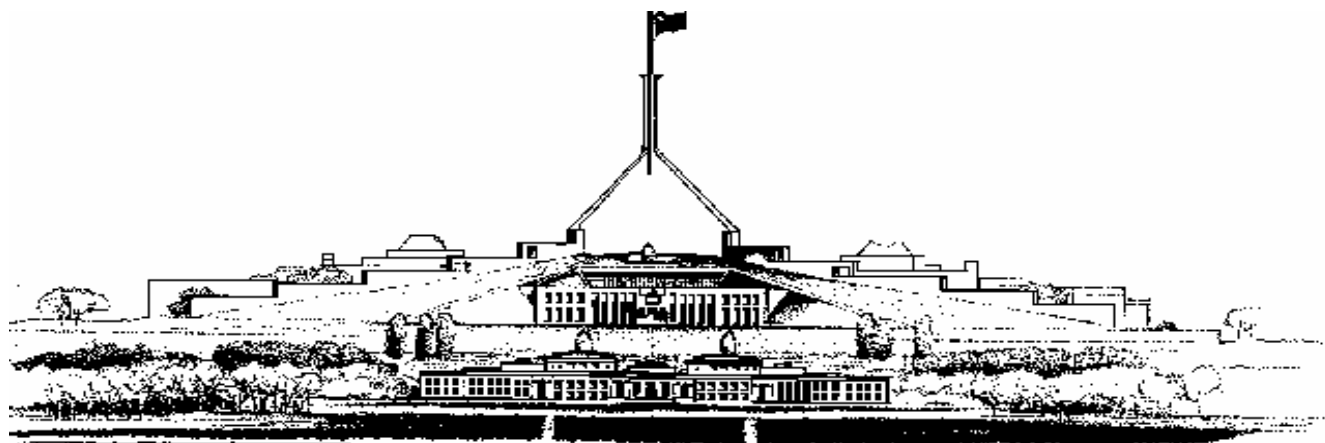




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



SENATE

Official Hansard

No. 14, 2003

THURSDAY, 30 OCTOBER 2003

FORTIETH PARLIAMENT
FIRST SESSION—SIXTH PERIOD

BY AUTHORITY OF THE SENATE

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SITTING DAYS—2003

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

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<i>MELBOURNE</i>	1026 AM
<i>ADELAIDE</i>	972 AM
<i>PERTH</i>	585 AM
<i>HOBART</i>	729 AM
<i>DARWIN</i>	102.5 FM

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Thursday, 30 October 2003

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

PETITIONS

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

Medicare

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

The Petition of the undersigned are committed to Medicare, one of the world's fairest and most efficient health systems. We are concerned that the Howard Government's proposed changes to Medicare are fundamentally unfair, and reveal a philosophy of user-pays.

Your Petitioners request that the Senate amend any Medicare bills to preserve fair and equitable access to doctors services.

by **Senator Allison** (from 194 citizens).

Medicare

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

The Petition of the undersigned are committed to Medicare, one of the world's fairest and most efficient health systems. We are concerned that the current Government's proposed changes to Medicare attempt to divide Australians according to their income and ignore the fundamental philosophy that underpins Medicare—a system where taxpayers pay through their taxes for health care that we can all enjoy at low or no cost at the time of service.

Your Petitioners request that the Senate amend any Medicare bills to preserve the unifying features of Medicare so that there is one system of access to doctors' services.

by **Senator Allison** (from 231 citizens).

Medicare

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

The petition of the undersigned shows:

We strongly support Medicare, our universal public health system. Medicare is an efficient, effective and fair system, which provides access to care based on health needs rather than ability to pay. This helps to define Australia as a fair, compassionate and caring community. However, Medicare is currently being undermined by the Howard Government through under-funding and cost shifting to the sick. We reject totally what will result from the proposed changes to Medicare: the establishment of a two-tier US-style health system.

Access to quality health care for all Australians is a basic human right that must be ensured.

Your petitioners request that the Senate should:

- oppose all Howard Government policy initiatives that will undermine the integrity, universality and ongoing viability of Medicare;
- ensure bulk billing for all Australians as a fundamental cornerstone of our health system;
- institute an independent national inquiry into the future of the Australian health system, so the community determines the type of health system that meets its needs; and
- make no change to Medicare until this national independent inquiry is finalised.

by **Senator McLucas** (from 860 citizens).

Australian Broadcasting Corporation: Funding

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

The Petition of the undersigned shows our extreme concern about the recent decision by the ABC to discontinue production of the *Behind the News* program. In a global environment of great uncertainty and change young people are being denied the opportunity, provided by this outstanding program, to discover, learn, debate and make their own assessment of what is happening in the word.

Your Petitioners ask that the Senate request the General Manager of the ABC to rescind this decision and reinstate the South Australian produced *Behind the News* program, and that the Federal

Government provide adequate funding for the ABC to perform its role effectively.

by **Senator Wong** (from 773 citizens).

Medicare

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

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

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

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

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

by **Senator Wong** (from 772 citizens).

Petitions received.

NOTICES

Presentation

Senator Lees to move on the next day of sitting:

That the Senate—

(a) notes:

- (i) the death of at least 14 currawongs around Parliament House during the last 2 weeks of October 2003, and the subsequent absence of most magpies and currawongs,
- (ii) that the likely cause of the bird deaths is their consumption of contaminated bogong moths,
- (iii) that the contamination of the bogong moths is most likely due to the application of Cislin, a pyrethrum-based spray, around Parliament House, to kill bogong moths, and
- (iv) that the data sheet prepared by the manufacturers of Cislin notes that it is

highly toxic to fish, aquatic organisms and bees and also toxic for birds in various concentrations; and

- (b) asks that the Joint House Department cease any further spraying of Cislin, or other substances toxic to birds, in any concentration, in 2003 or in future years.

BUSINESS

Rearrangement

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.32 a.m.)—I move:

That the following government business orders of the day be considered from 12.45 p.m. till not later than 2 p.m. today:

No. 5 Farm Household Support Amendment Bill 2003

No. 6 Financial Sector Legislation Amendment Bill (No. 2) 2002

Question agreed to.

Rearrangement

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.32 a.m.)—I move:

That the order of general business for consideration today be as follows:

- (1) Kyoto Protocol Ratification Bill 2003 [No. 2]; and
- (2) consideration of government documents.

Question agreed to.

Rearrangement

Senator FERRIS (South Australia) (9.32 a.m.)—by leave—At the request of the Chair of the Employment, Workplace Relations and Education Legislation Committee, Senator Tierney, I move:

That business of the Senate order of the day no. 3, relating to the presentation of the report of the committee on the Workplace Relations Amendment (Compliance with Court and Tribunal Orders) Bill 2003 and two related bills, be postponed to a later hour.

Question agreed to.

**KYOTO PROTOCOL RATIFICATION
BILL 2003 [No. 2]****First Reading**

Senator LUNDY (Australian Capital Territory) (9.34 a.m.)—I, and also on behalf of Senator Brown, move:

That the following bill be introduced: A Bill for an Act to ratify the Kyoto Protocol to the United Nations Framework Convention on Climate Change, and for related purposes.

Question agreed to.

Senator LUNDY (Australian Capital Territory) (9.35 a.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator LUNDY (Australian Capital Territory) (9.35 a.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 Kyoto Protocol will not save the world's climate. It is the first step, which demonstrates the willingness of the world's nations to acknowledge the threat of global warming and to form a global alliance in response. Australia and the United States, the highest per capita greenhouse gas polluters in the world, together with Russia, stand isolated in refusing to accept their responsibility to ratify the protocol.

The Greens and the Labor Party support ratification. Kelvin Thomson, Shadow Minister for Sustainability and the Environment, has introduced a bill identical to this in the House of Representatives, while the Greens introduced a similar bill to the Senate previously. This bill represents a renewed, combined effort from Labor and the Greens to have the Howard Government enter the 21st century and ratify the Kyoto Protocol.

A growing number of businesses support ratification, including British Petroleum whose Australasian Chief, Greg Bourne, fears companies will be left in the lurch by the government's failure (AAP, 5 September 2002). Two hundred and fifty-four Australian economists from all of Australia's major universities, have urged ratification, saying that "as economists, we believe that global climate change carries with it serious environmental, economic and social risks and that preventive steps are justified" (AAP, 14 August 2002). Australia's Catholic Bishops are calling for ratification "We urge the Australian Government to join in solidarity with the other 190 nations of the world who have signed the Kyoto Protocol and to commit the Australian nation to meeting the noble ideals of the Johannesburg Earth Summit" (Media Release, 13 September 2002).

The Australian people overwhelmingly want Kyoto ratified—over 70% in an opinion poll conducted by Greenpeace (AAP, 9 July 2002).

This bill requires the Australian government to ratify the Kyoto Protocol within 60 days of it passing the parliament. It is simple. It is necessary. It is overdue. It should be passed.

The Kyoto Protocol Ratification Bill 2003 is a step towards helping Australian farmers who are feeling the impact of droughts and floods; it is a step towards addressing CSIRO projections that say that increasing temperatures will lead to increased severity and increased frequency of droughts, fires and floods in the years ahead. This is a bill which is a step towards addressing the concerns of the residents of Queensland and Queensland's tourism industry who know about the massive impact of global warming on the Great Barrier Reef because of coral bleaching resulting from increased water temperatures.

This is a bill which tells the people of Victoria and the Victorian tourism industry that we are acting to stem the loss of snow cover on Victoria's Alps with all that that means for Victoria's tourism, alpine cover and our recreational activities in the alpine area. This is a bill which tells people in Western Australia, particularly in the south-west and west, that we understand that their climate has been changing over the course of the past couple of decades and that we are concerned about the impact of increased temperatures, re-

duced rainfall and increasing droughts in that area.

This is a bill which tells residents in the tropics that we do not want to see an increased risk of tropical diseases, such as dengue fever or even malaria, which some of the research tells us is likely to occur if we allow climate change to go unchecked. This is a bill which tells the insurance industry that we understand the impact that increased severity of extreme weather events will have on the insurance industry and its capacity to meet claims.

This is a bill which tells Australian business that we understand that it should be entitled to be part of the new business order which seeks to engage in trade in carbon emissions, and buying and selling carbon credits, and that we should be part of the clean development mechanism. We understand that there is a risk to Australian business, that it will be locked out of global trade in these matters if Australia does not ratify the Kyoto Protocol. We understand that many Australian businesses now support ratification of the Kyoto Protocol because they understand that it is good for business and necessary for them to move ahead.

Finally, this is a bill which tells the Australian people and the rest of the world that Australians believe in being good international environmental citizens. While many countries, small and large, want to play a role in addressing climate change, the Australian government is saying "Because the United States does not want to ratify, we are not prepared to ratify". That is an unacceptable international position for us to take. We need to support the Kyoto Protocol. We need to support the collective international effort to curb climate change. We need to be good and responsible international environmental citizens. It is in our interests and in the interests of the entire world.

To end the build up of greenhouse gases in the atmosphere, scientists say that a minimum 60% reduction in the 1990 level of emissions is required. The Kyoto Protocol is an essential first step to offsetting the warming of the Earth with all its obvious dangers for the coming generations.

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

Leave granted; debate adjourned.

COMMITTEES

Employment, Workplace Relations and Education References Committee

Extension of Time

Senator GEORGE CAMPBELL (New South Wales) (9.35 a.m.)—I move:

That the time for the presentation of the report of the Employment, Workplace Relations and Education References Committee on labour market skills requirements be extended to 6 November 2003.

Question agreed to.

FOREIGN AFFAIRS: UKRAINIAN FAMINE

Senator HEFFERNAN (New South Wales) (9.36 a.m.)—I move:

That the Senate—

- (a) notes that 2003 is the seventieth anniversary of the enforced famine in the Ukraine, which was caused by the deliberate actions of Stalin's communist government of the Union of Soviet Socialist Republics;
- (b) recalls that an estimated 7 million Ukrainians starved to death as a result of Stalinist policies in 1932-33 alone, and that millions more lost their lives in the purge which ensued for the remainder of the decade;
- (c) notes that this constitutes one of the most heinous acts of genocide in history;
- (d) honours the memory of those who lost their lives;
- (e) joins the Ukrainian people throughout the world, and particularly Ukrainian Australians, in commemorating these tragic events; and
- (f) resolves to seek to ensure that current and future generations are made aware of the monstrous evil that led to the famine.

Question agreed to.

COMMITTEES**Foreign Affairs, Defence and Trade
References Committee****Reference**

Senator MACKAY (Tasmania) (9.36 a.m.)—At the request of Senator Chris Evans, I move:

That—

- (1) The following matters be referred to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 12 May 2004:
 - (a) the effectiveness of the Australian military justice system in providing impartial, rigorous and fair outcomes, and mechanisms to improve the transparency and public accountability of military justice procedures; and
 - (b) the handling by the Australian Defence Force (ADF) of:
 - (i) inquiries into the reasons for peacetime deaths in the ADF (whether occurring by suicide or accident), including the quality of investigations, the process for their instigation, and implementation of findings,
 - (ii) allegations that ADF personnel, cadets, trainees, civilian employees or former personnel have been mistreated,
 - (iii) inquiries into whether administrative action or disciplinary action should be taken against any member of the ADF, and
 - (iv) allegations of drug abuse by ADF members.
- (2) Without limiting the scope of its inquiry, the committee shall consider the process and handling of the following investigations by the ADF into:
 - (a) the death of Private Jeremy Williams;
 - (b) the reasons for the fatal fire on the HMAS *Westralia*;
 - (c) the death of Air Cadet Eleanore Tibble;

(d) allegations about misconduct by members of the Special Air Service in East Timor; and

(e) the disappearance at sea of Acting Leading Seaman Gurr in 2002.

- (3) The Committee shall also examine the impact of Government initiatives to improve the military justice system, including the Inspector General of the ADF and the proposed office of Director of Military Prosecutions.

Question agreed to.

**Rural and Regional Affairs and Transport
Legislation Committee****Extension of Time**

Senator HEFFERNAN (New South Wales) (9.37 a.m.)—I move:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Legislation Committee on the provisions of the Maritime Transport Security Bill 2003 be extended to 25 November 2003.

Question agreed to.

**CHRISTMAS ISLAND: MINING
PROPOSALS**

Senator BROWN (Tasmania) (9.37 a.m.)—by leave—I move the motion as amended:

That the Senate—

(a) notes:

- (i) former Prime Minister Mr Hawke's undertaking to the Duke of Edinburgh in 1988 regarding new mining proposals on Christmas Island that, 'approval will only be granted under the strictest environmental conditions and provided that no further clearing of rainforest occurs',
- (ii) the statement on 11 February 1988 by the former Minister for the Arts and Territories, Mr Punch, announcing that the Federal Government would not allow any further rainforest clearing on Christmas Island,

- (iii) that all phosphate mining leases since 1988 have prohibited rainforest clearing as a condition of the lease, and
- (iv) the announcement in 2003 by the former Minister for Regional Services, Territories and Local Government, Mr Tuckey, that the Federal Government would conduct a strategic assessment of Christmas Island; and
- (b) calls on the Government not to lift the long standing moratorium on established rainforest clearing on Christmas Island.

Question agreed to.

SENATE: COMMERCIAL CONFIDENTIALITY

Senator CARR (Victoria) (9.38 a.m.)—I move:

That the Senate and Senate committees shall not entertain any claim to withhold information from the Senate or a committee on the grounds that it is commercial-in-confidence, unless the claim is made by a minister and is accompanied by a statement setting out the basis for the claim, including a statement of any commercial harm that may result from the disclosure of the information.

Question agreed to.

COMMITTEES

Rural and Regional Affairs and Transport References Committee

Meeting

Senator HEFFERNAN (New South Wales) (9.38 a.m.)—I move:

That the Rural and Regional Affairs and Transport References Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 30 October 2003, from 4 pm, to take evidence for the committee's inquiry into rural water resource usage.

Question agreed to.

CONSTITUTIONAL REFORM

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (9.39 a.m.)—I move:

That the Senate—

- (a) notes the release by the Prime Minister (Mr Howard) of a discussion paper on constitutional change;
- (b) supports there being a broad community debate exploring ways to improve the operation of Australia's parliamentary and political system;
- (c) encourages the Prime Minister to consider any constitutional and parliamentary changes that have widespread community support;
- (d) expresses the view that sections 44(i) and 44(iv) of the Constitution should be amended to remove the current prohibition on dual citizens and public sector employees being able to nominate for election to the Commonwealth Parliament; and
- (e) urges the Government to give consideration to the constitutional reform proposals outlined above.

Question agreed to.

CONSTITUTIONAL REFORM

Senator NETTLE (New South Wales) (9.40 a.m.)—I move:

That the Senate—

- (a) notes that the Prime Minister (Mr Howard) has released a discussion paper on constitutional reform;
- (b) opposes amendments to the Australian Constitution that would have the effect of eliminating the requirements to dissolve both Houses of the Parliament and call an election prior to holding a joint sitting of both Houses to consider bills twice rejected by the Senate;
- (c) affirms that the Senate plays a valuable role in scrutinising legislation and holding government to account;
- (d) rejects the contention in the Prime Minister's discussion paper that 'In practice, the minority has assumed a permanent and absolute veto over the majority';

- (e) reminds the Government that only a majority of democratically-elected senators is able to reject legislation;
- (f) recognises that the Senate is a more representative chamber than the House of Representatives by virtue of its members being elected using the proportional representation system; and
- (g) calls on the Prime Minister to commit to holding a referendum on the introduction of proportional representation for the House of Representatives at the time of the next general election.

Question negatived.

Senator Brown—Mr President, I ask that my support for that motion be registered.

Senator Bartlett—Mr President, I note the Democrats' support for that motion as well.

CONSTITUTIONAL REFORM

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (9.41 a.m.)—I move:

That the Senate—

- (a) notes the release by the Prime Minister (Mr Howard) of a discussion paper on constitutional change;
- (b) supports there being a broad community debate exploring ways to improve the operation of Australia's parliamentary and political system;
- (c) encourages the Prime Minister to consider any constitutional and parliamentary changes that have widespread community support; and
- (d) expresses the view that one improvement to our parliamentary system would be for the Constitution to be amended to remove the power of the Senate to block supply for the ordinary services of government.

Question put.

The Senate divided. [9.46 a.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes.....	29
Noes.....	31
Majority.....	2

AYES

Allison, L.F.	Bartlett, A.J.J.
Bishop, T.M.	Bolkus, N.
Buckland, G.	Campbell, G.
Carr, K.J.	Cherry, J.C.
Crossin, P.M.	Denman, K.J.
Evans, C.V.	Faulkner, J.P.
Forshaw, M.G.	Greig, B.
Hogg, J.J.	Hutchins, S.P.
Kirk, L.	Lees, M.H.
Ludwig, J.W.	Mackay, S.M. *
Marshall, G.	McLucas, J.E.
Murphy, S.M.	Murray, A.J.M.
O'Brien, K.W.K.	Ray, R.F.
Sherry, N.J.	Stephens, U.
Webber, R.	

NOES

Abetz, E.	Alston, R.K.R.
Barnett, G.	Boswell, R.L.D.
Brandis, G.H.	Brown, B.J.
Calvert, P.H.	Campbell, I.G.
Chapman, H.G.P.	Colbeck, R.
Coonan, H.L.	Ellison, C.M.
Ferguson, A.B.	Ferris, J.M. *
Harradine, B.	Harris, L.
Heffernan, W.	Humphries, G.
Kemp, C.R.	Lightfoot, P.R.
Macdonald, I.	Macdonald, J.A.L.
Mason, B.J.	Minchin, N.H.
Nettle, K.	Payne, M.A.
Scullion, N.G.	Tchen, T.
Troeth, J.M.	Vanstone, A.E.
Watson, J.O.W.	

PAIRS

Collins, J.M.A.	Tierney, J.W.
Conroy, S.M.	Hill, R.M.
Cook, P.F.S.	Knowles, S.C.
Lundy, K.A.	Patterson, K.C.
Ridgeway, A.D.	Johnston, D.
Stott Despoja, N.	McGauran, J.J.J.

* denotes teller

Question negatived.

FORMAL MOTIONS

Senator HARRADINE (Tasmania) (9.50 a.m.)—by leave—I do not wish to reflect on the previous vote. Obviously, under the standing orders, I cannot. But I believe that it is very important to realise what we have just done. There has been proposed to this chamber a notice of motion which, *inter alia*, seeks to approve of the removal of the power of the Senate to block supply for the ordinary services of government. That would be a momentous decision, and momentous decisions as to whether or not motions are to be formal or informal should not be made by a nod of the head. I am having a bit of difficulty in considering all of these motions that are being called formal when they relate to significant matters—matters that should be open to debate.

In this particular instance, of course, there is going to be a public debate about the matter. A paper has already been distributed by the Prime Minister. A committee, comprising Neil Brown, Jack Richardson and Michael Lavarch, has been established to consider these things. They are going around Australia to consider these particular matters and are having discussions in Perth today. I happen to disagree with the two propositions that have been put forward, but I could be proved wrong after some discussion. This is about the Constitution. Frankly, I do not believe that the matter of whether or not a motion is formal should be determined by a nod of the head.

The PRESIDENT—Senator Harradine, for your information, I understand that the matter of the formality of motions is before the Procedure Committee at the moment.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (9.52 a.m.)—by leave—I agree very strongly with the sentiments that Senator Harradine has expressed. I indicated infor-

mally both to Senator Harradine and to Senator Bartlett as this division commenced my concerns about a matter like this being dealt with in this way without debate. I think I can at least say to the chamber that I have been consistent on this matter and the opposition has been consistent on this matter. From 1997 the opposition has raised concerns about the way foreign affairs motions have been dealt with because other governments misunderstand the significance and importance of a motion that is agreed to by the Senate. We also need to understand—and it is worth making the point again—that a motion is a very blunt instrument.

We are faced here, with any motion before us if it is declared formal, with doing one of two things: we can either agree with the motion and vote for it or disagree with it and try to negative it. Those are the choices that we have. We do not have a capacity to debate the motion, as Senator Harradine properly says. We do not have a capacity to amend such a motion either. It is not uncommon for a range of views to be expressed on any number of matters in this chamber. Often the majority will of the Senate comes about by an agreement to an amendment to a motion, as everyone in this chamber knows. But on the substantive issue before the chair, which goes to paragraph (d) of Senator Bartlett's motion—that the Senate:

(d) expresses the view that one improvement to our parliamentary system would be for the Constitution to be amended to remove the power of the Senate to block supply for the ordinary services of government—

this is not a matter about which the opposition has any qualms. The Australian Labor Party has had a longstanding platform commitment to remove the capacity of the Senate to block or defer supply, and that has been in place since the events of 1975. The Labor Party has had a longstanding and clear position, but I accept that in dealing with these

important matters in this way it does no credit to this chamber at all and it does no credit to the parliamentary process at all. These matters are too important to deal with in such an inappropriate way with such a blunt instrument. It is the Labor Party of course that has taken this matter to the Procedure Committee, and it is not the first time we have initiated consideration by that committee about these sorts of concerns.

But do not forget that, in the first instance, in the discovery of formal business, the choice is pretty stark. Either a matter is declared formal or it is declared not formal. If it is declared not formal, there is the capacity for any senator to move a suspension of standing orders and to have a substantive debate on any of these matters. That is an option open to any senator in this chamber. But each and every one of us knows that a suspension of standing orders debate is usually for a minimum of half an hour and then, if that suspension is agreed to, you can have a very long debate about a substantive motion. These are the sorts of balances that we all have to take into account when these matters are before the chair. There is the issue of the clarity of position, whether a matter can be agreed to or not agreed to and whether it warrants the Senate spending time debating these matters. These are important and significant considerations and they are brought to bear, as far as the opposition is concerned—and I am sure by all senators—on all these matters in the discovery of formal business.

A huge amount of chamber management time is now spent on these matters—by the whips in the whips' meetings, by the Manager of Government Business in the Senate, by the Manager of Opposition Business in the Senate and of course by minor party and Independent senators. A huge amount of time is spent on these matters. A lot of the time is off-chamber time, as everyone in this cham-

ber realises. But many people who do not sit in the chamber or do not work in this building would not understand the huge amount of off-chamber resources that go in to trying to sort through these issues. I commend the report that has been prepared for the Procedure Committee by the Clerk of the Senate. One of the things the Procedure Committee has done is provide a background report for the information of senators outlining the history and the evolution of the use of formal motions in the Senate. I commend the report to senators who have not read it and I suggest that they have a look at some of the background and history of this matter. It has changed and it has evolved. I do not believe that, when this procedure was originally adopted, there was ever an intention for matters of such significance and importance as the one we have just dealt with—

Senator Ian Campbell—And complexity.

Senator FAULKNER—And complexity; I accept that. Matters such as the one we have just dealt with would never have been intended to be determined in that way by this chamber—they ought properly be matters for debate. Many of the matters that are now subject to the processes of the discovery of formal business, in my view, are inappropriate. We have had a consistent position on foreign affairs motions, as everybody in this chamber knows. This motion is another example. That is not to criticise Senator Bartlett because of this motion—not at all.

This motion is yet another example of a matter that deserves far more serious consideration in the Senate chamber than just the capacity to cast a vote on one side of the chamber or the other. This matter must be addressed by the Senate. I stress again: it is a high priority for the Procedure Committee and for the Senate—and in the interests of all senators—to get a system of discovery of formal business with the Senate having a

capacity to determine a view on matters on which we do not want to have a drawn out debate. There are so many motions relating to the business of the Senate which are sensibly dealt with by such a process—and there are matters of substance which can be sensibly dealt with through such a process. But we have another example before us of a matter that does not fit the bill. If we are going to make decisions about such important constitutional matters, senators ought to have the benefit of being able to put a point of view. The full complexities of these matters should be properly debated and matters should be able to be amended as—it seems to me—is absolutely appropriate in these sorts of circumstances.

We have to fix this problem, which is a growing problem for the Senate. It affects the government, the opposition, the minor parties and the Independent senators. It is not only a chamber issue but an off-chamber issue as well. We have to improve our Senate procedures, not only in our interests but in the interests of those who will serve in subsequent parliaments.

Senator FERGUSON (South Australia) (10.02 a.m.)—by leave—Senator Harradine has raised a very important issue here today—that is, the increasing trend to use formal motions to raise what are essentially controversial issues in this chamber in order to force a party or a senator to vote in a certain way. There are three parts of the formal motion that Senator Bartlett moved today which we would certainly agree with. There has been a tendency recently to move more and more complex motions so that every senator, although agreeing with certain aspects of a formal motion, has to decide whether they can support the bit of the motion they cannot agree with. The intention is to suggest that either the government or the opposition opposes a motion, when they have no choice but to oppose the motion in

full or seek some amendment by negotiation beforehand. Just as many notices of motion were placed on the *Notice Paper* in the early 1990s, when I first came here, but most of them were just left on the *Notice Paper*. Notices of motion were placed on the *Notice Paper* and priority was given later as to which of those notices of motion should be the subject of discussion in general business, like we will be having this afternoon.

Senator Harradine raises a very important issue. Matters of concern to all of us are raised here and we have to make a decision as a party, or in some cases as individuals, as to whether we can support, in full, a motion that has been moved as formal. We may like quite a bit of the motion that is proposed, but do not like a small portion of it and so, because we do not like a section of the motion—which sometimes is the sting in the tail—as a party or as a government or as an opposition we are forced to vote ‘yes’ or ‘no’.

Senator Harradine has quite rightly raised this issue this morning. I support his remarks and those of the Leader of the Opposition because it is an issue that needs to be sorted out before it gets too far out of hand. Recently it has got out of hand. We have had requests for motion after motion to be declared formal. I understand that the process was put in place so that issues where there is general agreement around the chamber could be dealt with expeditiously, like extensions of time for committees or other matters on which there is unanimous agreement in the chamber. There is no need to have a lengthy debate on such matters when we know that everybody is in agreement.

More and more, formality is being sought on controversial issues which should rightly be debated in the chamber. The problem is that when you have so many formal motions you cannot debate them all or you would

never get to the stage of ever debating any legislation. I am very pleased that Senator Harradine has raised this issue today. Things have come to a head over this motion today. It could have come up at any time recently, but Senator Harradine has highlighted the fact that some very important motions have been passed either on the nod or on the voices in this chamber when they should have been properly debated or not brought to the chamber at all.

Senator BROWN (Tasmania) (10.06 a.m.)—by leave—I agree with the sentiments that are being expressed here. We live in an increasingly complex world, and the Senate has to deal with that complexity. It is not just changes in the Senate we are looking at; it is the complexity of the international framework within which the parliament works these days. When it comes to debate on the Constitution, and the Senate being asked to express an opinion, the Senate cannot make a determination in the matter—that would have to go to the people through a referendum. But I agree that there needs to be debate on important matters like this, and I wish the Procedure Committee well.

It may be that we have to set aside—and this would be my suggestion—an afternoon or a morning in Senate sitting weeks in which debate on those matters can be progressed with new debating rules. It may be that we have a five-minute limit on the contributions made by members. On most of those matters that is far better than nothing at all. I do not think we need the 20 minutes that is allowed in general debate. But it would allow people to contribute and there may be some allocation of debating time within the framework of new rules.

With the plurality of the membership of the Senate as it is evolving, and I do not think that is ever going to change now, it is important that there be opportunity to debate

those matters. The Procedure Committee might look at, first, the allocation of time for debating motions. It may mean we sit an extra week or two during the year, but I think that is healthy. Secondly, the committee should look at what rules should apply to debate of those motions and how you prioritise motions according to their importance and complexity. On the complexity issue, it may mean that there has to be a substantive point which is incorporated in the motion and which is voted upon rather than multiple points being introduced through a motion on which we find ourselves divided as to what we support and what we do not and end up having to vote against the ones we support in order to make sure the ones we do not do not get up. I will certainly be looking forward to reading the Clerk's paper, as Senator Faulkner indicated, and to hearing what the Procedure Committee comes up with.

Senator ROBERT RAY (Victoria) (10.09 a.m.)—by leave—In relation to what Senator Brown said, that he wants more time, he may contemplate having the Senate sit on every Friday for general business on a no quorum, no division basis. In other words, the Senate could do nine o'clock in the morning to 3.45 in the afternoon so that we can catch up on committee reports, government papers and whatever other matter you want to discuss. I can exercise the option of staying here and listening to you or going out to Yowani and taking 130 a round. That would be my choice to make if it were no division, no quorum. On the other hand, if it is an interesting topic I would be sitting here sledging Senator Brown as I normally do and enjoying his contribution. That is the sort of breakthrough needed to achieve Senator Brown's desire: that is, devote a full day to it that does not impinge on other government business and that does not require necessarily everyone to be here but enough people to be here.

