempt to keep people in private health insurance and encourage an increase.

Senator Chris Evans—That was the last measure.

Senator HERRON—Yes, that was the last measure, but the philosophy behind it is that there is no magic pudding. There has to be either private funds going in or public funds. If we can slow the increase in public expenditure by encouraging people to put their own money in to take out private health insurance, then it is an advantage for everybody.

Question put:

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

The committee divided. [5.51 p.m.]

(The Chairman—Senator S. M. West)

Ayes	25
Noes	39
Majority	14

AYES

Bishop, T. M.	Bolkus, N.
Brown, B.	Campbell, G.
Carr, K.	Collins, J. M. A.
Cooney, B.	Crossin, P. M.
Crowley, R. A.	Denman, K. J. *
Evans, C. V.	Faulkner, J. P.
Forshaw, M. G.	Gibbs, B.
Hogg, J.	Hutchins, S. P.
Ludwig, J. W.	Mackay, S.
McKiernan, J. P.	McLucas, J. E.
Murphy, S. M.	O'Brien, K. W. K.
Quirke, J. A.	Sherry, N.
West, S. M.	

NOES

Abetz, E.	Allison, L.
Alston, R. K. R.	Bartlett, A. J. J.
Bourne, V.	Brownhill, D. G. C.

NOES

Calvert, P. H. *	Campbell, I. G.
Chapman, H. G. P.	Coonan, H.
Crane, A. W.	Eggleston, A.
Ellison, C.	Ferguson, A. B.
Ferris, J.	Gibson, B. F.
Greig, B. A.	Heffernan, W.
Herron, J.	Hill, R. M.
Kemp, R.	Lees, M. H.
Lightfoot, P. R.	Macdonald, I.
Mason, B. J.	McGauran, J. J. J.
Murray, A.	Newman, J. M.
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Ridgeway, A. D.
Stott Despoja, N.	Tchen, T.
Tierney, J.	Troeth, J.
Vanstone, A. E.	Watson, J. O. W.
Woodley, J.	

PAIRS

Cook, P. F. S.	Tambling, G. E. J.
Conroy, S.	Payne, M. A.
Lundy, K.	Minchin, N. H.
Ray, R. F.	Knowles, S. C.
Schacht, C. C.	Boswell, R. L. D.

* denotes teller

Question so resolved in the negative.

Senator CHRIS EVANS (Western Australia) (5.56 p.m.)—I move opposition amendment No. 3:

- (3) Schedule 1, page 4 (after line 5), after item 7, insert:

7A After subsection 73BC(5C)

Insert:

- (5CA) Not later than 1 July 2000, the Minister must review the principles determined under subsection (5B) and vary them to the extent necessary to ensure that the principles:
- are consistent with the Lifetime Health Cover rules in Schedule 2; and
 - promote competition and efficiency in the health insurance industry; and
 - do not disadvantage consumers.

This amendment seeks to insert a new clause (5CA). It is about reform of the re-insurance pool so that, in our view, Lifetime Health Cover can work properly. Reform of the re-insurance pool will send the signal to industry that each fund must become more efficient and consumer focused. There is a reform process under way, but there is a lack of clarity about when it will be completed and

there seems to be a lack of commitment by the government to undertake reform.

We are concerned that the relationship between the minister and the industry is a bit cosy and that he lacks the will to make the necessary changes. The government claims it is committed to reform but, as in many other areas, it seems to duck the hard issues and deliver a partial response too late. If Lifetime Health Cover is to work, then there must be reform of re-insurance. The effect of re-insurance is to readjust between funds according to the risks they have as a profile of members. If the funds have no incentive to control costs, then the benefits of Lifetime Health Cover will be lost. The actuaries who designed the scheme suggested that reform of the re-insurance pool could wait for a short time, but this is clearly a less desirable outcome. If the government is unwilling to accept the deadline being inserted by legislation, I call on the minister to make a clear commitment that this reform process will not languish but will proceed at speed.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (5.57 p.m.)—The current re-insurance arrangements are compatible with Lifetime Health Cover for at least the next two years. Consultant actuaries, Trowbridge, have confirmed this is the case. There is no need for the introduction of the Lifetime Health Cover Scheme and new re-insurance arrangements to occur simultaneously. Indeed, health funds would prefer a staged introduction of the two new arrangements.

A review of re-insurance arrangements for health funds has been undertaken, and the new model has been proposed that will be compatible with Lifetime Health Cover and will continue to support community rating and encourage health funds to improve efficiencies. Consultation on the new model with the industry and consumers has commenced, and the new arrangements will be announced as soon as the consultations are complete and issues raised by the industry and consumers are addressed. There is no reason to legislate.

Senator LEES (South Australia—Leader of the Australian Democrats) (5.58 p.m.)—The information I have is that this is progressing

as the minister has said, but also that there just does not seem to be the concern out there about this. We have got two years to get this issue dealt with. There is a process being developed. I think to actually jump in at this stage and legislate would undo some of the work that is being done, particularly for some of the funds that have some concerns about this whole issue. If we are trying to do something positive for the industry, I cannot see why we need to jump at this point in time. So we will not be supporting this amendment.

Amendment not agreed to.

Senator CHRIS EVANS (Western Australia) (5.59 p.m.)—by leave—I move opposition amendments (4), (14) and (20) on sheet 1519 revised:

(4) Schedule 1, page 4 (after line 5), after item 7A, insert:

7B After paragraph 82ZRC(b)

Insert:

(ba) to make determinations for the purpose of the application of the Lifetime Health Cover rules in Schedule 2;

7C At the end of section 82ZSA

Add:

(2) Without limiting paragraph (1)(a), a complaint may be about any matter arising from the application of the Lifetime Health Cover rules set out in Schedule 2.

7D At the end of section 82ZSD

Add:

(2) If, after receiving a report from a registered organization or after investigating a complaint about the application of the Lifetime Health Cover rules, the Health Insurance Ombudsman is satisfied that the application of the rules resulted in an outcome for the complainant that is, in all the circumstances, unfair, he or she may determine:

- (a) that a complainant is deemed to have a different Schedule 2 application day; or
- (b) that a complainant is to be treated as having had hospital cover on 30 June 1999; or
- (c) that a registered organization must apply the Lifetime Health Cover rules in the manner specified in the determination.

Note: The heading to section 92ZSD is altered by adding at the end "**and determinations**".

7E After Division 4 of Part VIC

Insert:

Division 4A—Health Insurance Ombudsman may make determinations relating to the Lifetime Health Cover rules

82ZTDA Health Insurance Ombudsman may make determinations relating to the Lifetime Health Cover rules

(1) On the written application of:

- (a) a registered organization; or
- (b) a person who is, or who has applied to be, covered by a private health insurance policy;

the Health Insurance Ombudsman may make any of the following determinations for the purpose of the application of the Lifetime Health Cover rules in Schedule 2:

- (c) a determination that an adult beneficiary has a specified number of prior member years;
- (d) a determination that an adult beneficiary has a specified number of years without hospital cover;
- (e) a determination that a person is to be treated as having had hospital cover on 30 June 1999;
- (f) a determination that an adult beneficiary has a specified Schedule 2 application day;
- (g) a determination that a person was born on or before 1 July 1934.

(2) In this section:

private health insurance policy has the meaning given by section 82ZS.

(14) Schedule 1, item 11, page 6 (after line 34), at the end of clause 2, add:

Note: An adult beneficiary's *years without hospital cover* may be determined by the Health Insurance Ombudsman. See section 82ZTDA.

(20) Schedule 1, item 11, page 7 (line 27), at the end of clause 5, add:

; or (e) if the Health Insurance Ombudsman has determined a Schedule 2 application day in respect of an adult beneficiary under section 82ZTDA—that day.

These amendments go the question of the functions of the Private Health Insurance Ombudsman. If this passes, we will oppose

items 5 and 23 and government amendment No. 4 to remove the current hardship provisions which are the government's alternative regime to our amendments. These amendments give the Private Health Insurance Ombudsman strong powers to remedy hardship cases and unforeseen anomalies caused by the new scheme. The bill as presented contains only a limited power for the minister to establish regulations to cover hardship that occurs in the first two years of the scheme. The opposition believes the concept of the minister determining issues of hardship on the basis of regulations is inflexible, inefficient and likely to be very slow.

The Lifetime Health Cover scheme is complex, and it depends on many evidentiary issues over which disputes might arise. Age, residency in Australia, prior coverage, identity and coverage as a partner in a former relationship are all likely causes of dispute. I believe the Private Health Insurance Ombudsman is the appropriate body to consider complaints and hardship applications. That office has investigative staff, a process for receiving and resolving complaints, an ongoing relationship with the industry and a reporting relationship to parliament. As I understand it, the government's assertion is that the opposition amendments would give the ombudsman greater powers than the AAT, although they have provided no substantive argument for that assertion.

Powers given to the Private Health Insurance Ombudsman by the opposition amendments are purely to resolve administrative problems and to ensure the smooth working of the scheme. They provide for the ombudsman to be able to make determinations in respect of five matters where, for evidentiary reasons, the scheme might be harsh and become unworkable in circumstances that the bill—or any regulation, for that matter—had not foreseen. These powers are not limited to the first two years of operation. It is now common for industry ombudsmen to have determinative powers, which is what the AAT has, to resolve minor disputes. For example, under their respective schemes, the determinative powers of some industry ombudsmen are: the New South Wales Energy Ombudsman

can make determination and award payments of up to \$20,000; the Banking Ombudsman can determine compensation or repayments of funds of up to \$150,000; and the Telecommunications Industry Ombudsman can determine compensation of up to \$10,000, with the discretion to go up to \$50,000. There is nothing unique about the proposed powers. They deserve support because giving the ombudsman the ability to resolve problems on an ongoing basis will ensure the scheme works more effectively.

If these amendments are not passed, the opposition will reluctantly support the existing hardship provisions, but we think this is the preferable way to go. We explored in the Senate committee inquiry a range of issues that brought out the complexities of potential scenarios that different individuals would find themselves in. We think it is far preferable to have a longer term mechanism for resolving those disputes that is seen to be independent, fair and slightly apart from the bureaucracy of the departments. We think our approach better deals with the problems that everyone admits may occur in terms of interpretation and evidence about people's circumstances. We would urge the Democrats, Independents and other minor parties to support this approach as being a preferable approach which gives better consumer protection than the approach proposed by the government.

Senator LEES (South Australia—Leader of the Australian Democrats) (6.03 p.m.)—My first comment is that the ombudsman is someone who is paid for by the industry. He or she is an independent person who is supposed to be enforcing industry good conduct. As well as my concern about what the ombudsman's role is supposed to be, my concern with these amendments is that there is no appeal provision to the AAT. After all, if the minister's decision is not acceptable to the person appealing, the case is referred to the AAT. Senator Evans, to suggest that the minister's discretion is somehow inadequate ignores the fact that, if there is a problem, there is somewhere to go. That is the normal process. So, at this point in time, the Democrats are not able to support this amendment.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (6.04 p.m.)—The Private Health Insurance Ombudsman is currently an independent person paid for by the industry to enforce voluntary good conduct. The amendments proposed by the opposition would change the ombudsman's role to that of an arbitrator with more powers in relation to the operation of Lifetime Health Cover than the Administrative Appeals Tribunal has over many aspects of government policy. The current hardship provision in the bill is a transition measure designed to ensure that, in circumstances of demonstrated hardship during the transition period, people will not be disadvantaged by the introduction of Lifetime Health Cover. The minister, not the ombudsman, will exercise the discretion, and the parties will be able to appeal to the AAT, for which there is no provision in the opposition's proposed amendments.

An ongoing discretionary power for the ombudsman would expose health funds to an ongoing risk that large numbers of people would be exempted from paying a loading for late entry. This could weaken the financial benefits of Lifetime Health Cover in the medium to longer term and lessen the downward pressure on premiums. Any concessions made by the ombudsman would have to be funded by increased premiums for all other members. An ongoing discretionary power for the ombudsman would also significantly increase the workload of the ombudsman's office. Problems that may arise under Lifetime Health Cover will not be any more difficult or complex than problems that currently arise in relation to pre-existing ailments and levels of cover. The Private Health Insurance Ombudsman currently deals with such problems through mediation to the satisfaction of both parties in the vast majority of cases. The government believes it is more equitable to design unambiguous rules that can be fairly applied and to enshrine these rules and regulations rather than to give the ombudsman the power to make policy on the run.

Senator CHRIS EVANS (Western Australia) (6.06 p.m.)—I am obviously not at my

persuasive best this evening: I am having no luck all with Senator Lees, but I hope she still has an open mind on this. I am amazed that the Democrats will be rejecting a proposition to give these powers to the Private Health Insurance Ombudsman and that they would prefer that the minister retain those powers in terms of the regulations that he drafts.

I suppose the first thing to say, in response to Senator Lees, is that under the government's provision any appeal is limited to that initial two-year period. There is no flexibility beyond that—if you are not in within the two-year period then it is just tough. So there is a very limited opportunity to make a case based on hardship or other circumstances. Secondly, the minister will make decisions in relation to the regulations drafted by the government and the bureaucracy. Any appeal to the AAT will be on the basis of whether or not those regulations have been applied correctly. It will not be, on a more discretionary basis, about hardship or an individual's circumstances. It will be limited by the government's regulations. I suppose we will have the ability in this chamber to disallow these regulations, but we will have no part in framing them.

Obviously, we have not had a chance to see those regulations at this stage, so I think there is a great deal more consumer protection in the Labor Party proposition. The minister raises the normal fears about change of policy by decision, but I do not think that that is the history of ombudsmen or of the Private Health Insurance Ombudsman. What we are trying to do is ensure that there are adequate consumer protections for issues arising from this scheme. The government's protection is a very limited one—it is limited to the first two years and limited to the grounds specified in the regulations that they will draft. It seems to us a much better consumer protection that the Private Health Insurance Ombudsman is given the powers contained in our amendments to look at the individual's circumstances and to make fair and balanced judgments about those circumstances and how people have been impacted on by this scheme.

I do not think that is a terribly frightening proposition. As I say, it is one that has been

consistent with everything that I have heard from the Democrats in the last 10 years. I am surprised on this occasion that they are not prepared to embrace that sort of approach. As I say, the criticisms that Senator Lees makes of our proposition in terms of the AAT are, I think, misguided, particularly as the appeal to the AAT will be only on the basis of whether or not those regulations drafted by the minister have been applied and will not have the wider scope about hardship and personal circumstances. So I would be concerned if the Democrats were not going to support these amendments. I think they contain a much stronger consumer protection that ensures fairness and recognition of individual circumstances. I hope that Senator Lees might reconsider her position because I think these amendments would make it a better bill. I think it would be in the interests of Lifetime Health Cover itself that we have a proposition that is fairer and has provision for people to be treated as individuals.

Amendments not agreed to.

The TEMPORARY CHAIRMAN (Senator Lightfoot)—I understand that we are not proceeding with opposition item 5 and that we are now proceeding with government amendment No. 4.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (6.06 p.m.)—The transition arrangements in the bill will benefit those who have hospital cover when the new Lifetime Health Cover scheme comes into effect on 1 July 2000. On that date, existing members will be treated for the purposes of Lifetime Health Cover as if they have had private hospital cover since they were 30 years old. For people who do not have private health insurance hospital cover, there is a period of grace beginning on 1 July 1999 and ending on 30 June 2000. During this period, people who do not have hospital cover can join a fund and be treated in the same way as existing members when the Lifetime Health Cover scheme comes into effect on 1 July 2000.

To ensure that these transition arrangements fully support the intention of the Lifetime Health Cover scheme by providing incentives for people to take out hospital cover early in

life and maintain their cover, the government is proposing a number of amendments. These amendments provide that people taking out private hospital cover during the grace period will not lock in the right to pay the same premiums as a 30-year-old member until they have paid contributions for a minimum period beginning on 1 July 2000 and ending on 1 July 2001.

Senator Chris Evans—Can I just query what amendment the minister is moving here, Mr Temporary Chairman.

The TEMPORARY CHAIRMAN—It is item 11, government amendment No. 4—

Senator Chris Evans—The amendment that reads ‘minimum membership period after 1 July 2000’?

The TEMPORARY CHAIRMAN—which the minister is yet to move.

Senator HERRON—I move government amendment No. 4:

(4) Schedule 1, item 11, page 9 (after line 28), after subclause (1), insert:

(1A) The Minister must determine that a person is to be treated, for the purposes of this Schedule, as having had hospital cover on 30 June 1999 if:

- (a) the person applies to the Minister, in accordance with subclause (2), for the determination; and
- (b) the Minister is satisfied that one or more of the circumstances specified in the regulations apply to the person.

Senator LEES (South Australia—Leader of the Australian Democrats) (6.13 p.m.)—The Democrats will be supporting this amendment. I think it is eminently reasonable that people actually be required to stay in the funds—not for the three-month period, which I think was initially discussed; it was one of those areas raised in the committee stage—and we will be supporting that amendment.

Amendment agreed to.

The TEMPORARY CHAIRMAN—We now move to item 8, amendment No. 6, which Senator Evans is to move.

Senator CHRIS EVANS (Western Australia) (6.14 p.m.)—I was just a bit concerned that we might have had a debate on an amendment that was not actually moved. I got

a bit confused by the minister's remarks there. I thought they were directed at amendments that we are yet to get to.

The TEMPORARY CHAIRMAN—That was amendment No. 4.

Senator CHRIS EVANS—I am happy to vote for amendment No. 4, but I am not sure that that is the debate that we had.

The TEMPORARY CHAIRMAN—The amendment was passed anyway.

Senator CHRIS EVANS—That is the main thing, I suppose.

The TEMPORARY CHAIRMAN—It is indeed.

Senator CHRIS EVANS—Though it is occasionally nice to have the debate centre on the topic as well.

The TEMPORARY CHAIRMAN—Perhaps we could centre it on amendment No. 6.

Senator CHRIS EVANS—Yes, perhaps. I move opposition amendment No. 6:

(6) Schedule 1, page 4 (after line 10), after item 8, insert:

8A Paragraph (b) of Schedule 1

Omit "the condition set out in paragraph (ba)", substitute "the conditions set out in paragraphs (ba) and (baa)".

8B After paragraph (ba) of Schedule 1

Insert:

- (baa) The organisation will not offer contributors of the health benefits fund conducted by it lesser benefits in lieu of the benefits that are payable in accordance with an applicable benefits arrangement of the organisation unless:
 - (i) the difference between the lesser benefit and the benefits that are payable in accordance with the applicable benefits arrangement of the organisation is not more than \$500; or
 - (ii) the lesser benefit is otherwise prescribed in the regulations.

This amendment deals with the question of a limit on exclusions and front-end deductibles. It is an issue that I have spoken about on a number of occasions in this chamber and about which I personally have been most

concerned. This amendment prevents funds from offering policies requiring an up-front excess larger than \$500 and with many excluded procedures. These low cost products have been used by high income earners to avoid the Medicare surcharge, and they offer no real coverage for private hospital use. Under Lifetime Health Cover, they become even more attractive because they provide a loophole to avoid penalties for later upgrading coverage. The actuary has warned against allowing the continuation of these products as they would undermine the scheme. There has been a marketing trend for funds to offer special discounts aimed at young people, in particular by allowing claims to be made for gym shoes and foot massages.

I note that the government does not disagree with the thrust of what the opposition has proposed; it is simply recognising reality. There has been a strong trend towards these products with large front-end deductibles or an excess because tax accountants are advising their clients how to best minimise their expenditure. The problem is that people in this group have benefited from the considerable advantages that the government gives to people with private health insurance who have no intention of utilising their policy because of the way it has been drafted.

As I understand it, the minister has undertaken to introduce a regulation to achieve the goal of ensuring that such products do not satisfy the provision for exemption from the Medicare levy surcharge, but the Senate does not have the benefit of seeing what this regulation is and how it will work in practice. Again, I put the argument which I have put unsuccessfully on a number of occasions this evening: it would be much better if this were dealt with in the legislation.

Again, this is an important issue. It has the potential to undermine the impact of this scheme and the government's previous initiative in terms of private health insurance. Whilst some take the view that it matters only if the figures go up and you get people into the scheme, clearly these products are defeating that purpose, defeating the purpose of the levy and, we think, are highly counterproductive. This is another measure which will

encourage use of these products with large front-end deductibles and exclusions. We think we ought to be taking action now to put balance into the system by providing that we do not have a loophole being further exploited. Quite frankly, this is the time to do it and this is the place in which to do it.

Senator LEES (South Australia—Leader of the Australian Democrats) (6.17 p.m.)—I fully support the comments that Senator Evans has made regarding those people who are getting out of paying the surcharge. Indeed, it is Democrat policy that all high income earners pay the surcharge, whether they have health insurance or not. It does bother us that people are buying these very cheap products that are worth, I would suggest, Senator Herron, very little and that, while getting out of paying their Medicare surcharge, they will probably end up back in the public hospital system for almost everything they need.

However, Senator Evans, I cannot support an amendment that says that the funds will not offer the product. If people on low incomes basically want a product that is some sort of backstop, almost disaster insurance—and that is where we are getting to with some of these products that exclude so much and where you pay such an up-front amount—or, indeed, if high income earners want such a product, they should be able to get it. What we object to is the fact that, by getting these products, they get out of paying. So the regulation will say: if you buy these products, it is on your head; and if you are a high income earner, because these products leave you in a position where you are quite vulnerable to not being able to use a private hospital, you will still have to pay the surcharge. You have a range of exclusions and you have your excesses where it may pay you in the end simply to go into hospital as a public patient and not even declare your being insured. These are the sorts of products that I think a lot of those people not declaring their insurance status will be tempted to work towards.

So we do not see a problem with them being offered; we see a problem with them being an excuse to get out of the levy. So the regulation will say: if you are going to take out these products, that is fine; but you will

pay your levy as well if you are over the threshold.

Senator CHRIS EVANS (Western Australia) (6.19 p.m.)—I understand what Senator Lees has said, but I am saying that it goes beyond that. The question of the surcharge and the use of these products was something we considered when debating the previous incentives scheme legislation.

Senator Lees—They have mushroomed since.

Senator CHRIS EVANS—They have mushroomed since, that is right, because there was already an incentive and then there was a double incentive. I now say to you that this provides a further incentive because people get this nominal age of 30 as a result of the product. We all want to be 30 again; for someone of my era, it is the biggest selling point the government has had with private health insurance for a long time. Senator Quirke and I are both thinking of signing up as a result.

It seems to me that we want to put off the full construction of the scheme all the time, Senator Lees. We are providing public money to support the incentive schemes, we have the surcharge as the stick to go with that carrot, we now have another piece of Commonwealth legislation providing encouragement for private health insurance, but we do not want to specify that rorting ought to be stopped—because that is really what it is. It is all right to say, ‘Well, they’re offering a product that people want.’ But I think we have to look beyond that and ask ‘Why do they want the product; what does it offer?’

As you would know, in the last figures for the ACT brought to my attention, 38 per cent of the population held private health insurance but only eight per cent of hospital admissions were by privately insured people. This is a great thing for private health insurance: it is curing the sick. According to those statistics, people with private health insurance in Canberra do not get sick. That is one interpretation. The other interpretation is that people are purchasing private health insurance products and then not admitting to their membership of private health insurance when being admitted to hospital.

Our major concern—and you have expressed a similar concern, Senator Lees—is for the impact on public hospitals. We are continuing to allow a system to exist where these products are offered which allow people to take advantage of the incentive, they allow people to take advantage of the discount that arises from this scheme, but again we will be leaving unaddressed the question of making that system work properly, making it accountable and making proper public policy in a regulation the minister may draft in response to some private agreement. If we think it ought to happen, shouldn't we make it happen now?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (6.22 p.m.)—Senator Evans is patronising the Australian public. He does not believe that the individual can determine what they should do regarding their private health insurance. He wants a universal application of a rule, which makes it difficult for anybody to make their own mind up about what the level of cover should be. The government opposes the opposition's proposed amendment. As set out in a letter from the minister to Senator Lees, the government will regulate so that products with front-end deductibles will not exempt high income earners from the Medicare levy surcharge from 1 July 2000. The letter reads:

People would still be free to purchase products with high front end deductibles, it just would not exclude them from the levy surcharge. Thus, a low income person, not subject to the surcharge who wishes to buy a very cheap product, would still be able to do so [after 1 July 2000].

So it should be. Senator Evans did not mention the fact that some people actually insure themselves. They pay for their own insurance, particularly with one-day procedures; it is up to as much as 14 per cent in some private hospitals where they pay for their own procedures. To bring in a universal determination—a Big Brother approach—I suppose is consistent with ALP philosophy. One can say only that Senator Evans has been consistent with that. But we are not of that ilk; we believe that people have the right to determine what their insurance cover should be. So we oppose the amendment.