Senator Brown—But you would have to have a vote on it.

Senator ROBERT RAY—You could always reserve some other time to have votes on legislation and motions. I am not trying to cut out votes in that way. That is the only time I can see that this parliament can devote a large amount of time to general business that you and some of your colleagues would like. I suggest you pursue that.

I am not going to go on and reiterate what Senators Harradine, Faulkner and Ferguson have said here today. I came down to the chamber pretty grumpy with the same ideas. Let me tell you what my solution is. I put everyone on notice, because they will not like it necessarily and people might like to cut it down. The real reason that these formal motions are appearing and being voted on is that the government does not want to declare them not formal and have a contingent notice of motion suspending standing orders that takes not only half an hour for that one but today on at least three motions, 676, 678 and 685, which all would normally have been declared not formal. That means the government would have had to waste possibly an hour and a half debating contingent notices of motion. So my solution to it is for the Procedure Committee to come back and say, 'There will be no opportunity for the suspension of standing orders following a motion being declared not formal.' However, that in itself has its dangers; I recognise that. Therefore, I would go on and suggest that we have a matters of public importance type response—that if five or 10 senators standing in their place want that motion to be debated and put they may do so. In other words, the majority and minority would have rights, but on occasions matters would be declared not formal and there would not be a chance to use—I think blackmail is too strong a word—the pressure of suspending standing orders to have it resolved. I do not blame the

government for saying: 'Look, we've got five motions up today. Let's declare them formal. Let's try to vote them down. If we declare them not formal, we'll lose half an hour.' And every now and then of course you lose four hours because the suspension motion will be carried, and you will just be turning every day into a general business day.

There has to be a solution to it. It will not come from self-discipline or good intentions; it will come from a change to standing orders. I really do suggest that there be no capacity to suspend standing orders or use a contingent notice of motion to suspend standing orders. But then I suggest that a safety net be put around it to make sure that, arbitrarily, one or two rogue elements in the Senate—I am not looking at anyone here, because it could be anyone—could always be declaring motions not formal without a capacity to rectify it. For instance, today we had a couple of motions to extend the time for committee inquiries. A disgruntled senator could easily deny formality to that and the whole chamber then becomes a bit anarchic, if you like, and we do not want that to evolve. Anyway, I have put my view forward. It is not going to be agreed with by everyone, but at least you know where I am coming from on this and what I will be moving on the Procedure Committee. If you have a contrary view, please put it to me and please put it to the Procedure Committee.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (10.13 a.m.)—by leave—It is probably worth noting that, on denying formality to people's motions in the effort to save time, we have managed to chew up a good half an hour debating it in any case. This is an issue that has been raised a few times, and I will say two things. Firstly, on behalf of the Democrats, I do have a lot of sympathy, as I have expressed lots of times before, for the problems that an excessive number of formal motions

can and occasionally do present. It is different difficulties for different people, and Senator Harradine has the difficulty of trying to keep across 20 different motions that are all being put one after the other, even assuming he has time to get around to reading them all and to consider them. One thing I have tried to do to alleviate that to some extent is to at least give two days notice of motions, as I did with the two that I moved today, to give a little bit more time. Maybe another small solution is to require at least a week's notice or something for people so that they have a bit more time to absorb them. That is the first difficulty. Of course, after they have absorbed them, there are the other difficulties that people have raised.

I have some sympathy, although not absolute sympathy, with the views expressed by the ALP about foreign affairs motions. As you said when you were not in the chair, Mr Acting Deputy President Ferguson, sometimes they are moved to try to force people and parties to vote in a certain way. That is not necessarily a bad thing. Trying to nail down parties and parliamentarians as to what they will actually support is appropriate, but I accept that doing it via a yes or no vote is not the best way if it is a complex issue. I have raised a number of times in this place that these days the Senate has more and more business before it. Indeed, just yesterday I had another motion to extend sitting days voted down. The Senate certainly has more government legislation before it and more issues that I think it is appropriate for us to deal with beyond government legislation.

As fewer alternatives become available to express a range of views in the community, the Senate increasingly is becoming the place people look to for an expression of those views. Whether the Senate allocates extra time for general business or non-government business of various types—another idea the Democrats have put for-

ward—or we sit on Fridays, the suggestion put forward by Senator Ray, with no divisions and no quorums, the options need to be looked at. Generally, there is a need for the Senate to sit more often than it does, given the complexity and volume of business that we have to deal with. I know I do not get much support when I raise that issue, but I will keep raising it nonetheless. The difficulty, having pointed to all those problems that formal motions cause, is the alternatives. For example, if I had moved a matter of urgency, that debate would have chewed up an hour and would have had the same effect.

The government—and all of us—particularly at this time of year, have the pressure of considering a large amount of legislation. Most of us would have seen the government's first draft of a number of bills they want considered by the Senate before the end of this year. After today, there are only eight sitting days left. I cannot remember the number of bills on the list, but there are three pages of them, so there are a fair few. In that scenario, at this time of the year, there is immense pressure to almost self-censor speeches to enable us to get through the business. That means that important issues do not get the consideration they deserve. The issue that generated this debate relating to constitutional reform or Senate reform, initiated by the Prime Minister, is time specific—it is not really something we can leave to next year—and, therefore, if we are to express a view, now is the time to do it.

Without going further into the mechanics of how formal business might work a bit better or what alternatives might address some of the issues, I simply say the Democrats are sympathetic and supportive of attempts to find a better way. We are certainly willing to consider some of those options. Obviously, the focus has been on the motion I moved expressing a view about the Senate not hav-

ing the power to block supply any more. There were a number of other significant motions considered this morning, not least of which was another motion of mine that was passed expressing a view about constitutional reform and which supported the view to amend section 44 of the Constitution. That is an issue that has been raised a number of times. From memory, I think all parties in this place—I cannot speak for all the Independents—have expressed support for that before, which might be why that motion got through. It is worth noting that parts of that motion—and, indeed, the one that did not get through—expressed support for broad community debate to explore ways to improve the operation of Australia's parliamentary political system. It encouraged the Prime Minister to consider any constitutional and parliamentary changes that have widespread community support beyond the ones he has put up. I do want to counter some of the negativities specifically concerning one aspect of the formal motions put up this morning. Another motion agreed to specifically endorse the idea of a wide-ranging community debate and to encourage the Prime Minister to look at some of those options if they have broad community support. I think that is an important, useful and reasonably time-efficient way for the Senate to express a clear view to the Prime Minister as part of the consultation process, referred to by Senator Harradine, that is under way.

The specific motion that Senator Harradine focused on is obviously an important issue. It is not an issue that people have not given thought to before. The power to block supply has obviously been debated a lot, not just in this chamber but out in the community. It was simply a motion expressing a view rather than doing anything stronger than that. Nonetheless, it is an important issue and one that is appropriate to have people expressing their views on, putting their

position forward and being clear about what that position is. I would prefer a debate on it as well. I would also prefer an outcome where people are clear about what that position is on that important issue. We have one without the other, but I do not think that should be completely negated just because of the other difficulties people have expressed about formal business. Just because we do not get to debate something does not mean the issue that has been voted on is not of note, and that one certainly was, as were some of the other motions that were passed. The fact they are declared formal often means they do not get the attention they deserve.

COMMITTEES

Publications Committee

Report

Senator COLBECK (Tasmania) (10.21 a.m.)—I present the 13th report of the Publications Committee.

Ordered that the report be adopted.

Medicare Committee

Report

Senator McLUCAS (Queensland) (10.22 a.m.)—I present the report of the Select Committee on Medicare entitled *Medicare—healthcare or welfare?*, together with the *Hansard* record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator McLUCAS—I move:

That the Senate take note of the report.

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Before you continue, Senator McLucas, I understand that informal arrangements have been made to allocate specific times to each of the speakers in this debate. With the concurrence of the Senate, I shall ask the clerks to set the clocks accordingly.

Senator McLUCAS—I am pleased to present the report of the Senate Select Committee on Medicare entitled *Medicare—healthcare or welfare?* In May this year the Senate established this select committee to inquire into the provision of primary health care in Australia. In June, after the government announced its so-called A Fairer Medicare package, the enabling legislation was referred to our committee. Mr Acting Deputy President, as you know, Senate committees inquire into legislation in order to inform senators and the community more broadly about the effects of proposals. We have done just that. What is concerning is that we have completed our task only to find that the new Minister for Health and Ageing, Mr Abbott, has suggested through the media that the package may be significantly altered. Details of those changes are not known, so we have not been in a position to undertake any analysis of those changes, nor can we make any recommendations to the Senate on their effectiveness.

The committee received 225 submissions and received evidence in all states, the Australian Capital Territory and the Northern Territory. Overwhelmingly, consumers, medical practitioners, health economists and the state and territory governments were in agreement. Support for the so-called A Fairer Medicare package was minimal, if not non-existent. The following questions must be asked. Why is it that the government could get it so wrong? How is it that the government's package could engender so much community opposition? Why did it take till last Sunday, after the inquiry had concluded its hearings, for the minister for health to announce that he was going to change the package, ostensibly to get it through the Senate? How is it that the government is so out of touch with community support for the principles of Medicare and the need for a partnership approach with the medical pro-

fession and a collaborative, not combative, relationship with the states? The answer is simple: the Howard government does not believe in what we on this side know and what Australians know is great policy—Medicare. Professor John Deeble put it this way:

Medicare ... is an insurance system to which everyone contributes according to their income. They then have a universal right to coverage. That solves all the problems of protecting pensioners, the unemployed, other low-income earners, large families and the chronically ill with equity, dignity and less intrusion into their affairs than any alternative.

And that is what this government does not understand: the principles of Medicare. What we senators and the community need to understand is that the contradictorily named A Fairer Medicare package—and any tinkering that Mr Abbott may announce in the next few days—is not an attempt to tweak Medicare at the edges.

The government has designed a package which would fundamentally change our internationally recognised universal system of primary health care. The package identifies health concession card holders as the group of Australians for whom bulk-billing would be assured. Mr Gregory of the National Rural Health Alliance has said, 'As soon as you select any group, you lose universality.' The irony of this section of the package is that, even with the current bulk-billing rate slump, it is by and large concession card holders who are currently bulk-billed. GPs and consumers attest to that. Further, many GPs question the validity of using the concession card as a measure of health need. Mr Abbott has suggested changing the concession card benchmark by being more 'flexible' and allowing GPs to decide who should be bulk-billed even further. It is important to recognise that this would only reduce bulk-billing rates even further.

The committee was frustrated at the failure of the department to provide analysis of the effects of the government package on patient costs and bulk-billing rates, and so commissioned the Australian Institute for Primary Care to analyse the potential inflationary effects. Its report is at appendix 1 of our report and shows that, under the government's proposals, bulk-billing rates will drop to approximately 50 per cent of all services provided. It also shows that out-of-pocket costs will rise by approximately 56 per cent. Government members of the committee criticised the selection of the AIPC to undertake the work. I need to put on the record that at no time during our private meetings was any alternative body suggested. It is easy to attack the bearer of the message instead of dealing with the message itself. The assumptions on which the AIPC based its modelling are conservative, are academically robust and will stand the test of time.

The government has commissioned the Centre for Health Economics Research and Evaluation at the University of Technology in Sydney—a group known as CHERE—to undertake a review of the AIPC report. The terms of reference from the committee to the AIPC are public; the terms of reference from the government to CHERE are not. Suffice to say it is clear that, in their analysis, CHERE did not acknowledge or refute the principal contention of the AIPC report. That contention is the introduction of the soft threshold—the ability for GPs to change their billing practices and increase copayments for non-concession card holders at the point of service, using the swipe proposal. CHERE were not asked to comment on the inflationary impacts of the government's proposals, and it would have been interesting if they had. We then might have had a real debate.

If the committee was frustrated and annoyed by the sidetracking and politicisation of the AIPC report process, it is nothing

compared with the frustration and annoyance in the community when faced with the blame game and buck-passing as a substitute for discussion and debate around health funding. To be frank, consumers do not care if it is the state or the Commonwealth that funds their health services. They want a quality, reliable, affordable and available service, and they are not fussed as to how it arrives. The negotiation of the Australian health care agreements, which occurred during the course of the committee's deliberations, was an excellent case in point. The Commonwealth and the states have a responsibility to rise above the blaming and the pettiness.

The committee has recommended the establishment of a national health reform body, which could emulate the approach taken in Canada, to encourage informed community discussion about the nature of the health care services provided and the sources of funding. If Australia adopted such an approach, we may be able to participate in an informed discussion in the community about the effectiveness of the private health insurance rebate. Many witnesses said to the committee that they felt pressured by the Lifetime Health Cover policy into purchasing private health insurance and that, sadly, they had lost confidence in the public health system.

I am disappointed that the debate about public-private hospital use has been reduced to a competition about the numbers of hospital separations from either of the hospital sectors. This is no way to run an efficient, effective hospital system. Constructive cooperation and planning is the answer. I was also disappointed to see that the government members' dissenting report has continued in that vein—counting hospital separations of only certain procedures and not rising above that argument to answer the real question of how best to use both systems to provide the best health outcome for our community. Given the expressed scepticism of Austra-

lians to the effectiveness of the private health insurance rebate, I am further astonished to see that the government members' dissenting report's major recommendation is to increase the rebate to 35 per cent, then to 40 per cent and even more.

The committee has recommended that an independent inquiry be established to assess the equity and effectiveness of the rebate and the Lifetime Health Cover policy. Time does not allow me to cover all the aspects of the report. Senator Stephens will add to these comments in her contribution during the debate and Senator Forshaw during the adjournment debate tonight. I wish to sincerely thank them and all senators on the committee for their cooperation and effort during the inquiry.

On behalf of all the Senate committee members, I also place on record our thanks to the secretariat: Elton Humphery, Jonathan Curtis, Tim Watling, Andrew Bomm and Hanna Allison. They were incisive, intellectual, rigorous and meticulous and, above all, provided us with frank and fearless advice. I thank the Senate for the opportunity afforded me to closely focus on our health system. I hope that this report will be useful to senators in their thinking and will make a contribution to the public debate. In closing, it is important to remember that Medicare is not a welfare system. It has always been and should remain a health insurance system for us all.

Senator BARNETT (Tasmania) (10.33 p.m.)—I stand to speak to the report Medicare—Healthcare or welfare? as Deputy Chair of the Select Committee on Medicare. I acknowledge the work of Senator Sue Knowles, who cannot be here today and who acted as deputy chair for a large part of the inquiry. Government senators believe that public consultation regarding the sustainability of Australia's health system is a useful

and productive exercise. Access to and affordability of general practice services under Medicare are issues that concern all Australians. Unfortunately, the opposition parties have skewed the inquiry, resulting in a narrow ideological debate about the concept of universal health care and the ensuing belief that bulk-billing is its embodiment.

The focus of the government's package is achieving equitable access to general practitioner and other health services. No political party, including the government, proposes to dismantle Medicare. This proposition is arant nonsense and reflects the criticism, bordering on hysteria, of some in the community. Dr Costa, of the Doctors Reform Society, told the committee:

It is turnstile medicine. It is not good enough. This is not Africa; this is Australia, and yet we are being treated like sub-Saharan Africa when it comes to health care.

Throughout this inquiry, opposition senators painted a bleak picture of health care in Australia. But Australia's health system is not in crisis. Claims of a crisis are an overreaction. Medicare can certainly be improved, and the government's A Fairer Medicare package has been created to do this, but it is important to keep in mind that Australia's health care system is either the best or among the best in the world. Indeed, health outcomes in Australia—indicators like life expectancy and infant mortality, smoking and immunisation rates—compare favourably with other OECD countries and demonstrate the high quality of the Australian system. However, the increasing costs associated with an ageing population must be addressed as a matter of urgency as Australia's demographic shift continues. For example, the cost to the Australian taxpayer of the PBS has escalated dramatically.

The government recently introduced a system of full disclosure for the PBS,

whereby prescribed medicines covered under the PBS are subject to package labelling outlining the actual cost of providing the medicine. Government senators believe the principle of full disclosure should also be extended to include patients' attendance at their GPs. We recommend that requirements be introduced to ensure that the real costs of a GP attendance and the extent of the government rebate payment are clearly displayed to patients.

In the six years since 1996, we have seen the Medicare rebate for a standard GP consultation increase by 20 per cent and for longer consultations by 26 per cent. This compares with the increases of nine per cent for a standard consultation and five per cent for a long consultation during the preceding six years under the former Labor government. Under the last six years of the ALP, gap payments rose higher than in the last six years of the Howard government. It is clear that an increase in the Medicare rebate does not guarantee an increase in the bulk-billing rates. When every \$1 increase in the rebate costs Australia \$100 million, increases must be carefully assessed. Government senators believe that the process of the setting of the rebate and rises in it would benefit from greater transparency, however, and we recommend reforms to the method of determining the level of the rebate in order to increase the transparency and accountability of the process and to reflect more accurately the cost of running a general practice.

The government considers that it is the shortage of services—health services in particular—which is of most concern and has acted to address work force supply and retention issues as a priority. Dr Robert Bain of the AMA said:

Access is much more important. We hardly ever get a complaint about a GP's charge.

The key issue here is partly an outright shortage of GPs but, more particularly, the misdistribution of the existing medical work force. While the decline in bulk-billing is of concern to government senators, of greater concern is equitable access to GP and other health services across Australia. Dr James Moxham, President of the Australian College of Non Vocationally Registered General Practitioners, said at the Adelaide hearing as he was explaining the cause of the disparity:

The doctor to patient ratio and bulk-billing percentage are very closely related, and that is not surprising, because it is simple economic supply and demand: if you increase the supply of doctors, the price goes down and bulk-billing increases.

So what has the government been doing about it? The government package provides an additional 234 medical school places every year, commencing next year. These places are bonded to areas of work force shortage for six years. This represents an increase of 16 per cent in medical school intakes on current levels and ensures that around 20 per cent of the future medical work force are contracted to work in areas of work force shortage for a period of their career. However, we believe that consideration should be given to increasing the number of additional registrar training places beyond the additional 150 provided for in the A Fairer Medicare package.

Funding for the 457 nurses to be employed in general practices that are part of the General Practice Access Scheme is also provided in the government's package. It is anticipated that around 800 practices will benefit from this. This measure was met with universal approval by both individual doctors and doctors' groups throughout the inquiry. However, we also recommend that consideration be given to the creation of a number of new Medicare item numbers that would enable practice nurses to charge under the

Medicare system for a range of routine medical procedures such as wounds treatment and immunisations.

We note that it is the important role of the Australian government to fund a range of models for after-hours access to general practice. One example of this, GP Assist, occurred in my home state of Tasmania. The Australian government is providing \$6.5 million to enable the development of a statewide call centre using a telephone triage service. The trial program met with a high degree of patient satisfaction. During the trial period, up to 70 per cent of calls resulted in patients' medical needs being met in the comfort of their own home. In our view, additional funding should be given to the after-hours services to enable the extension of the program to other areas of need.

Another key to resolving the current shortage is to make better use of overseas trained doctors. There is evidence to suggest that there are as many as 2,000 overseas trained doctors in Australia who are not currently working as GPs. We recommend a program to ascertain the exact number and skills of OTDs currently in Australia and a review of the operation of the current immigration laws with a view to removing any unnecessary obstacles with respect to OTDs entering or working in Australia as medical practitioners. This review should include an assessment of the scope and extent of recognition of foreign qualifications. Also, we support the development of a program of targeted measures to encourage and assist OTDs to come to Australia to work and the development of an integrated series of support measures to ensure that both OTDs in Australia and those coming here to work are given coordinated training, support and mentoring in a timely manner to assist them to gain Australian medical qualifications and to practise effectively.

The 30 per cent private health insurance rebate has been vital to maintaining Australia's balance between public and private sector provision of health services. The mix is important in terms of maximising the capacity of the dollars available to meet Australia's health needs. The rebate has also assisted over one million Australians earning less than \$20,000 per year to take out private health insurance cover. Increased numbers of people with private cover also enhances the timely access to care of those reliant on the public hospital system. By encouraging more people to move into the private hospital system, the health insurance rebate has significantly reduced pressure on public hospital systems. Dr Glasson, President of the AMA, said:

The only reason the public hospitals are surviving to any extent that they are at the moment is because of the 30 per cent private health insurance rebate.

The Labor Party has not finalised its position on this, but five of the eight state and territory governments either did not support the rebate or wanted it abolished. In light of this evidence, we recommend consideration be given to increasing the level of the rebate from 30 per cent to 35 per cent, with a subsequent increase to 40 per cent or higher over time—subject to the results of careful monitoring and analysis of its effect, including the outcome on public hospital workloads. (*Time expired*)

Senator ALLISON (Victoria) (10.43 a.m.)—The Democrats initiated the inquiry into Medicare and we strongly support the recommendations of this report. Our own proposal, released this week, goes much further than those recommendations but it was informed by the many people who made submissions to the inquiry and appeared at its hearings. Like so many other Senate inquiries into legislation, this inquiry has done what the government failed to do. It con-

sulted with people who know. It collected evidence about the current problems with Medicare. It found: a general shortage of doctors and other health professionals, made worse by their concentration in the best parts of capital cities; a decline in bulk-billing from 80 per cent to 68 per cent; an increase in doctor fees; a general dissatisfaction amongst the medical profession with income levels, workloads, isolation and lack of professional support; and, worst of all, a significant difference in the per capita Medicare dollar benefit from state to state, electorate to electorate and in different geographic areas.

And it found that the government's package would address none of these issues. Rather, it would undo some of the fundamental principles of Medicare. Our Medicare system has grown to be unfair but the so-called A Fairer Medicare package will make those inequities much worse. It would shift our public health insurance system to one based on user pays and divide Australians into those deserving of bulk-billing—those on concession cards—and those that are not. And if all doctors took up the government's model, bulk-billing rates would plummet to around 50 per cent. That is the percentage of all consultations that people on concession cards currently use. Of course, people not on concession cards—families with young children with chronic health conditions like asthma and individuals with high and ongoing health costs like those with cancer, for instance—would pay more.

Chapter 4 of the report highlights the very real problems with affordability that result from Medicare in free fall. Data provided to the Senate inquiry show that for the first six months of this year 36 per cent of all GPs bulk-billed at least 80 per cent of their services. But last year that percentage was 40 per cent and, in the year before, 45 per cent of GPs bulk-billed at least 80 per cent of their services. The number of GPs bulk-

billing most people most of the time is falling.

What is of most concern is the increase in the size of the fee that patients get charged when they do not have bulk-billing as an option. More people are having to spend more, and an average extra fee of almost \$13 creates a barrier. The Doctors Reform Society cited evidence that the introduction of copayments for optometrists in the UK led to an increase in undiagnosed glaucoma. The Victorian Medicare Action Group cited cases of people in regional towns with debts to the only GP in town, who also provided the public hospital service. The patients therefore had no access to primary care in that town. A woman with three children, facing an upfront cost of \$160 to have the family treated for flu, went without. The Royal Australian College of General Practitioners cited in their submission evidence of several surveys reporting that people went without GP services because of cost. This creates an enormous contradiction between evidence based health policy that encourages prevention through early treatment and screening and a bottom line policy that creates financial barriers to services. The Democrat conclusion is that cost already represents a significant barrier to essential health care and that having access to a bulk-billing practice makes social, economic and health sense.

Of great concern to the Democrats was the evidence that demonstrated the effects of work force shortage and distribution problems. Where there are few doctors people miss out not only on GP services but also on all of those services which a GP gate keeps and would normally organise. The Australian Institute of Health and Welfare said:

People in small rural and remote areas receive MBS funding at a level of between \$78 and \$134 per capita per annum, while large metropolitan and capital city areas receive funding at between \$144 and \$157. This clear disparity has grave

equity implications as, according to the Australian Institute of Health and Welfare, those in less populated areas enjoy less and less MBS funding per capita yet suffer relatively more exposure to risk factors such as smoking, obesity, inactivity, high blood pressure and excessive consumption of alcohol.

The AMSANT submission stated:

The average Medicare access for a person living in Double Bay is about \$1,000 per year. They have an oversupply of GPs and they have supply-induced demand, so a lot of that is wasted money. The average Medicare expenditure of a patient living in remote parts of the Kimberleys is about \$100 a year, so there is gross inequity in access to Medicare because there is gross inequity in access to GPs, and that is what primarily determines the inequity in the bulk-billing rate.

This has led groups such as the Australian Political Ministry to state:

... Medicare's principle of universality has failed to provide equitable access for all to good quality health care, and that [this] failure is profoundly evident in Australians living in regional and rural regions.

And it will continue to fall as long as GPs are dissatisfied with their jobs and the income they get, and as long as there are fewer doctors to share the load.

We cannot deliver doctors overnight but we can provide better incentives for doctors to practise in areas of need—the government's incentives will not do that. We can also support doctors more to keep them in their profession and make the best use of their time. Our current Medicare system, based as it is on fee for service, lacks the flexibility that is needed to support doctors in other ways. The government's approach has been to prop up the system with incentive payments which, while worthy in some cases, have come with so much red tape that many doctors say it is not worth the effort.

Doctors said the cost of starting up a practice in country areas was a barrier. There is

currently no grant scheme or funding option in Medicare that would overcome this barrier. Many said they would be happy to work for a salary. In some areas, like the Hunter Valley, they said they wanted to provide after-hours and emergency services with some of the Medicare money they were missing out on. They did this but only after a lengthy bureaucratic battle with the Commonwealth, suspicious that this was a cost-shifting exercise.

The report and our own proposal recommends grants for community health centres and clinics linked to public hospitals where bulk-billing rates are low and where emergency departments in hospitals are swamped with people who cannot find affordable primary health care. If doctors were offered contracts they could include time for health promotion, specialist clinics, professional development and the like.

Medicare has done little to encourage nurses and other allied health workers into our primary care system. Some states employ nurses in community health and many doctors have practice nurses but in other parts of the world nurse practitioners do much more. Nurses have been underpaid and not always treated with the respect that their skills deserve. Whilst this report does not recommend bringing all allied health workers under the Medicare umbrella right now because of the high cost of doing so, I think there is great merit in Medicare funding those services in a much more integrated way and we should, again, start with those areas where the Medicare dollars are in short supply.

Finally, we found that the government package had nothing to say about the sort of longer term structural changes that are necessary to improve our health system. Australians are crying out for national leadership on health. The unprecedented national health care summit last month called for affirmation

of the principles that should underpin our health system—universal access, equity of health outcomes, focus on the needs of patients, improvement of health for Indigenous Australians, health promotion, health funded by taxes, a fair balance of public and private resources and investment, involvement of the community and a health work force that is valued.

We need national performance targets and some guarantee that the Commonwealth and states will not only cooperate but deliver. The summit called for a restructuring of the bureaucracy of health care. In the Medicare context, we recommend the restructuring of divisions of general practice. We would like to see these as primary care divisions but linked much more with their communities so they can identify areas of need and deliver more flexible services that go beyond general practice. We think this is an important step in better integration of primary health. The divisions of GPs have done good work in professional development for GPs but it is a narrow role that should be expanded. I thank the committee secretariat for their work on this excellent report and thank those who gave their time to this important inquiry.

Senator LEES (South Australia) (10.52 a.m.)—I would like to start off where Senator Allison finished by thanking the committee, all the people who made submissions and, in particular, all of the people who came along to the dozen or so hearings and presented evidence to the committee. I have to begin by saying that, as we went through this process—all the hearings and submissions—we found only one group at one hearing that was fully supportive of what the government is doing. The overwhelming response was opposition. At the end of the day I have to say this is not a fairer Medicare package but a smaller Medicare package, because that is effectively where we would be going. I support what Senator Barnett said about Medi-

care being related to adequate access for all Australians to affordable services; but the only Australians accessing affordable services under this package would be those with health care cards—the rest of us would be off in another system that would get more and more expensive as time went on.

I do have to object to some of the comments that Senator Barnett made, particularly those relating to us ‘skewing’ the information before us or that in some way this whole process was skewed. I have to say to the government senators that their aggressive approach at times undermined our ability to work constructively and get to the bottom of what we needed to present to this chamber—and hopefully what the new health minister will need to do to get any legislation through this chamber. I hope he is reading this report as we speak.

I will turn to some of the core problems. A core issue is the affordability and viability of general practice. I will talk later about some of the recommendations relating to increasing the number of places in general practice et cetera. The problem is that we cannot fill the training places now. Doctors coming fresh from university look around for what they are going to do and head off into specialties because, firstly, GP practice is so complex these days and, secondly, it is so underfunded. As one registrar said to me last week, it is the most difficult of all the specialties and it is the lower paid—probably at least 50 per cent less than he could get if he chose to go off into another specialty. We have to do something about that. Maybe fee for service is not the answer. The Practice Incentives Program is good but, as the recommendations say, it needs to be looked at for its complexity and the amount of paperwork it puts GPs through. Certainly, the practice incentives are a good way of supporting GPs on the one hand and getting

them to look at things like prevention on the other.

The key recommendation for me is the fact that we cannot just target these changes at cardholders. We must look at a system that will get us back to rates of at least 70 per cent bulk-billing across the community and give the doctors the flexibility to decide who is bulk-billed. As doctors appeared before us, we found that even when they were not in bulk-billing practices most of them were in fact bulk-billing most of their cardholders, children and older patients. But we need to give them the financial incentives to broaden that out and ensure they bring in all the low-income families. I really think doctors are the best ones to make the decision as to who they bulk-bill.

Looking at some of the specific recommendations, 8.1 relates to the bonded medical school places. We all found it necessary for the bonding time to start during training, partly because doctors start putting down their roots and establishing relationships in those first few years out of uni, if they have not already. We cannot then expect them to move out into the areas we want them to. The part of this recommendation relating to nurses not being linked to the bulk-billing of only cardholders is extremely important. Extending opportunities for GPs, particularly in the city practices, to have access to practice nurses is another absolute essential. Providing GPs with support for IT and getting them online is also an absolute essential for rural and remote doctors in particular, but it is an expensive exercise and it comes back to what I will be talking about later today in the debate relating to the sale of Telstra. There is enormous potential for e-health, but we have to provide doctors out there with the bandwidth services, the Internet access and the ability to use those new opportunities.

Recommendation 12.2 relates to co-locating GP services with public hospitals in those areas where there are few, if any, doctors bulk-billing—indeed, few doctors. This relates to one of the good recommendations in the government's proposal: an extension of the existing scheme, which we found in the Hunter and that is already spreading to other states. Whatever mix is negotiated, however it is done, we have to get greater coordination and cooperation between the states and the Commonwealth when it comes to providing after-hours services. We do not want people queuing for hours in our public hospitals, using what will effectively become very expensive services. We need a triage system, whereby those enormous numbers of people who just have a cold or flu and turn up at emergency can be diverted away from the emergency rooms and into more appropriate support.

The recommendation relating to research is extremely important; it was one of the issues highlighted at the three-day health summit that was held at Old Parliament House a few weeks ago. We must do more to do the research and get the detail as to what is working, what is not working, what is causing the adverse events et cetera and then build that information into our system. Systematic reform is something I have been arguing for now for about 10 years. We need to look again at all the cost shifting and buck passing between the Commonwealth and the states and develop a health system that really works for people on the ground.

Turning to other important issues, I cannot understand what the problem is with the existing safety net. This is what the committee has said in its report:

Under Medicare, Safety Net Arrangements apply which protect patients from significant out-of-pocket costs ... Once payments up to the level of the Schedule Fee for an individual or family exceed a total of \$319.70 (indexed annually) in a

calendar year, Medicare benefits increase from 85% to 100% of the Schedule Fee for any further non-inpatient costs incurred in that year.

If we were to do a survey of Australians, maybe one per cent of them would know that there is that safety net in Medicare. The government needs to publicise what it already has. It is a good system; there is absolutely no need to involve private health insurance in GP services. Indeed, I think one message to the minister out of this report should be that it has absolutely gone—that that part of the government's package might as well be ditched now, before they even bother to bring something different back into this place. But we must take it further.

I would also like to go beyond this report to look at the MAHS program provision of allied health services for GPs. We looked at psychologists, physiotherapists, dieticians and a raft of other allied health services. Doctors want to work beside these other professionals in the general practice setting so that they can provide for their patients the appropriate care at the appropriate time. One issue that was highlighted for me was the need for young people to have better psychiatric services—better mental health services. At the moment, certainly in my home state, they are virtually nonexistent, whether public, private or whatever. If GPs could be the gatekeepers, the fund keepers, and were able to access these services through psychologists—who could spend one or two hours, not seven minutes, with a young patient who was under stress—I think we would save a lot of money in the long run, not to mention what we would be able to do for people.

I would argue that we also need to go further in the whole area of prevention, but time does not permit me to do anything more now than to look quickly at some of the issues in the government report. They have actually recommended a new system—and I hope this is something the minister is going to

look at—where we would have item numbers for nurses. This is something I never thought this government would come at. It is very expensive; it would eat up a lot of the \$500 million that we talked about as being the extra money this package needs, but it is very pleasing. They have also talked about—and I briefly mentioned this—more registrar places for GPs. I say again, the problem is we cannot fill the ones we have, because general practice is no longer as desirable as it was. The report also looks at overseas trained doctors. The solution does not lie in getting more people in from overseas. We have to sort out the issues we have here and, certainly, making sure that anyone from overseas is trained properly is essential—that is another issue. The strangest of all their recommendations is to lift the rebate for private health insurance from 30 to 35 per cent, heading up to 40 per cent. What an extraordinary waste of money! I think we can find far better things to do with the limited resources this country has than to throw money down the private health insurance drain.

Senator STEPHENS (New South Wales) (11.02 a.m.)—The Medicare inquiry has given a unique voice to those who participate heavily in Australia's health care system. As Senator McLucas said this morning, the committee received 265 public submissions and heard from a wide range of experts including state governments, health administrators, academics, doctors, nurses, students, carers and of course patients. So, as Senator Barnett said, this has been a very productive inquiry.

The report of the inquiry, *Medicare—healthcare or welfare?*, highlights the concerns that were raised with us in response to the terms of reference. Firstly, on the current health of Medicare, the committee found that all evidence indicates that Medicare is ailing, struggling to provide access to affordable, effective and timely primary health care for

all Australians. Bulk-billing rates are declining and the out-of-pocket costs of seeing doctors are increasing. This results in major pressures on accident and emergency systems in local hospitals and is forcing many families and low-income earners to neglect their health, often with serious longer term consequences.

The A Fairer Medicare package proposes changes to the current system of billing that, on the surface, do not appear to be particularly radical, but which will fundamentally change the way in which Medicare works and its role in Australia's health care. The key elements of the government's proposal are a system of incentive payments for practices that agree to bulk-bill all concession card-holding patients and the capacity for participating practices to receive rebates for all their patients directly from the HIC.

At a philosophical level, the government package amounts to a decisive step away from the principle of universality that has underpinned Medicare since its inception, and the committee does not accept the government's argument that, because everyone continues to be eligible to be bulk-billed and receives the same rebate, universality is preserved. This argument is disingenuous and ignores the reality of the incentive system that the government seeks to put in place. In practice, a GP will receive more public money to treat a concession card holder than they will for treating a non-concessional patient. The fact that the incentive payment has a different label from the rebate payment is of minimal practical significance, particularly given the direct rebate of funds to the practice. Therefore, A Fairer Medicare is about a return to a welfare system.

At a practical level, the policy is focusing on guaranteeing bulk-billing of concessional patients in a way that is quite simply unnecessary, since the majority of these people are,

in all likelihood, already bulk-billed. The committee is inclined to agree that the package essentially focuses on a solution to a problem that, in fact, does not exist. Far more serious are the practical ramifications of the proposals. If put into effect, the scheme will trigger a fall in bulk-billing for all those who are not concession card holders. Inevitably, problems arise at the boundaries of the entitlement, and many Australians in genuine need of bulk-billing, including many working families and those with chronic illnesses, will fall just outside the threshold of concessional status. These people will face both more gap payments and, overall, a rise in the level of such payments.

In terms of Australia's health care system, general practices have a pivotal role. There is evidence that general practices are struggling under the load of a changed emphasis to preventative health in Australia. Doctors, nurses and practice managers reported on the complexities of blended payment programs, such as the practice incentive payments and enhanced primary care schemes, and we have recommended that these schemes be evaluated and simplified to eliminate administrative processes, forms and reporting and to strengthen professional practice. Of course, the changes in Australia's health care system are also reflected in the increasing health care needs of our ageing population, the growth in chronic illness and the moves away from hospital based care.

Again, the role of doctors and health professionals is critical to new health care service models, but Australia is experiencing a continuing shortage of general practitioners. Medical graduates are not choosing a career in general practice, as Senator Lees said. They report to us that they see few incentives and high risks involved in being a general practitioner. They watch their colleagues struggle to juggle the demands of practice management, long hours, few locums, lim-

ited opportunities for professional development and increasing costs of insurance, technology and equipment, and they make their choices accordingly.

The changing profile of the medical profession—with an increasing number of women graduates, doctors choosing to practise part time and an increasing dependence on overseas trained doctors—means that community expectations of doctors being on call 24 hours a day, seven days a week, 365 days a year are no longer realistic. There are simply not enough doctors in our health system. The committee welcome the government's proposal for 234 new bonded medical school places but, again, as Senator Lees says, recommend that the students be able to begin working off their bond period during their postgraduate training. We heard compelling evidence that it is quite unrealistic for these students to enter bonds and still be bonded 10 years later.

The committee is also concerned about Australia's increasing dependence on overseas doctors to meet our doctor shortages. As Senator Lees said, this is not the solution to our problem, but overseas trained doctors experience many difficulties in accessing medical practice in Australia. They are disadvantaged in the migration assessment process, the rules for gaining recognition are complex, the number of places for AMC examinations each year are limited, accreditation processes with professional colleges for specialists are particularly difficult and doctors who face language and distance barriers lose their skills and reduce their chances of ever being able to get back into the work force. In fact, it has been described to the committee as a 'closed shop'. But there is genuine concern about the extent to which Australia should be relying on overseas trained doctors, suggested by some experts as an indication of a major policy failure. There is an ethical issue here: should Australia

as a First World country be recruiting doctors from overseas and draining the expertise of other, often developing, countries? The committee is worried about offering strong incentives for GPs in poorly serviced countries to migrate to Australia while we have our own young people queuing for places. Such a policy is surely a failure to all concerned.

The committee view the requirement for all practices to opt in to the General Practice Access Scheme to access HIC Online as both unrealistic and unfair. While the government's proposal is named A Fairer Medicare, in fact it is not fair—and this is just one aspect of the program that creates inequity. Technologies should be available for everyone. We support the role of practice nurses, but again this should not be based on signing up to the GPAS. Instead, we recommend they be funded on the basis of need, supporting doctors in busy practices.

The committee heard strong evidence about the important relationship between oral health and general health and the desperate plight of the hundreds of thousands of people in Australia waiting for dental care. Some of these stories were particularly distressing. The committee has recommended that the Commonwealth recommit to a shared funding model with the states and territories to provide dental assistance, especially for high needs groups. In relation to allied health care, the committee is keen to see greater coordination of efforts in current initiatives, including the More Allied Health Services Program, primary health care teams and shared access to resources.

The idea that the government's package provides an effective safety net by differentiating between concessional and non-concessional patients is not borne out. Medicare must continue to act as a properly funded public insurer, and patients are pay-

ing significant out-of-pocket costs to access health care. The government's proposal would cause greater confusion for patients most in need of safety net arrangements. The committee therefore recommends that the existing safety net arrangements be expanded rather than changed. In conclusion, the inquiry raised the important issue of the need for a broad based debate on the nature of Australia's health care needs, and Senator Allison has spoken to that recommendation. But this area of policy is too important to be approached in such a piecemeal fashion. There is far too much at stake. The committee is therefore recommending a new national health reform body. I commend the report to all senators and others who are interested in the future of health care in Australia, and I thank all of those who have been involved in producing it.

Senator HUMPHRIES (Australian Capital Territory) (11.12 a.m.)—By the end of the inquiry of the Senate Select Committee on Medicare all members agreed on one thing—that is, that Medicare was ailing and that strong medicine of one sort or another was needed to fix that problem. What divided members was the extent of the patient's illness and the nature of the medicine that was to be administered to fix it. The majority of members of the committee saw themselves as the custodians of Medicare's welfare, and they clearly doubted the government's willingness to act in the patient's best interests. The majority position resonated with a section of the community that came before the inquiry in some numbers with the same message—that is, that Medicare was in a dire condition but that at the same time the government's near billion-dollar treatment for the patient was not to be trusted anywhere near that patient.

Senator Barnett has already drawn attention to the shrillness of some of those who argued against any tampering with the basic

premises on which Medicare has been based. The parlous state of Australian health care was due not, we are told, to any failure on the part of the 20-year-old Medicare model but rather to the mala fides or neglect of those people who are responsible for administering it. However, I think it would be useful to quote a former editor of the *Canberra Times*, Crispin Hull, who wrote in that paper at the time the Fairer Medicare package was brought down:

There is one sure way of destroying Medicare—prevent timely, reasonable changes that ensure Medicare fits changing circumstances.

Labor, the Democrats and the Greens seem to have a mindset that questions the motives of everything the Government does—and along with much of the media commentary, they assume everything the Government proposes must be bad.

Instead, they should look at the merits of what is being proposed. They should look at what is likely to happen if we continue on our merry way not adapting to circumstance.

The view of those stakeholders who see themselves as the defenders of the integrity of Medicare is a hindrance to the genuine broadening of the debate about our health system. We have a fine health system in this country—a very fine system; one of the world's best. It is underpinned by Medicare, and no-one—certainly, no-one on this side of the chamber—seeks to overturn that reality. However, our duty as legislators is to foster the growth and development of a sustainable and affordable form of Medicare. I do not believe that the majority report assists us in that aim.

The government's commitment to Medicare is manifested clearly by the injection of \$917 million into Medicare—into its sustainability and into its affordability. To characterise this injection as killing Medicare—as adulterating it, as some have claimed before the inquiry—is, frankly, difficult to fathom.

The so-called defenders of Medicare, on the other hand, went to quite extraordinary lengths during the inquiry to preserve the purity of their vision for Medicare. Labor members of parliament, federal and state, were recruited to appear as witnesses before the committee. Most significantly, the opportunity to have the inflationary effects, if any, of the government's package assessed by independent economists was discarded to maintain the tightness of the line being run.

I turn to the contribution that the Australian Institute for Primary Care made to this inquiry. As members on this side of the chamber have said on several occasions, we believe that the principles of that institute had a clear connection to those so-called defenders of Medicare. Accordingly, they were an unfortunate choice, if only for the perception that they created of not being biased in this matter. The premise on which their findings were produced was that, under the government package, doctors would relentlessly increase their incomes through co-payments from their patients until those incomes reached 5.2 times average weekly ordinary time earnings—not 5.1 or 5.3, but 5.2 times average weekly ordinary time earnings. Why was that particular figure chosen? It was chosen because, at a point about 10 years ago, that is where doctors' incomes peaked. We are expected to believe that doctors will not be satisfied until they have returned to that heyday.

I think that a number of flawed assumptions underpin that finding. If doctors need to earn 5.2 times average weekly ordinary time earnings, why have they not been inflating their incomes through co-payments in the period since 1992? That is because there is nothing in this package that for the first time opens the door to co-payments. Co-payments have, in effect, been possible since the earliest days of Medicare.

Senator Forshaw—They have not!

Senator HUMPHRIES—They have, Senator. The AIPC also works on the assumption that the same number of patients will go to a doctor no matter how high a price the doctor charges. It assumes that doctors will work the same hours and see the same number of patients no matter how much they earn. It assumes that doctors will join government programs whether they are better off or worse off for joining, and that doctors will increase co-payments irrespective of the state of public debate about affordability or the capacity of their patients to pay. Those assumptions were successfully debunked, I believe, by Professor Jane Hall of the Centre for Health Economics Research and Evaluation. She had this to say about the AIPC report:

The calculations undertaken in the report ignore these market conditions. Instead, a number of assumptions are imposed which, in effect, predetermine the results. The report presents no plausible justifications for its assumed outcomes for both the government and opposition proposals. Reliable estimates of policy impacts require practice-level data that reflects the diversity across and within regions.

Not surprisingly, in those circumstances the AIPC findings were that there would be a 56 per cent increase in the cost of co-payments under the government proposals and a fall under the Labor proposals. Another indication of the purity of the line being maintained by the so-called defenders of Medicare was the reasons that the majority found to reject government planned extensions of safety nets. Safety nets are designed first of all to provide for something which Medicare to date has not provided for, and that is out-of-pocket expenses. It is fine to focus on those things which are defined as payments under the MBS, but the costs that people have to meet to access doctors and allied health professionals is an issue that so far has

not been addressed. Under this package, it happens. It is important that we assess the value to Australian families of being able to take those precautions to protect the affordability of their health needs.

At the present time, a family with catastrophic health outcomes or a high level of sickness in the family cannot insure against those out-of-hospital, out-of-pocket expenses. A Fairer Medicare package gives them for the first time the opportunity to do that beyond \$1,000 in any given year. People can insure against their houses being destroyed in a storm. They can insure against income loss if they are made redundant. But they cannot ensure against spiralling, catastrophic health bills. This reform allows them to do that, but it has been rejected by those who take a purist line on Medicare.

What are Labor's plans? The government have been very transparent about our proposals. They have been on the table. We have suffered for that transparency. What are Labor's plans for Medicare? They have been very poorly outlined in the course of this inquiry. The majority report itself mentions that there has been a fairly small amount of detail about Labor's proposals. What the chair of the committee did not mention in her opening remarks was that there was hardly any more support in this inquiry for Labor's proposals that there was for the government's proposals.

What can we say about Labor's proposals? First of all, it was clear from the submissions of most of the state governments that came before the inquiry that they want to see the abolition of the private health insurance rebate. They want to abolish that rebate. The only party who was not putting its position on the record was federal Labor. Why? Because they want to come in under the radar at the next election. It is also possible that we are looking at an increase in the Medicare

levy under Labor. That was certainly the contention of the state Labor government. The fact is that, if we do not look at reforming Medicare in some tangible way, we will not have a Medicare system in the future. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

TELSTRA (TRANSITION TO FULL PRIVATE OWNERSHIP) BILL 2003

Second Reading

Debate resumed from 29 October, on motion by **Senator Troeth**:

That this bill be now read a second time.

Senator WEBBER (Western Australia) (11.22 a.m.)—I seek leave to incorporate the remainder of my remarks on the **Telstra (Transition to Full Private Ownership) Bill 2003**.

Leave granted.

The speech read as follows—

WA covers a third of the continent and has 28 per cent of its population spread across this vast area.

Fewer than half the businesses and households in regional WA are satisfied with their mobile phone service, with coverage being the overwhelming complaint. Mobile phone services are not meeting the needs of those outside the Perth-Bunbury corridor.

Residents living in regional and remote WA should not be penalised for living in these areas.

Sentiment against the sale of Telstra was very high in regional areas as recorded in the consultations as part of WA's Telecommunications Needs Assessment.

Residents recognised there would never be a business case for the provision of telecommunications services in many of the more remote areas, including the north of the State.

The Telecommunications Needs Assessment revealed significant disparities in access to communications services between those regions closer to Perth and, particularly, those in the north of the State.

The difference, however, between the access of those in the largest centres and those in communities of less than 2,500 is even more pronounced.

Many regional households and businesses have very limited access to affordable, high-speed Internet connections.

Over 90 per cent of regional households and over 80 per cent of regional businesses were relying on a dial-up connection for their Internet, rather than faster always-on technologies.

Many were operating on dial-up speeds that hinder their ability to do business, undertake banking and download complex documents.

This Bill calls for independent reviews of regional telecommunications, but offer no guarantees of action following the review. The Act empowers the Commonwealth to ensure that Telstra retains a local presence, but as written it offers no guarantees of service. The Bill does not provide for any additional funding.

In Western Australia more than 27 percent of South-West businesses and householders believe their mobile phone service is less than adequate for their needs.

A recent survey revealed that 76.2 per cent of businesses and 73.5 per cent of households in the South-West owned a mobile phone, only 46.6 per cent of businesses rated their service as fully meeting their current needs.

Of businesses owning a mobile phone, 63 per cent were dissatisfied with their geographical coverage.

The survey reveals almost 60 per cent of businesses and more than 46 per cent of households connected to the Internet in the Wheatbelt were dissatisfied with the speed of their connection.

The survey also revealed more Wheatbelt households were dissatisfied with their standard telephone service than in any other region. Concerns related to the need for additional lines, repairs and costs. Wheatbelt businesses were also concerned about the need for more lines, repairs and faults.

Moving to the Gascoyne region, the survey found Gascoyne residents want more phone services for telephone, Internet and fax use.

The survey revealed the cost of installation was the major limiting factor in getting additional lines installed.

Gascoyne businesses report the lowest satisfaction ratings for standard telephone services of any region in WA. Concerns are availability of lines, repairs, high timed charges and customer service.

And what is Telstra's response to this? In September this year it was revealed that Telstra was planning a further wave of job cuts in regional areas. Telstra told unions around 20 field staff positions were being cut in regional Western Australia.

This is despite the fact that 11% of faults are not fixed on time in Western Australia. Bunbury was reported as one of the 54 poorly performing exchanges in Australia but seven to eight jobs are planned to be axed there.

Telstra field staff help maintain the Telstra network by conducting line and exchange maintenance and repairs. But Telstra is removing the very staff who can get Telstra's WA regional network back up to scratch.

Since market liberalisation and the partial privatisation of Telstra, the question of guaranteeing all Australians equitable access to both existing and newer communications services has become more vexed.

For the time being, rural and regional customers continue to be supported largely through the historic investment from the period of monopoly public provision. However, they are living on borrowed time, as they are increasingly aware.

The present ownership structure does not by itself provide an automatic solution to these problems. However, while Telstra remains in majority public ownership it is more likely to cooperate with Government in addressing community needs and service shortcomings.

It also remains publicly accountable for its actions and decisions as is appropriate, given its ongoing centrality to national service provision.

I want to turn now to some of the comments made by my Western Australian colleague, Senator Murray.

When he was speaking earlier in the debate, he mentioned some of the initiatives he felt the pro-

ceeds of any further sale of Telstra should be spent on.

Whilst I accept that his statement in no way commits him to supporting the further sale of Telstra, I would point out that spending the proceeds on saving the Murray River and other environmental icons will do nothing to ensure that the people of rural and regional Western Australia have access to a telecommunications network whenever they need it. Only a majority publicly owned Telstra will do that.

Australians use telecommunications services to keep in touch with loved ones and families; friends, colleagues and acquaintances; we organise social lives with them; we conduct business and consume via them; we use them to access emergency services, help and advice and we undertake household chores such as paying bills and dealing with companies with them.

To suggest that telecommunications services are not fundamental to the everyday machinations of today's society is simply misleading.

Everyone knows they are—and that is why Telstra should remain in majority public ownership.

We on this side of the chamber recognise telecommunications services to be “essential services”.

That is why we place such great importance on ensuring that the only majority publicly owned telecommunications company in this country with social obligations to the Australian People underwritten by law, remains just that.

We view telecommunications services as essential services in this, the “digital age”; the Howard Government in clear contrast views them as luxury services and items that Australians could do easily without.

The Howard Government view is out of touch, ignorant and is driven by ideology rather than sense.

Telstra must remain in majority democratic public ownership and it must provide all Australians with access to high quality and affordable telecommunications services no matter where it is across the length and breadth of this great country where we live.

Public ownership is the only guarantee we have in ensuring that all Australians, no matter where they live, are able to access essential, reliable and affordable telecommunications services.

Senator BUCKLAND (South Australia) (11.22 a.m.)—I seek leave to incorporate Senator Carr's speech on the **Telstra (Transition to Full Private Ownership) Bill 2003**.

Leave granted.

The speech read as follows—

Like all other Labor senators I rise to oppose the provisions of the Telstra bill 2003.

The privatisation of Telstra has been a shibboleth of the new right since the 1980s. It's a tragedy that this government still seeks to pursue such an old fashioned notion.

What is an even greater tragedy is the National Party. As a party it has demonstrated yet again its craven capitulation to the free market ideologues of Collins Street and Pitt Street. The grovelling support of the National Party for this bill highlights yet again why it is that this party has lost its political integrity.

The National Party no longer represents the interests of rural voters—if it ever did. This is why citizens living in regional areas are, in increasing numbers moving, switching their support away from the National Party to the Labor Party and to progressive independents.

In Victoria, New South Wales and Queensland we see that at both state and national levels, the National Party is losing seat after seat.

In 1996 the National Party held 18 House of Representatives seats and six Senate seats. In 1998, the National Party lost the seats of Capricornia and Hume. After the 2001 election, in which it lost the seats of New England, Farrer and Kennedy, the National Party had only 13 members of the House of Representatives and four senators.

Let's look at the states. In 1988, the National Party held twenty seats in the New South Wales lower house. It now holds only twelve. Between 1992 and 2003, the National Party lost two states seats in Victoria. In the same period, the National Party representation in the Queensland legislature has fallen from 26 to a mere twelve.

What is the National Party's response to this crisis? It is to grovel more completely to the very forces that have led to its destruction.

At its recent conference, the National Party sought to re-badge itself. Quite clearly it is no longer the party of McEwen and Page. It is the party of lickspittles and servants of the big money interests in Melbourne and Sydney, and in New York and London.

A perusal of the Senate committee's report highlights the inadequacies of this government's processes in its crusade to sell off one of our great national assets. The privatisation of Telstra has been characterised by a dirty and grubby rush to put this national asset on the auction block.

It is very sad to see just how beguiled the National Party really is. They are told that there is some electoral advantage in their support of this travesty. It is plain for all to see how mistaken this advice is. The privatisation of Telstra is nothing short of electoral poison. And every piece of electoral evidence that the party machines have produced through their own polling demonstrates this.

The Australian people know the dangers of putting profits and share prices ahead of the values of consumers and the nation. This is particularly the case in rural and regional Australia. The Australian people know that economic ownership brings with it control, and the proposed regulations aimed at limiting that control can be changed. And further they know that regulation can become obsolete by fiat of technological change.

Australians know that under conservative governments the pressure is always on to reduce the capacity of the government to intervene in the economy in the defence of the public interest.

Australians know that the market itself does not produce equity or equality of opportunity, nor does it guarantee lower prices or improved services. Australian history is replete with examples of market failure to produce these very cornerstones of a democratic society.

The minor competitors of Telstra in the mobile market are deeply concerned about the prospect of a privatised Telstra exercising effective monopoly power.

AAPT, Optus, Primus Telecom, numerous consumer groups, trade unions, and peak industry associations such as the National Farmers Federation have all expressed concerns about the prospects of Telstra's market dominance under a privatised regime.

The process that has led to the partial privatisation of Telstra shows what damage has been done to the social infrastructure of many rural communities.

The road that led to Telstra's partial privatisation is strewn with sacked workers, who were cast aside in a vain attempt to improve share price value. 30,000 jobs overall have already been lost. In 1996 Telstra employed 76,522 people. In 2003, Telstra employed 37,169 people.

The government claimed that these job losses have been the result of competition. The evidence is clear. Job losses were a result of the attempt to increase the return on invested capital. Maintenance staff have been cut as services have been outsourced. Capital investment which peaked at 2000 has declined by 25% from 4 billion to 3 billion.

The loss of the jobs and the declining capital investment has led to a deterioration of customer service and maintenance, yet still the government claims that the regional licence conditions outlined in this bill—the so called 'future proofing measures'—should reassure us that this trend won't continue.

However, according to the evidence presented to the Senate committee, these so called 'future proofing measures' are entirely a matter for the discretion of the minister, and can be removed should the political circumstances or the commercial realities require it.

The benefactors of privatisation claim that a modern and dynamic communications environment requires privatisation so that competition will be allowed to drive service delivery. Yet in the same breath they argue that because of the monopoly power of Telstra, a regulatory framework is needed to protect consumers and promote competition. Ever since the establishment of this schema there have been persistent arguments that the regulation of Telstra, even in a partially privatised regime,

tised state, are ineffective in limiting the effects of market dominance or in protecting consumers.

And so we have this argument about whether or not services are up to scratch. We have those that have a vested interest in the sale of Telstra claiming that services are quite satisfactory. The overwhelming weight of evidence points, however, to a contrary conclusion. I'm sure National Party senators sitting here today need only ask their constituents whether this is the case. We all know that the existing services and landline network are not satisfactory and not able to cope with demand.

This is a direct result of the failure to invest. This is a direct result of shifting the mindset of Telstra away from community service obligations and nation building to that of a profit drive model.

In the mobile networks, where there is gross undercapitalisation, it is still a hit-and-miss proposition as to whether you will get a reliable mobile telephone service when you need it. The system is often overloaded, even in a most densely populated and profitable area. We know that just 120 kilometres from Canberra you cannot get a telephone signal. Not to mention the black spots a mere ten kilometres from Parliament House.

These difficulties are apparent in cities across the nation. And there wouldn't be a senator here who doesn't know how hard it is in rural and remote areas to receive a signal.

The real danger is that there is no provision within this bill to bring future services within the universal service obligation regime. The government has no intention of making the internet part of the USO. We saw the recent collapse of the Big Pond where the failure to invest has meant that Telstra simply couldn't cope with the traffic.

It is myopic in the extreme to have excluded email—now an essential service—from the guarantee of service obligations. The internet is just as important these days as the standard telephone and public phone services. These services are essential to ensure reasonable equity of access for all Australians.

If we turn to the broadband provision, we see that Australia is currently 1,000 times inferior to our international competitors. Our regional universities, our regional research laboratories, our busi-

nesses in regional areas, are all seriously disadvantaged by our failure to meet international standards in regard to broadband. The parlous state of Australian universities was acknowledged in a National Office for the Information Economy report entitled 'broadband in education: availability initiatives and issues' august 2002.

The report states that:

"for universities outside capital cities, bandwidth is limited. Regional universities have reported difficulty attracting and retaining high calibre academics because of their limited capacity to engage in collaborative research.

"Regional universities are important employers, providing direct economic stimulus in their communities. They have the capacity to attract overseas fee-paying students, which represents an important export market for Australia.

'access to higher education capacity networks should attract academics and students and improve employment prospects in these regional areas.

"James Cook University (JCU) in Townsville provides an example of the impact of these problems. While the Grangenet backbone connecting Sydney and Brisbane have a capacity of 5 gigabytes (Gbs), the backbone that connects Brisbane and Townsville is only 22 megabytes (Mbs). James Cook University has recently launched its access grid which supports next generation video conferencing. This facility will have applications for research, help consulting and teaching. Access grid can run on as little as five megabytes, but requires up to 100 megabytes to work to its full potential. The cost of such capacities to Townsville from traditional carriers is prohibitively expensive."

Turning to on-line learning, the report highlights that in regard to international education on-line learning is critical. A broadband technology is vital for the success of on-line learning.

International data indicates that in the decade to 2010, thirty million people will not be able to secure a university place. It is argued that on-line learning may have a huge potential to assist meeting this otherwise unmet demand.

On a cost recovery basis, these services will simply not be upgraded by the private market. It will

require very large sums of public money to do this.

Yet these telecommunications services are essential for our national long-term economic prosperity. The telecommunications industry is a strategically vital sector of our economy. Our manufacturing base, and our service industries, are heavily dependent upon an effective and modern telecommunications sector.

Our national interest requires that these key sectors of the Australian economy be held in Australian hands. We simply cannot afford to have our telecommunications sector controlled by foreign capital.

Our national interest requires that monopoly power be publicly controlled to ensure that the lifeblood of the economy is not choked off by those who have a stranglehold on economic development.

A privatised Telstra will not guarantee that Australian industries develop in our national interest. A privatised Telstra would not guarantee that our economy is modernised to keep pace with the very best in the world.

The private market does not guarantee competition, nor does it guarantee equality of opportunity for all Australians.

The value of Telstra is in itself an unresolved question, however it cannot simply be measured in financial terms alone. The privatisation of Telstra may well lead to an injection of capital, and an impressive bottom line on the balance sheet on a one-off basis.

But the true value of Telstra amounts to much more than this simple figure. Any debate limited to such a narrow evaluation is inherently flawed and unhelpful.