Senator CHRIS EVANS (Western Australia) (6.23 p.m.)—I accept that in this letter to Senator Lees the government offers to have a regulation dealing with front-end deductibles over \$500 and the impact that might have on the Medicare surcharge levy. That is an interesting development. Again, it begs the question why we cannot actually put it into the legislation.

I am not clear in my own mind what the government is saying about the incentives arising from the private health insurance incentive scheme. The government is moving by this measure to deal with the stick component, if you like, by applying the stick to those who have these policies. Is the government also seeking to remove the carrot—that is, the incentive paid to people with these policies—or is it only going to be half the measure?

The TEMPORARY CHAIRMAN (Senator Lightfoot)—The question is that the amendment moved by Senator Evans be agreed to.

Senator CHRIS EVANS (Western Australia) (6.24 p.m.)—Before you put the vote, Mr Temporary Chairman, I would appreciate an answer from the minister. All I have—this is one of the difficulties of doing it this way—is a three-sentence paragraph in a letter to Senator Lees which describes the government's policy response on this important issue. I understand, as far as it goes, that you are seeking to have the surcharge levied on those with high front-end deductibles who meet the income test—I think that is the right way of putting it—but what are you doing in terms of the incentive, the 30 per cent payment from the government for those schemes? Is it to continue for these schemes or is it going to be income tested? Perhaps I could get an answer.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (6.25 p.m.)—Senator Evans asked about the carrot and the stick. I did speak about the stick. The carrot is that they will still be eligible for the 30 per cent rebate; that will continue.

Senator CHRIS EVANS (Western Australia) (6.25 p.m.)—Could I ask: how is this to

be done? Under what power will this measure be implemented? Could you provide me with some detail on how this is to work?

The TEMPORARY CHAIRMAN—The question is that the amendment moved by Senator Evans be agreed to.

Senator CHRIS EVANS (Western Australia) (6.26 p.m.)—Mr Temporary Chairman, I know your enthusiasm to move proceedings on, but part of the committee process is to get answers to questions, particularly as this is the defence the government relies upon to defeat Labor Party amendments. We have a copy of the letter to Senator Lees, but that is the extent of the information provided to the chamber. I think it would be appropriate for the minister to provide an explanation of how this is to work. I genuinely want to know.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (6.26 p.m.)—I am happy to do so. It will work under the regulations under the Medicare Levy (Surcharge) Act.

Amendment not agreed to.

Senator CHRIS EVANS (Western Australia) (6.27 p.m.)—I move opposition amendment No. 7 on sheet 1519:

(7) Schedule 1, item 11, page 5 (after line 4), before clause 1, insert:

1A Incentives for people under 31

- (1) The amount of the contributions payable for hospital cover in respect of an adult beneficiary is decreased if he or she has not turned 31 years of age.
- (2) The amount of the decrease is worked out as follows:

$$(30 - \text{Age}) \times 2\% \times \text{Base Rate}$$

where:

age is the adult beneficiary's age on the first day, after the commencement of the *National Health Amendment (Lifetime Health Cover) Act 1999*, on which the adult beneficiary has hospital cover.

base rate is the amount of contributions that would be payable for that hospital cover in respect of an adult beneficiary in respect of whom:

- (a) contributions are not increased or decreased under this Schedule; and
- (b) contributions are not decreased through providing financial benefits under a

loyalty bonus scheme implemented in accordance with paragraph (ma) of Schedule 1; and

- (c) a discounted rate of contribution is not payable in accordance with paragraph (s) of Schedule 1.

Example: Jane turned 25 years of age on 13 August 2001. She takes out hospital cover for the first time, on 1 October 2001. If that hospital cover had a base rate of \$1,000 per year, the amount of the decrease in the base rate under this clause is as follows:

$$(30 - 25) \times 2\% \times \$1,000 = \$100$$

This Labor opposition amendment seeks to deal with the question of youth discounts under the Lifetime Health Cover scheme. Senators may be aware that the original proposition that was circulated relating to the introduction of a Lifetime Health Cover regime included a proposition that there be discounts for younger members. That proposition disappeared from the government's proposal at some stage in the process. The National Health Amendment (Lifetime Health Cover) Bill 1999 before us today does not include any amendments for young people.

The proposal put by the opposition gives people under 30 a two per cent reduction in premium for every year prior to age 30 that they join the scheme. We had difficulty getting any hard facts on the impacts of these measures at all—particularly in relation to young people—during the Senate Community Affairs Legislation Committee inquiry process, because at the heart of this measure are assumptions about how people will respond; how people will react in terms of taking out membership of private health insurance.

One of the key issues that the government has said underlies its approach is to change the age profile to attract younger members to private health insurance and therefore to have a better total age profile across the funds. So the questions about how many young people join and how young people are impacted on by these measures are central to whether or not this scheme succeeds.

We say that youth discounts are fair because young people are paying far more than they get out of private health insurance. That

is why the insurance companies want them in the scheme: because they are not a great drain on the scheme. This amendment seeks to correct a massive overcharging situation where young people struggling to start out in life are cross-subsidising higher income older people. People under 30 currently represent less than 10 per cent of the population.

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

The TEMPORARY CHAIRMAN (Senator Hogg)—The committee is considering opposition amendment No. 7 moved by Senator Chris Evans. The question is that the amendment be agreed to.

Senator CHRIS EVANS (Western Australia) (7.30 p.m.)—Mr Temporary Chairman, I was in full flight prior to the suspension of the sitting for dinner and I could see the Democrats were about to fall to the persuasion of my arguments. So I will finish the point that I was making about our amendment relating to the question of youth discounts. I think I discussed the fact that the original scheme included a provision for youth discounts. The final version presented by the government does not include such a provision. This amendment seeks to put that provision back in—a small discount for youth members. We do not think it will militate against the overall financial viability of private health insurance or the scheme, but it will provide a very small adjustment which would provide an incentive for young people to join and better reflect their call on the scheme.

As I said, we think it is important to provide that incentive for the balance of the scheme. I am not quite sure why in the end this was deleted from the final government position, but we think it improves the scheme and overcomes some concern that there will be a 30-year-old trigger for people in that they will have no incentive to join until that stage. We are concerned that we are building in a number of mechanisms that may prevent people joining rather than encourage them, and so we would argue that this provision provides some incentive for young people to join. It is a fairer reflection of their call on private health insurance. It relates to cost—obviously not directly but more closely to

their call on the services—and we think it is an initiative that the Senate ought to support.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (7.32 p.m.)—As Senator Lees explained last week, any discounts offered to some members result in higher premiums for others, and consultations clearly demonstrated that people of all ages considered this was inequitable. Why should long-term members pay for discounts for people just joining? It is because of that that the government opposes the opposition's amendment.

Senator LEES (South Australia—Leader of the Australian Democrats) (7.32 p.m.)—We can find very little, if any, support for this particular amendment. Not even the Consumers Association, which has been interested in this, supports it. Basically, the evidence is, I think, there. You say the information is sketchy on young people moving in and out. Basically, there is very little interest from young people. Whether the government provides them with an incentive or a disincentive it is still a very small number of people. I do not know why. I have not looked through the whys and wherefores. Perhaps it is because the parents of some young people had them insured and the young people just roll it on. But there seems to be a very small number, and that number will be paid for by others. It will not increase, I would argue, on the evidence of the number of young people joining, so a group that was already there will be subsidised at a cost to those who are older and in the pool. Firstly, I just cannot see where the support generally is for this amendment and, secondly, what it is going to achieve.

Senator CHRIS EVANS (Western Australia) (7.34 p.m.)—I am clearly not going to win the vote but I do not think you can argue that you see it as being unnecessary and then as a cost. You cannot say on one hand you do not think it will attract people but on the other that the cost is prohibitive. It is either going to work and therefore attract people or it is not going to work and it will not be a cost, but you cannot have it both ways, it seems to me. I accept you are not going to vote for it. We obviously are not making

much progress in impressing upon you the necessity of some of these measures. But, as I say, it was a measure the government had in its original proposition.

I think the bigger question is: why was it removed? I think Senator Herron's argument is defeated by the fact that the government has made a whole range of other exemptions and exceptions based on political decisions about the scheme—they are not based solely on actuarial advice or whatever. There has been a decision to exempt certain people over 65 and to not exempt other pensioners. There is a whole range of costs. No-one is saying this is an exact relationship to the cost to people being in the scheme. We are saying that there is a real risk that we will discourage people under 30 from joining until they hit the trigger, if you like, and that this would be an advantage to the attractiveness of the scheme and better represent the relationship to cost.

But I have to say, Senator Lees, your point about not knowing how it will impact is well made, but that is true of the whole scheme. This is another leap into the dark without, it seems to me, any really good information about the impact. One of the problems with this is, I think, that we again are making decisions about what we think people's behaviour will be in response to this. I concede the information on that is not very good. Anyway, the Labor Party thinks the amendment would improve the scheme, and we will fight that one another day, I guess.

Senator LEES (South Australia—Leader of the Australian Democrats) (7.35 p.m.)—I want to pick up on your first point that you did not see the point I was making. I will make it again. There is a very small number of people between the ages of 18 and 30 who belong to funds, and that does not seem to have changed much over the years. It does not seem to have changed much as a result of any incentives or disincentives that the government might have put in place. Let us say it is two per cent, five per cent or whatever. The group that is now there will be paid for by others. They will get a windfall if we suddenly decide, 'Oh, 18-year-olds must have a two by minus by minus,' and down it goes

when that 18-year-old was either going to roll over from their parents' fund or be in there anyway. It is a fixed group, if you like, and this is one of my arguments against the government's rebate proposals. Yes, we have held the numbers but, particularly for people on higher incomes, we are paying people who were going to be in the funds anyway. We have not increased the number of people in private health insurance; we are subsidising those that are already in. This is an extension of that. I do not see a need for subsidy of a group that was going to be in there anyway.

Senator CHRIS EVANS (Western Australia) (7.37 p.m.)—I would just make a couple of points in response to Senator Lees. Firstly, we are talking about a group which contributes more than they take out anyway. So I think this allegation that they are a drain on the system is unfair and wrong. Secondly, we are making all sorts of decisions here about advantaging people currently in the scheme and disadvantaging those who join later on. We are making those judgments all the way through this. I do not think you can argue it when you do not want to vote for a particular proposition—such as on this occasion—and not argue it the rest of the time as well. We are making decisions that people who join after certain ages from now on will pay higher rates than others. That is the whole basis of the scheme.

Amendment not agreed to.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (7.37 p.m.)—by leave—I move government amendments Nos 1 to 3 on sheet EF248:

(1) Schedule 1, item 11, page 5 (lines 5 and 6), omit the heading to clause 1, substitute:

1 People who are late in taking out hospital cover

(2) Schedule 1, item 11, page 5 (lines 7 to 9), omit subclause (1), substitute:

(1) The amount of the contributions payable for hospital cover in respect of an adult beneficiary is increased if:

- (a) he or she did not have hospital cover on his or her Schedule 2 application day; or
- (b) he or she:

- (i) turned 31 years of age on or before 1 July 2000; and
 - (ii) did not have hospital cover on 30 June 1999; and
 - (iii) ceased to have hospital cover after 1 July 2000 but before 2 July 2001.
- (3) Schedule 1, item 11, page 7 (lines 10 and 11), omit subclause (2), substitute:
- (2) However:
- (a) the 730 days referred to in paragraph (1)(a) do not include:
 - (i) days to which paragraph (1)(b) applies; or
 - (ii) if the adult beneficiary turned 31 years of age on or before 1 July 2000 and did not have hospital cover on 30 June 1999—days on which, on or after 1 July 2000 but before 2 July 2001, he or she did not have hospital cover; and
 - (b) if he or she turned 31 years of age on or before 1 July 2000 and did not have hospital cover on 30 June 1999—the days referred to in paragraph (1)(b) do not include days on which:
 - (i) on or after 1 July 2000 but before 2 July 2001, he or she did not have hospital cover; and
 - (ii) he or she has not met the requirements specified in regulations made for the purposes of this paragraph (either generally or in respect of the kind of circumstances to which paragraph (1)(b) applies in this case).

Senator CHRIS EVANS (Western Australia) (7.38 p.m.)—The opposition will support these amendments Nos 1 to 3 and will then try to amend them to set a longer period than the government has accepted—that is, 31 December 2002, rather than 1 July 2002. So perhaps we will just have the debate as one, and I will make my remarks here. We seek to build on the government's amendments.

The opposition is pleased that the government at least listened to one set of criticisms raised in the Senate inquiry. The health funds raised the blatant loophole that had been left by allowing people to gain a membership age for Lifetime Health Cover of 30 simply by joining for a short period. The department told the Senate inquiry that they would solve the problem by regulating for a three-month minimum period of membership from 1 July

2000. This was clearly not going to close the stable door, and the opposition believes a period more like three years is required.

The government has produced its amendments to give effect to a 12-month minimum period, which we believe is still not good enough. The opposition has discussed the best way to provide a serious disincentive to join and lapse strategies which would undermine and defeat the purpose of Lifetime Health Cover. The opposition has accepted the industry's preference for a fixed date, rather than a fixed period, as the means to set a minimum requirement. Our amendment to the government's amendment, which we will come to later, requires that people who join the fund after its budget night announcement will need to keep their cover for three years to gain the full benefit of being treated as long-term members.

I understand that discussions with the government have produced agreement on a form of words that will close the major loophole that was left in the proposed original legislation. The unresolved issue is whether the minimum period for new members to hold their insurance should be up to July 2001 or 31 December 2002.

Although it has acknowledged the problem that could occur, the government has resisted a requirement that a member should be retained for longer than 12 months. This would still allow middle-aged Australians to get a windfall benefit by taking out a one-year membership with minimal coverage simply to preserve the private health insurance age of 30 for later in life. HCF and other funds were very concerned about the potential for this join and lapse behaviour to undermine the effect of Lifetime Health Cover and to create a worse problem than hit and run—for example, a 50-year-old could buy a low cost policy for one year for around \$500 and then leave the fund for a decade. This would result in them avoiding a 40 per cent penalty, which over 10 years of subsequent membership would save them \$4,000 on a full value membership. A 12-month minimum membership period is clearly an insufficient deterrent to people who join and lapse.

The amendment which we will move subsequent to these amendments will require new members to stay in a fund until 31 December 2002 if they want to get the maximum benefits. This will require a 2½-year minimum membership period. As I indicated, we will be supporting the government's amendments and then trying to build on those to extend the period further, so we will be voting for these amendments and then I will subsequently move our amendments.

The TEMPORARY CHAIRMAN (Senator Hogg)—Senator Evans, are you referring to your amendments Nos 1 to 3 on sheet 1548? They are to be moved as amendments to government amendments Nos 2 and 3, according to the running sheet that I have, and not as subsequent amendments. Would you clarify that for us please.

Senator CHRIS EVANS—I understand that the government have just moved their amendments, and I was just indicating in the debate what our position is. I will take your advice on whether you want me to move my amendments now.

The TEMPORARY CHAIRMAN—You should seek leave to move your amendments together.

Senator CHRIS EVANS—I seek leave to move amendments Nos 1 to 3 on sheet 1548 together.

Leave granted.

Senator CHRIS EVANS—I move:

- (1) Subparagraph 1(1)(b)(iii), omit "2 July 2001", substitute "31 December 2002".
- (2) Subparagraph 3(2)(a)(ii), omit "2 July 2001", substitute "31 December 2002".
- (3) Subparagraph 3(2)(b)(i), omit "2 July 2001", substitute "31 December 2002".

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (7.42 p.m.)—In contrast to the proposed government amendments, the draconian amendment proposed by the opposition would seriously upset the balance between providing incentives for new members to take out private hospital cover and safeguarding the interests of long-term members. A minimum period of three years before new members lock in the right to pay premiums at the best

possible price—or 2½ years, as Senator Evans has said—would significantly lessen the incentives provided by Lifetime Health Cover for people to join a private hospital fund. We believe this is unduly harsh. We believe that one year is sufficient.

Senator LEES (South Australia—Leader of the Australian Democrats) (7.43 p.m.)—We also do not have problems with one year. Perhaps Senator Evans could clarify something for me. I realise that this was an issue raised before the committee and that we do have the loophole closed. The funds themselves were arguing that we should not go beyond a year. Is it not correct that they saw it as a disincentive?

Senator CHRIS EVANS (Western Australia) (7.43 p.m.)—I sat through the whole committee hearing; I do not recall that. I am not saying you are wrong. It was a couple of months ago, so I would not want to say yes or no to that. I think I made it very clear that the reason we are moving this is our view of what is sufficient. We are pleased that the government have shifted. At that hearing they assured us that three months was going to be adequate and that our concerns were not warranted. I do not know when going from one year to 2½ years became 'draconian'. It seems to me that we are arguing about a scale by which one makes a measure. I would be interested if the minister could tell us what makes the time frame 'draconian'. It seems to me to be a rather excessive use of language.

But we were pleased that the government has moved from three months—which we did not accept as being adequate in the department's evidence—to a year. On the evidence that was given about the potential for behaviour aimed at preserving that earlier membership year and then utilising the scheme later on, we still think that a longer period is required. We could argue about whether that is two years or three years. We say that 2½ years is a much more substantial period which is much more likely to have an impact on behaviour. It is a question of judgment.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (7.44 p.m.)—I am advised that the

funds did in fact ask for a year, as Senator Lees correctly said.

The TEMPORARY CHAIRMAN—The question is that the amendments moved by Senator Evans be agreed to.

Question resolved in the negative.

The TEMPORARY CHAIRMAN—The question now before the chair is that the amendments moved by Senator Herron be agreed to.

Question resolved in the affirmative.

Senator CHRIS EVANS (Western Australia) (7.45 p.m.)—by leave—I move:

- (8) Schedule 1, item 11, page 5 (line 11), omit the formula, substitute:

$((\text{Age} - \text{Prior member years}) - 30) \times 2\% \times \text{Base rate}$

- (9) Schedule 1, item 11, page 5 (after line 24), after the definition of *base rate*, insert:

prior member years is the number of whole years between the day the adult beneficiary turned 30 and 1 July 1999 during which he or she held private hospital cover which provided cover (in whole or in part) for liability to pay fees and charges in respect of some or all hospital treatment provided to a patient by a hospital or a day hospital facility.

- (10) Schedule 1, item 11, page 5 (line 26), after "2000", insert "and therefore has no prior member years".

- (11) Schedule 1, item 11, page 5 (line 29), omit the example formula, substitute:

$((35 - 0) - 30) \times 2\% \times \$1,000 = \$100$

- (12) Schedule 1, item 11, page 5 (after line 29), at the end of clause 1, add:

Example 2: Mary turned 39 years of age on 2 November 2001. She had private health insurance in respect of hospital treatment between 1990 and 30 December 1998. She turned 30 on 2 November 1992 and therefore has 6 prior member years. She takes out hospital cover again on 1 December 2001. If that hospital cover has a base rate of \$1,000 per year, the amount of the increase in the base rate under this clause is as follows:

$((39 - 6) - 30) \times 2\% \times \$1,000 = \$60$

- (13) Schedule 1, item 11, page 5 (after line 29), at the end of clause 1, add:

Note: An adult beneficiary's *prior member years* may be determined by the Health Insurance Ombudsman. See section 82ZTDA.

These amendments deal with the question of recognition of prior membership. People currently without health insurance but who have had it for many years in the past will get credit for their past membership and pay a lesser penalty premium. The example given in the Senate minority report is of a person three years out of health insurance after the introduction of Lifetime Health Cover but who had previously been a member for six years. That person would pay a penalty of \$60 compared to \$180 under the government's proposal. The whole purpose of Lifetime Health Cover is to give recognition for prior membership. But the government has refused to do this for those long-term members who happen not to be members on the day that Lifetime Health Cover comes into effect. We think, in certain circumstances, individuals will be treated harshly and unfairly by the absence of such a provision.

The argument that this reasonable recognition of prior membership cannot be given because the funds do not have records of prior membership is, we think, laughable. If the funds are so disorganised that they do not have any records of past membership then perhaps they are in a worse state of affairs than we thought. Many older Australians will be bitterly disappointed that their loyalty to a fund will have no reward and that they will be treated harshly in comparison to members who join today. Many of these people will have had stressful personal circumstances which will have led them to the decision to resign their membership.

Given that we are about rewarding people for their loyalty and persistence in paying their membership, we think it is a hole in the approach to exclude those people, when this scheme is introduced, who have had past membership. They may have had no knowledge that the scheme was to be introduced so they would have had no ability to take that into account in determining their behaviour. We think it would be better if the scheme had some measure that sought to give them some credit, to bring them into the net. We think

the scheme will be improved by such a provision.

Senator LEES (South Australia—Leader of the Australian Democrats) (7.47 p.m.)—I think this is a nightmare. It is all right for Senator Evans to dismiss the funds records and say, ‘They have records of everything.’ You acknowledge in an amendment to come that spousal records have not been kept for couples who belong. That alone means there are enormous inequities in this measure. Funds have come and gone, disappeared and amalgamated. Some of the larger funds may be able to track membership back a few years. This is a process that will start. You mentioned some older people who would be disappointed, but everyone over 65 is grandmothers or grandfathers and they retain the age of 30. I cannot see a problem with this but my biggest bee in terms of why we cannot support this is that it would just be a nightmare.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (7.48 p.m.)—On the one hand I should be grateful that the ALP has changed its policy to now strongly advocate private health insurance but the reality is that the ALP has demonstrated, not only by its past actions but also with this amendment, that it does not understand what private health insurance or private health insurance funding is about. This amendment demonstrates a failure to understand what the legislation is about. It is designed to lessen the current financial rewards for hit-and-run behaviour and, instead, reward continuity of membership. On the other hand, the opposition’s proposed amendment would perpetuate the unfairness of the current system.

Currently, people who only take out private health hospital cover during the high-risk years of their lives—the years when they calculate that they will take out more than they will contribute to the private health insurance system—are subsidised by people who maintain their membership throughout the various stages in their lives. The opposition’s proposed amendment would benefit those who had private hospital cover during the high-risk years—when they were

establishing their families—or had chosen to drop their cover during the lower risk middle years of their lives but intend to rejoin if their health status deteriorates later in life. That should be fairly obvious. In other words, it would benefit those who are currently playing the system at the expense of long-term members by allowing them to go on doing so with the minimum possible penalty. Genuine long-term members who, because of a temporary setback—I think Senator Evans referred to those or I hope that is what it was referring to—are unable to retain their membership around 1 July 2000 are protected by the hardship provisions in the Lifetime Health Cover bill.

Senator CHRIS EVANS (Western Australia) (7.50 p.m.)—I think the minister’s last statement was a great argument for our last amendment but he chose not to make it on that occasion. I guess it did not suit him on that occasion. Our concern, Senator Lees, is not solely for the health funds but for the consumers. We have a large number of people who fall into unemployment, have had to go on a disability support pension or, for a range of circumstances, have had membership for 20 or 30 years but are currently not in funds because they cannot afford it. We are trying to pick up those people. We are not trying to pick up people who have hit-and-run membership. We are trying to get recognition for past membership, for people who, due to circumstances beyond their control, are no longer able to afford membership at the time this legislation is passed.

As we argued earlier with the two-year rule, those people might be in that circumstance for some time. It was part of a package of measures to try to pick up those people that would otherwise fall through the net and give them some benefit from their past membership. We do not think that is unreasonable. We are not talking about people who hit and run. We are talking about people who may have been long-term members, who were unaware that this scheme had come into place, for whatever reason, and have let their membership lapse and are not in a position to afford it at the moment. We are trying to get some recognition for them.

There might be some administrative difficulties, and that is one of the reasons we thought the ombudsman was a reasonable measure to pursue—but you did not agree to that so that is not possible. We were trying to anticipate that there are people who, because of a range of circumstances, will have a case for being included. This is another measure that sought to provide for those people who had had membership but had had to let it lapse. That is obviously not going to be supported but we thought it was a worthwhile initiative to look after those persons.

Amendments not agreed to.

Senator CHRIS EVANS (Western Australia) (7.52 p.m.)—I move opposition amendment No. 15:

- (15) Schedule 1, item 11, page 7 (lines 8 and 9), omit paragraph 3(1)(b), substitute:
- (b) days on which the cover was suspended by the registered organization in accordance with the rules for suspensions provided in regulations made for the purpose of this paragraph.

This amendment relates to permitted days without suspension rules. It clarifies the rule on suspension so that consumers know where they stand. In our opinion, the bill as drafted is confused and does not have an objective test of when a suspension has been granted. If suspensions are meant to cover periods of unemployment and absence overseas, the person needs to know how to ensure they have been given a suspension. I understand the government may support this. We think it will make the bill more workable.

Amendment agreed to.

Senator CHRIS EVANS (Western Australia) (7.54 p.m.)—Judging by that vote, the less I say, the better I go, so perhaps I ought to just move my amendments and sit down. I seek leave to move Labor Party amendments Nos 16, 17, 18 and 21 together.

Leave granted.