Then again, if we want to talk about bottom lines, try talking to the people who bought shares in the T2 sale. They will soon point out that the great marketplace does not guarantee golden financial benefits.

No, the value of Telstra is much more than its book entry. For this reason, I argue that Telstra—a great national asset, a great key to economic development, to technological change, to social development, to community well being—can not

be easily valued, can never be sold for its true worth to this nation, and as such, is simply too valuable to sell.

That is why I so strongly oppose this bill.

Senator BUCKLAND—I seek leave to incorporate the speech of Senator George Campbell on the **Telstra (Transition to Full Private Ownership) Bill 2003**.

Leave granted.

The speech read as follows—

This legislation empowers the government to privatise the remaining government shareholding in Telstra. It empowers the government to ensure that Telstra becomes a fully privatised company and ceases to have any government ownership.

It is worth reminding the Australian people that there is only one political party that is represented in this parliament that has stood steadfast in its opposition to the privatisation of Telstra. The government want to privatise it. The National Party have cravenly buckled to pressure from the Liberal Party, have abandoned their rural constituents and are going to support the privatisation of Telstra.

The various minor parties, such as the Greens, the Democrats and One Nation, have all had the wobbles on the issue at various times in the past year or two.

The only party that have consistently opposed the sale of Telstra is the Labor Party, and we will continue to oppose this legislation. We do so for some pretty fundamental reasons. Our starting point in this debate is that telecommunications services are essential services.

All Australians need telecommunications services, particularly the traditional telephone, in order to function and participate in our society as equal citizens. Telstra delivers essential services to all Australians. It is still predominantly a public utility. It is a monopoly in most respects and, for those reasons in particular, the Labor Party continue to support government ownership of Telstra.

The reality is that this bill is not about good public policy. It is not about doing something for our communications environment that will benefit all Australians. It is an ideologically driven agenda in the same way most of the legislation that this

government has brought before this chamber has been driven by ideology, not by a commitment to good public policy.

We have seen it in unfair dismissals, we have seen it in youth wages, we have seen it on the waterfront—we have seen it in a whole range of areas. In fact, one would have to say that this has been the most ideological government we have witnessed in this parliament for the past 50-odd years.

There are obviously more benefits to the Australian community in keeping Telstra in public hands than there are in allowing it to fall into private hands. We currently all share in the dividend that Telstra provides to the Commonwealth budget; as Australians we all reap the benefit of that contribution.

The reality is that that will be lost to the Commonwealth. But, more importantly, if Telstra is fully privatised, our capacity as a nation to determine the direction of telecommunications development will be severely restricted.

This government has used the great mantra of debt reduction to justify the sale of Telstra. Like most things with this government, it is all ideology and no substance. All this government has done is transform public debt into private debt. Privatisation only makes sense if the Government has better uses for the sale proceeds.

It does not.

The government freed up 30 billion dollars in the first 2 tranches of Telstra to repay debt. This saved 5 billion dollars in interest payments, but this was in place of 9 billion dollars in dividends foregone. That's a 4 billion dollar loss due to the ideological agenda of this government.

And who will benefit from the sale of Telstra?

Investors in the first tranche of Telstra were mainly the big end of town and foreign investors who made \$3 billion on day one. Investors in the second tranche, of which the overwhelming majority were ordinary Australian families, have made a capital loss of \$6 billion.

The government is projecting the cost of the sale in commissions and fees at around \$500 million, will accrue to professional rent seekers who manage the privatisation. 500 million dollars! All to

transfer public debt to private debt. And this is after the farce that was Telstra 1 sale.

According to the Auditor General "the total cost of the Telstra sale road show to the Commonwealth was \$3.06 million ... despite the significant amount of Commonwealth expenditure involved, payments to the global coordinators were not independently verified ... through appropriate supporting documentation and an effective audit trail was not maintained of this Commonwealth expenditure.

Later on, an audit revealed that the road show had received overpayments of \$151 000, including \$105 000 of air travel tickets that were refunded but not passed on to the Commonwealth, \$20 000 for private and excessive use of limousines, and \$12 000 on personal expenditure and sightseeing.

The sale of the first two tranches netted \$440 million for those involved in the sale process. Now we're talking about \$500 million. Just how many limousines do these people need?

But this is the point of this government.

It is more interested in nice ideological headlines about debt reduction than confronting the real economic issues. Under this government asset sales have totalled \$55 billion while debt was reduced by only \$50 billion.

At the same time Commonwealth taxation has increased from 23.5 per cent of GDP in 1996 to 25.4 per cent of GDP in 2003 after adding back in the proceeds of the GST which is a Commonwealth tax. The results of these policies are that the burden of debt has been shifted from Government to households. Household debt has grown from \$290 billion in 1996 to \$660 billion now.

We are hearing plenty from Coalition senators about debt reduction, but do you know the one debt issue we don't hear from the government?

The debt truck!

Foreign debt has doubled under this government. And it will get worse if Telstra is sold. It will get worse because Australians will borrow money to buy Telstra shares. And where will this money come from? Since our net savings ration is minus 0.5 percent it will have to come from overseas. And private investors will be charged higher in-

terest rates than the rates being charged on our government debt that the Telstra sale is supposed to pay off.

So our foreign debt will inevitably increase.

It will increase also because the Telstra sale will reduce our exports. Why will it reduce our exports? It will reduce our exports because selling Telstra will reduce our national competitiveness.

As a public company, Telstra has, one, had a responsibility to the Australian community to provide telephone services to all Australians; and, two, it has had a commitment to Australian jobs—both direct employment and indirect employment—through its support and development of secondary industries in Australia.

Our electronics industry has been built around servicing the needs of Telstra. Already we have seen a drop off in the local content that has been going from the telecommunications industry to the electronics industry since total deregulation occurred on 1 July 1996. We have seen our electronics industry grow to an industry that is worth about \$1 billion a year, from an industry that was worth about \$50 million some 10 years ago.

But that only represents a tenth of the expenditure that is occurring in electronics associated with telecommunications. There are a lot more opportunities that can be harvested for Australian companies and Australian businesses by them supplying to a publicly owned telecommunications operator.

Efficient telecommunications in all its facets, particularly with the new technologies that are around, are an integral component of business opportunity and business costs. There is no guarantee of the significant policy of purchasing locally in order to support Australian industry and the focus on small and medium sized businesses continuing if Telstra is fully privatised. Not only do the employees of Telstra lose, but many of those small and medium enterprises that have been built up around Telstra will also lose in terms of their providing significant employment opportunities.

Communications is integral to the development of our industries. It will become more and more critical as the factor which will determine the success or failure of many industries into the fu-

ture. It will be the nature of their communications systems, how they use communications and how they are utilised as a tool to access markets.

Telstra's prices for its basic products have been going up, its performance has been deteriorating, its service in the network is deteriorating, jobs are being slashed, investment is being slashed and it is losing huge amounts of money in Asia. While all of these things have been occurring, in the most critical area of new technology for Australia and the Australian economy—namely, broadband—Telstra is letting Australia go backwards. We are now 19th in the OECD in terms of the number of broadband connections in households. We are way behind equivalent nations like Canada. We are 19th because Telstra has been dragging the chain.

Why? Because it is under virtually no pressure from its majority owner, the Australian government, to push hard to get broadband out to all Australians. It is so dominant in the marketplace that it is not under much competitive pressure within the market to do it, either. Because Telstra controls Foxtel, the main potential source of competition in broadband, it is able to protect itself from unwanted competition and ensure that its existing products, like ISDN, can be milked for all the revenue they can provide, even though they are outdated and do not deliver the kinds of speeds that Australians, and Australian small businesses in particular, will increasingly need.

According to the OECD, Telstra's R&D expenditure has fallen from 0.3 per cent of total revenue in 1997 to 0.1 per cent in 1999 to zero in 2001. Under Labor, Telstra was driving force in ICT research and product development, that is no longer the case.

Labor's position on these issues and on the future of Telstra is very clear. Not only do we oppose the privatisation of Telstra. We will return Telstra to its core responsibilities of delivering high-quality telecommunications services accessible for all Australians regardless of where they live or what their income level is, we will diminish Telstra's involvement in speculative foreign ventures and investments in sectors such as the media.

We will intensify the focus on the delivery of broadband services to ensure that Australia is leading the world in high-quality telecommunica-

tions access for our businesses as a crucial platform for Australian exporters and Australian businesses generally to be able to advance our economy, deliver jobs and deliver advanced services for all Australians.

We will ensure that Telstra is more strictly regulated and that there is a clear internal separation between Telstra's activities as the wholesaler, owner and manager of the network and its activities as a seller of telephone calls and communications capacity. This will establish a clear and genuinely competitive environment and a genuine level playing field between Telstra and its competitors as they use Telstra's network.

Finally, we will be introducing strengthened protections for telecommunications consumers in a range of areas that apply not only to Telstra but also to its competitors. Under Labor, Telstra will be a carrier, not a broadcaster. Telstra will be a builder, not a speculator.

Labor has been the only party to stand firm on this issue. We will not sell Telstra. We remain committed to opposing this legislation. I urge the minor parties—the Greens, the Democrats, the Independents and One Nation—to join us and to give voice to the overwhelming view of the Australian people that Telstra should not be sold.

If democracy means anything in this country, Telstra should remain in public ownership. It is still predominantly a public utility. It is still essentially a monopoly. It completely dominates the sector and it needs to remain in government ownership to ensure that all Australians continue to enjoy access to essential telecommunications services into the future.

Senator BUCKLAND—I seek leave to incorporate my own speech on the **Telstra (Transition to Full Private Ownership) Bill 2003**.

Leave granted.

The speech read as follows—

The Telstra (Transition to Full Private Ownership) Bill 2003 repeals the provisions of the Telstra Corporation Act 1991 that require the Commonwealth to retain 50.1 per cent of equity in Telstra, enabling Telstra to be fully privatised. Labor has

always opposed the full privatisation of Telstra and we will continue to do so.

Why Labor opposes the full privatisation of Telstra is because we believe that telecommunications systems are essential services and essential services like Telstra must continue to be provided by the government. This is particularly important because of Australia's geography. We are disproportionately reliant on telecommunications as a public utility because of the vast distances between major centres. This issue of distance makes telecommunications vital to the social fabric of our nation as well as contributing to our economic performance. It is only through majority government ownership of Telstra that we can be sure that delivery of high quality telecommunications services to all Australians occurs.

We opposed the full privatisation of Telstra because we believe that a fully privatised Telstra would put profits and shareholder value before the interest of the consumers, especially in unprofitable rural and regional areas of Australia. We all know that private companies have a principal loyalty to their shareholders and not to their customers. Evidence received during an inquiry into this Bill suggested doubt over the government's ability to regulate a fully privatised Telstra. Maintaining majority public ownership of Telstra ensures protection of the public interest and also ensures accountability through the parliament.

We also oppose the full privatisation of Telstra because of our belief that continuing government ownership of Telstra has a beneficial effect on the Commonwealth budget. The Commonwealth budget is reliant on dividends generated by Telstra. The flow of this dividend stream would be terminated if Telstra were to be fully privatised and in turn there would be an adverse effect on future government revenues and budgets.

Labor Shadow Minister for Cabinet and Finance, Bob McMullan MP, estimates that the sale of Telstra based on conservative assumptions, would make the budget worse off by around \$2.1 billion over the four-year period beginning 2005-06. Mr McMullan also suggested in his letter to the editor of the Australian Financial Review of 10 July 2003, that there are direct budget costs associated with selling Telstra such as:

- Paying financial advisers;
- Forgone Telstra dividends; and
- Public debt interest savings

How can the government say to Australians that these are valid arguments to fully privatise Telstra.

Another reason we oppose the full privatisation of Telstra is because it will be harder to regulate once the Ministerial Power of direction, in the Telstra Corporation Act 1991 is removed. This Ministerial Power of direction is gone once government's share falls below 50 per cent. This is a very important reserve power for the Government to make sure that Telstra behaves in a way that best protects the national interest.

Once the government's equity in Telstra falls below 50 per cent, the government can no longer exercise its authority over Telstra on a range of Commonwealth Acts and Regulations.

Clearly a fully privatised Telstra will put shareholders first and the future employment security of employees will be threatened. The CEPU's submission to the inquiry into this Bill suggests that Telstra's staff and investment cutbacks under the Howard government and the resulting serious problems with Telstra's network will only get worse if Telstra is privatised. The CEPU documented Telstra's decline in staffing levels from 76,522 in 1996 to 37,169 in 2003. A loss of 39,353 jobs over 6½ years. The CEPU added that majority public ownership of Telstra would help ensure that Telstra behaves in a socially responsible manner. So it's for these and a raft of other reasons that Labor will continue to oppose fully privatised Telstra. Importantly, we believe that fully privatised Telstra will threaten employees' security, and we also believe those in regional and isolated areas will be grossly discriminated against.

A fully privatised Telstra will see public accountability through reporting as a thing of the past. Under this Bill, Telstra will no longer be subject to Freedom of Information Act. Only by keeping Telstra in public hands will we ensure Telstra is accountable to the people of Australia, through our parliament.

The Bill, if allowed to go through parliament will enable the government to sell Telstra when it suits

them, regardless of whether the services provided by Telstra is up to scratch. Evidence presented to the Inquiry suggested that service standards have not actually improved sufficiently to warrant the sale of Telstra. It is also evident from the Inquiry and the Senate's Australian Telecommunications networks inquiry that services are below par in regional Australia. The National Farmers Federation (NFF) stated in its submission to the Inquiry into this Bill, that there was some way to go before Telstra's services are "up to scratch".

Insert South Australian examples.

Mr Steve Olive of Bathurst, NSW, wrote to the Inquiry opposing the sale of Telstra. In his letter he stated that:

"When you sell Telstra off completely you will be creating Australia's Microsoft—a totally dominant organisation with little regard for community requirements or desire to support areas that don't drive high profit."

A fully privatised Telstra would result in a huge private monopoly that would be too powerful for any government to effectively regulate. Telstra has the largest market share in fixed line, domestic long distance, international calls, mobile and internet access.

Insert South Australian examples.

Full privatisation raises genuine doubt as to whether regulators such as ACA and ACC who are trusted by the Australian people to prevent and regulate anti-competitive behaviour. Their monitoring and reporting role came under scrutiny during committee hearings into this Bill. The inquiry revealed that some of their reports on Telstra's performance were seriously misleading. For example the Network Reliability Framework 'percentage of service without fault' and 'percentage of service availability' figures released have passed off monthly averages as annual averages. As a result the government and Telstra was able to claim that Telstra's annual network reliability framework figures are above 99% which contradicts anecdotal and union evidence about poor Telstra network reliability levels. If ACA's effectiveness as a regulator preventing and redressing anti-competitive behaviour are in question before a fully privatised Telstra, this will be even more so if Telstra is fully privatised.

Labor believes that Telstra should remain a majority publicly owned company providing high quality telecommunications services available to all Australians regardless of where they live.

So in summary, the key points are:

- Public accountability will cease to exist once Telstra is fully privatised.
- Telstra will no longer be subject Freedom of Information Act and public accountability through reporting will be a thing of the past.
- Similarly, if Telstra is privatised, the government can no longer exercise its authority over Telstra through a range of Commonwealth Acts and Regulations.
- A fully privatised Telstra would become a huge and very powerful private monopoly too powerful for any government to try and regulate. It is more likely to be controlled from overseas.
- The effectiveness of industry regulators in preventing and redressing anticompetitive behaviour will be put in doubt.

We must keep Telstra with majority government ownership because it is vital to the future of our country.

Senator BUCKLAND—I seek leave to incorporate Senator O'Brien's speech on the *Telstra (Transition to Full Private Ownership) Bill 2003*.

Leave granted.

The speech read as follows—

Even the National party federal director Andrew Hall remains opposed to the full sale of Telstra until all the recommendations of the Esters inquiry are fully implemented.

But even implementation of recommendations from the government's own sham inquiry is proving difficult.

Mr Estens recommended the government ensure Telstra provides a minimum 19.2 kilo bytes per second data speed over Telstra's network for all Australians.

The government claimed it supported this very modest recommendation and would ensure that Telstra services met this benchmark.

But a close analysis of the licence conditions the government has imposed on Telstra reveals Telstra is only required to deliver this service on request.

It does not have to upgrade its whole network so all regional Australians can get this modest data capacity automatically.

This condition allows Telstra to avoid providing this minimum speed if prevented from doing so "by circumstances beyond its control".

In reality, the Howard Government isn't prepared to guarantee this very basic data transfer speed to regional Australians.

It is not prepared even to implement the modest recommendations of its own sham inquiry.

And the Federal parliamentary wing of the National Party is mute!

At least the organisational wing has made its position clear—no sale until the Esters recommendations are implemented in full.

What a shame National Party representatives in the Parliament have not adopted the same position.

If anyone doubts the strength of opposition in regional Australia to the full sale of Telstra, I invite them to review the submission of the NSW Farmers' Association to the recent Senate inquiry into this Bill.

The Chair of the Association's Rural Affairs Committee, Mr Jim Graham, told the Committee that farmers in NSW oppose the privatisation of Telstra until services in the bush are comparable to those in the city.

In a statement, Mr Graham said:

"This legislation should not be passed by Parliament, because it doesn't address the real issues in the bush."

Mr Graham pointed out that in a survey of NSW Farmers' Association members conducted last year, less than a third of those who responded were happy with telecommunications services in the bush.

According to a statement issued by the NSW Farmers' Association:

"Many country residents fear that a privately owned telecommunications carrier will neglect

more remote areas that aren't as profitable when it comes to upgrading future technology."

Labor understands rural and regional Australians' concerns about the sale of Telstra.

We recognise the widespread opposition to the sale outside the capital cities.

As a Labor Senator for Tasmania, and Shadow Minister for Primary Industries I recognise the opposition to the sale in my home state and among primary producers in all parts of the country.

I oppose—and will continue to oppose—the further sale of Telstra.

The Liberal Party is aware of the widespread opposition to this bill.

But it thinks the sham Esters inquiry is enough to fool the more gullible members of its Coalition partner, and 'spin' about improved services will be enough to convince the Australian people to support the sale.

Regrettably, the Liberal Party is right about the former.

But it's got the second part dead wrong.

The National Party has rolled over on the full sale of Telstra—and sold out rural Australia—for a few seats at the Cabinet table.

And as the Member for Hume has previously recognised, the National Party positively jumps at the chance to sell out its constituency.

It is only the National Party's betrayal of its constituency on matters like Telstra that keeps the Coalition together.

It's certainly not merit that keeps the National Party in the Cabinet and outer Ministry.

If it did, the National Party would long ago have relinquished the Agriculture portfolio.

I can't believe that if a Liberal member of this government exercised portfolio responsibility for live exports the Corno Express fiasco would have stretched for as long as 80 days.

You see, I don't support the Liberal Party's attitude to the sale of Telstra.

But at least the Liberal Party's ideological obsession with the sale is transparent, and Liberal Senators haven't tried to make anything other

than a fleeting attempt to pretend the sale will assist rural and regional Australians.

That approach stands in stark contrast to the National Party Senators in this place who have given such painful presentations on the Telstra bill.

It's not expediency that keeps Mr Truss in the Cabinet—it's the shallow gene pool in the parliamentary National Party.

How frustrating this must be for more capable members of the government kept out of Cabinet by National Party deadwood.

Having said that, I imagine some junior Ministers—Senator Ian Macdonald, for example—get a double whammy.

Not just kept out of Cabinet but forced to front up to Question Time day after day with inadequate briefs from his more senior Minister.

The betrayal by the National Party of rural and regional Australians on Telstra is already complete.

The party has already voted for the full sale in the other place.

The Leader of the National Party in this place has already laid out the terms of his party's betrayal in this debate.

While it's small consolation to the National Party constituency, at least Senator Boswell had the courage to tell them in this debate why he is selling them out.

That courage stands in stark contrast to that of the deputy Prime Minister, Mr Anderson, who failed to contribute to the debate on this bill in the other place.

Senator Boswell is not a bad bloke.

He represents most of the values that used to make the National Party an important contributor to the policy debate in this country.

And he alone amongst his National Party colleagues sought to articulate during this debate a basis on which his party had betrayed its constituency on the sale of Telstra.

Given his unquestioned personal integrity, I'm a little disappointed Senator Boswell trotted out the hoary old chestnut about proceeds of the sale being directed to regional infrastructure.

I've already commented on the fact that the National Party has such little standing around the Cabinet table that any promise it could extract a financial boost for regional Australia from the sale of Telstra is pure bunkum.

It is, I suppose, understandable that Senator Boswell has run this argument and, given his uncomplicated view of the budgetary process, there is a chance he believes it.

The problem for Senator Boswell and the National Party is that nobody else does.

The Finance Department has confirmed that spending the Telstra sale proceeds on infrastructure would worsen the Budget balance.

I'm sure Senator Minchin, who is listed to follow me in this debate, will be happy to confirm this fact.

The Finance Department has also confirmed it is government policy to spend any Telstra sale proceeds on reducing Government debt.

As I said earlier, the National Party supported the direction of Telstra sale proceeds to expenditure at its recent national conference.

But at that conference, Mr Anderson forgot to tell his party that the government can't spend the proceeds without sending the budget spiralling into deficit.

He also forgot to tell them that his own government's policy was to spend the Telstra sale proceeds on debt reduction.

This Bill has the full support of the National Party in both Houses of the Parliament.

Earlier in this second reading debate Senator McGauran said the National Party would not support the sale of Telstra until bush services were up to scratch.

I remind Senator McGauran that that is not what the bill provides.

In fact, should the Senate give passage to this bill against the trenchant opposition of Labor, no such precondition will exist for sale except—perhaps—in the mind of Senator McGauran.

I would never suggest Senator McGauran would mislead the chamber, so the only conclusion I can draw is that he hasn't read the bill.

If enacted, the bill would allow the sale of Telstra at anytime.

This probably doesn't matter much to Senator McGauran, because the telephone services at the Paris end of Collins Street are, I understand, excellent.

But it matters a hell of a lot to the rural and regional Victorians the National Party has sold out.

Senator Boswell, whose telephone services in the City of Brisbane are also excellent, will similarly vote to leave rural and regional Queenslanders behind.

But what of Mr Truss?

Not only did he fail to speak in the debate on this bill in the other place—he has failed to utter the word "Telstra" in the other place all year.

While he dutifully responded to the Liberal Party whip and voted for the bill, Mr Truss still has an opportunity to take a stand on behalf of his Wide Bay constituents and Australian farmers.

The Agriculture Minister will attend the Queensland Central Committee of the National Party this weekend.

He has a chance to tell his rank and file members why he voted in defiance of his branch's demand that Telstra not be privatised.

I await the outcome of the Queensland conference with interest.

Mr President, Labor opposes the full privatisation of Telstra. We oppose the passage of this bill.

Senator LEES (South Australia) (11.23 a.m.)—I rise to speak on the **Telstra (Transition to Full Private Ownership) Bill 2003**. I opposed the first two part sales of Telstra primarily because I believed that the essential infrastructure should remain in public hands. At the very least, the wires, cables, towers, satellites et cetera should have remained a discrete part of Telstra and should have remained in their entirety in public hands. However, the sale of those first two tranches of Telstra means that our major telecommunications provider is now a scrambled egg. We are forced to look to the

future as to what we can do with what we have left.

There is no doubt that the government has an important role to play in ensuring that all Australians have access to affordable, up-to-date telecommunication services, regardless of where they live in this vast country. There is no reason why private companies should not operate services using the wires, cables, towers, satellites et cetera, but this does not and must not relieve any provider—not just whoever owns Telstra—from its obligation to ensure the provision of adequate customer services to all of us.

The sale of the remainder of Telstra is a serious issue and before we even consider it we need a great deal more information and a great deal more time. It is clear that there are a range of specific problem areas that need to be addressed before Telstra is ready to be sold. I will go through those areas quickly in my time today. The first area is Telstra's size—its market dominance. Telstra almost remains in total control of the customer access network. It can cross-subsidise if it so wishes one area of its operation and, indeed, unfairly compete in another.

I note from evidence before the Senate Environment, Communications, Information Technology and the Arts Legislation Committee inquiry that AAPT, Primus Telecom, Optus, as well as the Telecommunications Users Group, ATUG, were not opposed to further privatisation but all were concerned about Telstra's market dominance and the impact on them because of that unequal, unlevel playing field. I ask: does the government support the ATUG and its suggestions for much improved ACCC and ACA involvement? I have argued before and I continue to believe that there is a need for an unbiased, nonpoliticised and rigorous analysis of what it would mean if we split Telstra—that is, sell the retail arm, maintain the

infrastructure and public ownership as I have just talked about. This position is supported by one of Australia's leading communications analysts, Paul Budde, in his submission to the Senate inquiry. This position is also supported by a report this year from CEDA, the Council for Economic Development, which stated:

It might be desirable to restructure Telstra with private shareholders owning the potentially competitive assets while the government retains the customer access network.

It is disappointing that neither the government nor the opposition are willing to commit to such an analysis, even though the notion was raised by the opposition spokesperson for telecommunications before he was shut down. I turn to the second issue: complaints against Telstra. They are increasing, not decreasing and customer satisfaction is falling. The Telecommunications Industry Ombudsman's research this year found complaints against Telstra rose by about three per cent, while overall complaints in the industry dropped by about 11 per cent. Is the government concerned about this? Is the government concerned that consumer satisfaction with Telstra fell from 74 per cent to 60 per cent in 2002? One's memory does not have to be tested too vigorously to remember Telstra's recent Big Pond fiasco, so I do not intend to argue that the current structure is a panacea. But Telstra's explanation about the Big Pond problem was, in my opinion, wholly inadequate. The compensation offered to its 1½ million customers was laughable. I believe that people are incredulous to read Telstra's CEO saying, 'Telstra had just come to the realisation in 2003 that email was mission-critical for Australian businesses.'

I turn now to the issue of the customer service guarantee. I believe that this must be stronger and broader and that universal service obligations must be upgraded regularly.

They must be locked in and it has to happen automatically. As a result of the sale of 49.9 per cent of Telstra, we now have a large, dominant national telecommunications company with internally competing priorities. On the one hand, they have to maximise profits for the shareholders and, on the other hand, they have to provide services in areas where, at best, profits are marginal, if they exist at all. The pressure is on them to do as little as they absolutely have to do. We have to have a mechanism, a system built into this legislation for customer service that prevents any straying away from making sure that affordable and quality access is indeed fully and completely national. For people in rural and regional areas, as we have sadly learnt this year, access to telecommunications can sometimes mean the difference between life and death. People in rural areas already face difficulties in accessing a range of services. I do not have to go through these, but I just mention education, health, banking and transport. A good Internet service with affordable and timely access to a good telecommunications system could help reduce these inequalities. The market will not do it, as shareholders will not let companies run any part of the business at a loss. So the government has to be involved in very tough regulation in the long term.

Australians need access to e-health, e-education, e-banking et cetera. The more remote you are, the further away you are, the greater their importance but the less likely you are, at the moment, to have access to them. To quote from a paper prepared for the National Rural Health Alliance:

E-health applications contain significant potential to improve health services to rural and remote Australians. However, many such applications are bandwidth intensive and hence require high quality, reliable telecommunications infrastructure.

Unfortunately, that is frequently not there. In New South Wales the government has con-

tracted a private operator, who has moved away from Telstra, to put broadband access into its schools. Again I highlight the fact that ownership is not the critical issue—it is ensuring that those services get out there.

In my opinion, the most important issues regarding customer service guarantees are that they have to be broad enough, they have to be strong enough, and they have to be locked in over the future. We have to look over the horizon at what is coming to make sure that people in all parts of Australia benefit as technology moves ahead. We have to make sure that if Telstra is privatised, those obligations cannot be worked out of, that companies cannot find any way of shedding their obligations.

Significant groups of Australians such as Indigenous communities have major problems accessing even basic phone services, not to mention Internet access, which is vital for them. Remote Indigenous communities frequently struggle to get basic phone lines. They are well outside the mobile network system and they cannot get the bandwidth for e-health or e-education. They should be able, under current programs, to access this through the remote access regime, but it seems that many still cannot. So I ask the government to conduct a full inventory and make sure that it covers completely all Indigenous communities and assesses what their access is to these essential services.

Costs for Australians are very high by international standards. We are paying more to get in touch by phone with our families and our banks than people in most other industrialised countries. Simply capping increases is not the answer. We need to look at the overall level of fees and charges, and perhaps set some international benchmarks. I ask the government to make some comments as to how they feel we can bring down overall prices for telecommunications services.

Another issue highlighted in the committee's report on Telstra is the reduced investment in research and development. We cannot just leave this to overseas companies. All our telcos have to be locked into R&D. We do not want to be left importing technology, much of which may not even be appropriate for Australian conditions, anyway.

The issue of faults and poor maintenance, or lack of maintenance, perhaps has generated the most emails, letters and phone calls to my office as we put Telstra back on the agenda in this place this week. The worsening staff situation in Telstra, the reduction in jobs, is certainly not helping this. Given the evidence before the Senate committee and certainly the complaints I hear as I travel in rural South Australia, this is an issue that the government has to tackle head-on. I acknowledge that there has been some substantial improvement. The Estens inquiry and report showed this. Particularly, I note that a lot of farmers and small business are now saying they have better access, but we still have a long way to go. Many people believe that these improvements have been driven, not by a genuine desire on the part of Telstra and the government to improve services, but rather by the government's desire to sell the rest of Telstra. So let us keep the pressure on.

Finally and most importantly, any future sale must make economic sense. The government's debt argument is fundamentally flawed. Australia has one of the lowest levels of public sector debt in the OECD. At the same time as we face low debt levels, Australia faces many serious environmental emergencies, plus the issue of run-down and inadequate infrastructure. To sell a cash cow that is making a lot of money makes no sense at all if we get no substantial benefit. This government's obsession with paying off debt has seen it pay off \$66.6 billion so far. I liken this to the practice of a family that decides that it has to pay off its mortgage, but at the

expense of not being able to feed, clothe and properly educate the children.

Australians know that the debt building up in this country is very much an environmental one, not a fiscal one. If the remaining part of Telstra is to be sold eventually—and I think eventually it will be—there is more than enough that we need to do urgently with the money. South Australians certainly understand the need to clean up the Murray Darling Basin. At some times of the year it becomes little more than a salinised drainage system, and we know that the Murray is dying. We only have to look at the red gums along the river to know the pressure it is under. The wetlands and the bird life are under stress. Invasive and exotic species are spreading.

We need a national biodiversity action plan, and this will cost money. Any national biodiversity strategy must support farmers who are working to enhance biodiversity on their properties. Action such as ending land clearing of native vegetation and then revegetating, particularly for salinity control, will save public money in the longer term. What is missing in our national environment strategy is a biodiversity plan that encompasses all the management and protection needs across the whole of the country for biodiversity—a plan with a high profile, a plan that is a high priority—a plan that needs lots of money. It is a glaring gap in our national environmental tool kit—a plan managed by the environment portfolio. A key part of this plan must be the restoration of the health and biodiversity of the Murray Darling Basin.

To look at infrastructure issues, in its 2003-04 pre-budget submission, the Australian Industry Group emphasised its belief that the time is right for significant investment in key infrastructure projects in this country. The AIG commends the strong eco-

nomic position we are in and our low public sector debt levels, but argues that the government must 'boost the quality of our urban and regional transport networks and accelerate the restoration of our rivers and water catchment areas'.

I call on the government to make these a real priority. Achieving these nation-building goals will not be cheap. It is no good throwing a few million here and another million over there. To make a real difference, the proceeds of any future sale of Telstra, should it go ahead, must be devoted to achieving these goals. Future proofing Australia will not be achieved by selling off our public phone system to retire debt.

Thanks to numerous governments, including Labor governments at state and federal level, the Australian public is very dubious about the benefits for consumers of privatisation of services such as water, buses, electricity, banking and airlines. The ALP does not have clean hands here and it is well within the realms of possibility that in government the ALP would sell Telstra in whole or in part. If only Labor had put consumer service obligations in place when it rushed to get the money from the sale of the Commonwealth Bank, many Australians, particularly those in rural and regional areas, would still have some face-to-face banking services and would not have lost those services. If it had put customer service obligations in place when it sold the airlines, we would still have regional airline services supported across Australia. There are certainly some there now, but I believe we would not have had the hiccups and the problems we have had if there had been CSOs in place.

In South Australia we have seen power prices jump 30 to 35 per cent, when we were told that privatisation would result in cheaper electricity. So you can see why people are sceptical. I believe that perhaps the biggest

problem this government has with the privatisation of Telstra is that Australians believe there is a direct link between public ownership and the guaranteed levels of affordable, quality services. Judging from the results of opinion polls, Australians still believe that public ownership equates to equity and quality, affordable services. So the government has a challenge ahead of it when it comes to changing the minds of 70 to 80 per cent of the electorate on this issue.

Ever since entering this chamber 14 years ago I have made a commitment to consider the environmental, social and environmental impact of every issue. So I say to government: I am happy to listen; I am prepared to examine the issues, but you have an enormous amount of work to do. Given my home state's water problems and reliance on the Murray, for instance, I would be derelict in my duty if I did not look at every possible opportunity to get the money that we really do need to clean up the Murray-Darling Basin.

However, it seems we are going to be pushed to a vote this week, and I will be voting no. This bill has been brought on too quickly and too close to the last Senate report that has just been released. For those of us who are prepared to keep going through these issues and looking at these issues, those not locked into an ideological position, we need more time and we need more resources to examine all of these issues properly. So this week I will vote against the sale of any more of Telstra. There are simply too many problems that have to be dealt with. Too many Australians are fearful of losing—or never getting—access to high-quality, affordable services, whether they be fixed telephony services, mobile services, dial-up Internet access or, in particular, broadband access. I do not think we can keep classifying that as a luxury; it is becoming more and more an essential.

And of course that other debate about what we do with the money, what we do with \$33 billion to \$35 billion, is not happening. We must have that public debate, the debate in this chamber and the other chamber, to look at what we can do to make a real difference to our national rail network, for example, and particularly to the Murray-Darling Basin. If the government wants to talk seriously about future proofing Australia—that is, creating a sustainable future for all of us—I am happy to listen. If it is prepared to work through the issues I have raised and ensure that all of us on the crossbenches are able to access unbiased, independent advice on all these issues, I am more than happy to listen.

Senator McGAURAN (Victoria) (11.41 a.m.)—I seek leave to incorporate Senator Colbeck's speech on the second reading of the **Telstra (Transition to Full Private Ownership) Bill 2003** in *Hansard*.

Leave granted.

The speech read as follows—

In Opening my remarks today I would like to reiterate the precise commitment of the Government with respect to the full sale of Telstra.

We have heard here in the last couple of days many interpretations of the commitment, particularly from the Labor Party who are obviously very keen to colour or confuse the matter but it is this—delivered as a part of the Governor General's speech on the opening day of this 40th Parliament.

“The Government will not proceed with any further sale of Telstra until it is satisfied that arrangements are in place to deliver adequate services to all Australians.”

The Government has since reiterated that commitment including the further commitment to “maintaining the improvements to existing services.”

The Government has already demonstrated, in its response to the Estens Inquiry, that it will honour that commitment.

The obvious question that comes from the Government's statement, delivered by the Governor General, is ... what is regarded as “adequate service”? There is very little doubt that as a result of the rapid development of technology that expectations can change very quickly however, the Government, in its response to Estens, has again recognised this with funding commitments to continue the enhancement of these services.

The Federal Government has accepted all the 39 recommendations of the Regional Telecommunications (Estens) Inquiry and will invest \$181 million in a comprehensive response that will ensure all Australians have access to adequate telecommunications services, enhance a range of existing services, and ensure that regional Australia continues to share equitably in the benefits of future technologies.

As a result of the Inquiry, the Government has obtained a formal undertaking from Telstra in relation to the completion of the upgrade of its older radio concentrator systems in a publicly available timetable. This will provide an enhanced array of phone and Internet services for the small proportion of regional Australia whose systems have not been upgraded and did not have access to a subsidised two-way satellite service under the Government's \$150 million Extended Zones tender.

The Inquiry recommended that the Government provide additional funding to support the capital costs of extending land-based mobile phone services to small population centres and key highways in regional Australia. The Government will spend an additional \$15.9 million over four years to further extend coverage to small population centres and along highways in regional Australia.

As part of its response to the Besley Inquiry, the Coalition introduced a satellite handset subsidy for people living or working in areas of Australia where it is not feasible to provide terrestrial mobile phone coverage. The Government will review the eligibility guidelines for the scheme and has committed an additional \$4.0 million to extend the subsidy.

The Government will also provide an additional \$10.1 million over four years for information technology training and support services in rural and remote areas, building on the significant

funding already provided for these services under the Networking the Nation program.

There is a need to ensure that people in regional areas continue to share equitably in the benefits of advances in technologies and the Government has committed to a blueprint for “future proofing” regional Australia’s communications future, which addresses each of the recommendations in the Estens report, as well as many of the recommendations in the recent Broadband Advisory Group report.

As part of its Inquiry response, the Coalition Government will develop a National Broadband Strategy with funding of \$142.8 million over four years. A central objective of the NBS will be to provide access to affordable broadband services in regional Australia.

To achieve this, the Government will fund a National Broadband Strategy Implementation Group, broadband demand aggregation brokers and, to accelerate the rollout of broadband into regional Australia, a Coordinated Communications Infrastructure Fund.

The Coalition will spend \$107.8 million over four years on the Higher Bandwidth Incentive Scheme. The HBIS will provide financial incentives to higher bandwidth service providers to offer services in rural and remote areas at prices reasonably equitable with those available in urban areas.

To ensure that the future communications needs of people in regional Australia are assessed on a regular basis, the Government will legislate to require the current and future governments to conduct regular reviews of the adequacy of regional communications services. Independent expert groups will conduct these reviews and there will be a requirement upon governments to formally respond to them.

This Government’s fine record in respect of its commitment to telecommunications and regional Australia is clear.

Labor on the other hand seems to have suddenly discovered regional Australia. Fortunately regional Australia sees through this newfound zeal as they remember well the number of times they have been sacrificed by Labor.

Labor has complained bitterly over the last few days about suggestions that they would sell the rest of Telstra. They put their hands on their hearts and say they will retain majority public ownership.

The real problem for Labor is that nobody believes them! The public has heard it all before from Labor and seen the results—Qantas and the Commonwealth Bank are prime examples and the process continues today under state administrations where in Tasmania for example the Grain Elevators board is being sold despite industry and local concerns and despite its returns to government.

It has to be remembered that it was Labor that started the privatisation process in 1991 when they corporatised the company—setting it up for sale, making it operate on a corporate basis. The Howard Government has made its intentions known all along but Labor continues to hide behind this veil of denial. Importantly though, the public are awake to them.

In this place on Tuesday, Senator Mackay made some inferences about the situation in our home state of Tasmania. Consequently I would like to put on the record some of the antics of Labor in Tasmania.

Obviously this debacle goes back some time and the first matter that I would like to mention dates back to 1996 and again questions Labor’s credibility.

During the 1996 election campaign Dick Adams MHR, the Member for Lyons, sent out across the electorate what could only be described as bogus telephone bills, conducting a fear campaign that the 33% sale of Telstra would see telephone charges soar.

Mr Adams told the people in Lyons that they would be subject to a network charge, similar to that charged by the Hydro in Tasmania. A charge predicted to be \$1,250 in Queenstown, \$950 at Ouse, \$680 in Deloraine, \$910 at St Mary’s and \$680 at Oatlands. The bogus bill clearly states that telephone accounts are—“To increase after sale”. By how much—unknown—but there was the clear inference that the increase would be in the order of the network charge.

Now we all know that the opposite of what Mr Adams was suggesting has in fact happened.

According to the latest statistics from the ACCC, all call prices fell 24.8% between 1996 and 2001. Fixed mobile call costs fell by 13.3%, mobile call costs fell by 27.4%, local call costs 29.1 %, long distance call costs fell by 29.6% and international call costs fell by 61.2%. The price of fixed telephone calls for people living outside capital cities fell by 22.4%.

These outcomes give a clear demonstration of Labor's credibility and why people don't believe Labor when they say that they won't sell Telstra.

Last week Senator Mackay, along with opposition communications spokesperson, Lindsay Tanner, conducted what could only be described as a media stunt which presented a series of photographs attempting to make certain implications relating to the network in Tasmania.

Unfortunately for this intrepid pair, it was clear to those who have had exposure to this industry that the photographs were of works in progress. Amusingly, some of the captions even confirm this. In other words, the photographs were not a reflection on the network.

Quite disturbingly though, the inference made by Senator Mackay and Mr Tanner was that Telstra workers in Tasmania were guilty of shonky work practices.

I have to say that this is an outrageous slur on the employees of Telstra and the contractors that work on the network in the State. I know that these employees and contractors are rightly very upset at having this slur cast upon their professionalism.

We have had Senator Webber in here during this debate inferring that contractors working in the telecommunications industry are only capable of inferior quality work, so it is obviously a view that is rife throughout the Labor Party.

I am sure that all of the thousands of contracting companies and their employees across Australia, some of them former Telstra employees who have developed very successful businesses in the communications industry, are all delighted to know what Labor really thinks of them.

The reality of the situation is that service levels in Tasmania are quite different to those inferred by the Labor Party.

In 1998 when the Customer Service Guarantee was introduced, Telstra repaired 83% of Tasmanian services on time. During the September quarter this year it was 95%.

In 1998, when the CSG was introduced, Telstra connected 82% of Tasmanian services on time. During the September quarter this year it was 94%.

In September of this year 99.23% of Telstra's Tasmanian customers did not experience a fault and 99.95% of Tasmanian customers had constant access to service.

I would like to return to the issue of employees and contractors working on the telecommunications network. Labor makes a great deal of the changes in employment levels at Telstra. However, they constantly fail to consider or even acknowledge the changes that have taken place in the telecommunications industry.

When the Howard government came to office in 1996 there were about 1,300 people employed by Telstra in Tasmania. When you consider the staff and contractors who are undertaking the same tasks within the network in the State today, that number stands at about 1,200.

Now admittedly that is less but, when it is placed against Labor's claims and when it is considered against industry changes, it is quite justifiable.

To give an example relating to the change in technology—to repair a 100 pair copper cable can take between 4-8 hours depending on the ease of pair matching and testing. To repair an optic fibre cable with a similar capacity can be completed in 15-30 minutes.

I have seen, over 25 years working in the construction industry, enormous changes in the way that telecommunications systems are provided.

When I commenced work in the late 70's and well through the 80's all services and systems—line work, backbone cabling, systems installations, were provided by the then Telecom. You had to wait for them to be there and that was it. I have already indicated service levels prior to the

introduction of the Customer Service Guarantee by this government.

When the regulations were changed, so too were the practices employed and there were significant improvements in service, productivity and cost to the industry and consumers—provided by contractors and Telstra.

I know that Labor is reluctant to recognise the changes in the industry which give weight to arguments that they are living in the past with respect to policy on telecommunications, but they themselves continue to provide the evidence that that is in fact the case.

Senator GREIG (Western Australia) (11.41 a.m.)—We are debating the **Telstra (Transition to Full Private Ownership) Bill 2003**. I have long been opposed to the sale of Telstra; indeed, I was strongly opposed to the first sale. I was not then a senator in this place but as a citizen I felt strongly about it, and I continue to feel strongly that it makes no sense to sell off the family silver, if you like. Australians are becoming very disheartened and very frustrated with the increasing trend to privatisation at both the state and federal level, and I think enough is enough. I am not convinced that the further sale of Telstra, the complete sale of Telstra, would be to the advantage of communications in this country, particularly for rural and regional Australians. I am not convinced that those services out there in the bush would continue to be sustained in the manner which they are because they are currently being subsidised. It would simply not be the case that a private company could continue to operate unprofitable services in rural and regional areas. So I am taking a stand against this and I believe strongly that the further sale of Telstra should not proceed.

In the interests of time and Senate process, I seek leave to incorporate my speech on the second reading, which goes to the heart of my beliefs and talks particularly about what

it might mean for rural and regional areas of Western Australia, my home state.

Leave granted.

The speech read as follows—

Australia is a country like no other. We have an enormous expanse of land but a proportionally tiny population. We are not like the United States which is a similarly large country but, by comparison, has a massive population. Neither are we like the United Kingdom, which is small in size but carries an enormous number of people.

But, despite our small population, we are amongst the leaders in the world for technological advances. Our immediate past Communications Minister, Senator Richard Alston said in a media release that Australia is third in the world, behind Sweden and the United States, in the key category of technology. He said that a Merrill Lynch global ranking system report confirmed that when it came to technology, Australia is recognised as a world leader in the intensity of computer, Internet and mobile phone usage.

Why then, do I receive letters from people living in the south west region of my home state of Western Australia who claim their telephone line goes down whenever it rains. Why do I hear from a pest control man who lives in Narrogin, a town only two and a half hours drive from Perth, complaining that he has no mobile phone coverage 50kms away from his office? Why do I hear that people living in Harvey, just over an hours drive from Perth, have to wait five days to have their phones repaired and up to five weeks to have a new one installed? This cannot be because no-one knows of these poor services, even the Australian Communications Authority admits that the percentage of faults that are not repaired by Telstra within the Customer Service Guarantee time frame has doubled between June 2001 to June 2003.

Communications and Technology are not my portfolio responsibility within the Democrats, but as I was hearing, almost daily, of the problems faced by many Western Australians living outside the metropolitan area, in the delivery of basic telecommunication services, I decided to get out and ask some more questions.

I conducted a survey of Western Australians in areas including Harvey, Bridgetown, Narrogin, Manjimup and Pemberton in the South West of the state, and Port Hedland, South Hedland and the Pilbara in the North of the state. I was staggered by the stories I heard. These towns are not remote, nor are they particularly small, but from all of them came stories of long delays in servicing, poor mobile range and acutely inadequate Internet services.

The overwhelming majority of responses I received, almost three hundred in total, said they opposed the full sale of Telstra. A full ninety per cent of them believe that telecommunications standards are currently inadequate in rural and regional Australia.

When we asked whether they believed telecommunications standards would get better or worse, or stay the same, if Telstra was fully privatised, ninety-two per cent thought the standards would decline.

Further reinforcing this message, 26 per cent noted that they had experienced long delays in receiving service, 19 per cent believed that prices would rise after privatisation, 18 per cent indicated they expected services to decrease after a full privatisation and 11 per cent told of difficulties with Telstra's call centre.

Many respondents questioned the sense in selling that part of Telstra which has already gone. A farmer from Harvey drew this analogy. He said:

"We sold the cow, separated the milk and now we're throwing the cream away."

The people who responded to my survey are angry and confused. They are angry that public assets are being sold off and they are confused as to what will happen to their services next. They are sensible enough to realise that country Australia stands to lose from the full privatisation of Telstra. Their telecommunication services are already well below par and seem to be getting worse. They believe things will only deteriorate further if Telstra is fully privatised.

In the submissions, I heard that Telstra service personnel are being laid off and not replaced. I heard that one serviceman is required to cover a 300 km radius and that morale amongst Telstra country service personnel is at an all-time low.

Comments I've received include:

"City ponies are making bad decisions for the country."

"The radius for local calls should be extended for country areas, my nearest neighbour is outside the local call radius."

"Telstra needs less non-productive executives and more workers."

"Noise levels on local phone lines unacceptable."

"Telstra should offer one plan that is cheap for everyone."

Will privatisation fix these things or will we go the same way as the privatised bus services—remote areas will be left to fend for themselves because their locations render them bad for business.

Australians are being encouraged to de-centralise, have a seachange, move to the peace and tranquillity of the country. Work from home. Do your business via the Internet.

Why would people even contemplate such a move when they hear about Internet lines which frequently drop out and vast areas within the state of Western Australia—even those areas within a stones throw of the metropolitan area—with no access at all to mobile phones or to broadband.

I realise of course that these problems are not confined to Western Australia. The Federal Government's recent inquiry into the country communications network, headed up by Moree cotton farmer Dick Estens, received some 500 submissions, the vast bulk of which were critical of communication services in the country.

The message that Dick Estens received was the same as the message I received from my survey—services in rural, regional and remote areas are inadequate, despite the Government's claim that millions of dollars have been spent to upgrade them.

According to a report on the ABC's AM program in October last year, Telstra says people's expectations are ever increasing. In the telecommunications industry, Telstra says the goalposts are constantly moving, but its obligations to shareholders means it won't be able to meet future rural expectations.

Well, why not? Those Australians who live in rural and regional centres are still Australians, and a very vital part of our national community. They deserve to have the same facilities and access to technology that the rest of the country enjoys. Without it, the digital divide between country and city will become a chasm.

The Department of Communications, Information Technology and the Arts boasts that the Australian information technology and communications market is the second largest in the AsiaPacific region, after Japan—worth around \$70 billion. It says the Government is actively driving the development and uptake of online opportunities across the country. Through the Government Online strategy—a national action framework—all government services are being made available on-line, meaning government information and services are more accessible, cost effective and responsive—UNLESS of course, you live in the country and have an Internet service which cuts in and out, and is significantly more expensive than that available in the metropolitan area.

The Department also boasts that between 1995 and 1999 the number of mobile phone subscribers almost tripled, with close to forty per cent of Australians now owning a mobile phone.

But if you are one of those forty per cent and happen to break down in your car between Harvey and Bunbury—BAD LUCK! I have been told that the mobile coverage between the major regional centre of Bunbury in Western Australia and Harvey, only some 55 kilometres away is intermittent at best—but more often non-existent!

We cannot boast about our world-standard technology and communication services unless everyone can enjoy them. We cannot hold our heads high about how much our telecommunication industry is worth, when large pockets of the country have little or no modern technology at all, and we cannot even contemplate selling the country's major telecommunications utility while the system is so sadly lacking in many areas.

The full sale of Telstra fails the Howard Government's own benchmark of not supporting privatisation unless 'it is demonstrably in the public interest'.

The Howard Government's 1996 Privatisation Policy makes it clear that privatisation should not proceed unless there is clear evidence of a public benefit and a focus on consumers, community service obligations and recognising the special needs of rural and regional Australia.

For the Government to demonstrate that the further sale of Telstra is in the public interest, it needs to comprehensively change its arrangements on competition and services. It still has a long way to go.

The Senate Environment, Communications, IT and the Arts References Committee recommends that work needs to be done by the Government to meet its own public interest test. Also, the Australian Competition and Consumer Commission, the ACCC, told the Committee that the structural issues in telecommunication which are hampering competition need to be dealt with prior to the privatisation vote occurring.

Simply put, the evidence to the Senate Committee shows that the Government has not done the work necessary to ensure that consumer interests will be adequately protected.

Much needs to be done to address the stories I am hearing about faults and other repairs taking longer than five days to be attended to in regional centres, new connections taking months to be installed in country towns, and a woman and her disabled husband who were left with an exposed telephone cable on their property following the installation of a new service, and were required to dig the ditch themselves to put the cable underground.

The Democrats are urging the Government to direct Telstra to invest the \$5 billion that Telstra itself admits is necessary to bring its entire network up to a decent Internet speed, as a matter of national interest.

Senator MURPHY (Tasmania) (11.43 a.m.)—I will make a few points on the further sale of Telstra involved in the **Telstra (Transition to Full Private Ownership) Bill 2003**. I am conscious of the time and there are a lot of things on the sale of Telstra that I do not think need to be repeated by every speaker that gets to their feet. Some of the

issues that concern me with regard to the further sell-down of Telstra relate to what the government says it is committed to maintaining: the customer service obligation, the level of service and the ability to ensure that we have a very competitive telecommunications industry in this country. I will firstly address briefly some of the aspects of service.

It is clear, despite the fact we have had at least two inquiries into the level of service provided by Telstra, particularly in respect of rural and more remote areas of this country, that those services are not up to scratch. Despite the commitment by the government of at least some small level of funding—and I say ‘small level of funding’ in addressing issues such as broadband and higher bandwidth in broadband—it is a long way short of what is required. Telstra uses a number of figures on the accessibility of various types of broadband services that seem to me to be rubbery at best. For instance, when you look at the Telstra ads for access to ADSL services, you do not see that you have to live within 3½ kilometres of an ADSL enabled exchange. In Tasmania we have something like 204 exchanges, of which around 27 are ADSL enabled. You have to live within 3½ kilometres—because that is a regulated distance—from an enabled exchange to access the type of speed that ADSL can provide. In Tasmania, to enable the other 176 exchanges, the minimum cost per exchange would be around \$100,000.

Following the Estens inquiry, the government committed something like \$180 million to delivering higher bandwidth in broadband services but also to increasing access of broadband to the population generally. It is just not enough money. I have asked Telstra myself—and this is one of the things that concerns me—for information in respect of areas that do not have broadband services. That was about two months ago. Telstra said,

‘Yes, Senator, we will get those figures and get back to you.’ I still have not received any response.

For Internet and broadband services, the government has set a baseline speed of 19.2 kilobits per second as the safety net. I am just a dial-up Internet subscriber and, despite the fact that that is supposed to provide around 56 kilobits per second, the best I can get is about 45, and that is slow enough. God help those who only have 19.2 kilobits per second. I do not know how long they have to wait if they want to download a reasonably sized email. It is a bit of a joke. There are a number of areas that remain to be addressed, and they are not insignificant. They cannot be fixed, nor addressed, by putting regulations and requirements on Telstra to do certain things. History shows us that, even with the government owning 50.1 per cent of Telstra, its capacity to influence—which is a point I accept, to some degree—Telstra to meet its obligations to consumers in this country is not that good. You only have to go back and look at the COT cases and the number of years it took to try to get those addressed.

Senator McGauran—Humph!

Senator MURPHY—I detected a grunt from Senator McGauran of The Nationals—formerly the National Party. I do not want to be distracted from the main point, but I remember Senator McGauran’s leader, Senator Boswell, and indeed former Minister for Communications, Information Technology and the Arts, Senator Alston, over a long period of time both castigating Telstra over this issue—and correctly so. As I said, it just goes to prove that, despite the type of regulations that were in place at the time, Telstra refused to deal with this issue until Ziggy Switkowski came along and realised that this was a bit of a noose around Telstra’s neck if they were ever going to proceed to full priva-

tisation. So they decided to cough up the money and get the monkey off their back after expending millions of dollars of what could be said to be in part taxpayers' money and wasting millions of dollars fighting this thing off. Ultimately, I think \$20 million or \$30 million was the cost. Totally outrageous.

So I say to the government: despite what you have proposed in regulation, it is difficult for the Australian public to see, because of evidence from history, how that will work. Despite the ineffectiveness of government control in directing Telstra to do one thing or the other in meeting its obligations to its consumers, the Australian public have a view of public ownership as, if you like, more an insurance policy than not having it at all. There is a lot of convincing to do and a lot of change that will be required if we are to proceed with the debate about the full sale of Telstra. From my own personal experience and from anecdotal evidence, there is a lot to be done before you can convince the Australian public that selling down the rest of Telstra is a good thing.

I noticed that the government's response to the Estens inquiry where they said they would implement all the recommendations—and I have sought advice on this—seemed to have excluded one part of the Estens recommendations and that was the part that referred to the establishment of a significant, ongoing fund to ensure that telecommunications in rural and remote areas of Australia were able to be kept up to a standard that was equivalent, or at least reasonably equivalent, to those that were available to the metropolitan areas. I will wait with interest to see what the government's response to that question is.

Another important aspect of the bill is that it proposes how the sell-down is to be conducted. It would appear that in the bill—and I may be reading this incorrectly—that the

only reference made to a mechanism is the reference to the use of hybrid securities. I understand from a discussion I have had that that is not the only mechanism but, if you read the bill, it says that it will sell it down either as a single tranche or as several tranches. Insofar as I am concerned at least, the information about how you propose to proceed with the sell-down is critically important. I think that will be important, from the Australian stock market point of view, for the shareholders of existing Telstra shares—those that hold shares in the existing 49.9 per cent—and I think it is an important aspect of discussion and consideration in this parliament.

There is a lot of work yet to be done. The government has a lot more explaining to do than just writing to some people and saying, 'Look, it's not about ownership, you idiot; it's about regulation.' Well, I am sorry: it is not just about that, you idiot; it is about a lot more. We have got a long way to go. I think that we are well short of the starting line, let alone having someone fire the starting pistol. I would suggest to the government that there is a lot more discussion to be had and that the government has to demonstrate a lot more bona fides.

That leads to a discussion of what we would do with the money if we did sell Telstra. I can think of a lot of things that we might do with the money. At this point in time, the government has said it wants to pay off debt. That is an admirable position, but if you consider not the potential problems—that is a bit like the 'apparent dead birds'—but the very obvious problems from an environmental point of view and from an infrastructure point of view that this country is confronting you would have to weigh those up against the payment of debt. That is something else that the government has yet to come to grips with. I will not consume any more of the Senate's time today on this mat-

ter, but I think we are a long way short of the starting line. If the government wants to proceed with this, I think we have got a lot of talking yet to do.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (11.56 a.m.)—I thank Senator Murphy and all speakers for contributing to this debate on the **Telstra (Transition to Full Private Ownership) Bill 2003**. I particularly thank Senator Eggleston and the Environment, Communications, Information Technology and the Arts Legislation Committee for their good majority report on this bill. We are obviously disappointed but not surprised that a majority of senators have indicated that they are going to oppose this bill on the second reading, but I do want to state the government's clear position. We in the Liberal Party and in The Nationals have a clear and consistent position on the sale of Telstra. We support very strongly the sale of our remaining shares in this telecommunications company. We have gone to the last three federal elections advocating the sale of those shares, and we have been elected repeatedly with that policy very clearly as part of our platform. We went to the last election advocating the sale of our remaining 50 per cent shareholding in Telstra, and we were re-elected with that mandate.

I want to set out why we believe so strongly that the remaining shares should be sold. It is our fundamental belief that governments should not own commercial businesses in industries where there are other competitors in a competitive regime and where the government has a fundamental role as the regulator of that industry. The safeguarding of consumer interests is best done by competition and effective regulation and not by owning half of one business in that industry. We do have an untenable position as the owner of half the shares in the biggest business in the telecommunications

industry and as the regulator of that industry. It is untenable. That is why the Labor Party, when in government, sold Qantas and the Commonwealth Bank, and that is why we believe the government should sell its half share in this business.

We have in our current position the extraordinary internal conflict of having, on the one hand, a responsibility to taxpayers—who are compulsory shareholders in this business—to maximise the return on that shareholding and, on the other hand, a fundamental obligation to act as a fair and independent regulator of this very complex industry of telecommunications. That is, ultimately, an untenable position. Senator Alston has famously said it is like the chief steward at the Melbourne Cup owning the red-hot favourite, and that is a very accurate analogy.

It is so out of touch with what is happening in the rest of the world. Governments across the political spectrum right around the world recognise that it is untenable for governments to own telcos of this kind. The major telecommunications companies in 12 OECD countries are in full private ownership. A further 12 OECD countries have the objective of privatising their telecommunications companies. We are all aware that the communist government of China has embarked on the privatisation of China Telecom. The ALP, with their hypocritical approach to these issues, in government sold Qantas, the Commonwealth Bank, CSL and a number of other commercial enterprises—and, of course, they were the ones who corporatised Telstra in 1991, which had the inevitable consequence that this company must be sold. But, as the cynical, negative rabble that they are in opposition, of course they are going to stand there and say that they are opposed to the sale of half of Telstra.

We did say at the last election that it was our policy to sell, on the basis that there were

adequate telecommunications services arrangements in place for all Australians. That is why we set up the Estens inquiry: to independently assess the situation for regional Australia. I remind the Senate of what came out of that independent report, which found that arrangements are adequate to ensure proper services for people in rural and regional Australia especially. That inquiry found that 97 per cent of Australians do have phone lines; there were three carriers in 1996 and now there are around 90 carriers, 40 per cent of whom operate in regional Australia; prices for telecommunications services overall on the landline network fell by 19 per cent between 1997 and 2002; 97½ per cent of Australians are covered by digital mobile and 100 per cent by satellite phone; on average, 70 per cent of Australians own a mobile; residential mobile rates were the cheapest among a range of overseas telcos looked at by Estens; time frames for connections and repairs continue to fall, especially in the bush; and 95 per cent of Australians have Internet access above the key mark of 19.2 kilobytes.

The ACCC reported earlier this month that broadband connections have increased by 100 per cent in the past year to over half a million. Of course, all these services are underpinned by one of the most comprehensive regulatory regimes in the world. As the Estens report summarised:

Australian telecommunications consumers appear to be among the best protected in the world.