Senator CHRIS EVANS—I move:

- (16) Schedule 1, item 11, page 7 (line 25), after "July 2000" (first occurring), insert "and there is no provision under this clause for a later day to be the Schedule 2 application day".

- (17) Schedule 1, item 11, page 7 (line 27), after "2000", insert "and there is no provision under this clause for a later day to be the Schedule 2 application day".

- (18) Schedule 1, item 11, page 7 (line 27), at the end of clause 5, add:

; or (c) if the adult beneficiary either:

- (i) entered or enters Australia on a protection visa within the meaning of section 36 of the *Migration Act 1958* that was issued on or after 1 January 2000; or
- (ii) was or is granted such a visa after entering Australia on or after that date;

the day on which he or she turned 31 years of age or the first anniversary of the day he or she became eligible for Medicare benefits, whichever is the later.

- (21) Schedule 1, item 11, page 7 (line 27), at the end of clause 5, add:

- (2) A person is *eligible for Medicare benefits* if he or she is an eligible person within the meaning of section 3 of the *Health Insurance Act 1973* or a person who is treated as an eligible person because of section 6 or 7 of that Act.

These amendments relate to refugee provisions. The amendments attempt to give some fairness to refugees under the scheme. They will only pay penalty premiums related to the period of time they have spent in Australia and they will be given the same length of grace period—that is, 12 months—that Australian citizens get at the start of the scheme. This means that people to whom we are giving protection are able to start their life in Australia on an equal footing with other Australians. I note that the government will also introduce a regulation to give a fair treatment to migrants who are already in Australia or have applied to come here and need to wait out the balance of their two-year waiting period for Medicare eligibility. This is a sensible solution to a problem that was identified by the Democrats but, once again, it will be achieved by regulation after the Senate has finished scrutinising the legislation. We think the amendments we have moved are an improvement to the bill and I urge the chamber to support them.

Amendments agreed to.

Senator CHRIS EVANS (Western Australia) (7.55 p.m.)—I move opposition amendment (R19) on sheet 1563—this is substituting for No. 19 on sheet 1519 revised:

(R19) Schedule 1, item 11, page 7 (after line 27), at the end of clause 5, add:

- ; or (c) if the adult beneficiary is an Australian citizen or the holder of a permanent visa within the meaning of the Migration Act 1958 who is absent from Australia for the whole of the period starting on 1 January 2000 and ending on 1 July 2000—the day he or she turned 31 years of age or the first anniversary of the day he or she returned to Australia, whichever is the later.

This is the amendment that deals with overseas residents. There are many Australians who are ordinarily resident overseas and will be denied the opportunity to secure an age of 30 because they will not be in the country on the relevant date and therefore cannot make use of the grace period. This amendment has been discussed with the government and there was a short-term minimum set for six months residence outside Australia prior to 1 July 2000. After the person has returned to Australia, they are given 12 months to join. In effect, people who miss the grace period because of overseas residency will be given a grace period on their return, which we believe is eminently sensible. I commend the amendment to the chamber.

Senator LEES (South Australia—Leader of the Australian Democrats) (7.56 p.m.)—The amendment that has just been circulated seems eminently reasonable. I ask Senator Evans: are you looking at when they return? Perhaps they could be away for five or six years. You are simply saying that, as long as they are citizens, when they come back they then have the choice and they join as if they are 31?

Senator CHRIS EVANS (Western Australia) (7.56 p.m.)—That is right, Senator Lees. It cannot be too draconian, because I think the government is going to support it.

Amendment agreed to.

Senator CHRIS EVANS (Western Australia) (7.57 p.m.)—I move amendment No. 22 in my name:

(22) Schedule 1, item 11, page 8 (lines 10 to 16), omit clause 7, substitute:

7 People born on or before 1 July 1934 or in receipt of certain pensions

- (1) The amount of contributions payable for hospital cover in respect of an adult beneficiary does not increase under this Schedule if:
 - (a) he or she was born on or before 1 July 1934; or
 - (b) he or she has retired from full-time employment and was receiving an age pension or a Widow B pension under the *Social Security Act 1991* or an age service pension under the *Veterans' Entitlements Act 1986* before 1 July 2000; or
 - (c) the Health Insurance Ombudsman determines, in writing, that, in the absence of documentation of a person's date of birth, it is probable that the person was born on or before 1 July 1934.
- (2) However, this clause does not prevent clause 9 applying to joint hospital cover in respect of any adult beneficiaries who were born after 1 July 1934.

This amendment extends the exemption for those over 65 years of age to include those under 65 who are retired on age, widow or veterans' pensions. In the past, women have been treated equally with male pensioners over 65, and it would be a bad precedent to start here that female pensioners should be discriminated against. If this precedent is allowed to be established, it could quickly spread and result in a roll-back of entitlements in other areas. We do not understand the rationale for the government's decision to provide it only to those over 65. We explored this issue in the committee and did not receive a satisfactory answer. I understand that a lot of these things are political or are based on other value judgments, but the opposition believes that the argument for the grandfathering would apply equally to those included in our amendment. We think that is preferable to the government's position.

Senator LEES (South Australia—Leader of the Australian Democrats) (7.58 p.m.)—Firstly, looking through some notes from the committee hearings as well as the recommendations from the actuaries report—the

Trowbridge report, I think—I note that we were originally looking at an age of 75, and there is no mention of pensioners anywhere. It has now come down to 65. My reading of it is that the government is not discriminating against men or women or anyone. As for people who are veterans, they have gold cards. So I ask the minister: are they really going to be affected by this? Veterans generally are already in the system, if you like. Regardless of age, if they are a veteran, they will have a card that entitles them to access to the private system or the public system in a private capacity if that is what they want. As for people who are retired, they have the same choice as others. If a woman is able to retire—I think the age now is 62—she can now decide to join this and will have the option of coming in at age 30. I cannot see where your claim of discrimination is. There is no mention through any of the legislation of anything other than an age limit, and it has come down from the original suggestion of 75 to 65.

Senator CHRIS EVANS (Western Australia) (8.00 p.m.)—The point I was trying to make, Senator Lees, is that the government's current proposal provides the exemption for those over 65. The rationale given for that was that it was the retirement age. That was the rationale given to me when I asked the question in the committee stage. The point that I was making to you is that the retirement age for women is not 65 and that we have people on age pensions who will not benefit from the grandfathering or grandmothering clause—

Senator Lees—They will, if they join.

Senator CHRIS EVANS—If they join—but by this measure we are exempting them from having to join. The question we are determining is where you draw the line for that. You say that the government originally said 75. You could equally make a case for 85 or 45. There are judgments. The rationale given to me when I asked the question was that it was to do with the retirement age—and, I presume, pension dependency. If there is a different rationale, I would be interested to hear what the minister's rationale is. We are saying that we are excluding women

retired on the pension from being eligible for the exemption by drawing the line at 65. There is that group in between.

You say that they can join, and that is true; we could make it 75, and everyone between 65 and 75 could join. Again, it is a judgment call as to where you draw the line. We are saying that we have concerns about women on age pensions being excluded if they are under 65. We do not think that is a sensible step. We are arguing for a broader definition of those who get the advantage of the exemption. As I said to you earlier, part of the difficulty with this is that there is very little in the way of hard statistical evidence on how this impacts on the behaviour of any of these groups, and so we are at a bit of a disadvantage. We are suggesting that we ought to extend it to include those under 65 who are retired on age, widows or veterans pensions.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.02 p.m.)—Senator Evans asked a valid question, which I think should be responded to. The response is that age 65 was selected not because it is the retirement age of any particular group of people but because it is the age by which most Australians have retired. I read the other day that the median age for retirement is actually 55; so, beyond this age, few people have the opportunity to earn additional income to pay for higher premiums. Hence the decision to protect those aged 65 or more on 1 July 1999 from changes in premium arrangements. Selecting a lower cut-off age would weaken the financial effects of Lifetime Health Cover and lessen the downward pressure on premiums.

Amendment not agreed to.

Senator CHRIS EVANS (Western Australia) (8.03 p.m.)—I move opposition amendment No. 24:

- (24) Schedule 1, item 11, page 10 (after line 29), at the end of clause 12, add:
- (4) A registered organization must keep separate records in relation to each adult beneficiary covered by a joint membership.
 - (5) When an adult beneficiary ceases contribution for a joint membership, the registered organization must notify each adult

beneficiary covered by the joint membership that the contribution for the joint membership has ceased.

This amendment deals with the records of spouses with private health insurance cover. The amendment requires proper records to be kept and spouses to be notified when the member ceases payment. This has been a common problem, as I understand it, with marriage break-ups, and so it will become very important under the Lifetime Health Cover arrangements. The Private Health Insurance Ombudsman raised the problem that his office had encountered with complaints of former spouses. The current practice of the funds is to record the details only of the member and not of the other people covered by the same policy. Because of the way Lifetime Health Cover will work, it is only reasonable that the funds be required to record the details of spouses and to advise them if and when the member ceases to make payments.

Senator LEES (South Australia—Leader of the Australian Democrats) (8.04 p.m.)—This is quite an essential amendment and one that we will be supporting. I would say to Senator Evans that this is one of the reasons we could not support the earlier amendment where he was trying basically to go back through records that may or may not exist. That was made doubly difficult by the fact that these records have not been kept in the past, and so it is essential that we keep these records, because either party could be disadvantaged if the family membership is not kept up. It is also important that people be notified when that happens, and so we will be supporting this amendment.

Amendment agreed to.

Bill, as amended, agreed to.

Bill reported with amendments.

Adoption of Report

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

That the report from the committee be adopted.

Senator CHRIS EVANS (Western Australia) (8.06 p.m.)—I move:

At the end of the motion, add "and that there be laid on the table, before the publication of any Government-funded advertisements on the Lifetime

Health Cover scheme, a report by the Australian Competition and Consumer Commission (ACCC) and the Private Health Insurance Ombudsman (PHIO) on whether the proposed advertisements:

- (a) are non-political;
- (b) provide a fair account of the rules of Lifetime Health Cover;
- (c) include any misleading information or fail to include sufficient information;
- (d) create an impression that:
 - (i) people are obliged to take out private health insurance, or
 - (ii) access to the public hospital system through Medicare will be reduced in any way; and
- (e) are consistent with the *Guide to the Trade Practices Act for the promotion of private health insurance*, published by the ACC and PHIO in April 1998".

This amendment deals with the question of the advertising campaign to be conducted by the government in support of this measure—a campaign which, I understand, has been driving the urgency in relation to this bill. The opposition is moving the amendment to require that the proposed \$10 million government advertising campaign be vetted in advance by the Australian Consumer and Competition Commission and the Private Health Insurance Ombudsman. It will be judged against a fair set of criteria, including the guidelines for advertising private health insurance developed by the ACCC and the Private Health Insurance Ombudsman. These guidelines are very specific and quite fair. They are binding on the industry, and it is only reasonable that they should be binding on the funds. Last time we had a great many problems as the government was found to have used potentially misleading advertisements in support of the 30 per cent rebate. I understand that the Democrats will not support this measure either, which I am disappointed about, given their track record on these sorts of issues.

We believe the government has a long track record of using public funds to promote its political interests. The use of this \$10 million of taxpayers' money to promote the health policies or, should I say, the preoccupations of the government would be a travesty of the Westminster system. If the government has

nothing to hide, then it should not resist the opposition's amendment. If it plans a truthful and non-political campaign, then it should have no difficulty passing scrutiny against these criteria. We will only know when the advertisements are released. But if we do not have this sort of measure, then taxpayers' funds are wasted and we are dealing with the aftermath rather than taking positive steps to make sure we get a properly conducted, accountable, non-political campaign. As I say, given the government's track record, the opposition believes such an amendment is a necessity.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.08 p.m.)—I can only assume from the statement Senator Evans has just made that the opposition are judging us by their standards. The opposition's amendment to require the Lifetime Health Cover advertising campaign to be vetted by the Australia Consumer and Competition Commission is inappropriate. The ACCC has no jurisdiction over government advertising where that advertising is not being conducted as part of a business. It is certainly the case that the government will not be conducting a business during the implementation of the Lifetime Health Cover advertising campaign. Therefore, it would be inappropriate for the ACCC to have a role in vetting the advertising. It is impossible in a 15-second television ad to give a complete view of the scheme, as the ALP would insist on. The ALP proposal is impractical. However, we would ensure that no scare campaign be endorsed; there must be no suggestion that Medicare is inadequate. The Lifetime Health Cover information campaign should be comprehensive. Last Thursday, Senator Lees tabled a letter to the Democrats covering the advertising proposal. We oppose the amendment.

Amendment not agreed to.

Original question resolved in the affirmative.

Third Reading

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

AGED CARE AMENDMENT (OMNIBUS) BILL 1999

In Committee

Consideration resumed from 23 September.

Senator WEST (New South Wales) (8.10 p.m.)—I rise tonight to speak on the Aged Care Amendment (Omnibus) Bill 1999 because I did not get an opportunity last week because of particular circumstances. I do not wish to take up too much time, but I do want to place on record some concerns I have about the way this government is handling the issue of aged care. This bill does introduce one or two issues that I think are very important—and the bill should have been introduced some considerable time ago because they are issues that the opposition has highlighted and that Senator Evans has been working on very hard and assiduously to get the government to change. But there are still a number of areas that this government has not looked at and is not taking proper cognisance of.

The issue of accreditation has many of the institutions very concerned, not because they disagree with accreditation—that is not true; they want accreditation—but because of the uncertainty as to what it means, the uncertainty of the cost factors and the uncertainty of how it is going to be implemented. In particular, there is concern in those very small, usually rural, aged care institutions as to how the cost factor is going to impact upon them and their viability. That is certainly of grave concern.

Other issues aged care institutions have concerns about relate to the general running of the department—how things are being run and conducted. I am aware of one hostel, for instance, that was not back paid \$18,000 for eight months. This might not seem a great deal of money, but taking eight months to be back paid certainly raises concerns about the administration of the government and it certainly raises concerns about what impact this potentially has on institutions. This particular institution was a not-for-profit organisation. So it was not out there trying to make a lot of money; it was trying to break even so it could offer a reasonable service to its clients and the community. But it took the

organisation eight months to get the back pay that it was entitled to.

The other problem aged care institutions have relates to residents on British pensions, which involves a fluctuating exchange rate. It may not involve great fluctuations but they can be enough to warrant the residents receiving letters almost daily from the department altering the additional amounts that they will be paid. Something has to be done about that because this is not leading to good administration; it is leading to confusion. On occasions letters will come to the residents telling them the additional amount to be paid and that there is no money owing. Then a few weeks down the track the department will change its mind and say that there is money owing.

This sort of confusion is not particularly good for administration. But another group for whom that is frightful is those people who are concerned that they might be getting dementia or confused and forgetful. How are people in this vulnerable group able to have some comprehension and understanding of the requirements for them to meet to pay the institution in order to stay in the institution? How are they able to cope with this when they can be receiving letters almost on a weekly basis altering the amount that they are supposed to be paying?

In relation to reclassification, I know of a number of institutions that have taken to sending the department registered mail so the department actually receives it and cannot say to them, 'Oh, it must have got lost in the post.' I am not talking about institutions that are sending their mail considerable distances from Perth or Geraldton or the back of beyond in Western Australia to Canberra. I am talking about people in New South Wales. Institutions are being recommended by their peak bodies to send their correspondence to the department, particularly their classification forms, by registered mail so if the department says, 'Oh, well, we haven't got it,' or, 'It's lost,' or, 'No, it mustn't have come in the mail,' they can say, 'Yes, we know it has come in the mail because Australia Post can tell us what day we delivered it to you.' This government have not set the example as to

how this should be run, and they should be condemned for this situation.

The accreditation process again keeps being an issue. A number of institutions have double and treble checked their administrative procedures and insist that the responsibility for this ongoing confusion lies with the department, not with them. Once they have started to send their information to the department by registered mail, they are finding that things are less confusing and the department cannot say that Australia Post have lost it, or they have to admit that they have lost it and that it is not Australia Post's problem. But lodging several amendments a month at \$3 a pop becomes a bit of an expensive exercise as well. There are also concerns from some of the institutions that the department has delayed back payments of fees owing on reclassified patients for up to three months. This keeps coming up as a common thread when I talk to aged care institutions. I talk to a lot of them and I visit a lot of them. I have an interest in this particular area.

There is another issue which will be addressed by one of the opposition's amendments—that is, the eligibility to receive pension supplements of home owners whose combined assets, including the house, is less than \$23,000. Before anybody tells me that they are going to do something about this, I want it placed very clearly on the record now that this is an issue that I raised in this place some considerable time ago, and I was assured that it was going to be fixed. We are still waiting in Broken Hill for that problem to be fixed. Unless it has been fixed in the last fortnight, it is still an issue out there. If that has not been fixed, it is slack and sloppy.

The other thing that is happening in aged care is that the department is now sending their monitors around to review classifications every couple of months. What one monitor might have passed three months ago is being changed by the reviewing monitor three or four months later. They are also reducing the classification level. It has been put to me by some institutions that this is another way for the government to save money. That has ramifications for the standard and the level of care that is given to elderly people in these

institutions. Of course, they are not necessarily all elderly people in these institutions. They are people in need of nursing home type accommodation.

This government really has to improve its administration of this portfolio and get some of these issues sorted out once and for all. Stop worrying about sending out pieces of paper to members of parliament saying that there is going to be an announcement made about a senior citizen of the year which only gives us three or four days to put nominations in and then having to extend the application period. That is an indication of just how slack the administration of this department is at the most senior level—at the ministerial level. That is being reflected in a number of the problems and issues that are coming to all of us from institutions and organisations associated with the care of the elderly and the care of the frail.

The delays in payment of fees and the processing of reclassifications is causing a lot of institutions a lot of problems. The department keeps changing the reclassification form. I have had a number of complaints due to the fact that there are critical dates. It changed last year on 1 November. It had changed the year before about that time too. An institution has about four weeks within which to do a classification. A person was admitted to an institution at the end of October last year and the institution was not in a position to be able to do the classification until November. The form had changed on 1 November. Therefore, the institution thought that they would fill out the new form, as was appropriate. They thought that that was the form they were supposed to be filling out. But, because the resident had been admitted prior to 1 November, albeit less than a month prior—they were still within the time frame of a month in which they had to do the classification—they wondered why they were not receiving any money. They were then told by the department that because the resident had entered the institution in October they had to use the old form.

I would urge any institution and any aged care facility reading or listening to this debate to be very careful about this trap, because it

has happened to other institutions as well. It has happened to different institutions in the north of the state and in the south of the state. When these critical dates happen to occur, the department does not have the wit or the ability to comprehend that an institution sends in whatever classification form is appropriate when it does the classification. The department judges that it has to be the form when the person was admitted, but there is nothing clearly stated about that in the advice to the institutions.

I am dealing here with managers and directors of nursing who have been in this industry for some considerable time, who have a lot of experience and who run very good institutions. I am not talking about fly-by-nighters who are out to fleece the department, the government and everybody else and who do not care for their aged residents; I am talking about competent and good managers and administrators.

These sorts of things are causing a great deal of confusion, upset, concern, annoyance and frustration. When people send in incorrect forms, the department does not get back to them and say, 'Hey, you've done the wrong thing.' The people have to wait. When nothing happens and no money comes through, they think 'Oops, better ring the department.' So they ring the department and get told, 'Yes, you should have done A, B, C, D and E, not B, C, D, E and F.'

This lack of communication and, when there is communication, the complicated and technical manner of the communication are of major concern to the industry. This is a department which the minister does not seem to think should be speaking in plain English to the institutions and organisations. It is really a problem for people in the industry. Those are a few of the issues I wanted to raise last week, and I welcome the opportunity to do so today in the committee stage of this bill. There are a couple of other amendments I will certainly want to address when Senator Evans moves them.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.23 p.m.)—Senator West had a general spray against the government, the

department, the minister and, I think, some nursing home owners; I do not know whom she left out. But she did raise one legitimate issue, in relation to a resident with a low value house whose total assets are less than \$23,500. A resident with a low value house whose total assets are less than \$23,500 cannot be asked to pay an accommodation charge but does not qualify for the concessional resident supplement to be paid. The issue of low value homes is of great concern in rural areas, and the minister has consulted with stakeholders and held meetings with Ms Sue Irvine and Mr John Ireland on this issue. The minister today amended the definition of 'home owner' to ensure that residents with homes and assets valued at less than \$23,500 can qualify as concessional residents.

Senator CHRIS EVANS (Western Australia) (8.24 p.m.)—We have an amendment that goes to this issue which was ridiculed, as I understand it, in the parliamentary secretary's response at the end of the second reading debate only the other day. I am not quite sure I understood what Senator Herron was saying had been done today. Perhaps he could clarify it for me: are you saying that there is some measure contained in the bill or that you have gazetted a regulation today?

Obviously, in a short time, I will be moving an amendment which seeks to deal with this problem that we have been seeking to get addressed for some time. If the minister has addressed it, I will be only too pleased—especially given that the parliamentary secretary, in his response in closing the second reading debate the other day, wanted to ridicule the suggestion that we ought to be addressing this problem.

Senator Herron, I am just not sure what it is you said and what that means in practice. We will obviously come to that in a minute but, if you can clarify that, that will give me a few minutes to think about it and whether or not we intend to proceed with our amendment when we get to that stage.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.25 p.m.)—I thank Senator Evans. I am advised that the minister clarified it by

regulation today. If you wish me to repeat what I just said, I am happy to do so.

Senator Chris Evans—It might be helpful.

Senator HERRON—The minister today amended the regulation with regard to the definition of 'home owner' to ensure that residents with homes and assets valued at less than \$23,500 can qualify as concessional residents.

Senator CHRIS EVANS (Western Australia) (8.26 p.m.)—I will give a more definitive position when we get to that amendment. On behalf of the Labor opposition, that is clearly the policy intent we were seeking, so we would be pleased if that has been done. Senator West has been campaigning on the issue for some time and has raised it in the parliament, and that was the reason we took it up in the form of an amendment.

In making some opening remarks, could I address some issues raised by Senator Allison, because I think it is important that I respond to her contribution in the second reading debate and get that out of the way. I thought Senator Allison's contribution was fairly defensive. She started by saying, 'I'm going to abuse the Labor Party before they attack me, because I know they're going to attack me.' All I can say, Senator Allison, is that I gave a 20-minute speech in the second reading debate and I did not mention you. I am sorry about that, but I actually tried to deal with the public policy issues contained in the bill and Labor's critique of what was in the bill and what needed to be in the bill.

Those are criticisms that I have gained from moving around the industry in the last year and the concerns that have been raised with me by providers and consumers. I am sorry we did not fulfil your prophecies and seek to attack you. What was disappointing, I think, was that you did not provide proper attention to the public policy issues that we are trying to raise in our amendments and that are contained in the bill.

You seem to be concerned about re-arguing the debate that you said we were going to re-argue, when in fact we want to get on with debating the issues at stake. We are disappointed that you seem to have found yourself

in the position of wanting to defend the government policy because you have some joint ownership of that because of the position adopted during the first round of the debate on the aged care reforms.

I have no difficulty with the Democrats having some ownership of that policy; they did play a role with the government in getting that legislation passed. But I put to you that most of the critiques that we raised went to issues that you, the Democrats, said you were concerned about at that time, that Senator Woodley expressed some concern about at that time and that, with the passage of the last two years, have proven to be real problems and real issues. We would very much appreciate the Democrats seriously considering those issues and responding to them appropriately.

I know there is a tendency in the Democrats to discuss matters with the government and for that to be sufficient. I know you said, for instance, that you did not have time to consider our amendments. Like all parties, I have to go to my party room and get approval for amendments. Having done so, they were distributed to you as soon as possible. You have now had a week to consider those, so I think that criticism falls by the wayside. I think it is a criticism the Democrats would have trouble sustaining, given that on occasions they have been known to put in amendments fairly late in a debate.

I want to urge you to consider something other than the government's point of view and to engage positively with us. It is quite frustrating from the opposition's point of view if the Democrat response on serious public policy issues is to just talk behind closed doors with the government and not to engage in the public policy debate in this chamber. It is a critique I made of Senator Lees's and the Democrats' performance in the debate on the previous bill. It is a concern I raise again in relation to this bill. I do not mind the Democrats talking to the government. I do not mind them being convinced of the government's arguments if that is the case, but I do expect—and I think we have a right to expect—you to participate in the parliamentary process in a way that allows a proper debate of the issues in the parliament. Your second reading

contribution, where you said that you are going to vote against all Labor amendments because we are going to be mean to you and where there was certain paranoia about the previous debate, was a fairly immature response.

You have a legitimate point to make, which is that a number of providers in the industry are nervous about some of the propositions we are putting up. That is true. They were nervous about and reluctant to accept them last time; they are nervous about and reluctant to accept them this time. But I do not think it is my role to be the voice of providers in this parliament. I do not think the Democrats see it as their role either. Consumers also have a role. Aged pensioners, the people who live in these facilities, have a view. I urge the Democrats to seriously consider the views of the organisations that represent those people. I also want to make the point that we are debating this bill because the government withdrew the previous bill. It is our first opportunity in two years to debate aged care reforms. It is the first opportunity for us to make positive amendments to government legislation and regulation for the better of aged care. If we do not take this opportunity, who knows when we will get the next opportunity?