I will go through a number of the elements of the regime because, generally speaking, I think Australians do not understand the comprehensive nature of that regulatory regime. We have the ACCC to ensure competition. In this industry, as in many others, competitors can access Telstra's network on fair terms. We have the universal service obligation, obliging Telstra to provide basic services. Price caps are applied to protect consumers

and untimed local calls are guaranteed. The customer service guarantee requires Telstra to meet performance standards on connections and repairs. The network reliability framework results in pre-emptive action and remediation of Telstra's network. The Telecommunications Industry Ombudsman provides an avenue for complaints to be addressed. The Trade Practices Act applies provisions on telecommunications specific anticompetitive behaviour and standard competition provisions, which apply to Telstra as to any other company in this country.

Where we believe that there is a service that ought to be provided that is not commercially possible to be provided, the proper thing to do—as we are doing with telecommunications—is to create packages like Networking the Nation and the social bonus and to put these things out to open tender and invite the commercial sector to tender for those services to be provided at government expense. That is the way to ensure that these services are provided. So there is a very comprehensive regulatory regime that protects consumers and ensures adequate standards. That is not a function of ownership.

I will address the two critical flaws in the opposition's arguments in particular. They say that Telstra is too big to regulate, as though the government is feeble—that this 500-pound gorilla just cannot be regulated, so you have to own half of it. That is nonsense, and they know it. I commend to them the article of Stephen Bartholomeusz in the *Age* yesterday which set out extremely well that it is just a very silly and empty argument. There is absolutely no relationship that the opposition have established or that can be established between the size of the particular telco and the ability to regulate it. There are much bigger telcos around the world that have been privatised and are adequately and successfully regulated.

Labor also argue that there is some link between ownership and service standards. No-one on the opposition side was able to establish such a connection. Again, Bartholomeusz put paid to that argument. I did note in particular what Senator Murray had to say on this matter of service standards. He said in this chamber just the other day:

I do not buy the argument that rural and regional Australia will suffer worse Telstra service after a sale than before, provided strong CSOs are built in prior to the sale.

That is quite right, and we believe that is the case. There is also this fallacious argument that if you own 50.1 per cent of the shares in a major commercial enterprise—where there are millions of other shareholders not conscripted by the government—you can tell the management what to do. The opposition spokesman on this matter, Mr Tanner, exposed the fallacy of that argument himself in June when he said:

But ultimately we cannot interfere in a direct managerial sense in Telstra's activities. What we can do is set the framework.

It was Labor itself when it corporatised this company that made sure that the government could not interfere in this commercial operation. So Mr Tanner has blown away that argument. He is right: it is the framework that matters and not the ownership. So get the framework right. We believe, as a result of the Besley inquiry, the Estens report and the extraordinarily complex and sophisticated regulatory regime, that that framework is very much in place.

There were 39 recommendations made by the Estens inquiry. We have adopted all of those in full. One of the major recommendations was about future proofing. They proposed a sensible way of moving forward on future proofing, which I know is a concern to our friends and colleagues in rural and regional Australia, but this is such a fast-moving technological field that you cannot

mandate prescriptive rules about future proofing. Everybody would surely accept that. Regular Estens style reviews, with guaranteed regional representation, are the best way to examine how technology is moving and to look at the best ways that the government, on behalf of taxpayers, can maximise the availability of those services to Australians. Again, probably the best way is to put those services out to tender and invite the commercial sector to tender for those services at government expense. That is the way you do it. It is competition that drives innovation and drives improved services. It is not government ownership of half of one of the companies in the business that does it.

In the bill we said that these Estens style reviews will occur at least every five years. The majority report of the committee that looked at this bill recommends that they be held every three years. That is a recommendation we are very happy to accept, as well as the recommendation made on the reporting of reasons why the government might not accept all that is said in those reports. We have made a good start on future proofing down the track through our National Broadband Strategy, with \$142 million to be invested as part of the Estens response. There is the issue of Telstra's commitment to country Australia and whether that would be sustained. Again, there is no evidence for that. It is idle speculation. The critical thing is not Telstra's commitment per se but the willingness of governments of the day, who have a politically vested interest in this, to ensure that where a service is required it sets up the arrangement so that a tender is put out, which is what we are currently doing, to ensure that those services are provided. That is a matter for the government and the parliament of the day.

I commend what Doug Campbell and Telstra Country Wide have done in ensuring Telstra's presence. As part of our Estens re-

sponse we have ensured that Telstra will have to have local presence plans which will be given the force of law through Telstra's licence conditions. We have directly addressed that issue. With the Estens report and our very comprehensive response, we think we have probably the world's best regulatory regime to guarantee the quality of service and future proofing for all Australians.

We have also said that we would not sell Telstra until market conditions are conducive to achieving an appropriate return for taxpayers. As we have said, our strategy is to get the legislative authority and then to exercise that authority at a time that would be appropriate for Australian taxpayers, who are compelled to be shareholders in this company by the current legislation. Obviously, we cannot predict now what the precise impact on the budget will be from a sale—that will depend on things like the share price at the time, the dividend policy, prevailing public debt interest rates and how we actually sell it. For the purpose of the budget estimations, we have said that a sale is unlikely until the 2005-06 financial year. With the obstructionist behaviour of the Senate, it is certainly likely to be the case that it will not be before then.

There is an idle claim around that selling Telstra will result in a loss to the budget. There are very powerful, overwhelming reasons why the government should not own half of the major telecommunications company in this country that go beyond the immediate impact on the budget. However, I do need to make it quite clear that that argument, again, has absolutely no foundation whatsoever. The basic principle here is that, if the yield from holding Telstra shares is less than the public debt interest rate that we are paying on the \$30 billion we are effectively borrowing to own half the shares in this company, then the budget would be ahead by selling. If you are paying a higher rate of

interest on the money you are borrowing to own the shares than you are getting from dividends, then obviously by selling you would be ahead.

Let us look at if we were able to sell all our shares in Telstra on the market today. I understand the price this morning was \$4.80 a share, the yield on those shares is five per cent and the current long-term bond rate is 5.625 per cent. So right now we are actually paying more in that sense on long-term debt than we are getting back in dividends. The budget is worse off for owning it and will be better off if we sell it. Yes, you do have to pay sale costs. There is a one-off sale cost, but, once that has been amortised, the budget will be ahead every year after that. That is based on the numbers as of today. When we get the legislative opportunity to sell and the timing is right we would work out the numbers then, but there is no reason to think that the equation will be any different in the future.

Claims that the budget will be damaged by the sale of Telstra are utterly false. I remind the Senate that we have already lost a lot of money through not selling Telstra. In 1998 we sought federal parliamentary approval to sell the rest of Telstra. Of course, the parliament only agreed to the sale of a further 16.6 per cent. The average share price achieved in the T2 sale was \$7.55—\$2.80 more than the current price. So the government has effectively lost—and the people of Australia have effectively lost in their role as taxpayers—\$18 billion in proceeds through that lost opportunity. We are now in the ludicrous position of having effectively borrowed on behalf of Australians \$30 billion to buy 50.1 per cent of the shares in an Australian communications company. It is a nonsense position and one that should end.

We base the numbers that I have just put to you on the proposition that the proceeds

are put to reducing that debt to the extent of the sale. It is our key policy that the proceeds of asset sales be put to debt retirement. That is how the budget would be better off. Properly applied, that policy has seen us repay \$65 billion of Labor's debt. We have reduced the annual debt interest bill payable by taxpayers from \$8.5 billion to \$3.5 billion a year. The budget is \$5 billion a year better off from our debt reduction strategy. If we sold the rest of Telstra, we could reduce that debt to zero. Then we could start tackling, as I said yesterday in question time, the \$60-odd billion of unfunded liabilities that taxpayers still wear through the federal government.

There have been many calls to use the proceeds for other purposes. All that is saying is that the government's debt should be higher than it otherwise would be. The proposition is that the government should borrow money to do all these wonderful things. That needs to be understood when the proposition is put that you do not reduce debt, you use the proceeds for other worthy purposes. Each of those propositions can be examined on its merits. At the end of the day, they all involve a proposition that the government should borrow money and pay interest to do all these wonderful things.

The bill is obviously going to be defeated on the second reading. I reconfirm that the government's intention would then be to have this bill reconsidered after a period of three months. I am pleased that there has been some indication of a willingness to have further discussions with the government on this matter, and we will take up that opportunity. We will discuss with those parties prepared to discuss this matter what propositions they want to put to us in relation to this bill.

If this bill is not passed at the second attempt, the fact of the matter is it would then

be available as a double dissolution trigger. That is not something we want; we would rather work constructively with the Senate to enable the duly elected government to be able to implement their mandate. We quite clearly have a mandate for the sale of Telstra, but the obstruction in the Senate is making it impossible to achieve what really at the end of the day is an essential piece of economic reform for this country. Labor recognised that in government. We commend them. We supported them. They were right to sell Qantas. They were right to sell the Commonwealth Bank. They were right to sell the Commonwealth Serum Laboratories. These are all great Australian companies now with millions of ordinary Australian shareholders, creating jobs, paying dividends and adding to the wealth of ordinary Australians. I look forward very much to the day when Telstra can be free of the yoke of government and be a great Australian corporation owned by millions and millions of ordinary Australians, not taxpayers conscripted to ownership of this company.

Question put:

That this bill be now read a second time.

A division having been called and the bells being rung—

Senator Brandis—Mr President, I raise a point of order. Should senators who hold Telstra shares declare that fact?

The PRESIDENT—There has been an amendment moved through the Senate that means that that is not required. I believe it is on the public record, under the arrangements.

The Senate divided. [12.19 p.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes.....	26
Noes.....	34
Majority.....	8

AYES

Alston, R.K.R.	Boswell, R.L.D.
Brandis, G.H.	Calvert, P.H.
Campbell, I.G.	Chapman, H.G.P.
Colbeck, R.	Coonan, H.L.
Eggleston, A.	Ferguson, A.B.
Ferris, J.M. *	Heffernan, W.
Kemp, C.R.	Lightfoot, P.R.
Macdonald, I.	Macdonald, J.A.L.
Mason, B.J.	McGauran, J.J.J.
Minchin, N.H.	Payne, M.A.
Santoro, S.	Scullion, N.G.
Tchen, T.	Troeth, J.M.
Vanstone, A.E.	Watson, J.O.W.

NOES

Allison, L.F.	Bartlett, A.J.J.
Bishop, T.M.	Bolkus, N.
Brown, B.J.	Buckland, G.
Campbell, G.	Carr, K.J.
Cherry, J.C.	Collins, J.M.A.
Crossin, P.M. *	Denman, K.J.
Evans, C.V.	Faulkner, J.P.
Forshaw, M.G.	Greig, B.
Harradine, B.	Harris, L.
Hogg, J.J.	Hutchins, S.P.
Lees, M.H.	Lundy, K.A.
Mackay, S.M.	Marshall, G.
Moore, C.	Murphy, S.M.
Murray, A.J.M.	Nettle, K.
O'Brien, K.W.K.	Ray, R.F.
Sherry, N.J.	Stephens, U.
Webber, R.	Wong, P.

PAIRS

Abetz, E.	Ridgeway, A.D.
Ellison, C.M.	Kirk, L.
Hill, R.M.	McLucas, J.E.
Knowles, S.C.	Cook, P.F.S.
Johnston, D.	Stott Despoja, N.
Tierney, J.W.	Conroy, S.M.

* denotes teller

Question negatived.

**PETROLEUM (SUBMERGED LANDS)
AMENDMENT BILL 2003**

**OFFSHORE PETROLEUM (SAFETY
LEVIES) BILL 2003**

In Committee

Consideration resumed from 15 October.

**PETROLEUM (SUBMERGED LANDS)
AMENDMENT BILL 2003**

The CHAIRMAN—The committee is considering an amendment moved by Senator Brown and an amendment to that amendment moved by Senator Allison. The question is that the amendment moved by Senator Allison be agreed to.

Senator BROWN (Tasmania) (12.23 p.m.)—To refresh everybody's mind: the Greens and Democrats have similar amendments, of which the Greens is stronger. The matter concerns seismic testing around the coast of Australia, which we know damages marine life from micro-organisms to the great whales, potentially including blue whales. It is now established that explosive noises under the sea do great damage to the hearing apparatus and the steering apparatus of whales. The amendment the Greens have before the chamber will ensure that, under the precautionary principle, seismic testing is not allowed unless it can be shown to not have a negative impact on ecosystems.

Since we debated this in the chamber a couple of weeks ago, Senator Minchin will know that Victoria has given the go-ahead to Woodside to test seismically in the Otway basin. That is outrageous. That is the Bracks's government turning its back on its responsibility to protect the environment of the Australian littoral and ensure that these procedures are safe. Obviously, here is another big company, with no safety assurances to give, being allowed to go ahead and have an impact on the environment without that environment being adequately assessed and without any guarantee of safety. It is quite outrageous. The Greens are saying we should ensure that when companies like that are exploring for gas and oil, which is hugely profitable, they must undergo an up-front environmental impact assessment that leads to an assurance there will not be a destruc-

tive impact on both the marine environment and on the fisheries.

Mr Chairman, you will remember that Senator O'Brien asked for the committee to resolve while we had another look at this. I will be interested to see what the Labor Party has discovered in the meantime. As far as the Greens are concerned, the Victorian Labor government has done the wrong thing here. There has been nothing from the Victorian Minister for Environment, John Thwaites, or the Premier, Mr Bracks, to show that the Woodside seismic testing is not going to be damaging to the marine environment, Victorian fisheries and the whale migration—the other great cetacean.

It is inexcusable in 2003 to be flying blind and saying 'shove the environment' while ever we are able, through default, to have the impact on the environment not demonstrated. I ask Senator O'Brien or Senator Minchin if they have any evidence that whales on our coastline have greater protection mechanisms to seismic testing like this than the whales that recently died in the Canary Islands following Spanish naval activities in the same league as this. Do they have evidence that shows there is no impact on the spawning periods of fisheries in the region, which is worrying the Victorian fishermen? Do they have evidence contrary to that now arising that micro-organisms and spawning fisheries are affected by seismic testing? We are long past the days when new technology to advantage resource extractors like this should be implemented before safety has been assured and before the rigorous environment testing required has been brought into play.

The Greens stand very strongly for our amendment. We see the Democrats amendment as being much weaker. It has all those weasel words in it that allow the government and the minister of the day to back out from

their duty under the Environment Protection and Biodiversity Conservation Act. We will support their amendment if ours is not accepted; but ours should be accepted if this chamber is going to do the right thing by the environment and require from Woodside—a multibillion dollar multinational corporation—the assurance that should be here that it is not going to damage the marine environment.

Senator ALLISON (Victoria) (12.28 p.m.)—I want to make sure those in the chamber have seen the amendments circulated by us a couple of days ago that would take Senator Brown's amendment further and resolve some of the matters raised in opposition to it.

The CHAIRMAN—Are you talking about the amendments on sheet 3151?

Senator ALLISON—Yes. I also want to indicate that some of the issues that were raised have been resolved in these amendments. I foreshadow those amendments and indicate that that is our preferred course of action.

Senator O'BRIEN (Tasmania) (12.29 p.m.)—Mr Chairman, I have sheet 3150 from Senator Allison. Has that been replaced by 3151?

Senator Allison—Yes.

Senator O'BRIEN—I will obtain a copy of that, but perhaps you could advise us on the record of the difference between the two, as I do not have it at the moment.

Senator ALLISON (Victoria) (12.29 p.m.)—I am sorry, Senator O'Brien, I cannot tell you exactly. I think it is a minor matter, but I can get advice on that.

Senator O'BRIEN (Tasmania) (12.30 p.m.)—I accept Senator Allison's assurance that the difference between 3150 and 3151 is minor. I take it that means that it is not a substantial change to the position that was pre-

sented in the amendment dated 27 October, and therefore I am confident that my riding instructions, such as they are, are still valid for the varied amendment.

In terms of the Democrat amendment, when this matter was before the chamber we were confronted with two amendments which had been drafted on the same day as and possibly even contemporaneously with the conduct of the debate. Certainly, the opposition were not comfortable with shooting from the hip, as it were, with regard to those amendments. We wanted the opportunity to understand the full impact of those amendments and consider their ramifications.

Labor agrees with the general premise that seismic testing and other activities associated with oil and gas exploration should be conducted in an environmentally sensitive manner. We are also of the view that this is an important bill to establish a National Offshore Petroleum Safety Authority to regulate safety in the industry. We take the view that it is not appropriate to pursue both strands of legislative reform with this bill. We are concerned that those who are anxious for the reforms contained in this piece of legislation may see unnecessary further delay in the implementation of the measures contained in the bill if we were to go down the path of pursuing another agenda with this legislation—that agenda being the one created initially by Senator Brown's amendment and, in a slightly different form but going down the same path, by Senator Allison's.

Labor believes that the Petroleum (Submerged Lands) Act and the Environment Protection and Biodiversity Conservation Act already contain significant safeguards for conducting seismic testing for petroleum exploration, which have the potential to adequately protect ecosystems and living species. In addition to provisions in both the acts and in associated regulations and guidelines,

the Department of the Environment and Heritage has specific guidelines for offshore seismic operations and their interaction with cetaceans. Companies may also require a whale permit if their activities may interfere with cetaceans in Australian waters—and that may be quite different from the example that Senator Brown referred to involving a naval exercise, so we would see this as a different circumstance. Those guidelines were originally negotiated between the industry, the Department of the Environment and Heritage, the Australian petroleum exploration authority, environmental non-government organisations and the Department of Industry, Tourism and Resources. These guidelines are currently under review.

Under the Petroleum (Submerged Lands) Act and its environmental regulations, companies must also prepare an environment plan prior to undertaking any activity. Environment plans outline any potential impacts and mitigation measures to minimise those impacts. Environment plans are the subject of approval by the relevant designated authority. The resources division of the department is currently drafting a strategic environmental impact assessment. One area considered by the strategic environmental impact assessment is mitigation measures for minimising potential impacts of seismic testing on cetaceans. So there is a significant amount of work being done on the mitigation which is being pursued, as I take it, by the amendments of both the Greens and the Democrats.

In the circumstances, we are not comfortable with throwing these amendments into the mix of a piece of legislation which has another purpose. Doing so may well derail that process. We are keen for the process of investigation to continue and we are keen to see—as far as is possible, given the understanding of the science in the area—that mitigation measures obviate the concerns of

the minor parties. Having said that, Labor will not be supporting either of the amendments. Labor believes it is not appropriate in the circumstances to address these environmental matters in relation to this piece of legislation. We will not be voting for these amendments.

Senator BROWN (Tasmania) (12.36 p.m.)—Isn't that extraordinary? Just this week Labor have been in here demanding that the amendments to the superannuation legislation to do with insisting on the rights of same sex and dependent couples be agreed to. Now, when it comes to this piece of legislation, they say: 'How dare the Democrats and Greens put amendments to the petroleum exploration bill that would protect the environment? Those are two different things.' There is a total inconsistency there. Senator O'Brien's own argument is shot down by the example Labor made earlier this week of standing on principle. But, now that it is convenient, they are going to collapse and not stand on principle.

What a lot of codswallop we just heard from Senator O'Brien. He says that companies may require a whale permit if their activities may interfere with whales. Those are weasel words. There would be a little bit of interest in the matter if Labor said that, under any circumstances in which whales were in the region, a company would have to cease activities. Senator O'Brien gives away the game by his own words. This is a slavish cave-in to the big petroleum company which has Labor where it wants it, and the marine environment can go rot. Even the precautionary principle, which Labor in some other circumstances does stick to, goes west here. The interests of the fishing communities at Port Campbell and elsewhere in Victoria, as well as those of the marine environment and the tourism industry, are going to be side-swiped by Labor joining together with the

government simply because it does not want to discuss it.

I ask Senator O'Brien to explain to the Senate what 'minimising impacts' means. Could you explain what impacts on the whales and the spawning fish you are talking about and where the minimum line is drawn for those specific impacts? When Labor talks about mitigating the impact of these rapid, 200-decibel explosions under sea, which we know have massive impacts on the immediate environment—but there is not much known about what happens to the rest of the ecosystem—what do you mean? Are you going to put sound muffs around it? Are you going to put up 'stay out' signs for the marine species in the area? It is a lot of codswallop. It is a failure by Labor, and the government, to stand up for the environment, to do the right thing by the environment and to use simple commonsense to ensure that the environmental amenity is not impacted upon by these massive rapid and damaging explosions that Woodside—and previously Benaris—are planning. It is totally irresponsible. The opposition will have no argument to substantiate the case it puts in turning down the Greens amendment or even the Democrats amendment, which is coming next.

Senator O'BRIEN (Tasmania) (12.40 p.m.)—Given it is broadcast day, I am not surprised that Senator Brown runs that sort of argument. A bit of free publicity to run an untenable argument is something that Senator Brown never misses.

The fact of the matter is that a whole range of options would exist for minimising impact, including taking steps to know whether the animals are actually present at the time. But of course that is not the sort of option that Senator Brown would like to put up as one that we might consider. He wants to set up the straw man in his untenable ar-

gument so he can demonstrate to those who are listening, and who may not appreciate the whole range of options that might be considered, that perhaps we have not considered anything realistic in relation to harm minimisation. But of course we have. There are people of goodwill from the Department of Industry, Tourism and Resources, the Department of the Environment and Heritage and non-government environment organisations—which I would have thought Senator Brown had some confidence in—who will be looking at these matters. They will all be looking at how these matters can be minimised in the review that we talked about, but Senator Brown is not keen for that sort of argument to get out to the public. He wants to put a much more distorted view for the purposes of propaganda, and he uses broadcast day to do it.

He does not tell the listeners that his amendment is about a ban on seismic testing. That is what his amendment is about. Let us not be under any illusion. We did say when this matter was before the Senate on the last occasion that we would not support a blanket ban, and that is the effect of Senator Brown's amendment. We have considered the Democrat amendment, which is slightly less onerous but poses some problems, and I have explained the reasons we will not be supporting it at this time. Whilst we have concerns that this matter is addressed sensitively, we believe there is a mechanism to do it. We believe there are within the department, non-government organisations and the community generally people of goodwill who will see that this matter is pursued properly on the basis of not a cheap political point on broadcast day but getting an outcome which allows for the pursuit of a resource which is important to this community—whether we like it or not—and allows businesses that support this economy to continue to operate. We believe there are appropriate measures

which can and will be put in place. We will support the current process, and we do not want to derail this piece of legislation. I indicate that the opposition view has not changed, but I was not prepared to let that piece of propaganda go unanswered.

Senator BROWN (Tasmania) (12.43 p.m.)—Well there you go! Labor, when there is a contentious issue, would apparently like it not to be placed on broadcast day. Let me say that Labor and the government basically arrange the procedures here. I have no say in when these things are scheduled, and I am not going to be fall guy for the sort of absurdity that we should not debate contentious issues when the public is listening.

Progress reported.

BUSINESS

Rearrangement

Senator MINCHIN (South Australia—Minister for Finance and Administration) (12.44 p.m.)—I move:

That the order of the Senate agreed to earlier today relating to bills to be considered from 12.45 pm to 2 pm, be varied to provide that government business order of the day no. 7 (Telecommunications Interception and Other Legislation Amendment Bill 2003) be considered from 12.45 pm till not later than 2 pm today, after consideration of the government business orders of the day nos 5 and 6.

Question agreed to.

FARM HOUSEHOLD SUPPORT AMENDMENT BILL 2003

Second Reading

Debate resumed from 14 October, on motion by **Senator Ellison**:

That this bill be now read a second time.

Senator O'BRIEN (Tasmania) (12.45 p.m.)—The **Farm Household Support Amendment Bill 2003** amends the Farm Household Support Act 1992 to extend the application period for the Farm Help pro-

gram from November 2003 to 30 June 2004 and, therefore, extend the payment period. The bill makes other administrative changes to the operation of the program. Farm Help Supporting Families through Change is part of the Agriculture Advancing Australia package of programs. It commenced in July 2000 as a successor to the Farm Family Restart Scheme. Labor supported the passage of the Farm Household Support Amendment Bill 2000 and it will support the passage of this bill.

Farm Help provides financial support to low-income farm families who cannot borrow against their assets while they actively consider their future in farming. This financial support includes 12 months of income support at the same rate as the Newstart allowance, financial assistance for business advice, and a re-establishment grant of up to \$45,000 and additional retraining funding for farmers who decide to sell their farm and leave farming. Under the terms of the bill, the closing date for applications for income support will be extended from 30 November 2003 to 30 June 2004. Income support payments will then be payable until 30 June 2005. Amendments to the Farm Help Re-establishment Grant Scheme 1997 instrument, established under the act, will extend the closing date for applications for the re-establishment grant to 30 June 2004.

My office made contact with Mr Truss's office three weeks ago and sought advice on the progress of drafting with respect to this and related instrument changes, including changes that will combine existing professional advice and retraining grants. Given that the interim extension of the program was first announced in May 2003, it seems to me that the government has had plenty of time to get its act together, including drafting appropriate instrument changes. I would be grateful if Senator Troeth would provide the Senate with an update.

The administrative changes to Farm Help introduced by this bill are designed to improve the program's efficiency and effectiveness. Many farmers will welcome the extension of validity for certificates of inability to obtain finance. The bill removes the requirement that farmers obtain a new certificate every six months to remain on the program. A certificate will remain valid for 13 months as long as a farmer's application is lodged with Centrelink within one month of receiving the certificate. That means that the certificate will effectively cover the full 12 months for which income assistance is available under the program.

Another change related to the certificate of inability to obtain finance is the new requirement to be imposed on program applicants requiring them to obtain a certificate from their primary lender. This is intended to ensure that the certificate is issued on the basis of the farmer's current financial circumstances and, in the circumstances, makes good sense. Another change that makes sense is the requirement that all farmers joining the program prepare an activity plan. The extension of the Farm Help program will give farmers continued access to Farm Help assistance while the government considers new arrangements for Farm Help type assistance.

When this bill was debated in the Main Committee of the other place, my colleague Sid Sidebottom, the member for Braddon and the shadow parliamentary secretary for primary industries, asked the minister to advise details of his progress in designing a successor program. The minister quite unreasonably and arrogantly refused to provide such advice. He instead encouraged the opposition to wait until next year's budget for an announcement.

Support for farmers in transition is not a matter about which Labor thinks governments and oppositions should play politics.

All of us in this place should have a genuine interest in supporting farmers through change, particularly in these difficult times for farming. Given the fact that this bill gives effect to a mere interim extension to Farm Help, it is, in my view, appropriate for the government to identify whether its funding priorities allow for a successor program. Seven months in the tumultuous world of Minister Truss's office may seem like a lifetime, but a seven-month extension to this program gives farm families little certainty.

A number of the administrative changes contained in the bill directly implement recommendations of an Australian National Audit Office report presented to the parliament earlier this year. Mr Sidebottom asked the minister a number of other questions related to his progress in implementing administrative improvements that are not part of this bill. I regret that the minister saw fit to provide no useful advice to the other place.

Two weeks ago my office advised the minister's office that I would seek advice from Senator Troeth on a number of matters during this debate. Consistent with that advice to the minister's office, subsequently reaffirmed to the office of his parliamentary secretary, I ask Senator Troeth to advise the Senate what progress the government has made on developing a performance measure for payment correctness, acting to prevent the duplication of financial support for advisory services to primary producers and developing performance information for industry adjustment. The minister told the other place that his department was working with Centrelink on these issues. That is good, but what progress has the government made? What improved measures have the minister and his colleague Senator Patterson implemented?

Mr Sidebottom also sought an assurance from the minister that the proposed amend-

ments would impose no additional costs on the Commonwealth, consistent with the financial impact statement in the explanatory memorandum tabled by the very same minister at the conclusion of his second reading speech. Mr Truss appeared bamboozled by the request, so I ask the parliamentary secretary the same question: can she provide the Senate with an assurance that the administrative changes to the program will not cost the Commonwealth any more? Mr Truss told the other place:

... it is self-evident that by making the Farm Help program available to more farmers it will obviously cost more money and that is clearly intended. But the costs et cetera are outlined in the financial impact statement, and I am not aware of any other issues that might give rise to the member's question.

The 'costs et cetera' are not outlined in the financial impact statement beyond the declaration that the amendments will impose no additional costs and the overall cost of the Farm Help program in 2003-04 will be met from existing budgeted expenditure levels.

The cost of extending the availability of assistance under Farm Help is not outlined in the explanatory memorandum or in the department's portfolio budget statement. The PBS for 2003-04 merely provides that funding for the extension has been allocated to the contingency reserve. Labor has been most cooperative in facilitating the passage of this bill through the parliament. I have no desire to delay its passage, but I do seek advice on the costs of the program in 2003-04 and 2004-05.

In May Labor sought advice in estimates as to why program funding was allocated to the contingency reserve. No satisfactory answer was provided by Mr Truss's department. Accordingly, I ask the same question of Senator Troeth today. I trust the parliamentary secretary has been equipped with the advice that she needs to facilitate a

speedy passage of the bill and, perhaps more importantly, meet a minimum standard of accountability to the parliament. On the expectation that Senator Troeth will provide satisfactory answers to Labor's questions about the bill, I am pleased to indicate our support for the bill, as well as for the minor technical amendments circulated by the government. If those answers are given, we would not require a committee stage. But in the absence of those answers, we may well require a committee stage.

Senator CHERRY (Queensland) (12.53 p.m.)—The Democrats likewise will be supporting the **Farm Household Support Amendment Bill 2003**. Indeed, we have supported the Farm Help program, which was established through the Farm Household Support Act, because of the necessary assistance it provides to many Australian farmers. In the past we have expressed some concerns about the way the program was targeted and its resulting outcomes. It is encouraging to note that the bill picks up a number of the recommendations from the two previous reviews of the Farm Help program, which identified several problems with the uptake of the assistance. The ANAO's report shows that in 2001-02 the number of customers on income support was overestimated by 30 per cent, on professional advice by 21 per cent and on re-establishment grants by 11 per cent. One of the key aspects of this bill that we note and which we support is the extension of the period for making applications for Farm Help income support to June 2004.

The problems with Farm Help which have been identified by the ANAO have also been evidenced in the \$120 million Sugar Industry Reform Assistance package, which has been based on the Farm Help program but targeted much more at the economically stressed sugar industry. This package was established to deliver assistance to cane growers in order to overcome current difficulties and achieve

a profitable future for the industry. The scheme has been massively undersubscribed, with only one of its objectives being partially met.

In Senate estimates questions in May it was found that there had been close to 2,600 successful applicants for income assistance, of which 395 had been unsuccessful, and at that time eight applications were pending. This number was significantly lower than the 4,200 who received support in 2000-01 and it accounted for only \$9.3 million of the estimated \$30 million allocated for income support measures. It is worth noting that the income assistance under the sugar package finished on 30 September and from that time people were required to apply for assistance under Farm Help, and I understand that quite a number of people have done so. The Democrats expressed frustration at that time that the government did not see fit to extend the income support aspects of the Sugar Industry Reform Assistance package, notwithstanding the fact that there had been no progress on reform in the industry, no progress on reaching agreement with the Queensland government and no progress at an international level in terms of relieving the income pressures on sugar farmers, particularly in my home state of Queensland.

At the estimates hearing in May it was also disclosed that there had been only seven applications for the one-off industry exit grant of \$45,000 and all of those were still pending at that time. Even if they were all granted that would only be \$315,000 of the estimated \$30 million allocated for exit grants under the sugar package. Although applications for the industry exit grant remain open until 30 March 2005, there would need to be 666 payments to use the \$30 million allocated. Under the current criteria it is highly unlikely that these moneys will be used, because of the difficulties associated with qualifying for it. To qualify for the

grant, a farmer must be entitled to income support and present a business plan under this program.

While this bill amends the Farm Help program, it is not clear if the amendments will flow to the Sugar Industry Reform Assistance program. There is a great need in Queensland for the continuing assistance and the sugar industry remains in very urgent need of reform. We urge the government to work much more constructively with the Queensland government to ensure that these reforms are undertaken in a manner that is appropriate for cane farmers in Queensland. It is worth noting that in the past year the world price of sugar has dropped 16 per cent and the Australian dollar has risen 25 per cent. The current Queensland Department of Primary Industries forecast for the industry shows that the gross value will drop by 15 per cent, its lowest level for more than a decade.

To avoid the Sugar Industry Reform Assistance program failing to meet its target of delivering reform in the industry, we need to look at the industry's exit grant program again. We need to ensure that it is better targeted at the needs of cane growers and also ensure that income support continues to be available whilst stress remains on that industry. If the government is serious about reforming the sugar industry then it must continue what it has started and ensure that its reform objectives are met.

I also want to touch very briefly on another key element of the government's assistance to farmers in stressed circumstances—that is, the Farm Management Deposit Scheme. Whilst it is not touched upon by this bill, it is a key part of the measures in the government's package. It is worth noting that figures released on 23 October showed that farm management deposits had risen to a record level of \$2.48 billion, up \$407 million

on June the previous year. The minister set great store by the fact that there had been a total of \$597 million in withdrawals from the scheme over the course of the last financial year—more than three times the amount of withdrawals in the previous year. But there was also an increase in deposits of \$1 billion in the same year. The Democrats do find it somewhat difficult to reconcile in our own minds why there should be a net increase in farm management deposits in a year in which a large percentage of the Australian farming community faced one of the worst droughts in Australian history. You would think that in such a year the Farm Management Deposit Scheme's total deposits would have fallen rather than risen by \$400 million. We would urge the government to look at that matter. We would hate to think that the Farm Management Deposit Scheme, despite its very good and commendable objectives of evening out income between good and bad years, was simply turning into little more than a tax minimisation plan for high-income farmers. We would urge the government to look to the future when considering that matter.

As I said, the Democrats will be supporting this scheme. We urge the government to continue to ensure that its income support measures are appropriate to the needs of Australian farmers and that, in industries that are under extreme stress, such as the sugar industry, assistance is provided in a form that is appropriate, that meets needs and that is targeted to achieving appropriate outcomes. But we also urge the government to ensure that, in its other reform measures such as the Farm Management Deposit Scheme, again the assistance is targeted, the incentives are targeted and the rebates are targeted so that help goes to those people who genuinely need it and can genuinely use it, rather than simply providing a tax break which is not necessarily called on in years of drought.

Senator BOSWELL (Queensland—Leader of The Nationals in the Senate) (1.00 p.m.)—As I was walking down the corridor to speak in this second reading debate on the **Farm Household Support Amendment Bill 2003**, I heard Senator Cherry expressing some doubt about the income deposit and how it had built up in a bad year of drought. The reason is that a number of farmers and graziers were destocking and selling all the cattle off their properties because of drought and putting their money into the farm deposit scheme. That is why the farm deposit figure is rising in a year in which you would expect it to be falling. I clarify that situation because I would hate the Democrats to attack the very worthy farm deposit scheme that makes hay when the sun shines and allows people to pay off their debts when things are tough.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.01 p.m.)—The amendments to the Farm Help Supporting Families through Change Program contained in the **Farm Household Support Amendment Bill 2003** reflect the government's commitment to the development of self-reliant, competitive and sustainable rural industries. The Farm Help program provides a proven, effective safety net for farm families facing severe financial difficulties.

I have several government amendments which I will move in the committee stage of the bill but will briefly outline now. One government amendment to this bill is required to change the references to 'farmer' in subitems 35(3), (4) and (5) to 'person' in order to make a technical correction. These amendments will correct a reference within the transitional provisions and achieve consistency between these provisions of the Farm Household Support Amendment Bill 2003 and the eligibility criteria contained in

the Farm Help Advice Scheme and the Farm Help Re-establishment Grants Scheme.

During the second reading debate on this bill on 9 October 2003 in the House of Representatives, my colleague the Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, responded to several questions from the member for Braddon, and I will take this opportunity to respond to those questions in order to inform the Senate. In response to the ANAO audit of Farm Help, the Department of Agriculture, Fisheries and Forestry is addressing the four recommendations relating to Farm Help in several ways. The ANAO recommendation in relation to the Farm Help certificate of inability to obtain finance has been addressed in this bill.

The two recommendations relating to performance measures and strengthening existing arrangements with service providers are currently being addressed with Centrelink. The department is working with Centrelink to apply a business assurance framework that will ensure that an appropriate performance measure for payment correctness is implemented for the Farm Help program. The development of this business assurance framework will also build on existing arrangements with service providers to ensure that they comply with legislative requirements. The fourth recommendation, relating to the interaction between the Rural Financial Counselling Services program and Farm Help, is amongst the issues being considered in the AAA package that will be part of the consideration for the next federal budget.

The proposed amendments contained in the Farm Household Support Amendment Bill 2003 will allow all farmers on the program to access the training grant, and this will increase program expenditure on a per capita basis. However, these enhancements will not impose any additional cost on the Commonwealth during 2003-04. Program

costs during 2003-04, including the proposed enhancements, are expected to be met from within existing budgeted expenditure levels under the Agriculture Advancing Australia package. The government has allocated \$20.7 million in 2004-05 for the Farm Help program for those on Farm Help before 30 June 2004. The future of Farm Help for new applicants beyond 30 June 2004 is currently being considered in the context of a new AAA package.

The disallowable instruments established under the Farm Household Support Act 1992 are to be amended to implement the program enhancements. The Farm Help Advice Scheme 1997 instrument is to be amended to specify the operational details of the combined Farm Help advice and training grant. The Farm Help Re-establishment Grants Scheme 1997 instrument is to be amended to extend the closing date for applications for the re-establishment grant to 30 June 2004 and to clarify the eligibility criteria for the grant so that it is paid to people for whom it was intended—that is, farmers who have been, and continue to be, reliant on the farm for their livelihood prior to its sale.

The amendments to the disallowable instruments are currently being drafted. These amendments cannot take legal effect until the relevant amendments in the Farm Household Support Amendment Act 2003 are in force. It is intended that the amendments to the instruments will take effect at the same time as the Farm Household Support Amendment Act 2003 receives the royal assent, and the amendments to the instruments will be tabled in parliament within 15 days of taking effect. I trust that that has answered the questions that have been raised. I thank senators for their support of the Farm Household Support Amendment Bill 2003 and I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.08 p.m.)—by leave—I move government amendments (1) to (6):

- (1) Schedule 1, item 35, page 9 (line 12), omit “farmer”, substitute “person”.
- (2) Schedule 1, item 35, page 9 (line 15), omit “farmer”, substitute “person”.
- (3) Schedule 1, item 35, page 9 (line 18), omit “farmer”, substitute “person”.
- (4) Schedule 1, item 35, page 9 (line 22), omit “farmer”, substitute “person”.
- (5) Schedule 1, item 35, page 9 (line 25), omit “farmer”, substitute “person”.
- (6) Schedule 1, item 35, page 9 (line 26), omit “farmer”, substitute “person”.

I table an explanatory memorandum relating to the government amendments. The memorandum was circulated in the chamber on 13 October 2003.

Senator O'BRIEN (Tasmania) (1.08 p.m.)—A couple of issues arise from Senator Troeth's responses to the questions I raised in my second reading contribution. I thought this would be the best opportunity to obtain a little clarity. I understood Senator Troeth to have said—and perhaps she can confirm this or otherwise—that the estimated expenditure of \$24.9 million for Farm Help in 2003-04, outlined in the current portfolio budget statement, remains accurate, notwithstanding those changes. Is the parliamentary secretary saying that there is not an estimate for expenditure in 2004-05 and, therefore, she is unable to supply us with one? Or is she saying that there has been an estimate but that the government does not want to release that until the budget announcements in May next year? Given that—as I read the numbers

here—we are about to legislate for the package, which will allow for the expenditure notwithstanding the budget, I am wondering why, if no assessment has been made as to the cost of the program in 2004-05, no such estimate of expenditure has been made. As to why funding has been allocated to the contingency reserve, perhaps I missed it in your earlier answer but I did not quite pick up a response to that question that I raised earlier and that I think Mr Sidebottom raised.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.11 p.m.)—In response to Senator O'Brien, I thought what I had said was perfectly clear. The program costs during 2003-04, including the proposed enhancements, are to be met from within existing budgeted expenditure levels under our current package. The government has allocated \$20.7 million in 2004-05 for the Farm Help program for those on Farm Help before 30 June 2004—that is, up to that point. The future of Farm Help for new applicants beyond 30 June 2004 will be considered as part of our new package, or in the context of a new AAA package.

Senator O'BRIEN (Tasmania) (1.12 p.m.)—I take it, and the parliamentary secretary can confirm this, that that means no estimate has been made of the financial cost of the impact of the extension of this measure by this legislation. I am asking whether that is what the parliamentary secretary is saying. I would also appreciate a response on the question of the contingency reserve.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.12 p.m.)—The existing applicants and those who make application before 30 June 2004 will be dealt with in the context of our existing budgeted expenditure levels. Applicants

after that date will be dealt with in the context of our future package.

Senator O'BRIEN (Tasmania) (1.13 p.m.)—Can I ask, then, what is the purpose of this legislation? As I understand it, we are taking this package into the future package. We are legislating for that. If the government intends to change that, why are we passing this legislation now?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.13 p.m.)—We have extended the closing date for applications to 2004, and that is why this legislation is going through at this point in time. No doubt if we need further legislation for a further package, we will take that through at the appropriate time.

Senator O'BRIEN (Tasmania) (1.13 p.m.)—I understand that, and I understand that we are extending the application date, which has the impact of extending the payment period into the financial year 2004-05. The government may be looking at another package, but the question I ask is: has an estimate been made of the expenditure required to meet that extension of funding into 2004-05? If it has not, why not?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.14 p.m.)—I am quoting from page 16 of the budget statement of the Minister for Agriculture, Fisheries and Forestry earlier this year which is entitled 'Sustaining agriculture—the drought and beyond'. At the top of page 16, I see the words:

The Government has allocated \$20.7 million in 2004-05 to extend applications to 30 June 2004, and further residual expenditure of \$3 million in 2005-06.

Any further budget allocations will be made in the context of a later package.

Senator O'BRIEN (Tasmania) (1.15 p.m.)—I thank the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry for her answers. I indicate that the opposition will be supporting the amendments and that we may have some questions next week.

Question agreed to.

Bill, as amended, agreed to.

Bill reported with amendments; report adopted.

Third Reading

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.16 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FINANCIAL SECTOR LEGISLATION AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 2 December 2002, on motion by **Senator Patterson**:

That this bill be now read a second time.

Senator MURRAY (Western Australia) (1.16 p.m.)—The **Financial Sector Legislation Amendment Bill (No. 2) 2002** contains a range of amendments to strengthen Australia's prudential regulation over the financial services industry. The Democrats will be supporting the bill. The key amendments relate to the Banking Act. This act was significantly amended as a result of the Wallis inquiry back in 1998, which appointed the Australian Prudential Regulation Authority, APRA, as the prudential regulatory supervisor for banks and other financial institutions, including authorised deposit taking institutions, known as ADIs.

This bill gives effect to APRA's recommendations in its publication *Core principles*

for effective banking supervision—self assessment for Australia. This relied upon the papers of the Basel Committee on Banking Supervision. These papers were, in 1997, *Core principles for effective banking supervision* and, in 1999, *Core principles methodology*. The changes that are proposed include extending APRA's supervisory power over conglomerates that have an ADI as one of their members; increasing the level of auditor reporting to APRA; including fit and proper person requirements for banking directors, senior managers and auditors; and placing a requirement on banking entities to notify APRA of any breach of prudential requirements or any other matter that could affect its financial stability.

One of the key changes relates to the regulation of auditors reporting to APRA. This bill will increase the information that an auditor must give APRA in respect of ADIs. Failure to pass on information which indicates that an ADI is insolvent, or is becoming insolvent, will be an offence. A further provision ensures that, where an auditor provides information about the company to APRA, they will not be liable to any person if this is done in good faith and without negligence. Additionally, the auditor amendments will bring the definition of an ADI auditor into line with the Insurance Act rules dealing with general insurance company auditors.

Another amendment provides that a person cannot hold the position of director or senior manager of an ADI if they are a disqualified person. There are various categories of disqualified person, primarily dealing with dishonest conduct and bankruptcy. APRA has the power to remove a director or senior manager if they are disqualified or if they do not meet the prudential fit and proper standards. This legislation has been subject to the scrutiny of the Senate Economics Legislation Committee. The committee accepted that the government's proposal to implement

a fit and proper regime supplemented with legislative power to disqualify unfit persons was the preferred approach.

However, at the time, the Democrats and Labor were concerned that the bill did not set out the minimum criteria by which the fitness and integrity of directors and managers could be assessed. We issued a joint minority report on this basis along with a proposed amendment by which criteria could be defined by regulation and subject to disallowance. Since then, government amendments have been drafted that allow regulations on the fit and proper criteria to be implemented. I have seen the regulations; they contain 19 detailed criteria and they are very comprehensive. These amendments will also apply to auditors.

I would like to thank all involved on the government side and my Labor colleagues for reaching this satisfactory and amicable outcome. This solution demonstrates that, far from the rhetoric of the Senate being obstructionist, the Senate performs a vital role in legislative review and produces excellent results for the Australian community—and so it has done for the 1,284 bills that the Senate has passed so far in the life of the Howard government.

The rest of the legislation has some small technical amendments. There are some minor changes to the Superannuation Industry (Supervision) Act which ensure that awards made by arbitration by the Superannuation Complaints Tribunal remain in force even though the arbitration powers have been removed. The Democrats will be supporting this legislation and the government amendment. The banking sector has performed well since the 1980s and since the Wallis reforms, but the tragic collapse of HIH highlights the need to identify and act upon the early warning signs of corporate collapse, particularly

in the financial services industry. Regrettably, there can be no room for complacency.

On disclosure more generally, the Democrats welcomed the recent release of the corporate governance draft legislation known as CLERP 9, but our concern is that it does not go far enough. On a first appraisal, CLERP 9 looks to be wide-ranging and quite strong. Nevertheless, we fear the influence of the big corporate mates of the government, and we wonder if it goes far enough. It will be extensively tested through the Parliamentary Joint Committee on Corporations and Financial Services, on which I sit, and the Democrats will put our suggested changes to the committee for their appraisal.

An area of strong political and public interest is that of executive remuneration. It was the Democrats and Labor that forced the coalition government to accept the disclosure of executive remuneration. We welcome the coalition's acceptance of this principle now and their intention to enhance it through the non-binding shareholder vote on remuneration. It is at least a first step to putting boards on notice that executive greed has to end. Ideally we would like shareholders to be given a binding veto on excessive executive salaries. Unfortunately, some boards and too many directors have had their hands in the till and have shown that they cannot be trusted.

Good corporate democracy is the key to corporate governance. We live in an advanced democracy—thank goodness—and it is right that we apply the same judgments to the way in which our corporations are run. We must test which of the following democratic mechanisms need reinforcing in corporations: best practice regular elections; compulsory voting; representative bodies; independent institutions and people; appointments on merit; the separation of powers; and transparency, accountability and full dis-

closure. Poor corporate governance is bad for productivity and profitability. It creates situations where major conflicts of interest, mismanagement, impropriety and even corruption can go unchecked.

This legislation is long overdue. The need for tough corporate governance law reform has long been apparent. We need to end the self-regulation that has previously favoured that minority of high-profile, big-corporation spivs. Stronger legislation is the only way to ensure transparency and accountability, and CLERP 9 is a positive step forward. You can be sure we Democrats will use our balance of power position to ensure that the new legislation is as tough as possible; the corporate crooks deserve nothing less.

Finally, I must comment that it was pleasing to see the issue of social responsibility being discussed last week. I congratulate the RepuTex committee for the release of their social responsibility ratings for 2003. It is the first time these comprehensive ratings have been released. They cover the important criteria of corporate governance, environmental impact, and social impact and workplace practices. The Australian community has an expectation—and a legitimate one—that larger corporations, some of whose turnover exceeds that of some governments, play their part in contributing to a cohesive and just society. We expect companies to do more than simply churn greater profits year after year, particularly if those profits come by sacking workers or damaging the environment.

Investors are increasingly becoming focused on ensuring that their own values and principles are reflected in the corporations that receive their capital. This is a worldwide phenomenon. If the government's legislation on the choice of superannuation funds was ever implemented, we would be seeking to ensure that so-called ethical investing

choices are available and strongly promoted to superannuation members.

Obviously, some corporations are reluctant to be assessed on their triple bottom line, while others embrace it. I strongly urge those who did not participate in this RepuTex venture to sign up next year. If you do not, I suspect that there will come a time when the community will demand these changes and it will be ASIC that will be demanding the information. Failure to comply will cost more than a damaged reputation.

Although debate on the issue has been positive, it has been disappointing to see the criticisms of some of those who are very good thinkers in many areas of corporate law or corporate practice. Gary Johns from the Institute of Public Affairs, Peter Hendy from ACCI and Terry McCrann from the *Herald Sun* are, I think, out of step with the rest of the community on these issues.

The criteria may appear subjective and there are complaints that corporations should not be reviewed by organisations such as Greenpeace, ACOSS and the ACTU, but the review by such organisations, amongst many others, is only a small part of the ratings process. I believe it is legitimate for such groups to be included, as they are in the perfect position to understand the complexity and the variety of the impacts that a corporation causes. There is no doubt that the ACTU understands industrial relations impacts on employees. I see no reason to change a system which gets input from bodies such as that.

I congratulate Westpac chief executive officer David Murray and his organisation for their AAA rating. I will be following this issue further and urging the entire business lobbying community that regularly comes to see me to take such surveys seriously. The alternative is to give ASIC and the ASX the legislative power and responsibility to con-

duct similar work. That is certainly not necessary at this time.

Business protested vigorously when we introduced legislation that forced the disclosure of the top five salaries. Now it is accepted and the government supports the concept of giving shareholders some say in executive remuneration. In years to come I am sure that I will be making the same comments about social responsibility ratings.

In conclusion, the Democrats will be supporting this legislation that deals specifically with the financial services sector. I have taken the opportunity to range a little wider than the bill, but I think it is relevant within the broad ambit of corporate affairs. We note that persistently poor business conduct means that the entire business community should be, and is, on notice that they will continue to be under scrutiny by the public, the media, the opposition and, not least, the Australian Democrats.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.27 p.m.)—The further amendments to the *Financial Sector Legislation Amendment Bill (No. 2) 2002* which have been made to three of the financial sector acts which the bill deals with are largely technical in nature. The effect and reasons for the amendments are as follows. The amendment to the Banking Act has the effect of clarifying the implementation of the ‘fit and proper’ test to be applied by the Australian Prudential Regulation Authority in its regulation of the banking sector. It refers to matters which APRA may take into account when making an assessment as to whether an affected person is fit and proper. The amendment to the Superannuation (Resolution of Complaints) Act is the result of concerns expressed by stakeholders which had not been raised previously and which refer to the extension of the time limit on disability benefit applica-

limit on disability benefit applications from one to two years. The amendment to the Corporations Act is purely technical in nature and has the effect of deleting an item in the bill which has been made redundant as a result of other amendments to the Corporations Act contained in CLERP 7.

The passage of the bill will have the overall effect of improving the application and operation of seven acts dealing with the financial sector and will enable the financial sector to operate more effectively and efficiently by further improving the application and implementation of the various acts. This will help to avoid confusion which currently exists in penalties, in definitions and in discrepancies with other legislation. The main amendments are to the Banking Act and, besides the introduction of the ‘fit and proper’ test to be applied by APRA to directors, senior managers and auditors of banks, credit unions and building societies, will improve the prudential regulation of these institutions and will ensure that Australian regulation is in compliance with world’s best practice.

The bill will enable a smooth continuation of business activities in the financial sector, which is a major driver of the economic prosperity which we have come to enjoy. The bill does not contain any other controversial amendments and there has been wide consultation with industry and other government agencies. I thank all concerned for their contribution and commend the bill to the Senate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.30 p.m.)—by leave—I move government amendments (1), (2) and (3):

(1) Schedule 2, item 17, page 17 (after line 19), after subsection 21(1), insert:

(1A) In deciding whether it is satisfied as mentioned in subsection (1), APRA may take into account:

- (a) any matters specified in the regulations for the purposes of this paragraph; and
- (b) any other matters APRA considers relevant.

(1B) If regulations specifying matters for the purposes of paragraph (1A)(a) also specify the way in which, the extent to which or the circumstances in which:

- (a) the matters; or
 - (b) any information or material relating to the matters;
- may be taken into account by APRA, APRA must comply with the regulations.

(3) Schedule 7, items 10 to 12, page 45 (lines 5 to 20), omit the items, substitute:

10 Paragraph 14(6A)(b)

Omit “one year”, substitute “2 years”.

11 Paragraph 14(6B)(b)

Omit “one year”, substitute “2 years”.

The government also opposes schedule 3 in the following terms:

- (2) Schedule 3, item 32, page 33 (lines 2 and 3), **to be opposed**.

I table a supplementary explanatory memorandum relating to the government amendments. The memorandum was circulated in the chamber on 16 September 2003.

The CHAIRMAN—The question is that the amendments be agreed to.

Question agreed to.

The CHAIRMAN—The question is that schedule 3, item 32, stand as printed.

Question negatived.

Bill, as amended, agreed to.

Bill reported with amendments; report adopted.

Third Reading

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.31 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TELECOMMUNICATIONS
INTERCEPTION AND OTHER
LEGISLATION AMENDMENT BILL
2003**

Second Reading

Debate resumed from 27 October, on motion by **Senator Ian Campbell**:

That this bill be now read a second time.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (1.32 p.m.)—The opposition supports the **Telecommunications Interception and Other Legislation Amendment Bill 2003**. The bill ensures that the new Western Australian Corruption and Crime Commission has appropriate investigative powers conferred by Commonwealth laws. The bill amends the Telecommunications (Interception) Act 1979 to make the new Western Australian commission and parliamentary inspector eligible authorities for the purposes of that act. This will enable them to receive telecommunications interceptions relevant to their investigations. The bill also amends the Financial Transaction Reports Act 1988 to make the new Western Australian commission a law enforcement agency for the purposes of that act, which will give it access to Commonwealth financial transaction reports information.

The second purpose of this bill is to enable interception warrants to be sought in the course of investigating slavery, sexual servi-

tude, deceptive recruiting and aggravated people-smuggling offences. In 1999 the parliament passed the Criminal Code Amendment (Slavery and Sexual Servitude) Act to introduce, into Commonwealth criminal law, the offences of slavery, sexual servitude and deceptive recruiting. Last year the parliament created a new offence of aggravated people smuggling—which includes exploitation where the victim is forced to enter into slavery or sexual servitude. This followed growing concern about the trafficking of women and children into Australia to work, against their will, in the sex industry. Until this year there had not been a single prosecution under those offences but I hope, as a result of the passage of this legislation, we will see brought to justice those responsible for inflicting untold harm and misery on these women and children. As far as the opposition is concerned we are satisfied that these laws are strong and balanced and accordingly we support the legislation.

Senator GREIG (Western Australia) (1.35 p.m.)—In speaking on the *Telecommunications Interception and Other Legislation Amendment Bill 2003*, let me begin by saying the we Democrats have, on numerous occasions, expressed our concerns regarding the extensive use of telecommunications interception by Australian law enforcement and anticorruption agencies. We accept that telecommunications interception is a powerful investigative tool which frequently provides vital evidence leading to criminal convictions, but the value of this tool to our criminal justice system should not cloud the reality that interception represents a most serious infringement of the privacy of Australians and should only be used in exceptional circumstances, where there is clear evidence to suggest a threat to national security or of the commission of a serious criminal offence.

There is alarming evidence which suggests that Australian law enforcement and intelligence agencies have a tendency to use this power excessively compared to other countries. As the *Bills Digest* noted, the latest annual report on the Telecommunications (Interception) Act indicates that 2,514 interception warrants were issued to law enforcement agencies during 2001-02. This amounts to a 17 per cent increase over the previous year and a tenfold increase in the past decade. What is particularly disturbing about this figure is that it is almost twice the total number of interception warrants issued in the United States over the same period. This follows the same pattern as the previous year, in which Australia issued 20 times as many interception warrants as the US on a per capita basis.

It is also important to remember that, for every interception warrant issued, many hundreds—and sometimes thousands—of telephone calls can be intercepted. This is clearly illustrated in the case of the soon to be replaced Western Australian Anti-Corruption Commission which, in the second half of 2002, relied on 45 telecommunications interception warrants to intercept a total of 61,599 phone calls. As the *Sunday Tasmanian* observed on 23 June this year:

The warrants apply to hundreds of thousands of individual phone calls and eavesdropping on thousands of people.

Of course those figures are limited to interceptions for which warrants are required—in other words, interceptions undertaken by criminal investigation and anticorruption agencies in the course of investigating criminal offences and corruption. They do not include the unknown number of interceptions undertaken by Australia's intelligence agencies for national security reasons. It is clear, then, not only that the power to intercept telecommunications is extremely intrusive but also that its use is particularly wide-

spread in Australia. For these reasons, we Democrats take a very cautious approach to any attempts by the government to increase the scope or availability of this power.

The bill before us seeks to extend this power to a new anticorruption body in Western Australia and to add sexual servitude offences as offences in relation to which an interception warrant may be sought. Firstly, the bill will vest a range of powers in the proposed Western Australian Corruption and Crime Commission. The commission is intended to replace the existing Western Australian Anti-Corruption Commission, which was established in 1996 to investigate public sector corruption.

The ACC has been the subject of widespread criticism. In particular, it has been argued that it lacked sufficient powers to achieve what it was established to do. The new Corruption and Crime Commission, the CCC, will operate in effect as a standing royal commission with wide-ranging powers, including the power to summon witnesses and compel them to give information, the power to enter and search premises, the power to carry out covert operations, the power to use assumed identities and the power to intercept telecommunications. It is also proposed to establish a parliamentary inspector to audit the operations of the commission and conduct investigations into allegations of misconduct by officers of the commission.

The bill before us will amend a number of pieces of Commonwealth legislation to ensure that the commission has the powers it requires to fulfil its functions. Specifically, the bill will amend the Crimes Act to enable the commission to use assumed identities, and the Financial Transaction Reports Act to enable the commission to access financial transaction reports from AUSTRAC. Finally, it will amend the Telecommunications (In-

terception) Act to enable the commission and the parliamentary inspector to receive intercepted information and to enable the commission to apply to execute its own interception warrants.

The Democrats welcome very much the establishment of the CCC by the Western Australian government. We believe that it has the potential to play an important role in preventing corruption and ensuring accountability within the public sector in my home state. However, we do not support the provisions in this bill relating to the Corruption and Crime Commission. This is because we think it is important for the commission to be formally established by the Western Australian parliament and its powers and functions enshrined in legislation before it is invested with extensive powers such as telecommunications interception and the use of assumed identities.

Although the Western Australian parliament has passed interim legislation to facilitate the transition from the ACC to the CCC, the substantive legislation has not yet been passed. It is currently the subject of an inquiry by a parliamentary committee. To accommodate this fact, the provisions in this bill relating to the CCC will not commence until a day fixed by proclamation and will automatically be repealed if the commission is not established within 12 months of the bill receiving royal assent. However, this provision does not address the possibility that the powers and functions of the commission could be significantly altered during the passage of the relevant legislation through the WA parliament.

This is the crux of the Democrats' concerns. We believe it is wrong to confer substantial and intrusive powers on an organisation before its functions have been formally decided. Any attempt to do so creates a level of uncertainty which is unacceptable when

we are dealing with very intrusive powers such as telecommunications interception. For example, the bill provides that the CCC will be able to use intercepted information for the purposes of:

(i) an investigation under the Corruption and Crime Commission Act into whether misconduct (within the meaning of that Act) has or may have occurred, is or may be occurring, is or may be about to occur, or is likely to occur ...

Given that there is no Corruption and Crime Commission act yet—only the Corruption and Crime Commission Bill, which is subject to possible amendment—it is unclear exactly how misconduct will ultimately be defined. In other words, in deciding whether to confer these powers on the commission, this parliament cannot be certain of the ways in which intercepted information will ultimately be used by the commission.

Similarly, the commission will be able to receive intercepted information in relation to 'the performance of its functions', yet these functions have not themselves been formally determined by the Western Australian parliament and there is every possibility that they could be altered during debate on the relevant legislation. We Democrats believe that passing the bill before us will effectively pre-empt the processes of the WA parliament, which has not yet had the opportunity to make a final decision on the appropriate powers and functions of the CCC.