You may well have meetings with the minister. You may well have assurances that I do not know about, but this is the proper place for the scrutiny of government legislation. This is the proper place for the debate on aged care reform agendas and some of the holes and problems that are emerging with those. The Labor Party have applied themselves seriously to those. We have amendments which we are committed to, which seek to raise serious public policy issues and which we would appreciate you addressing. I make that plea because we got off on the wrong foot at the start of the second reading debate. That is unfortunate, but I want to make this bill better. There are ways it can be improved. I am encouraged by the fact that the minister seems to have suddenly discovered that one of the criticisms we have made is true.

I had a great deal of concern about our without prejudice piece of correspondence to

the Democrats being read out by the minister at the end of the second reading debate. I have spoken to the Democrats about that. I accept the assurance that that was an error. We expect to be able to deal on a positive level with the Democrats and to have discussions on a confidential basis. We are keen to get the Democrats to move some way towards recognising the real problems that are occurring with the aged care reforms and towards fixing those up, particularly in relation to accountability for funds paid by pensioners in fees for services provided by nursing homes. We urge the Democrats to seriously consider those. We make our suggestions seriously. We are prepared to consider alternative propositions, but we do want to make this bill better.

We do not want to indulge in wasteful rhetoric and abuse, which is what you accused us of. We have a series of amendments which we would like to have passed because we think they are important for aged care in this country. We do not think meetings with the minister and assurances from the minister that the government will look at them some time down the track will resolve those issues. These are real public policy issues about accountability for government and about residents' funds that need to be addressed. I put those comments on the record because I am keen to engage the Democrats in improving the bill. The political reality is that, if I cannot engage the Democrats in improving the bill, the government will have the numbers and it will roll on through. That is unfortunate. We would appreciate some support for our amendments. We will be moving them as we come to them, and we hope to get some support for them.

Senator ALLISON (Victoria) (8.34 p.m.)—I would like to respond to the comments of Senator Evans. The Democrats are very keen to engage in discussion and policy debate. I do not think we have ever said that we would not do that. In fact, that is the key problem that we have with the amendments that the ALP has put up: not so much that we have not had a chance to see them but that consultation has not taken place with the industry. If one thing is very clear, it is that you cannot introduce change in this whole sector without

having roundtable discussions that work through these issues and provisions in a very thorough manner with the consumers, the nursing home providers and others with an interest in this area. It is not the intention of the Democrats to step aside from any sort of discussion or consultation with anybody, including the ALP.

Senator Evans may have caught me at a bad time on Thursday. I remind him that it was a very long day on which there were a number of attacks on me and the Democrats by the ALP. Perhaps he caught the rough end of the pineapple, as my mother would say. I hope we are not on the wrong foot. I am new to aged care, as Senator Evans would be aware. My colleague Senator John Woodley previously had this portfolio. He was the one with the carriage of the legislation the last time around. We are not into wasteful rhetoric and abuse either, so I look forward to this debate and to reason and argument being the order of the day rather than any sort of ill feeling amongst us. I can assure Senator Evans that we have a great deal of sympathy for the sentiment behind the amendments that have been put forward. We are happy to take those discussions further with the sector and to argue them through.

We have not stepped aside from recognising the real problems, to use your words, Senator Evans. If you have another look at my second reading speech, you will notice that we criticised the government for their lack of response to the Productivity Commission report, and we will keep doing that. We are not here to simply say, 'We came on board with the first round of legislation, so we now own it, and we mustn't criticise anybody for it.' We will, as we always do, make judgments about legislation and about amendments based on argument. I hope we can continue in that fashion.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.37 p.m.)—I table a supplementary explanatory memorandum relating to the government amendments and requests for amendments to be moved to the bill. The supplementary explanatory memorandum was circulated in the chamber on 23 August 1999.

I seek leave to have requests for amendments (1) to (6) on sheet EH238, in relation to schedule 2, item 16 and schedule 3, item 21, taken together.

Leave granted.

Senator HERRON—I move the following requests for amendments:

That the House of Representatives be requested to make the following amendments:

- (1) Schedule 2, item 16, page 29 (line 12), omit "1 July 1999", substitute "the commencement of this item".
- (2) Schedule 2, item 16, page 29 (lines 13 and 14), omit "1 July 1999", substitute "the commencement of this item".
- (3) Schedule 2, item 16, page 29 (lines 30 and 31), omit "1 July 1999", substitute "the commencement of this item".
- (4) Schedule 3, item 21, page 37 (line 17), omit "1 July 1999", substitute "the commencement of this clause".
- (5) Schedule 3, item 21, page 37 (line 19), omit "1 July 1999", substitute "the commencement of this clause".
- (6) Schedule 3, item 21, page 38 (lines 5 and 6), omit "1 July 1999", substitute "the commencement of this clause".

I also seek leave for government amendments (1) and (2) on sheet EB224 to be taken together.

Leave granted.

Senator HERRON—I move:

- (1) Schedule 2, item 16, page 29 (line 10), omit "**1 July 1999**", substitute "**commencement**".
- (2) Schedule 3, item 21, page 37 (lines 14 and 15), omit "**1 July 1999**", substitute "**commencement**".

Senator CHRIS EVANS (Western Australia) (8.39 p.m.)—We are happy for these amendments and requests to be taken together. Senator West and I have a few general queries and comments that might best be dealt with before we deal with the amendments. I think Senator West wants to raise a couple of issues and I wanted to raise a couple of issues.

Senator WEST (New South Wales) (8.39 p.m.)—I wanted to go back to the announcement that the minister just made in relation to definition of 'home'—that is, where the assets plus the home are less than \$23,500. I am

fascinated that this announcement occurred tonight, when Sue Irvine and the others that you mentioned have been asking the department and the minister about this for more than 12 months. It was an issue prior to the last federal election, when I was up there campaigning—and that is just on 12 months ago now—and I am wondering why it has taken the government so long. I understood you to say that the definition of the 'home' would be altered. I would like to know what the definition is going to be, and 'can' is the word that was used. What weight does that have? Does that still allow people some discretion?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.40 p.m.)—I am advised that the definition has been changed to exclude anybody who has a home valued at less than \$23,500. I think it would probably help Senator West if I gave her a copy of the principles under section 96(1) of the Aged Care Act, dated today.

Senator West—Perhaps you might table that.

Senator HERRON—Yes, I will table it.

Senator CHRIS EVANS (Western Australia) (8.42 p.m.)—I wanted to ask a series of questions regarding the pre-October 1997 residents. The opposition is not seeking to move amendments to this. I just want to be clear about what the government is doing here. There is no provision, as I understand it, for payment to those residents who are owed refunds. The payments will be made to the providers. I was most concerned to understand what mechanisms were in place to ensure that all residents, and former residents now deceased, had access to these payments. As I understand it, from reading the explanatory memorandum, the government is not paying any moneys to those residents or to the estates of those residents. I want to know what accountability mechanisms are in place to ensure that those residents receive the funds that they are entitled to.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.46 p.m.)—I am advised that the act is being amended to give providers the

duty to repay the amounts and to do other things to facilitate the repayment. I would draw Senator Evans's attention to page 8 of the Aged Care Amendment (Omnibus) Bill 1999. At the bottom of that page, after paragraph 56/1K, section 25 refers to that.

Senator CHRIS EVANS (Western Australia) (8.46 p.m.)—I thank the minister. I understand that, but I suppose I am referring to your passing on the responsibility for paying back these funds to the aged care provider by that measure. What accountability measures are in place to ensure that people who are entitled to these refunds get them? I know that you are passing the responsibility on and you say to the providers, 'Take reasonable steps to find any care recipients.' But what does that mean? Who is accountable when people or their estates are not paid; and what measures are in place to make sure that people are paid?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.47 p.m.)—I am advised that the department will be notified when somebody has left a facility or died. The providers then will be required to repay either the estate or the person involved. The department will be aware of that because it will have to be notified of it. The department then will check back to ensure that that is done.

Senator CHRIS EVANS (Western Australia) (8.48 p.m.)—I thank the minister for his answer. Minister, doesn't that then beg the question: why aren't you directly paying them? It seems to me that this is a promise the Prime Minister made to those residents. Why aren't you, as a government, taking responsibility for paying back those residents?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.48 p.m.)—I will seek advice on that. But my understanding would be that it is occurring and it is done administratively. It can only be done once notification occurs. But I will seek advice on that to see whether there is anything further to add.

What I said previously was correct: the providers in the first instance notify, and then the department takes over after that. So we are fulfilling the statement that was made.

Senator CHRIS EVANS (Western Australia) (8.49 p.m.)—I am sorry, Minister, I do not mean to be difficult, but it is not clear to me how that works. In the paragraph to which you referred me, as I understand it, you ask that the providers take reasonable steps to locate and pay them. In essence, I want to know whether you can give a guarantee that all residents and all estates of deceased residents will be refunded the money in a prompt and efficient manner. Is the government giving that guarantee? It seems to me that, under your regime, there is no guarantee that that money will find its way into the hands of residents or former residents.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.50 p.m.)—I think there are certain circumstances—for example, where there is a nil amount of charge—which will exempt the resident's supplement from being payable to the provider. For example, this could include where the provider cannot locate the resident, or where there is no estate or legal representative or other specified person to whom the repayment can be made. You cannot say that it will always occur.

In these cases, the secretary must use her or his best endeavours to find the resident or legal representative to whom the payment should be made. If the secretary's best endeavours are unsuccessful in finding the care resident, legal representative or other person as specified, no refund will occur and the Commonwealth's liability for repayment will cease at that point. You cannot guarantee that in every instance this will occur, as has been requested by Senator Evans. But certainly the best endeavours will be made to ensure that the estate or the person is identified. Inevitably the provider, in the first instance, will be the one to notify the department. So, in summary, I can give the assurance that repayments will be made in all practical legal circumstances.

Senator CHRIS EVANS (Western Australia) (8.52 p.m.)—I am just not clear how the minister can give that assurance given that you are paying the provider; you are not actually taking responsibility, as I understand it, for paying the residents. What I want to

know is the accountability mechanism that ensures, one, that all the residents and their estates are funded and, two, that all providers forward on to those residents the moneys you provide to them? What accountability measures are in place to make sure that occurs?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.53 p.m.)—Just to clarify it, I hope: for the residents still in care the providers pay the refund and report to the department. So there is accountability in that regard from the department. For those who have left care or have died, so that their estates are required to get a refund, the department takes over the payment. There is a team of staff in the department to track them down. I hope that clarifies the situation for Senator Evans. If I can repeat that: for those residents still in care, the providers pay that back and report to the department so there is accountability there; and for those who have left care or who have passed away and their estates are responsible, the department takes over the payment. They have the staff to do that.

Senator CHRIS EVANS (Western Australia) (8.54 p.m.)—I thank the minister for his answer. Could the minister point me to the section in the bill which requires that reporting process to the department for those currently in care?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.54 p.m.)—Section 88-2 of the act on page 326 under the title 'Approved providers to keep records classified in Records Principles'. So it will be under those principles. Subsection (1) states:

An approved provider must keep records of the kind specified in the Records Principle.

Senator CHRIS EVANS (Western Australia) (8.55 p.m.)—I do not think that answered the question. You said they are required to provide the reporting mechanism to account for their payment of the refund. I want to know where that is required of them by this bill? You read me a general principle from the act about keeping records. You are paying an amount of money to the provider to cover the refund. What I want to know is where it says they are required to pay that to the

resident and report to the department that they have paid that money, where they are to account for that money and where they are to pay back to the department moneys that they have not properly refunded or been able to refund.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.56 p.m.)—That is conferred by the principles of the act as I have just stated. It is up to the department to ensure that that occurs. I do not see any difficulty with that. But I will check to see if the officers have anything further to add to it.

I can see the point that Senator Evans is referring to. We will have to check further as there seems to be some difficulty in finding where it is precisely in the act. As it is covered under the principles, I would like to ask whether Senator Evans wishes to pursue that further.

Senator CHRIS EVANS (Western Australia) (8.57 p.m.)—I do because I am not convinced that there are proper accountability mechanisms for these refunds to be paid. While I am happy to accept that that is the intention, I just want to make sure that the scheme does provide what you claim for it. I could not find where you ensured that the refunds were made. You sort of chose to give the money to the providers in the first instance and said, 'Let them sort it out.' I want to be assured, one, that they are only paid for what they refund; two, that they account to the department for that; and, three, that all people are refunded their money. I am not convinced at this stage that that is necessarily the case. If I have missed that section about the accountability of the department, I am happy to have it pointed out to me.

My final question on this area is: what is happening in terms of the assisted residents? As I understand it, residents that have assets between \$23,000 and \$45,000 are only paid a partial payment of \$2 or \$4 a day. Are the providers being refunded for the full \$12 for those residents? If so, are they to provide the full \$12 to the resident or are they to provide reimbursement for what the resident paid? If so, who keeps the difference or are you

working out exactly what was paid and having that remitted?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (8.59 p.m.)—To answer Senator Evans's first question, on page 251 of the Aged Care Act, under part 4.3—Accountability, section 63-1 entitled 'Responsibilities of approved providers', subsection (m), the accountability provisions are:

such other responsibilities as are specified in the Accountability Principles.

In other words, it is a sort of catchphrase for any other item that arises where an attempt might be made, inadvertently or by intent, to avoid that responsibility. It is covered in the act itself under section 63-1, subsection (m). In relation to the second question, I am advised that the provider gets the full \$12. The refunds are what the residents paid.

Senator CHRIS EVANS (Western Australia) (9.00 p.m.)—That begs the obvious question: does the provider keep the difference or does the provider remit the difference to the department? If you are only reimbursing the resident the lesser of the amount they paid and you have paid the provider the greater amount, the full rate, what happens to the difference?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.00 p.m.)—I am advised that most of the residents will have paid the full \$12. If they have paid less than that the provider will keep that.

The TEMPORARY CHAIRMAN (Senator Lightfoot)—Before I put the question, I respectfully remind the chamber that the question is that requests (1) to (6) and amendments (1) to (2) be put cognately. I therefore put the question: that the requests and the amendments be agreed to.

Question resolved in the affirmative.

Senator CHRIS EVANS (Western Australia) (9.01 p.m.)—Before we move on I want to raise a second question, the question of revocation. I wonder if the minister could explain to the chamber what is behind the problem with revocation? How many providers have had their approved provider status

revoked under the Aged Care Act? The explanatory memorandum indicates that the department is unable to move currently because of difficulties with the current legislation. I wondered how many providers the department had identified as being targets for revocation but where it has been unable to act because of the problems in the current legislation—really, the justification for the revocation provision.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.02 p.m.)—The government is committed to ensuring quality care and services for older Australians and, as part of that commitment, where there is evidence that a provider is no longer suitable to provide aged care services their approved provider status should be revoked. This will affect only a very small minority of providers, but action such as abuse of residents or defrauding the Commonwealth demands serious action.

It has become evident that, under the current provisions of the Aged Care Act, the current time frame for notice of revocation limits the ability of the department to take this necessary action while at the same time providing for continuity of care in an orderly way. These amendments will ensure that strong action can be taken against providers who are not suitable persons to provide care. They will also ensure that alternative and appropriate care arrangements for existing residents have been made when this action is taken. These amendments will allow revocation to be undertaken in stages as alternative care arrangements are made for existing residents. As an example, the first stage is likely to stop a provider from taking any new residents. Then, as alternative arrangements are made, each facility could be closed one by one.

These amendments also allow for revocation to take effect without a gradual limitation on approvals—for example, where all care recipients in a residential aged care service can be found alternative accommodation at the same time. The proposals will add flexibility which will enable the government to deal with the exceptional circumstances where there is a real need to stop particular provid-

ers from providing services in order to protect frail, elderly Australians.

Senator CHRIS EVANS (Western Australia) (9.04 p.m.)—I appreciate the minister's answer, and no doubt we will come to the issue about whether those provisions are adequate later on in terms of the care provided to residents during that period of staged close-down of a facility. But I just want to be clear: is the minister saying that no providers have had their approved status revoked under the Aged Care Act?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.05 p.m.)—I am advised that there have been four revocations in the past 10 years, so the government's bill strengthens the approved provider mechanism. It better enables the government to take action where required while protecting the residents.

Senator CHRIS EVANS (Western Australia) (9.05 p.m.)—I appreciate that answer, Minister. I would actually prefer the answer to the question, which was: have any approved providers had their status revoked under the Aged Care Act 1997?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.05 p.m.)—The answer is none.

Senator BROWN (Tasmania) (9.06 p.m.)—I would like to ask the minister a question regarding accreditation and the cost of the new provisions. I am doing this because I have a letter from providers in Tasmania which says that the final part of the reforms being put into place is the accreditation principles and the fees to be charged. The letter says:

Tasmanian providers would like to put forward their views in regard to those fees. Previously the cost of Monitoring in Nursing Homes was carried out by the Commonwealth, without any cost to the provider. The new scheme of Accreditation is of real benefit, and our members are happy to see such a system introduced.

However, we cannot afford any fees for Accreditation Why?, simply because of two factors:

- It did not cost anything in the past, and therefore, any cost will take money away from the direct care of elderly residents. On top of this, there is the money providers have already spent in preparing for Accreditation (none of it funded by

the government, and estimated to be between \$20,000 to \$40,000 per annum per provider), which has also taken money away from direct care.

- The introduction of a decrease in funding for Tasmanian providers to the tune of around \$75,000 to \$100,000 per annum, per provider, means that providers in Tasmania simply cannot afford to pay any Accreditation fees.

The letter goes on to point out that being forced to pay those fees will lead to a real diminution in care standards in Tasmania. Would the minister address this real problem? I know that he has been written to by concerned care providers in Tasmania about this matter, particularly about that cost of self-regulation of \$20,000 to \$40,000 per annum, which is, as the minister will know, a very real impact on the finances of homes, particularly homes which have, say, 45 beds.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.06 p.m.)—Senator Brown refers particularly to Tasmania. Senator Brown would also be aware that hospitals actually pay accreditation themselves, because it is in their best interests to go through the accreditation procedure. So we can draw that analogy of where there is no subsidy. In relation to aged care facilities, the fees of all providers will be subsidised by the government to some extent, in contradistinction to the other. All but small residential aged care facilities will be required to pay a fee to cover some of the cost of accreditation, but the cost of those fees to each service is consequently expected to be less than one per cent of average annual income.

In addition, the government is providing a full subsidy for small services. That means that services with fewer than 20 places will not be required to pay any fees at all for accreditation. I know that Senator Brown referred to 25 to 45 beds—and I will come to that in a moment—but services between 20 and 25 places will receive a tapered subsidy, which means on average a saving for them of more than \$2,000 each. These fees are, by definition, affordable and reasonable.

Senator Brown referred to homes with 25 to 45 beds. There is a sliding scale, as I mentioned, which tapers out between 20 to 25

places. As for a fee of \$40,000, I am assured that that does not occur at all. There is no place in the country where an accreditation fee of \$40,000 would occur, so I am not sure what Senator Brown is referring to there. Overall, the structure is giving the industry the partnership with government that the aged care facilities wanted. The aged care facilities wanted a process of accreditation, just as the hospitals did.

Senator BROWN (Tasmania) (9.10 p.m.)—I thank the minister for that. I was quoting from a letter from Mr Mark Stemm, President of Aged Care Tasmania. In that letter, amongst other things, he said:

. . . there is the money providers have already spent in preparing for Accreditation (none of it funded by the government, and estimated to be between \$20,000 to \$40,000 per annum per provider) . . .

I guess this is preparation money that has been spent in getting ready for accreditation. The letter goes on to say:

The introduction of a decrease in funding for Tasmanian providers—

and I think that is under coalescence—

to the tune of around \$75,000 to \$100,000 per annum, per provider, means that providers in Tasmania simply cannot afford to pay any Accreditation fees.

I would be pleased if the minister would provide me or the committee with that sliding scale of fees, so that I can give it to my correspondent, and also if he would say what measures have been put in place to help Tasmanian providers—which, unlike those in other states, are going to get less funding because of this business of coalescence which, as I understand it, is to bring all states into parity as far as the amount of funding that is available is concerned.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.12 p.m.)—I have been advised that every provider has been sent that table, so I would be happy to provide that to Senator Brown. Providers in Tasmania this year will receive an additional \$104.4 million, which is an increase of \$6.6 million over and above what they received last year.

Senator BROWN (Tasmania) (9.12 p.m.)—I take it from that last reply that the minister is saying that Tasmanian homes are going to actually see an increase—and not a decrease, as my correspondent fears—in their funding this year and in subsequent years.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.13 p.m.)—I am advised that there will be, as I said previously, an increase of \$6.6 million over and above what they received last year, which will mean that this year they will receive an estimated \$104.4 million.

Senator BROWN (Tasmania) (9.13 p.m.)—Thank you. The second part of my last question was: is this increase in funding going to be maintained, and does it take into account indexation?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.14 p.m.)—I am advised that Tasmania will continue to have funding increases from indexation and other factors.

Senator BROWN (Tasmania) (9.15 p.m.)—I am informed—and I would like the minister to comment on this specifically, if he would—that over the past three years the government has been reducing the level of care money by using a low indexation rate, and that the average nursing home received an increase of 1.04 per cent for the 1999-2000 financial year but has had to pay wage increases of around two per cent for the same year. The correspondent makes the point that this reduces care funding by around one per cent per annum or \$15,000 per annum for an average nursing home and that that is money lost out of care. Under the proposed coalescence this indexation rate will do nothing for three of the next five years, putting nursing homes further behind. Are those figures wrong? If they are, can the minister provide the committee with the figures which show where they are wrong?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.15 p.m.)—The government's aged care reforms have significantly increased funding for residential aged care in all states and territories, including Tasmania and Vic-

toria. In 1995-96, for example, Labor provided \$2.5 billion for residential aged care. This year, 1999-2000, the coalition will provide an estimated \$3.5 billion. That is an increase of 42 per cent since the coalition came to government, so I would have to dispute the statement made in that letter.

Senator BROWN (Tasmania) (9.16 p.m.)—Yes, but we are talking about two different things there. The minister is using gross figures for a service that is costing more and more each year because of the increased use by Australians of those services and I am using percentages. However, the minister is saying that nursing homes have never had it so good and that they are receiving increased amounts, including those in Tasmania. My correspondent says that coalescence will cost a 45-bed nursing home an average of \$82,125 per year. You would need to make up a fair deal to put that at a positive. Has the minister factored in the coalescence factor as far as Tasmanian nursing homes are concerned?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.17 p.m.)—I appreciate that Senator Brown is being an advocate for his correspondent but the reality is the minister has not made a decision about the coalescence. That was recommended, as I understand it, in the Productivity Commission's report but a decision has not been made. There has been a campaign on this issue for quite some time, which is obviously being continued tonight by courtesy of Senator Brown. But one cannot make an allegation about something that has not yet occurred, which is the intent of Senator Brown's correspondent.

Senator BROWN (Tasmania) (9.18 p.m.)—Fair enough. Yes, I am advocating this because this is a Tasmanian constituency that I am concerned about. When is the minister going to make that decision and what other information, other than the information already available to her, is being considered that has delayed the decision? Can the minister at least take the worry out of budgeting for nursing homes right across the country? Some states will be advantaged by coalescence and other states disadvantaged. Tasmania, particularly, will be disadvantaged.

I think it is fair for me to say tonight that any responsible budgeter for a nursing home will have to take into account the potential for this decision to be made somewhere during the coming financial year. Will the decision be made during the current financial year and, if not, when?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.19 p.m.)—As all of us know in the Senate, Senator Rod Kemp frequently states that this is a consultative government. In relation to coalescence, the government is involved in considerable consultation. The minister is not going to be rushed into a decision that has taken some time—it is admitted—but will make the decision as a result of considerable consultation both with providers and recipients of care. At the appropriate time that decision will be made. As far as I understand it, a time line has not been set, but I can assure Senator Brown that it will be in the best interests of both the providers of residential aged care facilities and the people who are resident in them.

Senator CHRIS EVANS (Western Australia) (9.20 p.m.)—I have a couple of remarks to make because this issue of coalescence is important. I was glad to see Senator Allison raise it in her speech on the second reading, and Senator Brown is pursuing the interests of Tasmanian aged care interests tonight. That is welcome because this is an issue that we have been pressing the government on since January. The Treasurer received the report on coalescence from the Productivity Commission in January and did not release it until March, after a lot of pressure from industry, the opposition and others to have it publicly released.

We were promised there would be a consultation period in the May-June period, with a decision being announced shortly afterwards. We are now getting various stories about the next month or two. I hear that the last story the providers got was that it would be by the end of the calendar year but the story varies from day to day. The government admitted there was a problem with the policy and sent it off for independent review by the Productivity Commission, which is not usually a

friend of those concerned with a caring, sharing society. However, the commission produced a report which was highly critical of the government's coalescence policy and pointed out the inequities in the policy, particularly for states—as Senator Brown quite rightly says—like Tasmania and Victoria.

The industry is extremely frustrated that the minister is unable to deal with the Productivity Commission report and give a proper government response to it. It is scandalous that there is no direction coming from the government. Senator Brown, like the industry, makes the point that people need to be able to plan on the basis of the conditions that will be applying in their industry. The industry is in a state of great uncertainty because of the failure to get clear direction of what the government intends to do.

The government said it would refer the issue to the Productivity Commission. It got an answer which said that the government's policy ought to be abandoned. For the last eight or nine months it sat on that report and failed to respond. It has consulted to the point where the industry does not want to be consulted anymore, because all they hear is talk. They want some direction. They want some positive policy response to the issues that have arisen. Providers and the community in Tasmania are rightly concerned to know what the answer is.

So I really do think the government owes the Senate, the aged care community and the aged care residents an answer on when it will know what the policy will be. Really, Minister, they ought to know what the policy will be. The minister has had long enough, and she cannot continue to ignore the need for some direction from the government. So I add my support to Senator Brown's and Senator Allison's comments that this is one of the key issues that are at stake in aged care at the moment.

I understand that the minister in the chamber may not be in a position to give those assurances tonight and that, in the end, the buck does not stop with him—he is the messenger on this occasion—but it is the most pressing issue and it is causing uncertainty.

The government must respond and must address the issues raised by the Productivity Commission in a proper way and quickly. It is not good enough to say, 'Oh well, we are still looking at it, we are still consulting.' I have not met anyone in the industry who wants to be consulted anymore; they want the problem fixed and they want an answer as to when it is going to be fixed.

The TEMPORARY CHAIRMAN (Senator Lightfoot)—Does Senator Evans wish to formally move his request—schedule 1, item 14?

Senator CHRIS EVANS (Western Australia) (9.24 p.m.)—Unless Senator Brown is seeking the call on the coalescence. If he is, then I will defer to him.

Senator BROWN (Tasmania) (9.24 p.m.)—I thank Senator Evans. I put a specific situation to the minister. This is the calculation that coalescence would cost a 45-bed nursing home in Tasmania \$82,125 per year. The government will be aware what that means to an average nursing home's budget. I know that a lot of figures have been worked through here. If that is not the right figure, could the minister give the committee the government's calculation of what that figure is?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.25 p.m.)—As I said before, the government has made no decision, so it is a hypothetical. I cannot respond to a hypothetical on behalf of the minister. No decision has been made in relation to coalescence. As I understand it, Senator Brown said—he may correct me if I am wrong—that that decision would cost \$82,000. It is a hypothetical, because no decision has been made.

Senator BROWN (Tasmania) (9.25 p.m.)—But to arrive at a decision, surely the government has to do cost estimates of what that decision is going to mean. This is what the nursing homes have done in Tasmania. They are saying that their cost estimate is that, if coalescence proceeds, it is going to cost an average 45-bed nursing home \$82,125 a year. What I want to know from the government is whether that is consistent with the government's thinking. If it is not, what figures can the government give the com-

mittee about what coalescence would cost such a nursing home in Tasmania and indeed in other states that would be involved by that policy being invoked. I think what I am putting to the government is that there is a lot of fear in nursing homes in Tasmania about what coalescence will mean to their budgeting. They are looking ahead four or five years and they have some figures which are quite frightening. It would be good for the government through this committee to be able to reassure them that their figures are not right; that the impact of coalescence would be much less; and that, in this absence of a decision being made by the minister, they can at least work out how their forward planning may be affected if the minister, the government and the cabinet do come down in favour of this policy.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.27 p.m.)—As I said previously, no decision has been made. It sounds like the Mandy Rice Davies defence: ‘Of course you would expect them to say that.’ Of course you would expect them to say that it is going to cost a great sum of money.

Senator Chris Evans—You’re showing your age.

Senator HERRON—I appreciate that I am showing my age. It was just that the phrase was used with me yesterday, Senator Evans, and I had forgotten it. It brought home to me the thought that that is what would you expect them to say—that it was going to cost an enormous sum. For Senator Evans’s benefit, the phrase was used in the supplement to one of the weekend newspapers recently.

Senator Quirke—You are not going to do a John Profumo on us, are you?

Senator HERRON—That case was mentioned. To get back to the point, these hypotheticals cannot be responded to, because a decision has not been reached. I would expect people to talk about large sums of money—and it is a considerable sum, as Senator Brown has said—but it is a hypothetical. Perhaps we can have this debate when a decision has been made in relation to this

matter. I would be happy to respond on behalf of the minister at that time.

Senator BROWN (Tasmania) (9.28 p.m.)—I will not delay the committee too much longer. Really, the point here is that if the government is going to make an important decision like this it must know what the impact of that decision is going to be. Or is the minister saying that the government does not know what the impact will be and it has to wait until after its decision is made? We cannot have this both ways. What I am putting to the good senator is a request for the committee to be given whatever work the government has done. You cannot make a decision like this without doing your homework. I am simply saying, ‘Please show us your homework on what the impact of coalescence will be on nursing homes in Tasmania.’

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.29 p.m.)—For once I think that Senator Brown and I agree. Yes, it is important to know what the impact would be; and I am sure that the minister will take that into account. Because a decision has not been made, I am sure that whenever the decision is made it will be attacked, whatever it is. As I said before, I will reserve that until the decision is made, and then we can do it on a firm basis. It would be foolish to agree to a request on a decision that has not yet been made.

Senator BROWN (Tasmania) (9.30 p.m.)—While we are on the subject of foolishness, I just want to get this clear. Senator Herron is telling the committee that the government will do the figures on the impact of this coalescence after it has decided its policy, and it has not done figures before in working out what to do. Chair, you will agree that he cannot have it both ways. I believe that the government has done the figures on it. I do not think the government would be able to really say otherwise. I ask the government why it will not reveal those figures. Let us be clear about this: is Senator Herron saying that at this stage no figures are available on the impact of coalescence on nursing homes in Tasmania?

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.31 p.m.)—I think I will be applying for a nursing home, if we go at this rate in relation to this bill. I do not know what Senator Brown wants from me. There are many different views from the industry on this. I appreciate that he is speaking as a senator from Tasmania, but I cannot add anything further to what I have previously said. If he wants to keep going around and around in circles until the cobwebs are above the ceiling here, I cannot give him any assurances other than those I have already given him. I think we ought to get back to the amendments that have been put so that we can discuss relevance. He has made his point, and I accept the point he has made, but I can add nothing further by way of answer to the questions that he has raised.

Senator BROWN (Tasmania) (9.32 p.m.)—I thank the senator for that. I do not think it is 'cobwebs'; I think it is probably a tangled web we are dealing with here.

Senator CHRIS EVANS (Western Australia) (9.32 p.m.)—I hate to be presumptuous, but I want, first of all, to tell Senator Brown that I have got the figures on the effect of coalescence on Tasmania. It is not a happy story, but I am happy to provide them to him. I got them on notice from the government some weeks ago. I will formally move opposition amendment No. 2, because opposition request No. 1 was the one that related to the \$23,000—

The TEMPORARY CHAIRMAN (**Senator Crowley**)—Let us be clear: you are moving request No. 1?

Senator CHRIS EVANS—My understanding was that that was the amendment that dealt with the question of homes valued at less than \$23,000—

The TEMPORARY CHAIRMAN—This is opposition amendment No. 2?

Senator CHRIS EVANS—No. 1; and it was not my intention to proceed with that—on the basis that the government have said that they have today made a regulation addressing the problem. I was going to break

the habit of a lifetime and accept them at their word and not proceed with that amendment.

The TEMPORARY CHAIRMAN—So at this stage you are actually bypassing amendment No. 1 and request No. 1?

Senator CHRIS EVANS—Yes, that is right. The minister indicated to the committee earlier that the regulation had been gazetted today.

The TEMPORARY CHAIRMAN—I beg your pardon, Senator Evans. You are now moving opposition amendment No. 2?

Senator CHRIS EVANS—I am dropping opposition request No. 1 and moving opposition amendments Nos 1 and 7, and seek leave that they be taken together.

Leave granted.

Senator CHRIS EVANS—I move:

(1) Schedule 1, item 4, page 4 (after line 5), after subsection (7C), add:

(7D) Where an approved provider has been issued with a notice under paragraph (7)(a) or (b), the Secretary must appoint an *authorised officer to monitor the care of care recipients in all residential care services operated by that approved provider. The authorised officer may recommend to the Minister any action necessary to protect the interests of those care recipients.

(7) Schedule 1, page 21 (after line 19), after item 41, insert:

41A Before paragraph 91-1(2)(a)

Insert:

(aa) monitoring the care of care recipients in residential care services operated by approved providers who have been issued with a notice under paragraph 10-3(7)(a) or (b);

These amendments deal with the appointment of an officer to monitor the care of residents. These Labor amendments seek to insert into the act a provision that will require the appointment of a departmental officer to monitor the care of residents where a provider is having their approval to operate a facility revoked. This amendment addresses the concerns expressed by a number of parties in the sector, including providers, about the effect of the bill.

The government's bill inserts provisions that will allow for the gradual wind-down of a facility where a provider has failed to provide appropriate care to residents and a decision has been made to revoke their approved provider status. The minister indicated earlier in the debate that the wind-down was because of difficulties in terms of placing a large number of residents into alternative care at the same time. I accept that that is a difficulty, because alternative nursing facilities are often oversubscribed.

We are trying to deal here with a very small number of providers who may be impacted by the decision to revoke. We think the government's bill raises significant concerns about ensuring that the rights of residents remaining in the facility are protected. It is all very well to say that we are going to have this wind-down, but we have to understand the psychology of the provider who will be operating in that circumstance. The wind-down could take a considerable period because of the government's difficulty in placing those residents in alternative accommodation. Some residents may have to wait months while beds are found in alternative facilities.

That has certainly been our experience when dealing with providers seeking to leave the industry in recent times. We are concerned that the provider that either has been forced out of the industry or is seeking to leave the industry loses interest in the provision of care and that the sanctions that are currently available to the government fail to provide sufficient protection, because you are dealing with a provider who does not necessarily have a long-term interest in the provision of care, someone who is exiting the industry.

Under our amendment the secretary would appoint an authorised officer who would have powers set out under division 90 of the act to monitor the care of residents in the facility. This officer would then be required to report directly to the minister on any action necessary to protect the interests of residents. What we are doing is signalling the need to care for residents in this unfortunate position and clearly identify who is accountable for ensuring that their interests are protected. We request that the minister make a number of

determinations under the sanction principles under the act to strengthen the sanctions against providers who refuse to cooperate with authorised officers in this situation. We believe the current sanctions under the act would be ineffective in dealing with providers who are having their approved provider status revoked.

We believe with our amendments the sanctions would be strengthened and the minister would be able to protect the interests of all residents. Residents and their relatives would be confident that a departmental officer would be appointed to monitor the care of residents and report any problems directly to the minister. If these amendments are not carried, then residents and their families will have to rely on the existing monitoring and sanction provisions of the act, which may be appropriate for the majority of providers who act responsibly but we believe will be ineffective and are proved to be ineffective for persistent poor providers. We think this is a very necessary adjunct to the protections available for residents.

We have a situation where a shake-up in the industry is occurring with regard to accreditation and certification. This is an issue that is more pressing now than in normal circumstances as a number of providers are faced with an inability to continue in the industry or a desire to get out of the industry because of the new standards.

We welcome the new standards and we welcome the accreditation principles. We support those measures to improve the standards of care. But a number of instances have been brought to our attention in recent times where people leaving the industry have no incentive to continue to provide care. In fact, instances have been brought to our attention where providers have been established as not providing appropriate care, where there are real health risks to residents and where the care is clearly less than satisfactory. Under the scheme instituted in this bill, that facility will be gradually wound down: the provider who is leaving the industry, who is in dispute with the department and who is not providing appropriate care will continue to have care of residents for up to a number of months on

some occasions. We think it is important that we have proper protection for those residents left in that nursing facility.

We think this is a very appropriate and necessary adjunct to the powers already under the act to make sure that those residents receive the protections they deserve during that period, a time when they will be most vulnerable. We think it is important that this provision be included since we have already decided to support the phase down, the revocation of the licence in stages, because that process allows for that provider to be in charge for a considerable period of time as they gradually run down the number of residents in their facility. We think this is important. We do not accept the argument that there are enough powers there currently. Our experiences and the experiences of residents and their families in recent months have confirmed our concern that there is not enough protection. We think this is the way to solve that problem.

Senator ALLISON (Victoria) (9.40 p.m.)—The Democrats will not be supporting these amendments. Again, as I indicated in my speech in the second reading debate, we support the sentiment and think there is some merit in the amendments. But, again, we have to be guided by those we have had a chance to speak with in the industry about these amendments. There is concern within the industry that the amendments may bring with them unintended consequences because of inadequate consultation time and inadequate time to consider the implications of how they will fit with the existing provisions in the act. We do recognise that the Council on the Ageing have voiced their support for the amendments, and we believe it is also important to consult with the providers of aged care before supporting such amendments.

I think we have had a very positive relationship with the peak bodies representing aged care in the past and have always found them to be very reasonable and very open to discussion and cooperative in working to improve consumer protection. I think it is counter to the interests of the majority of aged care providers to allow the minority of providers who do not maintain high standards of

care in facilities to continue to operate, putting the interests of their residents at risk. However, it is important to avoid introducing amendments, even if they are well meaning, which might have unintended consequences and which may make them unworkable for the majority of decent aged care providers. While the Democrats do recognise that protecting the rights of aged care consumers must be a very high priority, we also recognise just how counterproductive it would be to thrust ill-considered and potentially unworkable changes on the industry; and that would benefit neither providers nor consumers.

I understand that the act already makes provision for the protection of residents in circumstances such as those raised by the opposition. I ask the minister to once again provide us with an outline of what these are. If consumer groups in the industry believe these existing protections are inadequate, then the Democrats are happy to take part in further discussions with all the relevant parties to come up with changes which will be workable for everyone.

I will go to a couple of the comments made by aged care providers in support of those arguments. The Australian Nursing Homes and Extended Care Association Ltd asked, 'Who decides whether the provider has a demonstrated commitment? Who decides whether the provider has met his or her responsibilities?' and questions of that sort. Aged and Community Services Australia said:

In the short time available to us we have attempted to understand the implications of the proposed amendments. We can understand the sentiments which have prompted the opposition to move in this way, but we believe the action proposed and/or the actual wording of each amendment is unhelpful. We do, however, agree that the amendments highlight certain problems in the current system and we will want to put in place a considered process through which these issues can be addressed. We are particularly concerned to ensure the total protection of residents in situations where an approved provider is acting outside the requirements for both provision of quality care and/or the protection of residents' funds.

Uniting Community Services Australia said that these amendments amounted to sweeping changes to the current legislative framework. They were very concerned that there had been

little or no involvement of stakeholders in the development of those amendments and urged industry consultation before progressing further with decisions in relation to the intent and outcome of such amendments. Catholic Health Australia said that the proposals are complex and would impose administrative burdens on the industry which must go through a wide consultative process before being adopted.

That is just an example of some of the quotes from letters that have been sent to the Democrats on these issues. While we are not prepared to support these amendments, we are happy to talk about them. We think it is worth while talking about them to ensure that there are those consumer protection mechanisms in place, but it is too soon for us to support the amendments in their current form.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.45 p.m.)—The government respects the intent of the amendment, but the legal advice is that this amendment is inconsistent with part 6.4 of the act and is more narrow. It does not add anything to the mechanisms, powers and duties already in the act and so is redundant. Therefore, the government opposes this amendment as there are already mechanisms in place to protect care recipients where the approved provider status of the care provider is being revoked. Currently, the Aged Care Act 1997 allows approved provider status to be revoked as a sanction where providers have breached their responsibilities under the act or where they are no longer suitable to continue to provide care.

To facilitate this process in both cases, there are teams of departmental officers in each state and territory known as 'closure working groups' that work with the industry to identify suitable alternative accommodation if required for care recipients. In addition, the Aged Care Standards and Accreditation Agency continues to monitor compliance with care standards during the process of closing residential aged care facilities. The agency has powers to make recommendations to the secretary about appropriate action to be taken where care standards are not being met. The agency is

closely involved in monitoring in these cases. These mechanisms have acted to protect the interests of care recipients since the implementation of the aged care structural reform package.

Senator CHRIS EVANS (Western Australia) (9.47 p.m.)—I want to address a few remarks to the Democrats first in order to try to sway them. First of all, we ought not dismiss so lightly the views of the consumer groups because this is the issue that they are most concerned about—that is, the protection of residents. On the one hand, Senator Allison reads letters from providers—the people who run the nursing homes—which say that there may be unintended consequences. The minister says that these measures are redundant and have no effect. So the providers are saying that the unintended consequences is their reason for not being prepared to consider supporting these changes and the minister is saying that they are redundant.

That begs the question: where is the truth in this? It is the case that COTA, the APSF and other advocacy groups are supporting this approach because they are concerned about what happens to the residents in those nursing homes. I accept that the vast majority of providers act with goodwill, but they are the providers of the service. They would be reluctant to accept provisions which impose further accountability measures, if you like, on them. With the best will in the world, that would be their starting point, and I accept that. But the people whose job it is to represent the interests of the consumers are most keen to encourage this amendment in particular because it goes to the protection of those residents.

Senator Allison made general comments about the groups' concerns about or qualifications with our amendments, but most of those go to the questions that will come later on in the debate. They do not go directly to that. What I ask the Democrats to do is to not tell me the position of the providers but to tell me their position in the protection of residents' rights, because it is you who get to vote and you who get to make a determination on the issue.

I want to point out clearly to the Democrats that this amendment applies to people who are having their licences revoked. This does not apply to the majority of providers; it applies to people who the department and the minister have said ought to be out of the industry. So talking about unintended consequences and the majority of providers and those doing good work in the sector is not a relevant response. We are talking about the people who the department have finally got around to saying should not be in the industry and who are not competent to provide quality aged care. What we are saying is that a person who has got to the point where they are not acceptable ought to be monitored.

Progress reported.

ADJOURNMENT

The PRESIDENT—Order! It being 9.50 p.m., I propose the question:

That the Senate do now adjourn.

Goods and Services Tax: Airfares

Senator O'BRIEN (Tasmania) (9.50 p.m.)—This afternoon two media releases arrived on the fax machine in my office. The first was from Qantas and the second from Ansett. Both dealt with the same issue—the impact of the Howard government's GST on airfares. Both represent bad news for the all-important tourism industry in my state, the state of Tasmania. The Ansett release advised: Effective from today—that is 27 September—all domestic airfares booked for travel after 1 July, 2000, will increase by 7.5 per cent.

It continued:

A further increase, yet to be determined, for domestic travel after 1 July 2000, is likely in advance of the 1 July 2000 introduction of the GST.

According to Ansett, cost reductions from the removal of indirect taxes will be minimal because they have little impact on airline costs. Ansett advises that, in contrast to the increase in domestic fares, international airfares will fall.

Qantas chief executive, James Strong, advises in his release that an increase, also by an average of 7.5 per cent, in the price of domestic tickets came into effect last Friday.

Mr Strong also warned that the cost of domestic airfares might vary again before the GST is introduced next July. He said that Qantas would continue to monitor closely the cost of implementing the GST, together with the savings from wholesale sales tax, other indirect taxes and cost savings passed on by suppliers. He said:

The net result is hard to assess accurately at this stage, and there may be a need for further adjustment after reviewing the actual impact at a later date.

I think that means there may be a further rise in Qantas domestic fares before 1 July next year in line with the further increase flagged by Ansett. Both the media releases refer to the fact that business travellers can claim the GST as a deduction. But this is of little comfort to the Tasmanian tourism industry and those people who wish to holiday in that state.

International travel is GST free. Families wanting a cheap holiday in Fiji or Hawaii will not have to pay Mr Howard's new tax but a family wanting to fly to Tasmania for a holiday will; and of course they will have to pay a GST on their car hire bill, their accommodation and all their meals. The government, therefore, has built into its new tax system a bias against domestic recreational travel and, in doing so, a bias against Tasmanian tourism.

The last time I spoke about tourism in Tasmania and the importance of the industry to the economic health of my state, I referred to a report prepared for Tourism Tasmania in 1997. That report showed, based on 1995 data, that visitors to the state spent \$857 million on travel. According to that report, the industry was and still is a key employer, accounting for up to 18,700 jobs, and tourism contributed up to 8.3 per cent to Tasmania's gross state product.

The tourism industry in Tasmania is built around the small business sector. The jobs it supports are in the retail, restaurant, accommodation, entertainment and recreational sectors as well as travel, and they enjoy a statewide distribution. According to the report I mentioned earlier, 50 per cent of tourism related jobs are in the southern region, 30 per

cent are in the northern region and 19 per cent are in the north-west.

I received a letter from the chair of Inbound Tourism Organisation of Australia Ltd, Mr Peter Doggett. In his letter dated 11 February, Mr Doggett told me that the Australian tourism industry was not opposed to the GST. I must say I am sceptical about that claim. However, he did have a concern about the impact of the GST on his particular patch. He wanted the government to zero rate tourism services sold offshore, but he did say in his letter:

The GST will pose the greatest threat in the price sensitive leisure market where Australia faces huge competition from cheaper countries.

Not only will it increase the cost of an Australian holiday, it will result in Australian product receiving less coverage in brochures overseas and less marketing exposure.

There will be a severe detrimental impact on tourism operators, particularly in regional Australia and states like Tasmania and South Australia.

In recent times, the headlines in the media have been dominated by human catastrophes, as they should have been. The world has seen a massive loss of human life through natural disaster and mass slaughter and, in this context, the GST is very much a second-order issue. But it is still there. We will have to deal with what is a regressive and all-embracing new tax from 1 July next year. For regional Australia generally and Tasmania in particular, this burden in the form of job losses, lost income and falling living standards will be very heavy indeed.

Aviation: Class G Airspace Trial

Senator WOODLEY (Queensland) (9.56 p.m.)—I rise to speak today on a matter of air safety. I want to discuss the termination of the class G airspace demonstration which was held between Canberra and Ballina late last year. It was cancelled in December 1998 on the recommendation of the Bureau of Air Safety Investigation. The Minister for Transport and Regional Services, John Anderson, asked BASI to inquire into the G airspace trial. BASI did the investigation and wrote a damning report, but it has not been released. The government has seen the report and has ordered a review.

The Democrats fear that the final report into G airspace will be watered down. The draft report goes to the heart of the problems with aviation safety in Australia, and these issues should be placed on the public record so Australians can make up their own minds about the administration of air safety in Australia.

The draft BASI report, the one the government is reviewing, says that the class G airspace demonstration was fundamentally flawed from start to finish, from planning to implementation. The report finds that many aspects of the trial—consultation, training, the safety analysis and risk modelling—were riddled with deficiencies. The draft BASI report says that the leadership and management of the Civil Aviation Safety Authority suffered systematic weaknesses which had a direct bearing on aviation safety. It is a hard hitting criticism of CASA.

Here is what BASI had to say about the G airspace trial. On its development, BASI says:

Adequate justifications for the proposed changes to Class G airspace . . . have not yet been presented. The purpose of the demonstration was never clearly defined by CASA.

On consultation, BASI says:

CASA's failure to undertake meaningful consultation in the early stages of the project led to far-reaching problems with safety analysis and education activities and resulted in the evolution of a Class G airspace model which was unsustainable.

On the issue of education, BASI says that pilots flying in the trial were confused. It states:

A lack of appropriate detail in the educational material became a significant problem during the demonstration.

On the operation of the trial itself, BASI concluded that CASA's project management of the demonstration was inadequate. BASI says there were a number of guiding principles associated with the project which were based on flawed assumptions. It says:

These included beliefs that there was no real need to conduct safety analysis activities for the demonstration as these had been completed during the Airspace 2000 review in 1997; that traffic levels in en-route Class G airspace were essentially so low that collision risk was negligible, that directed traffic information (DTI) was 'unsafe' and expen-

sive; that the safety benefits of a radar information service (RIS) within radar coverage would outweigh the disadvantages of the removal of DTI in areas outside of radar coverage; and that the Class G demonstration was safe because it was based on proven overseas practice.

BASI says all these assumptions are flawed. In other words, CASA got all these things wrong. On the issue of incidents and accidents, BASI received a total of 157 incident reports related to the class G demonstration. This compares with 11 incident reports in the same period in the same area prior to the demonstration. There was criticism of the trial overseas. A UK Civil Aviation Authority review of the G airspace trial found that the safety case had not been kept up to date since 1997 and reported that:

These issues related to residual risks that would have to be controlled/ constrained in order for the demonstration to go ahead as they could be potential contributory factors in loss of control incidents. In our opinion the planned system performance monitoring during the demonstration would not provide an adequate strategy for risk containment.

In response to that, BASI says:

The UK experts concluded that safety analysis work had not been completed, but that the demonstration could proceed if certain additional requirements were introduced. These additional requirements were never fully satisfied.

Four weeks into the demonstration, CASA's Airspace Standards Branch wrote a report which found that the single national advisory frequency was not suitable for national roll-out because 'it does not have the capacity to handle the volume of radio traffic'. The report was drafted into a board paper which recommended that the board:

... note that on present monitoring trends the current design will require modification prior to national implementation and that the current implementation may need to be amended prior to that date.

The paper also recommended that the board:

... consider, given the above and the fact that the further safety education is necessary, whether the trial should continue.

BASI says in response:

The General Manager passed the report and draft Board paper up to the Assistant Director level, but neither document reached the Director or the Board.

The fact that the CASA board was never made aware of its own department's recommendation of a possible termination of the G airspace trial is evidence of a very serious organisational problem. During a CASA board meeting on 30 October 1998, the board was informed that the Australian Air Transport Association had written a letter the previous day saying that the G airspace demonstration should be terminated. The board noted:

... that the introduction of class G was giving cause for concern and the competence of the team involved concerned management and that the team also had low credibility with industry; that it is therefore proposed that the team be disbanded.

So the CASA board decided to shoot the messenger but push on with G airspace, confirming at that meeting its commitment to harmonise Australian airspace.

One of the most damning criticisms in the draft BASI report relates to the functionality of CASA as a department. BASI finds:

... the investigation ... identified that the project management of the demonstration was deficient because critical safety analysis, consultation and education issues were not adequately addressed. These problems had their origins in a number of fundamental deficiencies in CASA's management or 'corporate governance' arrangements. The investigation determined that the way the demonstration was managed revealed a systemic weakness in the leadership and management of CASA, which had a direct bearing on aviation safety. Ultimately, due to these organisational deficiencies, CASA did not ensure that it was appropriately equipped to conduct the demonstration.

On management, BASI says:

Many of the problems with the demonstration were related to inadequate safety analysis, consultation and education activities. Overall, the Chairman's close and active involvement and management style contributed to these problems.

These excerpts from the draft BASI report into the G airspace trial describe a chronicle of failures committed by the Civil Aviation Safety Authority. It reports on an organisation that is dysfunctional to a degree that affects air safety in Australia. This draft report of BASI comes almost 12 months after the report by Mr Stephen Skehill and BASI into the seaplane crash which killed five people near Sydney in July 1997. Both those reports found that CASA had failed in its duty to act

on serious safety deficiencies within the company operating the seaplane.

Soon afterwards, CASA announced a new structural blueprint aimed at delivering better aviation safety services, but these actions were obviously not enough. We now see from the BASI report into the G airspace that it was really business as usual at CASA several months later when the G airspace trial commenced and dramatically fell over. There must be fundamental structural reform of CASA and its sharing of responsibilities with Airservices Australia. These responsibilities must be separate, must be defined and must be respected.

Senate adjourned at 10.06 p.m.

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

Australian Prudential Regulation Authority Act—Instrument under section 51—Variation of instrument fixing charges to be paid to APRA, dated 19 August 1999.

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—Exemptions Nos CASA 30/1999-CASA 34/1999.

Customs Act—Regulations—Statutory Rules 1999 Nos 216 and 217.

Defence (Visiting Forces) Act—Regulations—Statutory Rules 1999 No. 218.

Health Insurance Act—Regulations—Statutory Rules 1999 No. 219.

Lands Acquisition Act—Statements describing property acquired by agreement under sections 40 and 125 of the Act for specified public purposes [2].

Migration Act—Regulations—Statutory Rules 1999 No. 220.

Public Service Act—Foreign Affairs and Trade Determinations 1999/13-1999/15.

Indexed Lists of Files

The following document was tabled pursuant to the order of the Senate of 30 May 1996, as amended 3 December 1998:

Indexed lists of departmental and agency files for the period 1 January to 30 June 1999—Statement of compliance—Department of Immigration and Multicultural Affairs.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Department of Family and Community Services: Grants to the Electorate of Bass

(Question No. 1106)

Senator O'Brien asked the Minister for Family and Community Services, upon notice, on 9 June 1999:

(1) What programs and/or grants administered by the Minister's department provide assistance to people living in the federal electorate of Bass.

(2) What was the level of funding provided through these programs and grants for the 1997-98 and 1998-99 financial year.

(3) What level of funding provided through these programs and grants has been appropriated for the 1999-2000 financial year.

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

Programs and grants

(1) Program/grant	(2) funding for 1997-98 and 1998-99 financial year	(3) funding appropriated for 1999-2000 financial year.
Commonwealth Childcare Program	See separate table shown below. In addition, families whose addresses are in post code areas entirely or partly within the electorate of Bass received Childcare Rebate in the following amounts: 1997-98 \$367,219; 1998-99 \$304,369.	See separate table shown below. Estimates of payments of Childcare Rebate in 1999-2000 are not available.
Special Disability Employment Assistance Program	1997-98 \$775,206; 1998-99 \$865,871	\$829,705
Advocacy for people with a disability	1997-98 \$147,211; 1998-99 \$149,110	\$149,686
Emergency Relief Program	1997-98 \$181,311; 1998-99 \$184,336	\$192,820
Volunteer management Program	1997-98 Nil; 1998-99 \$50,000	\$50,000
Business and Community Partnership initiative	1997-98 Nil; 1998-99 \$8,400	Nil
Supported Accommodation Assistance Program	1997-98 \$2,341,639; 1998-99 \$2,376,764	\$2,412,415
Youth Activities Services and Family Liaison Workers Program	1997-98 \$35,387; 1998-99 \$113,835 plus additional one-off \$9,335	Same as 1998-99 plus indexation

Income support payments * see notes below

(1) payment	(2) annual expenditure for 1997-98	(2) annual expenditure for 1998/99	(3) funding appropriated for 1999/2000 financial year *
Age Pension	74,272,000	84,527,000	14,476,426,000
Carer Payment	1,765,000	2,191,000	370,971,000
Carer Allowance	#	#	399,885,000
Child Care Assistance	No expenditure details available	No expenditure details available	Child Care Allowance. No expenditure details available
Child Disability Allowance	1,244,000	1,603,000	#
Double Orphan Pension	6,000	5,000	1,860,000
Disability Support Pension	29,091,000	33,919,000	5,479,037,000
Disaster Relief	N/a	N/a	5,000,000
Family Payment	35,727,000	35,072,000	Family Allowance 6,725,833,000
Family Tax Payment	3,578,000	3,797,000	572,502,000
Mature Age Allowance	2,920,000	2,898,000	365,250,000
Newstart Allowance	38,110,000	41,161,000	5,535,646,000
Parenting Allowance	** See Parenting Payment Partnered below	**	**
Parenting Payment Partnered (includes payments made as parenting Allowance from 1 July 1997 to 19 March 1998)	**8,774,000	12,682,000	2,192,267,000
Parenting Payment Single (includes payments made as Sole Parent Pension from 1 July 1999 to 19 March 1998)	*** 18,998,000	22,108,000	3,573,169,000
Partner Allowance	3,830,000	4,957,000	Parent Benefit 337,703,000
Partner pension	N/a	N/a	285,493,000
Sickness Allowance	569,000	522,000	98,763,000
Sole Parent Pension	*** See Parenting Payment Single above	***	***
Special Benefit	281,000	269,000	106,229,000
Widow Allowance	1,118,000	1,598,000	265,022,000
Widow B Pension	848,000	788,000	86,676,000
Wife Pension	5,042,000	5,180,000	248,497,000
Youth Allowance	N/a	13,603,000	1,827,050,000

(1) payment	(2) annual expenditure for 1997-98	(2) annual expenditure for 1998/99	(3) funding appropriated for 1999/2000 financial year *
Youth Training Allowance	1,442,000	N/a	N/a

Notes:

- . Total expenditure has been estimated by applying the National rate of expenditure per customer for each payment type at the postcode level. Figures have been rounded to the nearest thousand.
- . * Funding appropriations are the figures allocated nationally. They are not specific to the electorate of Bass.
- . ** Parenting Allowance was renamed Parenting Payment Partnered from 20 March 1998. Figures quoted against Parenting Payment Partnered include payments made as Parenting Allowance from 1 July 1997 to 19 March 1998.
- . *** Sole Parent Pension was renamed Parenting Payment Single from 20 March 1998. Figures quoted against Parenting Payment Single include payments made as Sole Parent Pension from 1 July 1997 to 19 March 1998.
- . #Carer Allowance combines Child Disability Allowance and Domiciliary Nursing Care Benefit.

COMMONWEALTH CHILDCARE PROGRAM SERVICES IN ELECTORATE OF BASS

	Grants	Grants	Grants	Grants	Approp	Approp
	1997-1998	1997-1998	1998-1999	1998-1999	1999-2000	1999-2000
	Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Outside School Hours Care (OSHC)						
Launceston South OSHC	17669	3000	8519	7000	8698	
St Giles Society, Newstead	6003		1521		6500	
Pedder Patter, Sth Launceston	636				0	
Pedder Child Care Centre After School Care	11341		508			
Pedder Child Care Centre Vacation Care	14774	3000	9761			
Arthouse Vacation Care, Mowbray	4000		1170			
YMCA Vacation Care, Kings Meadows	2000		21488		21939	
Launceston Police & Citizens, Newstead	28823	3000	22083		22547	
University of Tasmania, Newnham			5000		5105	
Total	85246	9000	70050	7000	64789	0
Long Day Care						
Stewart Street Creche, Launceston	169404	1000	153611		156837	
Dame Marjorie Parker Creche, Launceston	171585	57755	124788	3320	127409	
Gordon Square Child Care Centre, George Town	85625		77467	16278	79094	
Bungawitta Child Care Centre, Newnham	138577	3186	107185	8050	109436	
Children's Playhouse, Ravenswood	73263	200	56164	1623	57343	
Pedder Patter—Pedder Street, Sth Launceston	156662		129400		132117	
Community Child Care Centre, Newnham	81109		73667		75214	
Pedder Patter—Watchorn Street, Launceston	81527	17785	100506		102617	
Total	957752	79926	822788	29271	840067	0
Family Day Care (FDC)						
Launceston FDC	948582	1837	2439		0	
FDC Northern Tasmania, Kings Meadows			1896542	4287	1936369	
Northern FDC, Riverside	683998	3674	61202		0	
Total	1632580	5511	1960183	4287	1936369	0
Private Child Care Centres						
TAFE Child Care Learning Centre, Newnham	37238		70148		71621	
Abacus Child Care Centre, Trevallyn	18000		33176		33873	
Launceston Grammar Child Care Centre	47304		42475		43367	

	Grants		Grants		Approp	
	1997-1998	1997-1998	1998-1999	1998-1999	1999-2000	1999-2000
	Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total	102542	0	145799	0	148861	0
Special Services						
Northern Playgroups Supplementary Services Worker, Invermay	32206		29550		29550	
Pilgrim Services Resource Worker, Launceston	37740		34628		34974	
Migrant Resource Centre Ethnic Worker, Launceston	31224		28650		28937	
Tasmanian Aboriginal Child Care Agency, Invermay	83314		76449		77213	
Total	184484	0	169277	0	170674	0
Occasional Care						
Pilgrim Child Care Centre, Launceston	91567	0	103002	10396	105165	0
Total	91567	0	103002	10396	105165	0
Supplementary Services (SUPS)						
Migrant Resource Centre Ethnic SUPS Worker, Launceston	16252		14954		15104	
Pilgrim Centre SUPS Worker (General)	7270		6690		6757	
Pilgrim Centre SUPS Worker (Disabled)	55369		61660		62277	
Total	78891	0	83304	0	84137	0
Youth Activity Services (YAS)						
George Town Youth Activities Liaison Worker	12460		22233		22455	
George Town Youth Activity Group	35387		35690		36047	
Rocherlea YAS			29477		29772	
Rocherlea YAS Family Liaison Worker			22620		22846	
Pendulum Place YAS, Launceston			10000			
Total	47847	0	120020	0	111120	0
Program Support						
Tas FDC Carers Assoc—Biannual Conference	11350		0			
Tas FDC Carers Assoc—In-service Training	3650		0			
Total	15000	0	0	0	0	0
Playgroups						
Tasmanian Playgroups Assoc, Riverside	53006	0	65597	0	66253	0
SUMMARY						
	1997-1998	1997-1998	1998-1999	1998-1999	1999-2000	1999-2000
	Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Outside School Hours Care	85246	9000	70050	7000	64789	0
Long Day Care	957752	79926	822788	29271	840067	#REF!
Family Day Care	1632580	5511	1960183	4287	1936369	0
Private Child Care Centres	102542	0	145799	0	148861	#REF!
Special Services	184484	0	169277	0	170674	0
Occasional Care	91567	0	103002	10396	105165	0
Supplementary Services	78891	0	83304	0	84137	0
Youth Activity Services	47847	0	120020	0	111120	0
Program Support	15000	0	0	0	0	0
Playgroups	53006	0	65597	0	66253	0
Grand Total	3248915	94437	3540020	50954	3527435	#REF!

Department of Family and Community Services: Staff Training
(Question No. 1132)

Senator Robert Ray asked the Minister for Family and Community Services, upon notice, on 23 June 1999:

(a) What training or seminars for Canberra-based public servants employed by the department have occurred outside Canberra since March 1996; (b) where and when did they take place; (c) how many staff were involved in each instance; and (d) what was the cost to the department in each instance.

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

(a) and (b) In relation to training, some Canberra-based staff may have participated in training courses held interstate and organised by the department or offered by external agencies. However, given the complexities and scope of this aspect of the question, a complete answer would require the department to allocate considerable resources at this time. I am not prepared to allocate these resources at this time. Other workshops, seminars and conferences that were specifically designed and organised for and on behalf of the department since March 1996 and Centrelink since 1 July 1997 were answered on 23 March 1998 to Question No. 1022. Other workshops, seminars and conferences that were specifically designed and organised for and on behalf of the department since 22 October 1998 are as follows:

Type of function	Where and Cost	Dates	No. of staff involved
Leadership Extension Program (Child Support Agency)	Sydney—\$20,810	17-18 May 1999	65
Leadership Extension Program (Child Support Agency)	Sydney—\$6,433	7 June 1999	65
Leadership Program, Business Planning Workshop & Leadership 'catch-up' program (Child Support Agency)	Sydney—\$29,937	3-6 March 1999	90
Leadership Program (Child Support Agency)	Melbourne—\$58,486	3-5 May 1999	65
Graduate Induction Program (Child Support Agency)	Sutton—\$15,284	15-19 February 1999	15
Camp Call (Call Management) (Child Support Agency)	Sydney—\$24,570	28-30 April 1999	30
Business Pricing & Activity Based Costing Planning (Centrelink)	Bungendore—\$7,452	11 April 1999	23
Centrelink I&T Infrastructures Team Business Planning Workshop (Centrelink)	Sutton—\$3,160	15 July 1999	30

Aviation: Aquatic Air Incident
(Question No. 1195)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 13 July 1999:

(1) Did the Minister or his office seek, or was he provided with, a written or oral brief on an anonymous letter received by him on 16 October 1998 about the Aquatic Air incident and minutes of the Civil Aviation Safety Authority (CASA) Safety Committee meeting that considered that incident; if so, was that briefing provided at the initiative of the Minister, his office CASA or the department.

(2) If the briefing was provided at the initiative of the Minister or his office: (a) when was the briefing request made; and (b) when was the briefing provided.

(3) If there was no briefing provided by the department or CASA, or requested by the Minister or his office, why not.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

(1), (2) and (3) I am not prepared to provide information which goes to the internal operations

of my office and its interaction with my department. The Senator should well understand the need for confidentiality in these relationships. However, I am prepared to advise that the letter of 16 October 1998 was referred by the department to Mr Stephen Skehill in the context of an inquiry he was then conducting for the Civil Aviation Safety Authority. The Minister's office was advised accordingly. Mr Skehill subsequently advised that there was no basis to the allegations and included both the text of the anonymous letter and his reply in his report which was tabled on 18 February 1999.

Airservices Australia: Senior Staff Salary Increases

(Question No. 1221)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 5 August 1999:

(1) Since July 1995, how many increases in salary or related benefits have been received by Airservices Australia officers employed in the following positions: (a) Chief Executive and Managing Director; (b) Director Safety and Environment Management Unit; (c) Chief Auditor Corporate Audit and Quality Assurance; (d) General Manager Air Traffic Services; (e) Chief Fire Officer Rescue and Fire Fighting Services; (f) General Manager Air Traffic Services; (g) General Manager Facilities Management; (h) General Manager Planning and Development; (i) Chief Financial Officer Corporate Finance; (j) General Manager Projects; (k) General Manager Corporate and Employee Relations; and (l) Manager Flight Inspections.

(2)(a) When did each salary or related benefit increase occur for each of the above positions; and (b) what was the quantum of each increase.

(3) What was the basis on which the quantum of each increase for each of the above positions, was determined.

(4) Did the Board of Airservices Australia or a subcommittee of the board consider and approve all increases in remuneration paid to officers employed in the above positions; if not, why not.

(5) Did Airservices Australia advise the Department of Employment, Workplace Relations and Small Business of the quantum and basis for each salary increase paid to officers in the above positions; if not, why not.

(6) Since July 1995 on how many occasions have any of the above positions become vacant.

(7) (a) when was: (i) each position vacated, and (ii) a new appointment made; and (b) was each

position advertised prior to an appointment being made.

(8) What was the actual selection process followed by Airservices Australia to identify and appoint suitable candidates to fill any of the above positions when they became vacant.

(9) Are officers employed in the above positions engaged on a contract basis; if not, on what basis are they employed.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

Airservices Australia has advised the following:

For position (a) Chief Executive and Managing Director

(1) 3

(2) (a) 6 November 1996

6 November 1997

6 November 1998

(b) Privacy information, not available for public release.

(3) Advice from the Australian Remuneration Tribunal, market comparisons and consideration by the Airservices Board Remuneration Committee.

(4) Yes.

(5) No. This is not a requirement on Airservices.

(6) The position was vacant in July 1995.

(7) (a) (i) New position as at 6 July 1995

(ii) 6 November 1995

(b) Yes.

(8) International search.

(9) Yes.

For position (b) Director Safety and Environment Management Unit (Note: this position was created on 30 October 1996 and replaced on 2 November 1998):

(1) 2

(2) (a) 1 July 1997

1 July 1998

(b) Privacy information, not available for public release.

(3) Annual market assessment made independently by Mercers Cullen Egan Dell and performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in

relation to the principles applying to Executive Committee members' total employment cost packages.

- (5) No. This is not a requirement on Airservices.
- (6) Nil.
- (7) Not applicable.
- (8) Not applicable.
- (9) Yes.

For position (c) Chief Auditor Corporate Audit and Quality Assurance (Note: this position has been rescoped and retitled during the period in question):

- (1) 4 (2 employees)
- (2) (a) 1 July 1996
15 September 1997
1 July 1998
24 August 1998

(b) Privacy information, not available for public release.

(3) Annual market assessment made independently by Mercers Cullen Egan Dell and performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

- (5) No. This is not a requirement on Airservices.
- (6) Once.
- (a) (i) 18 April 1997
(ii) 15 September 1997.

(b) No. Filled on internal transfer of a surplus contract officer.

- (8) Direct appointment by CEO.
- (9) Yes.

For position (d) General Manager Air Traffic. (Note: this position was abolished on 16 November 1998):

- (1) 4
- (2) (a) 1 July 1996
14 May 1997
1 July 1997
1 July 1998

(b) Privacy information, not available for public release.

(3) Independent market advice from Mercers Cullen Egan Dell, Average Weekly Ordinary Time Earnings index and a performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

- (5) No. This is not a requirement on Airservices.
- (6) Once.
- (7) (a) (i) Vacant as at July 1995
(ii) 29 February 1996
(b) Yes.

(8) Internal advertisement and merit selection by a committee comprising the Chairman and the CEO.

- (9) Yes.

For position (e) Chief Fire Officer (Note: this position has been rescoped during the period in question):

- (1) 5
- (2) (a) 15 July 1995
1 May 1996
1 July 1997
1 July 1998
1 July 1999

(b) Privacy information, not available for public release.

(3) Annual performance appraisal, independent annual market assessment by Mercers Cullen Egan Dell and a rescope of position in May 1996.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

- (5) No. This is not a requirement on Airservices.
- (6) Nil. The position was, however, rescoped in May 1996.
- (7) Not applicable.
- (8) Not applicable.
- (9) Yes.

For position (f) refer to position (d) above.

For position (g) General Manager Facilities Management (Note: This position was abolished on 16 November 1998):

- (1) 4
- (2) (a) 1 July 1995
1 July 1996
1 July 1997

1 July 1998

(b) Privacy information, not available for public release.

(3) Independent advice from Mercers Cullen Egan Dell, Average Weekly Ordinary Time Earnings index and performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

(5) No. This is not a requirement on Airservices.

(6) Nil.

(7) Not applicable.

(8) Not applicable.

(9) Yes.

For position (h) General Manager Planning and Development (Note: This position was abolished on 16 November 1998):

(1) 4

(2) (a) 1 July 1995

1 July 1996

1 July 1997

1 July 1998

(b) Privacy information, not available for public release.

(3) Independent advice from Mercers Cullen Egan Dell, Average Weekly Ordinary Time Earnings index and performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

(5) No. This is not a requirement on Airservices.

(6) Nil.

(7) Not applicable.

(8) Not applicable.

(9) Yes.

For position (i) Chief Financial Officer Corporate Finance:

(1) 5 (2 employees)

(2) (a) 1 July 1995

1 July 1996

1 July 1997

1 July 1998

1 July 1999

(b) Privacy information, not available for public release.

(3) Independent advice from Mercers Cullen Egan Dell, Average Weekly Ordinary Time Earnings index and performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

(5) No. This is not a requirement on Airservices.

(6) Once.

(7) (a) (i) 30 September 1996

(ii) 3 February 1997

(b) Yes.

(8) Advertisement and merit selection by a committee comprising Board members and the CEO.

(9) Yes.

For position (j) General Manager Projects (Note: This position was abolished on 16 November 1998):

(1) 4

(2) (a) 1 July 1995

1 July 1996

1 July 1997

1 July 1998

(b) Privacy information, not available for public release.

(3) Independent advice from Mercers Cullen Egan Dell, Average Weekly Ordinary Time Earnings index and performance appraisal by the CEO.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

(5) No. This is not a requirement on Airservices.

(6) Nil.

(7) Not applicable.

(8) Not applicable.

(9) Yes.

For position (k) General Manager Corporate and Employee Relations (Note: This position was created on 1 May 1996 and was abolished on 16 November 1998):

(1) 4

(2) (a) 1 July 1996

14 May 1997

1 July 1997

1 July 1998

(b) Privacy information, not available for public release.

(3) Independent advice from Mercers Cullen Egan Dell, Average Weekly Ordinary Time Earnings index and performance appraisal by the CEO and a scope change recognised in May 1997.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

(5) No. This is not a requirement on Airservices.

(6) Nil.

(7) Not applicable.

(8) Not applicable.

(9) Yes.

For position (i) Manager Flight Inspection (Note: This position was created in October 1995 and was abolished in January 1997):

(1) 2

(2) (a) 1 July 1996

1 July 1997

(b) Privacy information, not available for public release.

(3) Annual market assessment made independently by Mercers Cullen Egan Dell and performance appraisal by supervising manager.

(4) No. The Board has delegated its power under section 42 of the Air Services Act 1995 to the Chief Executive Officer. The Chief Executive consults the Board Remuneration Committee in relation to the principles applying to Executive Committee members' total employment cost packages.

(5) No. This is not a requirement on Airservices.

(6) Once.

(7) (a) (i) October 1995

(ii) January 1996

(b) No.

(8) Transfer of surplus officer following interviews by Airservices Board members and the CEO.

(9) Yes.

National Highway and Roads of National Importance: Funding

(Question No. 1228)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 5 August 1999:

(1) (a) What level of funding was provided for the National Highway and Roads of National Importance in the 1997-98 and 1998-99 financial years; and (b) what level of funding has been allocated for the 1999-2000 financial year.

(2) (a) What was the level of funding provided for each project in the above programs; and (b) in what federal electorate was each project located.

(3) What level of funding has been allocated for the above programs, by project, in the out years.

(4) What is the actual or estimated total cost of each project in the above program in the above financial years.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

(1) (a) The level of funding provided for roads under the National Highway program in the requested financial years is as follows:

	1997-98 (\$m)	1998-99 (\$m)
National Highway	702.54	745.48
RONIs	108.78	122.54
Research	3.61	1.93
Bridge Survey	2.39	6.52
Total	817.32	876.47

(b) The level of funding allocated for the National Highway program for the 1999-2000 financial year is:

	\$m
National Highway	638.41
RONIs	118.45
Research	2.40
Unallocated	10.05
Total	769.31

(2) (a), (b) & (4)

The following table sets out the level of funding provided for each project in the years 1997-98 and 1998-99, the electorate in which the project is located and the estimated cost of the project.

	Estimated Cost	1997-98	1998-99	Electorate
NSW				
Sydney Urban				
Cumberland Hwy-Widen to 6 lanes	66,557,000	447,000	3,400,000	Prospect
Sydney Orbital Route, preconstruction works	46,236,000	5,622,000	7,315,500	Macarthur, Mitchell, Greenway
Elizabeth Drive east of Mamre Rd to Badgerys Creek Rd	7,700,000	95,000	0	Macarthur, Mitchell, Greenway
F3 Freeway				
Driver Aid Scheme	2,000,000	0	1,100,000	Robertson
F3 to Branxton link	2,500,000	76,000	85,000	Hunter
Ourimbah-Kangy Angy	54,952,000	19,507,000	2,343,000	Dobell
Hume Highway				
Sheahans Bridge EIS	8,650,000	2,738,000	3,913,000	Hume
Bookham Bypass	64,530,000	12,234,000	9,691,529	Hume
Tarcutta Range Duplication	62,603,000	-5,000	40,000	Hume
Kyeamba Hill to Kyeamba Gap	16,084,000	6,000	0	Hume
Albury upgrade	17,194,000	3,833,000	7,175,000	Farrer
Yass Bypass	40,440,000	169,000	-4,000	Hume
Cullarin Deviation	21,565,000	11,000	25,000	Hume
Coolac Bypass EIS	4,750,000	279,500	-108,500	Hume
Coppabella-Reedy Creek	15,578,000	11,000	0	Hume
Jugiong Bypass	83,550,000	188,500	45,000	Hume
Campbelltown Access ramps	100,000	50,000	50,000	Werriwa
Goulburn Byp-Ph 6	27,120,000	-2,000	0	Hume
New England Highway				
Wilburtree St to Scott Road, Tamworth— reconstruction & widening	3,450,000	0	1,599,000	New England
Armidale Bypass	8,648,000	94,000	0	New England
Devils Pinch North of Armidale	700,000	0	223,500	New England
Rose Valley Deviation	465,000	0	200,000	New England
Liverpool Range	27,442,000	-6,000	519,000	Hunter
Belford Forrest Deviation	30,700,000	10,837,000	9,142,000	Hunter
Muswellbrook Bypass	500,000	35,000	141,000	Hunter
John Renshaw Drive Interchange	10,681,000	1,873,000	-28,000	Hunter
Leneghans Drive—Weakleys Drive	61,971,000	17,145,250	9,534,000	Hunter
McDougalls Hill + Rixs Creek Bridge	225,000	-45,000	0	Paterson
Upgrade Intersection Anderson Drive	1,500,000	90,000	0	Paterson
Newell Highway				
Moree Bypass	450,000	108,250	302,750	Gwydir
Coonabarabran Bypass—Planning	427,000	64,000	65,000	Gwydir
Coonabarabran Bridge	2,240,000	33,000	0	Gwydir
Federal Highway				
Lake George	118,380,000	27,004,750	24,305,221	Hume
ACT Border-Sutton	42,580,000	527,250	11,328,000	Hume
	Estimated Cost	1997-98	1998-99	Electorate
Barton Highway				

	Estimated Cost	1997-98	1998-99	Electorate
Murrumbateman Bypass—Planning	800,000	30,000	170,500	Hume
Asset Preservation		140,790,000	152,380,000	
Roads of National Importance				
Pacific Highway	600,000,000	66,320,000	62,814,430	Paterson, Lyne, Cowper, Page, Richmond
Summerland Way	20,000,000	0	2,200,000	Page
Kidman Way	20,700,000	8,249,500	3,451,070	Parkes, Riverina
Main Road 92—Route options	120,000	120,000	0	Eden-Monaro
Total		318,530,000	313,418,000	
	Estimated Cost	1997-98	1998-99	Electorate
VIC				
Western Ring Road				
Airport Section	145,000,000	781,500	671,250	Maribyrnong
Broadmeadows Section	1,500,000	0	7,000	Calwell
Maribyrnong Section	104,100,000	907,250	1,108,000	Maribyrnong
Extension to Edgars Road	80,000,000	18,617,250	16,600,000	Scullin, Wills, Calwell
Hume Highway				
Albury/Wodonga Bypass—Preconstruction Works	4,000,000	0	4,000,000	Indi
Donnybrook Road grade separation	200,000	0	114,000	McEwen
Craigieburn link to the WRR—Planning	1,300,000	750,000	215,500	McEwen, Scullin
Western Highway				
Shoulder Sealing	10,200,000	65,000	0	Burke, Ballarat, Wannon
Widening	580,000	193,000	0	Burke, Ballarat, Wannon
Widening west of Kaniva	2,000,000	0	1,260,500	Mallee
Overtaking lanes between Stawell & Horsham	1,050,000	0	692,000	Ballarat, Mallee
Melton to Bacchus Marsh—Planning	4,300,000	-1,000	0	Burke
Ballarat Bypass	49,410,000	1,539,500	22,500	Ballarat
Bridge Widening at Fiery Creek	400,000	398,500	1,500	Ballarat, Wannon
Leigh Creek to Woodmans Hill Planning	1,180,000	-57,500	252,500	Ballarat
Re-alignment of Western Highway to WRR—Planning	950,000	220,750	144,750	Lalor, Burke
Overtaking lanes from Stawell to SA Border	1,830,000	780,000	1,050,000	Ballarat, Mallee
Goulburn Valley Highway				
Strathmerton Deviation—Planning	500,000	206,250	0	Murray
Broken River Bridge	8,046,000	5,985,000	0	Murray
Overtaking lanes North of Shepparton	3,530,000	1,479,250	-111,500	Murray
Shepparton Bypass—Planning	3,000,000	11,000	0	Murray
Moorilim to Kialla West—Planning	520,000	160,500	750	Indi, Murray
Hume to Nagambie & Murchison East—Planning	4,480,000	1,675,250	-678,000	McEwen
Overtaking lanes near Strathmerton	1,277,000	0	1,277,000	Murray
Hume to Nagambie duplication	52,800,000	7,530,500	12,855,750	McEwen
Hume, Western & Goulburn Valley Hwys, bridge strengthening works.	2,200,000	0	2,108,000	Various
Sturt Highway				
Widening & Shoulder Sealing	3,880,000	1,302,000	278,000	Mallee
Widening Lillimur to SA Border	2,720,000	2,500,000	220,000	Mallee
Asset Preservation		34,527,000	40,730,500	
Roads of National Importance				

	Estimated Cost	1997-98	1998-99	Electorate
Calder Highway				
Woodend Section	45,000,000	6,050,000	12,214,000	Burke
Black Forest Deviation	21,000,000	6,489,000	9,020,500	Burke
Kyneton to Harcourt—Planning	1,100,000	239,500	612,750	Ballararat, Bendigo, Burke
Bulla-Diggers Rest Road Interchange	3,000,000	1,508,000	43,500	Burke, Calwell
Harcourt to Ravenswood—Planning	1,100,000	402,500	669,250	Bendigo
Total		94,260,000	105,380,000	

	Estimated Cost	1997-98	1998-99	Electorate
Qld				
Bruce Highway				
Pound Creek Bridge	390,000	64,750	44,250	Kennedy
Woolcock Street Duplication	16,477,000	10,211,123	2,492,000	Herbert
Townsville to Cairns—Widen/Rehab	25,300,000	2,077,750	223,750	Herbert, Kennedy, Leichhardt
Edmonton duplication	22,600,000	9,092,000	6,295,000	Leichhardt
Rockhampton to Townsville—Overtaking lanes	3,251,000	-6,000	0	Dawson, Herbert, Capricornia
Rockhampton to Townsville—Widen/Rehab	46,900,000	7,202,500	-840,500	Dawson, Herbert, Capricornia
Collinsons Lagoon—Didgeridoo	320,000	148,750	35,250	Dawson, Herbert
Widening & rehab, minor realignment, o/t lanes & flood immunity	5,864,000	0	810,000	Various
Yandina Bypass	62,016,000	0	6,729,000	Fairfax
Jackass Ck-Matilda	4,432,000	45,000	0	Wide Bay
David Drive	151,000	-4,250	118,000	Wide Bay
Gunalda Range Realignment	17,000,000	229,000	533,000	Wide Bay
Cooloola-Curra Widening	4,676,000	1,334,500	2,267,000	Fairfax, Wide Bay
Construction of Wallville Bridge	28,500,000	6,483,000	20,343,662	Wide Bay
Gympie to Rockhampton—Widen/Rehab	17,585,000	6,166,000	-227,000	Fairfax, Wide Bay, Hinkler, Capricornia
Cooroy Bypass	8,562,865	0	82,000	Fairfax
Bruce Hwy—Bororen to Daisy Dell	3,300,000	71,000	0	Hinkler
Marlborough to Princhester Deviation	5,377,000	3,139,000	6,000	Capricornia
Duckworth Street Duplication	6,312,000	2,122,500	1,622,000	Herbert
Duplication of Ron Camm Bridge	25,000,000	6,022,500	13,772,000	Dawson
Replacement of Elliott River Bridge	4,471,000	206,000	3,948,250	Dawson
Dalbeg Turnoff-McDesme Duplication	1,523,000	1,194,250	106,500	Dawson
Planning for Triplication to Caboolture	5,000,000	-530,750	651,750	Lilley, Pet- rie, Dickson
Uni. Rd/Charles Barton Bridge Townsville	4,020,000	0	167,000	Herbert
University Road-Melton Black Drive Towns- ville	512,000	-9,000	441,000	Herbert
Uni Rd Mark Reid Drive to Flinders H' way	9,438,000	-38,500	278,000	Herbert
Buchanans Road interchange	8,920,000	-61,000	-2,000	Longman
Maitland Rd-Mackey Ck	2,000,000	-13,000	0	Leichhardt
Skyring Creek bridge and Widening/Rehab	9,000,000	0	3,671,000	Fairfax
Cooray and Skyring Creek.				
Yandina Bypass to Cooroy Range + Planning & Eumundi interchanges	13,000,000	4,532,000	7,858,500	Fairfax
Nambour Bypass	8,330,000	0	659,000	Fairfax
Rockhampton to Townsville—Pavementre- surfacing	3,955,000	-66,000	0	Dawson, Herbert, Capricornia
Rockhampton to Townsville—Intersection and traffic control measures	2,653,000	1,000	0	Dawson, Herbert, Capricornia
Warrego Highway				
Brisbane to Toowoomba—Widen/Rehab	4,543,000	23,000	0	Groom, Blair, Oxley
Marburg Bypass	1,000,000	0	1,000,000	Blair
Toowoomba Bypass planning	10,500,000	4,239,500	372,000	Groom
Oakey Bypass	12,000,000	4,314,500	5,110,000	Groom
Yaralla Road—Planning	250,000	136,000	-18,000	Maranoa
Dalby-McAlister	2,064,000	191,000	-28,000	Maranoa

	Estimated Cost	1997-98	1998-99	Electorate
Toowoomba-Roma—Widen/Rehab	16,200,000	1,686,500	1,883,000	Groom, Maranoa
Amby—Marbango	2,116,000	1,750	516,000	Maranoa
Roma to Morven—Widen/Rehab	13,400,000	2,874,500	543,000	Maranoa
	Estimated Cost	1997-98	1998-99	Electorate
Landsborough Highway				
Douglas Ponds	9,500,000	1,000	0	Capricornia
Longreach Deviation	3,648,000	0	748,000	Capricornia
Thompson River bridge	26,800,000	675,750	5,754,750	Kennedy
Morven to Barcaldine—Pavement re-surfacing	1,939,000	-1,000	0	Kennedy, Capricornia
Morven to Cloncurry—Widen/Rehab	28,742,000	100,000	0	Capricornia, Maranoa, Kennedy
New England Highway				
Dalveen project	6,509,000	-543,000	543,000	Maranoa
Warwick to NSW border—Pavement re-surfacing	178,000	-1,000	0	Maranoa
Ipswich to NSW border—Widen/Rehab	3,265,000	-46,000	87,000	Maranoa, Forde, Blair
Cottonvale—Thulimba	4,754,000	-16,000	0	Maranoa
Dalveen—The Summit final sealing	1,270,000	725,000	0	Maranoa
Gore Highway				
Toowoomba to NSW border—Widen/Rehab	7,410,000	-16,000	610,000	Maranoa, Groom
Westbrook Creek	6,200,000	3,437,000	382,000	Groom
Barkly Highway				
Widening & rehab between Cloncurry & Mt Isa	60,840,000	7,556,750	1,242,000	Kennedy
Planning for bridges on Barkly Hwy	460,000	280,000	0	Kennedy
Cunningham Highway				
Dinmore	2,778,000	0	578,000	Oxley
Freestone Ck to 8 Mile Intersection	3,828,000	2,972,743	303,507	Groom
Mt Edwards Passing Lanes	5,800,000	1,000	4,000	Forde
River Road interchange	11,950,000	-506,000	-2,000	Oxley
Ripley Road ramps & duplication	2,706,000	-72,000	0	Oxley
Brisbane Urban				
Noise Amelioration	1,200,000	127,000	50,000	Lilley, Petrie
Cunningham & New England Hwys, widening & rehab	4,700,000	0	641,500	Various
Warrego, Landsborough & Flinders Hwys, widening, rehab & flood immunity	8,530,000	0	4,088,081	Various
Asset Preservation		73,781,500	82,107,750	
Roads of National Importance				
Pacific Highway	45,661,000	15,331,000	15,330,000	Macpherson, Forde, Moncrief, Fadden
Total		176,868,616	193,930,000	
	Estimated Cost	1997-98	1998-99	Electorate
WA				
Perth Urban				
Swan Vally Bypass Study	1,900,000	282,000	614,250	Pearce
Great Eastern Highway				
Mundaring to Sawyers Valley	3,692,000	1,305,500	275,000	Pearce
Sawyers Valley-Lakes (dual) stage 2	1,000,000	197,000	0	Pearce
Roe Highway to Scott Street	5,740,000	2,231,500	606,000	Pearce

	Estimated Cost	1997-98	1998-99	Electorate
Lakes to El Caballo Blanco	7,300,000	1,489,500	0	Pearce
Northam Bypass	5,000,000	891,500	1,045,750	Pearce
Bullabrook O/T lanes	1,950,000	441,500	-83,000	Pearce
Meenaar to Walgoolan	50,750,000	16,588,406	1,303,000	Kalgoorlie
Great Northern Highway				
Little Pantan and Spring Ck Bridges	10,000,000	314,000	3,727,500	Kalgoorlie
Jailhouse Ck	9,600,000	200,000	0	Kalgoorlie
Camel Ck Bridge	12,520,000	1,823,000	-17,000	Kalgoorlie
Roe Hwy to MRB	15,350,000	-459,500	5,210,000	Pearce
Wogarno to Munarra	11,600,000	0	-115,000	Kalgoorlie
Roebuck Plains	1,600,000	250,000	0	Kalgoorlie
Moorine Rock Bridge	2,974,000	368,000	60,000	Kalgoorlie
Laurel Downs—Plum Plains	6,000,000	2,931,000	2,380,000	Kalgoorlie
Karalundi	11,000,000	1,365,000	9,635,000	Kalgoorlie
Cue South	470,000	470,000	0	Kalgoorlie
MacPhee Creek/Card Creek	769,000	769,000	0	Kalgoorlie
Eyre Highway				
Jimberlana	14,154,000	428,500	0	Kalgoorlie
Norseman—Cocklebidy	50,000,000	11,164,094	19,344,750	Kalgoorlie
Rehab of National Hwy as a result of cyclones Vance & Elaine	1,600,000	0	1,575,000	Pearce, Kalgoorlie
Asset Preservation		24,890,000	24,528,750	
Roads of National Importance				
Goldfields Highway, Mt Keith to Wiluna	15,000,000	2,220,000	7,578,000	Kalgoorlie
Mitchell Freeway	25,000,000	1,850,000	8,352,000	Moore
Total		72,010,000	86,020,000	

	Estimated Cost	1997-98	1998-99	Electorate
SA				
Adelaide Urban				
Portrush Rd—Magill to Greenhill Rd	2,500,000	38,000	399,000	Sturt
South Road Connector	44,110,000	12,000	35,000	Port Adelaide
Northern Metropolitan Adelaide NHS Study	300,000	274,000	0	Adelaide, Bonython, Port Adelaide, Makin
Main North Road				
Hogarth Rd to Grove Way—Widening	11,000,000	282,500	539,000	Bonython, Makin
Kings Rd to Montague Rd—Widening	1,500,000	17,000	28,000	Bonython, Makin
Port Wakefield Road				
Salisbury Hwy to Virginia access controls	3,900,000	958,000	-5,000	Port Adelaide, Bonython
Planning for further upgrading	428,000	204,000	6,000	Wakefield, Port Adelaide, Bonython
Pt Wakefield to Wild Horse Plains—Duplica- tion	14,000,000	10,000	42,000	Wakefield
Access improvements to Pt Wakefield Rd	1,750,000	1,567,000	183,000	Port Adelaide, Bonython
Port Wakefield—Port Augusta				
Construction of 10 overtaking lanes North ofPt Wakefield	5,600,000	1,490,000	198,000	Wakefield, Grey
Sturt Highway				
Greenock turn-off to Truro—overtaking lanes at Moppa Rd & Bastion Hill	15,700,000	6,914,250	5,171,000	Wakefield
Gawler to Barmera—Widening	4,370,000	682,000	186,000	Wakefield
Daveyston Bypass	6,737,000	1,047,000	0	Wakefield
Blanchetown Bridge replacement	20,900,000	9,898,000	4,707,500	Wakefield
She-oak Log Bypass	4,340,000	15,000	25,000	Wakefield

	Estimated Cost	1997-98	1998-99	Electorate
Dukes Highway				
Overtaking lanes between Tailem Bend & Keith	10,521,000	2,230,500	663,000	Barker
Mt Barker Rd Realignment	138,000,000	35,659,250	60,825,070	Sturt, Mayo, Sturt
Eyre Highway				
Rehabilitation between Ceduna & Lincoln Gap	21,099,000	3,219,500	3,172,000	Grey
Asset Preservation		25,555,000	24,295,000	
Total		90,073,000	100,469,570	

	Estimated Cost	1997-98	1998-99	Electorate
Tas				
Bass Highway				
Hagley to Deloraine.	6,110,000	1,381,500	809,000	Lyons
Deloraine to Westbury.	22,400,000	271,000	26,000	Lyons
Westbury-Hagley Bypass.	36,000,000	0	2,564,189	Lyons
Heavy Vehicle Overload Strategy	500,000	346,000	85,000	Braddon
Overtaking lanes & stock underpasses	3,300,000	218,000	0	Braddon, Lyons
Penguin to Chasm Creek	65,860,000	16,925,000	18,801,811	Braddon
Midland Highway				
Hobart Northern Approaches Study	950,000	425,500	162,000	Lyons
Overtaking lanes & stock underpasses.	5,130,000	384,000	0	Lyons
National Highway Planning Projects	110,000	0	100,000	Braddon, Lyons
Bass and Midlands Hwy—Improve night time delineation	680,000	0	524,000	Braddon, Lyons
Asset Preservation		7,229,000	7,308,000	
Roads of National Importance				
Devonport Port Access Rd	1,075,000	0	700,000	Braddon
Total		27,180,000	31,080,000	

	Estimated Cost	1997-98	1998-99	Electorate
NT				
Stuart Highway				
Darwin to Katherine alignment improvements	550,000	-34,465	7,857	Northern Territory
Duplication between Elizabeth River Bridge and the Intersection of the Cox Peninsula Road	1,660,000	0	521,627	Northern Territory
Palmerston Bypass	4,242,000	335,775	4,033,436	Northern Territory
Elizabeth River Bridge.	1,700,000	1,600,000	17,536	Northern Territory
Victoria Highway				
Widening and rehabilitation west of Katherine including drainage structures & upgrading of the Lost Creek Bridge	7,645,000	5,215,764	43,137	Northern Territory
Pavement widening and rehabilitation:1997-98 to 2000/01.	11,050,000	1,437,500	4,477,127	Northern Territory
1996-97 Emergency Flood Works.	1,000,000	22,253	0	Northern Territory
1997-98 National Hwy Flood Damage.	5,000,000	5,000,000	0	Northern Territory
Asset Preservation		16,633,173	16,049,280	
Total		30,210,000	25,150,000	
ACT				
Federal Highway				

	Estimated Cost	1997-98	1998-99	Electorate
Duplication Stirling Ave-NSW border	38,673,000	0	11,008,337	Fraser
Asset Preservation		2,190,000	1,561,663	
Total		2,190,000	12,570,000	

Payments for projects are made for expenditures incurred by the States and Territories plus an estimate of their cash flow requirements until the next due date of payment. A negative payment shown against a project indicates a recovery of surplus funds held by a State or Territory for that particular project.

(3)

The table below shows the amounts allocated to projects for the current financial year and for outyears to 2002-03, the estimated cost and the electorate for each project.

PROJECT	BC						ELECTOR- ATE
	R	COST	99-00	00-01	01-02	02-03	
		\$m	\$m	\$m	\$m	\$m	
NEW SOUTH WALES							
NATIONAL HIGHWAY—CONSTRUCTION							
Sydney Urban							
Cumberland Hwy—Widen to 6 lanes	2.4	25.0	8.00	13.00	0.00	0.00	Prospect
Western Sydney Orbital (planning)	n.a.	0.00	5.00	5.00	5.00	5.00	Macarthur, Mitchell, Greenway
F5-Preston to Campbelltown Ramps							
F3 Freeway	2.0	8.00	0.15	0.00	0.00	0.00	Werriwa
Driver aid system	n.a.	10.0	5.00	3.50	0.00	0.00	Robertson
F3 to Branxton (planning)	n.a.	0.40	0.20	0.20	0.00	0.00	Hunter
F3—6 lanes (planning)	n.a.	0.50	0.20	0.30	0.00	0.00	Berowra, Robertson
Hume Highway							
Albury upgrade	2.2	152.00	5.00	25.00	60.00	35.00	Farrer
Bookham bypass	1.7	64.00	27.00	10.00			Hume
Sth Gundagai duplication	1.7	27.90	7.00	13.00			Hume
Coolac Bypass	1.5	61.70	0.00	0.00	20.00	20.00	Hume
Little Billabong duals (planning)	n.a.	0.40	0.00	0.00	0.20	0.20	Farrer
Kyeamba Hill to Kyeamba Gap (planning)	2.0	0.30	0.00	0.00	0.20	0.10	Hume
New England Highway							
Tamworth	1.4	3.4	3.00				New England
Weakleys Dr interchange	5.0	22.0	0.00	0.00	0.50	3.10	Paterson
Muswellbrook bypass	3.8	44.00	0.00	0.50	1.50	15.00	Hunter
Duval Creek	4.3	5.40	0.00	0.00	0.00	0.20	New England
Sunnyside	2.1	3.50	0.00	0.00	0.30	3.20	New England
Rose Valley deviation	3.9	8.00	4.50	3.00			New England
Devils Pinch	1.8	16.50	2.00	6.00	8.30		New England
Belford to Golden Hwy duplication	n.a.	15.00		0.20	2.00	10.00	Hunter
Newell Highway							
Moree heavy vehicle bypass	2.2	17.5	0.50	7.00	10.00		Gwydir
Upgrade north of Parkes	4.0	18.00	0.00	0.00	0.50	9.00	Parkes
Trewilga realignment	2.5	5.00	0.00	0.00	0.00	0.20	Parkes
Coonabarabran bypass	1.5	14.00	0.30	0.40	5.00	8.00	Gwydir
Federal Highway							
Sutton to ACT border	3.7	41.3	20.00	8.00			Hume
Lake George	1.6	120.00	2.00				Hume
Barton Highway							
Murrumbateman Bypass (planning)	n.a.	14.5	0.20	0.50	0.50		Hume
Sturt Highway							
Sandigo realignment	n.a.	2.80				0.10	Riverina
Total		701.10	90.05	95.60	114.00	109.10	

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
ASSET PRESERVATION							
Program Maintenance			87.31	97.31	97.31	97.31	
Safety and Urgent Minor Works			23.26	23.26	23.26	23.26	
Flood Repairs			10.00				
Total Asset Preservation			120.57	120.57	120.57	120.57	
RONIs							
Pacific Highway	*	600.00	61.32	62.85	62.85	62.85	Paterson, Lyne, Cowper, Page, Richmond
Kidman Way	3.3	20.70	0.50	0.00			Parkes, Riverina
Summerland Way	3.1	20.00	5.00	5.00	5.00	3.00	Page
Main Rd 92	**	34.00	0.00	10.00	10.00	14.00	Gilmore
Great Western Hwy	2-4	100.00	9.00	30.00	40.00	21.00	Lindsay, Mac- quarie, Calare
Visy roads	n.a	5.00	1.00	1.00	1.00	1.00	Hume, Farrer
Total RONIs		779.70	76.82	108.85	118.85	101.85	
TOTAL		1480.80	287.44	325.02	353.42	331.52	

* BCRs developed on a project by project basis

** Subject to completion of detailed route study

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
VICTORIA							
NATIONAL HIGHWAY—CONSTRUCTION							
Western Ring Road							
Signage & lighting	n.a.	2.65	0.40	1.10			Maribyrnong
Extension to Edgars Rd	4.6	80.00	2.00	0.00			Calwell, Scullin, Wills
Hume Highway							
Chiltern bridge strengthen/realign	1.5	2.30	0.00	2.00	0.30		Indi
Albury/Wodonga	2.2	70.00	2.00	18.00	32.00	15.00	Indi
Craigieburn link to WRR	3.6	260.00	0.00	0.00	20.00	20.00	McEwen, Scullin
Donnybrook Road grade separation	1.5	12.00	2.00	5.00	5.00		McEwen
Western Highway							
Deer Park to Hopkins Rd grade separation	1.2	13.50			3.50	8.80	Burke
O/taking lanes Ararat to SA border	3-4	9.00	1.50	2.50			Wannon, Ballarat, Mallee
Widening	2.0	13.00	2.00	2.00	2.00	2.00	Burke, Ballarat, Wannon
Goulburn Valley Highway							
Hume to Nagambie duplication	1.1	53.00	23.00	14.60			McEwen
Planning studies	n.a.	8.50	1.30	1.50			McEwen, Murray
Duplication works	var		0.00	0.00	6.00	25.00	McEwen, Murray
Total		523.95	34.20	46.70	68.80	70.80	
ASSET PRESERVATION							
Program Maintenance			25.75	25.75	25.75	25.75	
Safety and Urgent Minor Works			5.18	6.08	6.08	6.08	
Total Asset Preservation			30.93	31.83	31.83	31.83	
TOTAL NATIONAL HIGHWAY		523.95	65.13	78.53	100.63	102.63	
RONIs							
Calder Highway							
Black Forest section	1.6	25.50	9.00				Burke
Planning studies south of Bendigo	n.a.	2.20					Bendigo, Burke
Woodend section	1.5	45.00	7.20	14.00	7.33		Burke
Pakenham bypass	1.5	30.00			5.00	25.00	McMillan
Total RONIs		102.70	16.20	14.00	12.33	25.00	

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
TOTAL		626.65	81.33	92.53	112.96	127.63	

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
QUEENSLAND							
NATIONAL HIGHWAY—							
CONSTRUCTION							
Bruce Highway							
Yandina—Cooroy duplication	5.0	110.00	17.00	37.00	40.00	5.00	Fairfax
Gunalda Range realignment	2.4	17.00	6.70	7.30	3.00		Wide Bay
Pomona—widening and rehab	2.0	8.00	5.00				Fairfax
Caboolture Motorway 6 laning	8.0	35.00	5.00	30.00			Lilley, Petrie, Dickson
Portsmith Rd duplication	12.0	10.00	1.00	9.00	7.00		Leichhardt
Cunningham Highway							
Freestone to 8 Mile	2.2	3.53	0.50				Groom
Brisbane-NT Border (Warrego, Landsborough & Barkly High- ways)							
Toowoomba corridor study	1.5	6.00	2.00	2.00	2.00		Groom
Dalby-McAlister upgrade	n.a.	7.00	0.00	2.00	5.00		Maranoa
Marburg Duplication	4.5	15.00	9.00	5.00			Longman
Thomson River Bridge	4.1	24.80	11.00	12.00	1.00		Kennedy
Bris-Darwin Widening and Rehab	2.5	48.00					
Mt Isa—Cloncurry		34.00	8.00	16.00	10.00		Kennedy
Mt Isa—Camooweal		14.00	4.00	10.00			Kennedy
Toowoomba—Cloncurry		5.00	5.00				Groom, Mara- noa, Kennedy
Bris-Sydney Widening and Rehab	2.5	30.00	4.50	10.00	10.00	6.00	
Bris-Melbourne Widening and Rehab	2.5	30.00	4.50	10.00	10.00	6.00	
Bris-Cairns Widening and Rehab	2.5	30.00	3.50	10.00	10.00	6.00	
Bridge Upgrading		12.9	1.2	5.8	5.9		
Total		440.23	87.90	166.10	103.90	23.00	
ASSET PRESERVATION							
Program Maintenance			52.19	52.19	52.19	52.19	
Safety and Urgent Minor Works			12.21	12.21	12.21	12.21	
Flood Repairs			6.00	6.00	6.00		
Total Asset Preservation			70.40	70.40	70.40	64.40	
TOTAL NATIONAL HIGH- WAY		440.23	158.30	236.50	174.30	87.40	
RONIs							
Pacific Highway	*	150.00	15.33	15.71	15.71	15.71	Macpherson, Moncrief, Forde, Fadden
Gladstone port access		6.00			3.00	3.00	Hinkler
Total RONIs		156.00	15.33	15.71	18.71	18.71	
TOTAL		596.23	173.63	252.21	193.01	106.11	

* BCRs developed on a project by project basis

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
WESTERN AUSTRALIA							
NATIONAL HIGHWAY—CONSTRUCTION							
Perth Urban							
Swan Valley Bypass Study	n.a.	0.70	0.10				Pearce
Great Eastern Highway							
Roe Highway to Scott St	1.6	14.00	1.00	7.30			Pearce
Sawyers Valley to Lakes	1-	34.00	0.00	15.00	15.50	5.50	Pearce
	1.3						
Tammin to Southern Cross	1.5	61.00			5.00	10.00	O'Connor, Kalgoorlie
Northam Bypass	1.4	40.00	5.00	13.00	16.00	6.00	Pearce
Eyre Highway							
Widening program (Stage 2)	2.4	50.00	4.50	0.00	2.40	20.00	Kalgoorlie
Great Northern Highway							
Roe Hwy to MRB	3.0	15.35	2.80	4.50			Pearce
Karalundi section	1.4	11.00	1.40				Kalgoorlie
Laurel Downs & Plum Plains	2.9	6.00	0.10				Kalgoorlie
Little Spring Ck & Panton R Bridges	1.8	9.20	3.50				Kalgoorlie
Replace single lane bridges (Ord, Bow, Fitzroy, Dunham Rivers)		60.00	1.50	1.50	5.00	5.00	Kalgoorlie
NH Planning Studies	n.a.	1.00	0.20	0.30	0.30	0.30	
Rehabilitation Perth-Adelaide/Perth-Darwin		20.00	5.00	5.00	5.00	5.00	Kalgoorlie
Bridge Upgrading		6.70	2.70	1.30	1.50	1.20	
NH resealing		25.00	6.10	0.00	5.00	10.00	
Total		353.95	33.90	47.90	55.70	63.00	
ASSET PRESERVATION							
Program Maintenance			17.49	17.49	17.49	17.49	
Safety and Urgent Minor Works			4.18	4.18	4.18	4.18	
Total Asset Preservation			21.67	21.67	21.67	21.67	
TOTAL NATIONAL HIGHWAY		353.95	55.57	69.57	77.37	84.67	
RONIs							
Mitchell Freeway	5.5	25.00	6.25	6.25	0.00	0.00	Moore
Mt Keith to Wiluna Rd	1.7	15.00	3.75	3.75	0.00	0.00	Kalgoorlie
Total RONIs		40.00	10.00	10.00	0.00	0.00	
TOTAL		393.95	65.57	79.57	77.37	84.67	
PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
SOUTH AUSTRALIA							
NATIONAL HIGHWAY—CONSTRUCTION							
Adelaide Urban							
Widen Grove Way to Kings Rd	3.9	12.00	0.00	3.00	4.00	3.50	Bonython, Makin
Widen Kings Rd to Montague Rd	3.9	20.30	1.00	1.00	0.00	6.50	Bonython, Makin
Mt Barker	2.4	144.00	28.40	0.90			Mayo, Boothby, Sturt
Portrush Rd—Magill to Greenhill Rd	2.2	20.00	1.65	6.00	6.00	6.00	Sturt
Gepps Cross—Grade separation	n.a.	15.00	0.00	0.20	5.00	9.80	Adelaide, Bonython, Makin, Pt Adelaide
Salisbury Hwy—Virginia access controls	1.5	6.20	0.00	1.40	1.50	1.50	Pt Adelaide, Bonython
Dukes Highway							
Keith to Vic border o/taking lanes	1.9	6.20	2.00	4.00	0.00	0.00	Barker
Shoulder sealing	>2	8.00	0.00	3.00	3.00	2.00	Barker
Sturt Highway							
Mickans Bridge to Truro—residual	2.1	11.50	0.30				Wakefield
Blanchetown Bridge	3.0	20.60	0.20				Wakefield
Truro Hills realignment	1.6	15.00	0.00	0.30	1.50	8.00	Wakefield

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
Adelaide to Port Augusta							
Shoulder sealing	>2	7.50	0.00	2.50	2.00	2.00	Wakefield, Grey
Passing lanes	2.4	6.00	1.00	3.00	2.00		Wakefield, Grey
Eyre Highway							
Ceduna to Lincoln Gap widening	2.0	31.00	4.20	2.60	3.60		Grey
Penong to Ceduna widening	2.0	6.50	0.00	0.00	0.20	3.00	Grey
NH strategic overview	n.a.	0.85	0.85				
Total		330.65	39.60	27.90	28.80	42.30	
ASSET PRESERVATION							
Program Maintenance			18.07	18.07	18.07	18.07	
Safety and Urgent Minor Works			4.29	4.29	4.29	4.29	
TOTAL ASSET PRESERVATION			22.36	22.36	22.36	22.36	
TOTAL NATIONAL HIGHWAY		330.65	61.96	50.26	51.16	64.66	
RONIs							
Total RONI		0.00	0.00	0.00	0.00	0.00	
TOTAL		330.65	61.96	50.26	51.16	64.66	

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
TASMANIA							
NATIONAL HIGHWAY—CONSTRUCTION							
Midland Highway							
Hobart Northern Approaches Study	n.a.	0.40	0.15				Lyons
Bridgewater industrial area duplication	>2	2.50	0.00	2.50			Lyons
Bass-Midland							
Heavy Vehicle Overload Strategy	3.0	1.60	0.50	0.40			Lyons, Braddon
Night Time Delineation	4.6	3.50	0.10				Lyons, Bass, Braddon
Junction upgrading	1.2	2.00	0.50	0.50	0.50		Lyons, Bass, Braddon
Bass Highway							
Penguin-Chasm Creek	2.0	66.00	5.70				Braddon
Deloraine to Violet Banks	1.7	21.00	0.22				Lyons
Westbury to Hagley	2.1	36.00	20.00	12.00	0.00		Lyons
Don interchange	2	2.00			2.00		Braddon
Port Sorrel Rd to Devonport duplication	*	15.00			5.00	10.00	Braddon
NH Planning Projects	n.a.	1.00	0.20	0.20	0.20	0.20	
Bridge upgrading		4.30	2.30	1.00	0.50	0.50	
Total		155.30	29.67	16.60	8.20	10.70	
ASSET PRESERVATION							
Program Maintenance			5.33	5.33	5.33	5.33	
Safety and Urgent Minor Works			1.32	1.32	1.32	1.32	
TOTAL ASSET PRESERVATION			6.65	6.65	6.65	6.65	
TOTAL NATIONAL HIGHWAY		155.30	36.32	23.25	14.85	17.35	
RONIs							
Devonport port access road	1.5	1.10	0.10				Braddon
TOTAL		156.40	36.42	23.25	14.85	17.35	

* Subject to completion of detailed route study

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
NORTHERN TERRITORY							
NATIONAL HIGHWAY—CONSTRUCTION							

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
Stuart Highway							
Palmerston bypass	5.0	4.24	0.50				Northern Territory
Bridges—Hugh, Finke, Palmer & Manton Rs	1.00	11.17	3.90	1.07	1.13	4.85	Northern Territory
Darwin-Katherine upgrade alignment	*	7.60	1.15				Northern Territory
Arnhem Hwy-Cox Peninsula Rd	**	5.65		2.04	2.61		Northern Territory
Victoria Highway							
Sth of Katherine Duplication	2.0	1.10		0.30	0.87		Northern Territory
Bridge planning				0.20			Northern Territory
Widening and Rehabilitation NT	2.0	16.90	3.10	3.80	5.00	5.00	Northern Territory
Bridge Upgrading		1.90	0.40	0.50	0.50	0.50	Northern Territory
Total		48.56	9.05	7.91	10.11	10.35	
ASSET PRESERVATION							
Program Maintenance			14.12	14.12	14.12	14.12	
Safety and Urgent Minor Works			2.64	2.64	2.64	2.64	
Total Asset Preservation			16.76	16.76	16.76	16.76	
TOTAL NATIONAL HIGHWAY		48.56	25.81	24.67	26.87	27.11	
RONIs			0.00	0.00	0.00	0.00	
TOTAL		48.56	25.81	24.67	26.87	27.11	

* Work covers several projects for which BCRs are assessed individually

** Subject to completion of detailed route study

PROJECT	BCR	COST	99-00	00-01	01-02	02-03	ELECTORATE
		\$m	\$m	\$m	\$m	\$m	
ACT							
NATIONAL HIGHWAY—CONSTRUCTION							
Federal Highway							
NSW Border to Stirling Av	3.0	36.00	23.20	2.30			Fraser
Barton Highway							
Duplication	5	12.50		0.30	2.00		Fraser
Total Construction		48.50	23.20	2.60	2.00	0.00	
ASSET PRESERVATION							
Program Maintenance			1.50	1.50	1.20	1.00	
Safety and Urgent Minor Works			0.00	0.00	0.00	0.00	
Total Asset Preservation			1.50	1.50	1.20	1.00	
TOTAL NATIONAL HIGHWAY		48.50	24.70	4.10	3.20	1.00	
RONIs			0.00	0.00	0.00	0.00	
TOTAL		48.50	24.70	4.10	3.20	1.00	

Export Market Development Grants Legislation: Client Satisfaction Survey

(Question No. 1249)

Senator Cook asked the Minister for Trade, upon notice, on 12 August 1999:

(1) With reference to the results of the recently commissioned Austrade survey of its customers, parts of which were included in a press release that the Minister put out on 11 August 1999, entitled 'Market development scheme keeps exporters satisfied: (a) can the full results of the survey be pro-

vided; and (b) what was the cost to Austrade of commissioning the survey.

(2) With reference to the Amendment Act 1999, under which the Minister must cause Austrade to conduct a review of the Export Market Development Grants scheme: (a) does the Minister expect to set up the review before the mandated date of 1 January 2000; if so, when; (b) will the review be conducted solely by Austrade or will outside experts be asked to participate; and (c) if outside experts are asked to participate: (i) will some be drawn from business, (ii) will some be drawn from

academia, and (iii) will the Minister make provision for the production of a minority report, in the event that the review panel does not agree.

Senator Hill—The Minister for Trade has provided the following answer to the honourable senator's questions:

(1) (a) Austrade annually surveys its clients, including EMDG applicants. The results of the survey enables Austrade to improve its services, service delivery and information quality both in our overseas and Australian offices. A summary of the key results of the EMDG component of the survey is attached.

(b) The cost to the EMDG scheme of conducting the survey was approximately \$20,000.

(2) At this stage, options for how the review is to be conducted and when it will commence are still being considered. The Minister for Trade will ensure that Senator Cook receives notification of the terms and structure of the review as soon as it is decided.

SUMMARY OF KEY RESULTS—EMDG CLIENT SATISFACTION SURVEY

Total no. of survey respondents = 501 (across all states)

- . In all states except South Australia, applicants first found out about EMDG through a friend or colleague.
- . Overall satisfaction with the EMDG scheme amongst applicants has increased from 84% in 1998 to 85% in 1999

NSW/ACT 81% satisfaction

VIC/TAS 85% satisfaction

QLD 87% satisfaction

SA/NT 88% satisfaction

WA 95% satisfaction

- . Overall, 85% of applicants are satisfied or very satisfied with EMDG. Self-prepared, first year applicants are more dissatisfied than other applicants.
- . At least 50% of applicants who received less than half or none of what they applied for were still satisfied with EMDG. First year applicants who received less than half were the most dissatisfied.
- . Overall, applicants were satisfied irrespective of whether they lodged their application early or late. First time applicants who lodged their application early (between July + October) were the most dissatisfied.
- . Overall, 84% of applicants were satisfied with the EMDG application process. Year 1 applicants were the most dissatisfied.

- . Satisfaction with the EMDG eligibility criteria is at its highest level in the last four years. Year 1 applicants were the most dissatisfied with EMDG's eligibility criteria.

Overall, 80% of applicants were satisfied with EMDG staff service they had received, with only 4.4% being dissatisfied.

- . 73% of applicants said that EMDG staff were consistently courteous and attentive. Consultant assisted applicants had a lesser opinion than self prepared applicants.
- . 86 applicants reported a problem with services received from Austrade during 98/99. Over half said the problem was due to EMDG's eligibility criteria or the application process.
- . Overall, most applicants said the application process was either easy or acceptable. 13% of Consultant assisted applicants said the process was too hard.

Airservices Australia: Staff Bonus Payments

(Question No. 1265)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 18 August 1999:

(1) How many Airservices Australia officers are entitled to bonus payments above their salary package.

(2) In each case: (a) what is the basis for the bonus payment; (b) what is the maximum value of the bonus; and (c) what assessment process is followed in relation to the payment of the bonus.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

Airservices Australia has advised the following:

(1) 47

(2) (a) The bonus is based on a rating achieved in an annual performance review conducted by the manager's supervisor.

(b) The maximum value of the bonus varies, but for a few, up to 22.5 per cent of the total attainable remuneration is at risk i.e. only a potential bonus.

(c) Ratings are made against a five point scale. Ratings of adequate or unsatisfactory do not attract a bonus. The top 3 ratings achieve one third, two thirds and the total available bonus.

The ratings given by Executive Managers may be normalised by the CEO.

Aviation: Apprenticeships**(Question No. 1266)**

Senator O'Brien asked the Minister representing the Minister for Education, Training and Youth Affairs, upon notice, on Wednesday, 18 August 1999:

(1) How many new apprenticeships in the aviation industry were established in the 1994-95, 1995-96, 1996-97, 1997-98 and 1998-99 financial years.

(2) How many people completed apprenticeships in the aviation industry in the above financial years.

(3) How many people left apprenticeships in the aviation industry before completing the course in the above financial years.

Senator Ellison—The Minister for Education, Training and Youth Affairs has provided the following answer to the honourable senator's question:

In respect to questions (1), (2) and (3), aviation industry apprenticeships have been defined as the trade of Aircraft Maintenance Engineer and the statistics given below are for those undertaking that trade.

Financial Year*	(1)	(2)	(3)
	Commenced	Completed	Cancelled/Withdrawn
1994-95	226	442	31
1995-96	232	197	24
1996-97	172	154	33
1997-98	94	144	27
1998-99 (First 2 quarters)	12	26	15

* NCVER published data. Note that NCVER ceased to differentiate between apprenticeships and traineeships post 1996-97 FY.

Department of the Environment and Heritage: Cost of News Clipping Service**(Question No. 1283)**

Senator Robert Ray asked the Minister for the Environment and Heritage, upon notice, on 23 August 1999:

(1) What is the annual cost to the department of news clippings purchased or produced by the department.

(2) (a) Are the clippings provided regularly to the appropriate shadow ministers, and (b) in each instance, which shadow ministers receive a copy of the department's news clippings.

(3) (a) Are they provided to the appropriate Australian Democrats' spokespersons; and (b) in each instance, which spokespersons receive a copy of the department's news clippings.

(4) Are the department's clippings routinely provided to other members of Parliament; if so, which members and/or senators and in what capacity are they provided with a copy of the department's clippings.

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

(1) In the 1998-1999 financial year \$55,650.40 was spent on news clippings.

(2) (a) and (b) Yes, each weekday morning to the Shadow Environment Minister, Senator Nick Bolkus.

(3) (a) and (b) Yes, each weekday morning to the Democrats Environment Spokesperson Senator Andrew Bartlett.

(4) Yes, each weekday morning to the Parliamentary Secretary to the Minister for the Environment Dr Sharman Stone, the Prime Minister's office, the Chair of the Senate Environment Committee and the Chair of the House of Representatives Environment Committee.

Former Members of Parliament: Appointment as Ambassadors, High Commissioners and Consuls General**(Question No. 1335)**

Senator Robert Ray asked the Minister representing the Minister for Foreign Affairs, upon notice, on 24 August 1999:

(1) How many former members of Parliament currently hold appointments as Ambassadors, High Commissioners and Consuls General.

(2) In each instance: (a) who are they; and (b) where are they located.

(3) What is the total salary package (aggregate, not by individual).

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator's question:

(1) On 31 August 1999 there were five former members of Parliament currently holding appointments as Ambassador, High Commissioner or Consul General.

(2) (a) and (b) They are:

Mr M.E. Baume, Consul-General—New York

Mr D.M. Connolly, High Commissioner—Pretoria

The Hon. R.G. Halverson, OBE, Ambassador—Dublin

The Hon. A.S. Peacock, AC, Ambassador—Washington

Mr J.M. Spender, QC, Ambassador—Paris

(3) The total aggregate package is \$589,876 salary, plus \$272,382 overseas living allowance and language allowance.

Wheat Industry Fund: Share Transfers

(Question No. 1364)

Senator O'Brien asked the Treasurer, upon notice, on 30 August 1999:

(1) How will the Australian Taxation Office (ATO) treat the transfer of Wheat Industry Fund (WIF) units to Australian Wheat Board (AWB) shares.

(2) When did the ATO determine the taxation status of the transfer of WIF units to AWB shares.

(3) Was an interim taxation ruling issued by the ATO in relation to the above determination; if so, when was that interim ruling made.

(4) (a) When, and how, was that determination communicated to holders of WIF units who planned to transfer the units to AWB shares; and (b) can a copy be provided of the interim determination.

(5) Has a final ruling been issued in relation to the above determination; if so: (a) when was the ruling issued; and (b) can a copy of the ruling be provided; if not, why not.

Senator Kemp—The Treasurer has provided the following answer to the honourable senator's question:

(1) On 1 July 1999 WIF units were extinguished and B class shares in AWB Ltd were issued as compensation. Each B class AWB Ltd share issued represents the acquisition of an asset on 1 July 1999 for Capital Gains Tax (CGT) purposes. Where

the market value of a B class AWB Ltd share as at 1 July 1999 exceeds the cost base of a WIF unit as at that date a capital gain would arise.

However, WIF unit holders whose units are extinguished on 1 July 1999 are eligible to choose roll-over relief on any such capital gain under Subdivision 124-B of the Income Tax Assessment Act 1997 (ITAA 1997). The effect of the roll-over relief is that the capital gain is deferred until the AWB shares are disposed of.

In a sense roll-over relief is automatically available. By not returning a capital gain in the year of income ended 30 June 2000, a taxpayer will have chosen roll-over relief under Subdivision 124-B.

If Subdivision 124-B roll-over relief is chosen the cost base of a B class AWB Ltd share includes an amount equal to the cost base of the equivalent WIF unit.

Alternatively, taxpayers who because of their individual circumstances, choose not to claim roll-over relief under Subdivision 124-B and who meet the conditions of the small business roll-over relief or retirement exemption provisions in Division 123 of Part 3-3 and Subdivision 118-F of Part 3-1 of the ITAA 1997 may choose to defer the capital gains liability or, alternatively, claim the retirement exemption.

(2) Advice issued to the Department of Primary Industry and Energy on 30 June 1997 on the taxation treatment of the conversion of WIF units to shares. Advice was issued to the Grains Council of Australia on 3 July 1998 confirming that the WIF unit holders will be eligible to exercise a choice to claim CGT roll-over relief under Subdivision 124-B of Part 3 of the ITAA 1997.

(3) A Draft Taxation Determination TD 1999/D27 was issued on the consequences for taxpayers who make a capital gain on the conversion of their WIF units to shares in AWB Ltd. The draft determination was issued on 9 June 1999.

(4) (a) The draft determination is a public document, available to holders of WIF units, and any other interested persons, from a number of sources including the ATO, the ATO web site and various specialist publications. In addition, a copy of the draft determination was given to the Grains Council of Australia, just prior to public release, for distribution to its members.

(b) As noted above, the draft determination is a public document freely available from a number of sources. A copy has been forwarded directly to the Senator.

(5) A number of submissions have been received on the draft determination during the consultative period. As yet a final determination has not been issued.

Monday, 27 September 1999

SENATE

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