We also note that the *Bills Digest* raises a concern regarding the proposed amendment to the definition of 'permitted purpose'. In particular, it argues that the concept of misconduct that 'has or may have occurred, is or may be occurring, is or may be about to occur, or is likely to occur' is a much broader concept than 'alleged misconduct', which is the phrase used in relation to various other agencies. The Democrats agree, and we raised this concern with the government. The government's response was that the wording

of the proposed amendment was based on the wording of the Corruption and Crime Commission Bill and that it was important to ensure consistency between the two pieces of legislation. According to the government, this will help to avoid any confusion that would arise if the commission were able to use intercepted information in relation to some but not all of its functions.

The Democrats would certainly find this argument persuasive if the Corruption and Crime Commission Bill had been passed but, as it has not been passed, the government's argument merely highlights our concerns regarding the uncertainty surrounding the commission's functions. The government is striving to ensure consistency between the terms of this bill and the terms of the Corruption and Crime Commission Bill, yet it has no guarantee that the terms of the latter bill will remain unchanged prior to its enactment. For these reasons, the Democrats oppose those provisions relating to the Corruption and Crime Commission.

We do, however, very much welcome the addition of sex trafficking as an offence in relation to which an interception warrant may be sought. The issue of trafficking women for sexual servitude has long been a concern of ours, and we have consistently called on the Australian government to increase its efforts to put an end to this inhuman trade. Regrettably, it did take some time for the government to make any significant progress on this front, but I do take the opportunity to again acknowledge and commend the government on its recent announcement that it has allocated more than \$20 million over four years to combat the sex trafficking industry in Australia.

When Ms Puangthong Simaplee died in Villawood detention centre in September 2001, Australians were forced to sit up and take notice. Along with many Australians, I

was appalled by the details which came to light about the thriving trade in human suffering happening right under our noses and the noses of the authorities. I repeatedly questioned the Minister for Justice and Customs in question time as to what the government was doing to address that situation. The Democrats also called for the establishment of a trafficking task force and a thorough inquiry into the nature and extent of trafficking in Australia. We finally succeeded in getting such an inquiry up through the parliamentary Joint Statutory Committee on the Australian Crime Commission, and I am pleased that that is now progressing and well under way.

The addition of sex trafficking as an offence in relation to which interception warrants can be issued is another important development that I hope will help to bring to justice those who engage in this insidious trade. I believe it will assist in focusing the attention of law enforcement agencies onto the perpetrators of this crime, rather than its victims. In summary, we Democrats welcome this legislative initiative, together with the recent injection of funds by the government. They are positive indications that the government might finally be getting serious about cracking down on the incidence of trafficking and sexual servitude in this country.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (1.46 p.m.)—Before I sum up on the *Telecommunications Interception and Other Legislation Amendment Bill 2003*, I would like to reply to some of Senator Greig's comments in which he compared Australian statistics on intercepts with statistics from the United States. You simply cannot compare the two schemes; they are different and have different legislative requirements. For example, Australian law enforcement agencies must

obtain a warrant for all forms of communication, and the US laws provide for access separately in different fields of communication. I understand the Attorney-General discussed this issue in the other place when this bill was being considered. Without going into a great deal of detail, he made it clear that it is difficult to make direct comparisons between our statistics and those of the United States.

I am glad Senator Greig agrees that this bill is important for law enforcement in Australia. I do assure him that the trafficking of people into Australia is an issue of significant concern not only to the government but also to every law-abiding person in Australia. It will allow law enforcement agencies to obtain warrants to assist in the investigation of offences set out in the criminal code involving people-smuggling aggravated by exploitation, slavery, sexual servitude and deceptive recruiting. It will provide the AFP with an extremely effective tool to further assist in the investigations of these repugnant crimes.

As Senator Greig pointed out, the government has recently announced initiatives totalling \$20 million, which include improved legislative preventive law enforcement and victim support measures. These initiatives, including the amendments in this bill, demonstrate clearly the government's commitment to investigating, preventing and prosecuting the insidious crime of trafficking in persons. All of these are valuable tools in the fight against serious organised crime and corruption. We want to provide effective tools for law enforcement while ensuring that appropriate safeguards are in place to protect individual rights. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

Sitting suspended from 1.49 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE**Defence: Defence Capability Plan**

Senator CHRIS EVANS (2.00 p.m.)—My question is directed to Senator Hill, the Minister for Defence. Can the minister confirm reports that there is a \$12 billion funding black hole in the current Defence Capability Plan, barely two years after the government endorsed it? Minister, given that there are serious doubts about the capacity to deliver many existing projects in the DCP, how does the government intend to fund the additional \$500 million to \$750 million that it estimates it needs to buy replacement tanks for the ADF? Does this new spending mean that there will need to be severe cutbacks to existing projects, or will the government be injecting substantial extra funding to support the DCP? Given the minister's earlier comments that the revised DCP would be finalised in October, can we expect it to be released today or tomorrow?

Senator HILL—There is no black hole in the Defence Capability Plan. There are some cost pressures; that is true. They arise out of the fact that the DCP included projections for equipment many years ahead of the date on which the document was written. There are no replacement tanks in the current DCP. In relation to extra funding, that is not for me to say. It is a whole-of-government issue. Defence has been adequately and appropriately funded for its tasks. As honourable senators will know, it has been supplemented for the cost of operations. It received additional funding in the last budget towards the extra logistics costs arising out of the high rate of operational tempo. It received extra money for the new special forces command and for

special forces equipment, in particular the second TAG on the east coast. As needs have arisen, this government has always been prepared to meet what are proper defence requirements. I would expect that it would continue to do so.

Senator CHRIS EVANS—Mr President, I ask a supplementary question. I thank the minister for his answer, although he did not actually answer any of the questions put to him. I would appreciate it if he could make it clear what is going to happen with the review of the DCP, given that he said it was going to be announced in October. Does the minister accept that a clear statement of Australia's strategic priorities must underpin any revisions to the DCP? Minister, isn't the failure to provide Defence with a clear strategic direction largely due to the conflict you have with the Prime Minister about plans for an expeditionary ADF at the expense of Australia's core defence needs? Is the government any closer to finally resolving the internal conflicts that are inhibiting our long-term defence planning?

Senator HILL—That is, of course, a nonsense. There are no internal differences within the government. We are a happy team, working in one direction. We did an update of the strategic environment in February of this year, which was published. Our latest strategic guidance builds on the white paper and takes into account global terrorism, the proliferation of weapons of mass destruction and extra tasks within our region. In relation to the timing of the review, consideration of an updated DCP is currently being undertaken on a whole-of-government basis.

Economy

Senator COLBECK (2.04 p.m.)—My question is to the minister representing the Treasurer, Senator Minchin. Will the minister advise the Senate of any recent assessments of Australia's economic performance and the

prospects for continued strong growth? Is the minister aware of any alternative policies?

Senator MINCHIN—I thank Senator Colbeck for that good question. Today the International Monetary Fund released its annual report on the Australian economy. I am pleased to report to the Senate that this IMF report is another in a very long list of glowing testimonials to the strength of the Australian economy and to the role of Howard government policy in bringing about that result. The report released today notes the strength of the economy over the past year despite very significant adverse shocks, including the drought and weak global growth. It notes the strength of the labour market, with unemployment falling to 5.8 per cent—below that magic six per cent—in August and our low inflation rate, which is well within the RBA band of two to three per cent. It does cite some risks to growth. There are always risks to growth that governments have to be aware of, including the uncertain global economy, the drought, which has not yet ended, the rise in property prices and the appreciation of our currency. The IMF, in relation to housing prices, concludes:

The recent run-up in housing prices is largely explained by economic fundamentals.

The IMF says that, overall—despite the risks it cites—the outlook for the economy is sound. It says:

Australia's economic fundamentals are strong and the authorities remain committed to sound macro-economic management and structural reform. Overall, the directors judged Australia's near and medium term economic growth prospects to be favourable, and expected inflationary pressures to be held in check.

But I think the most important aspect of the report today is the commentary on government policy settings. The IMF in this report said that it:

... attributed Australia's ability to generate robust economic growth with low inflation to the en-

hanced resilience of the economy, brought about in turn by steadfast pursuit of prudent macro-economic policies and structural reforms within transparent policy frameworks ...

That is a glowing tribute to our economic policy settings. The IMF was complimentary of the government's long-term fiscal planning, saying that the government's strategy to deal with the ageing of the population was 'comprehensive and well conceived'. The IMF had this to say about rising health costs:

Directors also noted the authorities' efforts to reduce health care cost pressures and urged the authorities to implement the announced changes to the Pharmaceutical Benefits Scheme.

We are trying very hard to achieve that outcome, despite Senate obstruction.

The IMF also had some advice on trade policy, which the ALP, through Senator Conroy, has been making some comment on this week. Again I quote from the report:

Directors commended the Australian authorities for their commitment to trade liberalisation. With trade barriers to other countries not being raised, Australia's pursuit of bilateral free trade agreements was seen as supportive of the country's multilateral liberalisation efforts.

That is high praise indeed, and contrary to the sniping we have had from Senator Conroy during this week. The report also advocates a further liberalisation of our industrial relations system. So the IMF's report on Australia is positive about our record to date and about our prospects for the future in terms of continuing growth, low inflation and, most importantly, resilience to external shocks. I think it does provide good and timely support for the government's fiscal and economic settings and, I hope, advice to the opposition about the importance of its recognising the reality of the importance of these policy settings if we are to achieve long-term growth and sustainable budgetary outcomes in years to come.

Foreign Affairs: Dr Mahathir Mohamad

Senator ROBERT RAY (2.08 p.m.)—I direct my question to Senator Hill, the Minister representing the Minister for Foreign Affairs. What is the government's response to Dr Mahathir's recent anti-Semitic statements? Did the government make official representations protesting against Dr Mahathir's comments? Does the minister recall that the US President, Mr George Bush, met the Malaysian Prime Minister on the margins of the APEC meeting to express his, and his government's, views of Dr Mahathir's comments? Has the Prime Minister or the foreign minister made similar official representations to Dr Mahathir about his comments?

Senator HILL—I am not sure in relation to the most recent comments, but they were of a similar tenor to the ones that he made shortly before and the Prime Minister did respond to those in terms that they were inappropriate and unfortunate. In fact, he totally rejected those comments. So I am sure the same sentiment would apply to the most recent expressions by the Prime Minister of Malaysia upon his retirement.

Senator ROBERT RAY—Mr President, I have a supplementary question. The question did not go to whether the Prime Minister or the foreign minister had responded. I asked whether they made official representations to Dr Mahathir, and I would like the minister to address that part of the question.

Senator HILL—I do not know whether they have made official representations, and in the circumstances where Dr Mahathir is standing down as Prime Minister I am not too sure who they would be making them to, but I will inquire and get an answer to that.

Law Enforcement: Gun Control

Senator SANDY MACDONALD (2.10 p.m.)—My question is to Senator Ellison, the Minister for Justice and Customs. Minister, will you update the Senate on the success of

the national handgun buyback? What other measures is the government taking to boost public safety by tackling the related problem of trafficking in illegal handguns?

Senator ELLISON—I thank Senator Sandy Macdonald for what is a timely question. On the 21st of this month we saw the first anniversary of the tragic shooting which occurred at Monash University last year. As a result of that, the Howard government has led with an initiative in relation to a handgun buyback and also in relation to the reform of ownership of handguns and participation in sporting shooting events. On the first of this month New South Wales and South Australia joined in the buyback, and that now completes the circle, with all states and territories now on board in relation to this important initiative. Twenty-two thousand handguns have now been handed in around Australia and some \$27 million has been paid out in compensation.

Not only has there been the handgun buyback but also we have embarked on reforms in relation to the participation in sporting shooting events, and with that we have introduced such things as a 12-month probationary period for those people who want to join in the sport, completion of safety training, participation in a minimum number of shooting events per year and other qualifications which go to great reforms in relation to how people can lawfully own a handgun.

The other aspect of this is the question of illegal handguns. We have seen around this country criminals increasingly using handguns in the commission of criminal offences. By far the major source of illegal handguns is the diversion of those handguns from people who lawfully own or possess them. The Australian Crime Commission has found as much in its research and the commission has brought together all jurisdictions in a multi-jurisdictional task force in tackling the ques-

tion of illegal firearms. Importantly, the Commonwealth has played its part in this crucial exercise. We have introduced and passed legislation which prohibits interstate trafficking in firearms and we have provided heavy penalties for those criminals who traffic in firearms across state borders. We have seen this in relation to organised criminal gangs and in particular motorcycle gangs who have participated in this illegal trafficking.

One thing we are resolute on is the question of dealing with this very important challenge in law enforcement of illegal firearms. Point scoring will not get us anywhere. What will achieve results is if all states and territories and the Commonwealth work together to tackle this issue. We have this listed at our Police Ministers Council meeting next week in Melbourne. I would say to those police ministers around Australia: let us work together in resolving this important issue. The theft of firearms is a very big issue today. We have seen it in New South Wales, where in a short space of time there has been a spate of thefts from the security industry in particular. I welcome the moves made in relation to reforms which need to be embarked on in that area. The theft of firearms still is a very big issue, and the Australian Institute of Criminology has reported that over 4,000 firearms are stolen each year. They find their way into the black market, into the criminal market, and that is what we must tackle.

National Security

Senator FAULKNER (2.14 p.m.)—My question is also directed to Senator Ellison, in this case representing the Attorney-General. Is the minister aware that the Attorney-General, when asked on *Lateline* last Monday night about the comparative powers of security agencies, said:

But what you do have is an example here of the broader powers that an intelligence agency in a

developed Western country—namely, France—has in relation to being able to detain and question people.

Did the Attorney-General also say, in a door-stop on the same day:

We do not have the powers that they have in France to be able to detain people for the purposes of questioning.

I ask: exactly what powers does the government of France have that the Australian government does not, and which of these additional powers that the French government has does the Australian government aspire to have?

Senator ELLISON—I am no expert on the domestic laws of France. I will take that aspect of the question on notice. What I can say is that I am aware of reports of what the Attorney-General has said and I understand that the Attorney-General said France has much stronger powers in relation to its intelligence agencies than has Australia. In fact, if I recall, I think he said that their periods of detention were much longer than those we have provided for in our legislation. The Attorney-General is on record as saying that we want to provide our intelligence agencies with the necessary powers to carry out their duties and that this is something we will continually monitor. I think he was making the point that if people think our laws are draconian there are certainly other jurisdictions which have much stronger powers in relation to their intelligence agencies. He mentioned France by comparison because of the Brigitte matter—Mr Brigitte being a French national—and the fact he had been deported to France, was now in French custody and could be detained for a very much longer period under French law than he could be under Australian law.

Senator FAULKNER—Mr President, I have a supplementary question. I thank the minister for offering to take that matter up,

as he should, with the Attorney-General, and I will be interested in his response. Given the answer the minister did give, can he indicate to the Senate whether the government intends to forgo the current questioning regime on the basis that another country has a more draconian process? Could he also indicate whether the government has given any instructions for legislation to be drafted that would increase the current powers to detain and question people suspected of having information relating to terrorist offences? Again, if the minister does not know the detail, I think the Senate would appreciate an urgent report back on those matters.

Senator ELLISON—The Attorney-General's comments were self-explanatory—

Senator Faulkner—You don't know what they mean. You just said they were self-explanatory.

Senator ELLISON—I did. He said that France has a regime which we do not have in Australia and it provides for lengthier periods of detention. That was the sum total of his comments. He did not say, 'France has it; therefore, we're going to have it.' He pointed out the situation in France by way of comparison.

Defence: Budget

Senator BARTLETT (2.18 p.m.)—My question is to the Minister for Defence. Will the National Security Committee of cabinet be meeting over the next two days to finalise its latest military shopping list, of which one of the new potential purchases is tanks? Will the minister assure the Senate that we will maintain the current Australian policy of not using or purchasing depleted uranium ammunition? As the government has stated previously, the ADF stopped using depleted uranium ammunition some years ago for health and safety reasons, the risks it causes to our defence personnel and the dangers presented to civilians long after hostilities

cease. Can the minister assure the Senate that if we buy tanks such as the American Abram tanks we will not purchase American depleted uranium ammunition to go with them?

Senator HILL—As I have said, and I think it was acknowledged by Senator Bartlett, we do not use depleted uranium ammunition and we do not have an intention to do so. In relation to the review of the Defence Capability Plan, following the strategic update that I referred to in answer to an earlier question, we believed it was time to look at the DCP again to take into account changes in the strategic environment that have occurred over the last three years and also to take into account our operational experience, in particular from Afghanistan, Iraq and East Timor. That is being done on a whole-of-government basis, and if there are any changes to be made to the existing Defence Capability Plan they will be announced at the appropriate time.

Senator BARTLETT—Mr President, I ask a supplementary question. Given that the Defence Capability Plan is around \$50 billion plus, shouldn't there be a much more open public debate about such significant amounts of government expenditure before decisions are made rather than simply doing it through a fait accompli announcement, particularly if we are shifting our approach to incorporate changes such as tanks? If we buy tanks as heavy as the 70-tonne American tanks, what are the implications for their usefulness in our own region? Are such tanks too heavy, for example, to cross bridges in Papua New Guinea and Pacific island nations around us? How would we transport them and, if we were to buy such tanks, is there any question of their not actually being based in Australia but being based in some overseas country for operations in countries such as those he mentioned in his initial answer.

Senator HILL—We base all of our equipment in Australia. As I said, in the current DCP there is not funding for a replacement tank. It is true that the Australian Army's tanks are old—I think the Leopard 1s are over 30 years old. If the government decides to update them, that is a decision the government will make. It would obviously update them with an alternative that can be operated according to our strategic guidance. I think the process has been quite transparent. I have read quite a lot about it in newspapers and I have been asked about it in the Senate and in Senate committees. Ultimately, it is a decision for government, and the government stands by its decision. That is what governance is all about.

Arts: Playing Australia

Senator LUNDY (2.22 p.m.)—My question is to Senator Kemp, Minister for the Arts and Sport. My question is about the latest round of funding for Playing Australia, the regional touring program for quality performing arts companies. Why has the Howard government funded only 13 productions this year, in contrast to the 26 touring productions last year? Why has the number of destinations for the remaining touring programs been cut back? Can the minister explain why Australians in centres such as Ballarat, Rockhampton, Albany, Geelong, Launceston, Mildura, Kalgoorlie, Traralgon, Mount Isa, Taree, Alice Springs, Bathurst, Mackay, Shepparton, Geraldton and Griffith are going to lose out?

Senator KEMP—Thank you to Senator Lundy for the question. Senator Lundy, I had a feeling you may be asking a question on this issue. It had been well signalled. I did a little bit of research to see what the genuine Labor Party interest was in Playing Australia. Playing Australia is a very important program. It is one that this government believes is important. So I went to the 1996 Labor

policy—no mention of Playing Australia. I went to the 1998 Labor policy—no mention of Playing Australia. I went to the 2001 Labor policy and—correct me if I am wrong—there is no mention of Playing Australia. This is a program that Labor forgot. Let me make it absolutely clear, Senator Lundy. Then I checked out some more figures for Senator Lundy. I said, 'Gee, in the last budget what did Labor spend on Playing Australia?' Correct me if I am wrong, Senator Lundy, but it was in the order of \$3 million. Is that right? Then I said, 'What are we spending on Playing Australia? What's our budget?' It is in the order of \$4 million. I would have to say, Senator Lundy, I totally welcome your interest in Playing Australia, but it has been a long time in coming.

As I said, this program is an important program. I am provided with advice by a committee which carefully assesses the applications which come through. Senator Lundy, I have to tell you that we would always want more money for Playing Australia. Playing Australia is one which I would particularly like some more money for, but we are spending more money on Playing Australia than the Labor Party ever spent.

The PRESIDENT—Through the chair, Minister.

Senator KEMP—Mr President, as I said, you go back in history and back to Labor Party arts policies and you see that Playing Australia has always gone missing in action from the Labor Party priorities. I have to say, Senator Lundy, that you come to this issue with a lot of form. I can assure the people and the many companies that are interested in Playing Australia that this government believes in this program. This is an important program. Of course, we would always like to do more, Senator Lundy—of course we would—but I am pointing out that we are

spending more than the Labor Party spent in office.

Senator Robert Ray—In constant dollars?

Senator KEMP—Settle down, Senator Ray.

The PRESIDENT—Order, Minister!

Senator KEMP—I am not talking, Senator Ray, about the billion dollar overrun of the Collins class submarines—

The PRESIDENT—Senator Kemp, ignore the interjections and address your remarks to the chair.

Senator KEMP—Thank you, Mr President. I was responding to Senator Ray and pointing out that we are not talking about the billion dollar overrun that Senator Ray managed to arrange on the Collins class submarines. We are talking about a different program. So, Senator Lundy, let me assure you and let me assure the many fans of Playing Australia that the government will continue to give a very high priority to this area.

Senator LUNDY—I note that the minister did not answer the question about all those cities and towns that are going to lose out, so can the minister confirm that losers in this year's Playing Australia funding allocation included the Bell Shakespeare Company's regional tour of *A Midsummer Night's Dream* and La Boite Theatre's production of *Zig Zag Street*, both of which would have been performed in around 20 regional centres? What will the minister do to fix this debacle?

Senator KEMP—The only debacle is the behaviour of Senator Lundy in this area. Senator Lundy, that is the only debacle.

Senator Lundy—If the answer's nothing, say nothing.

Senator KEMP—Settle down, and I will respond to your question, Senator Lundy. I am having discussions with the Bell Shake-

speare Company to see what else can be done to assist them in this area. I make the substantive point that this government continues to give a high priority to Playing Australia, and it is a program which I believe is a particularly important program—unlike you, Senator Lundy.

Environment: Tasmania

Senator MURPHY (2.27 p.m.)—My question is to Senator Ian Macdonald, Minister Representing the Minister for Agriculture, Fisheries and Forestry. Given the importance of Tasmania's agricultural industry to Australia's wealth and the incredible biodiversity in Tasmania, why has so little of the funding allocated to Tasmania under the National Action Plan on Salinity and Water Quality and the Natural Heritage Trust been spent so far? What is the Commonwealth doing to progress these important programs?

Senator IAN MACDONALD—I thank Senator Murphy for that question. I know that he does have a longstanding interest in environmental matters, particularly the state of the Tasmanian landscape and the biodiversity in his island state. Senator Murphy, I have to say that I share your concern about the slowness of investment in the NRM area in Tasmania. Regrettably, that has occurred solely because of lack of support from the Tasmanian state government. Senator Murphy, it is important that you understand that under the national action plan, the NAP, the Commonwealth signed an agreement with Tasmania that we would both put in up to \$12 million, which would have meant a \$24 million investment in Tasmania. The Commonwealth has its money there in cash ready to go but, unfortunately, into the third year of this agreement, the Tasmanian government have so far spent only \$1.5 million of their \$12 million commitment. It seems that it is likely that the Tasmanian government will not reach that. They will not give us any

forward allocations and they will not give any forward commitments; they only allocate money year by year, and it is a fairly small amount of money at that. There is no transparent or predictable forward commitment.

I have heard some rumours, which I hope are not true, that the Tasmanian state Labor government is not going to spend any money at all next financial year on the NAP. Senator Murphy, you might recall that the Commonwealth put in in cash, or allowed for, 10 per cent of the NHT1 funding—\$150 million—to go to Tasmania. But, unfortunately again, the state Labor government was not able to spend that \$150 million in the time allotted—that is, up to 30 June last year. We have very generously given them another year to spend that money under NHT1.

Under NHT2, the Commonwealth have put in \$2.2 million to set up the new regional structure because we believe, particularly with natural resource management arrangements, it should come from the bottom and not be directed from the top. We are setting up these new regional committees, and we have put in \$2.2 million to do it. The Tasmanian government have said that they will help but that they will put in 'in kind resources'. You know what 'in kind resources' means: you transfer some of your state public servants from the jobs they were doing over to somewhere else. That is even a bit strange, Senator Murphy, because the Tasmanian government has cut down its NRM support unit from five people to two people. So they are not even playing the part in putting in 'in-kind arrangements'.

Mr President, I worry about this, as I know you and Senator Murphy do as Tasmanians. We really need to put a bit of pressure on the Tasmanian government. Quite obviously the Labor people in this chamber do not have a great deal of interest in it. You never hear them talk about it. The Greens in

this chamber are more interested in stunts than in what happens to the environment in Tasmania. I understand there is a Greens party in Tasmania. Senator Murphy, you are a Tasmanian. I think you really have to get them to join with the Liberals and the coalition to get the Tasmanian government to meet its responsibilities.

Senator Robert Ray—They did once before. We remember!

Senator IAN MACDONALD—If Senator Ray has an interest in this, I would ask him to put some pressure on the Labor government in Tasmania to get the funds flowing for the environment, because it is desperately needed in Tasmania. We cannot have the Labor government there being recalcitrant when it comes to the investment that is needed in our environment.

Senator MURPHY—Mr President, I ask a supplementary question. Minister, if, as you say, it is the Tasmanian government's fault, will the Commonwealth consider a direct funding approach to ensure that Tasmanian communities are able to make their own decisions and get on with this very important program?

Senator IAN MACDONALD—The Commonwealth's approach to this is that we have put in a lot of money, more than any other government in the living history of this nation—and I thank Senator Hill for that—into the environment. We wanted to give Tasmanians a bit of a bonus, so we said to Tasmania, 'We'll put in a certain amount of money, but we expect the state government to match it.' They have agreed to that, supposedly, which is good for the environment because you get more money—not only the Commonwealth's money but the state's money as well. The state Labor government have agreed to that in writing, but when it comes to action they are losing the plot. They are hiding behind whatever façade they

can to obviate their obligation to get involved in this. Senator Murphy, it is an interesting question that you have raised. It is something the Commonwealth is not very keen on, because we want the Tasmanian government to honour this partnership approach to helping the environment. We can best do that by getting pressure on the state Labor government to do something about it. *(Time expired)*

Family Services: Child Care

Senator JACINTA COLLINS (2.33 p.m.)—My question is to Senator Patterson, the Minister for Family and Community Services and the Minister representing the Minister for Children and Youth Affairs. I refer the minister to the welcome statement that the Minister for Children and Youth Affairs, Mr Anthony, plans to axe caps on outside school hours care and family day care to alleviate the chronic child-care shortages that families are now facing. What are the government's costings on this initiative?

Senator PATTERSON—Senator Collins makes the statement 'the crisis in child care'. I will tell you when there was a crisis in child care: when Labor was in government, when there was no planning about where child-care centres would be, when there was no emphasis on putting child-care centres where they were needed and when there was no emphasis on affordability.

This government is about helping families get access to child care. What we have done is unprecedented. Through the child-care benefit payment, the government has significantly increased assistance with child-care costs. We have significantly improved the affordability of child care, especially for low-income families. It is far more generous than the payment under the Labor Party program that we replaced. As a result, child care is much more accessible than it ever was before. We have increased the number of

child-care places by 190,000. We now have over 500,000 child-care places. Our coalition policy has resulted in strong growth in the number of child-care services and places.

Opposition senators interjecting—

Senator PATTERSON—They do not want to hear this. They do not want to hear what we have done in child care. They do not want to hear the fact that we have increased the number of places by 190,000.

Opposition senators interjecting—

Senator Robert Ray—Who wants to hear it!

The PRESIDENT—Minister, I am having a bit of trouble hearing it too. I would hope senators on my left would stop interjecting and senators on my right would stop talking so we could hear what you have to say.

Senator PATTERSON—Senator Ray said, 'Who wants to hear it!' The Labor Party does not want to hear it. They do not want to hear the fact that we have increased the number of child-care places by 190,000 to over 500,000 full-time child-care places. You did nothing. You located them in areas where they were not needed, and there were no child-care places where they were. You did not care, and you did not have sufficient child-care places. The government has been involved in the strong growth in the number of child-care services and places. Child care is now an option for many more families, particularly low- and middle-income families. Families can now better balance their family and working lives. The child-care benefit is delivering an average payment of \$2,000 per annum for families.

Senator Faulkner—What are the costings?

Senator PATTERSON—I will tell you what we have done about child care: it is much more affordable. In a press release,

Senator Collins accused Mr Anthony of being all talk and no action in a press release.

Senator Jacinta Collins—Yes.

Senator PATTERSON—She said, ‘Yes.’ In a press release today she said, ‘He’s all talk and no action.’ Let me tell you what Mr Anthony has done. There are now over 500,000 full-time child-care places, which is up 194,000 since the government came to office. That takes the number of children now accessing child care to over 750,000. Family day care is up from 60,000 places in 1996 to 70,800. Outside school hours care has gone up 220 per cent since 1996. It has gone from 71,000 to 230,500 places. Don’t you talk to us about child care and child-care places. It is hardly a concept of ‘all talk and no action’.

Senator Jacinta Collins—Yes, it is!

Senator PATTERSON—That is rubbish. I want to congratulate Mr Anthony on his work. While day care places are uncapped, the government does regulate the number of family day care and outside school hours care places that attract child-care benefits. Even with that cap, they are one million times better than yours—a 220 per cent increase.

The PRESIDENT—Minister, I remind you that your remarks should be through the chair.

Senator PATTERSON—Minister Anthony today has said that he will be advocating that his colleagues remove the restrictions on the number of family day care and outside school hours places that the government provides child-care benefits to. I expect all ministers would be looking to advocate on behalf of their portfolio. Senator Kemp today said, ‘Yes, we would like to have more money for Playing Australia.’ Do you know what? This government lives within its means. It does not borrow from the next gen-

eration—the next lot of kids—to pay for child care today. (*Time expired*)

Senator JACINTA COLLINS—Mr President, I ask a supplementary question. I ask the minister again: what will be the cost for this important initiative, which will undo the long-term damage that Senator Newman created when she introduced this government cap? Or was Minister Anthony simply speaking out of turn on *AM* this morning, and will you be having words with your junior minister?

Senator PATTERSON—Yes, I will be talking to him about Senator Collins and Labor’s record—the fact that they had so few child-care places. I will be talking about the fact that after school hours care has gone up 220 per cent and that we have increased the number of places by over 194,000. Minister Anthony is simply reflecting what the Prime Minister said on 6 October when he wrote in the *Australian*:

The Government is looking at what more might be done to allow the system to respond more effectively to demand.

The Labor Party should be having a look at their policies, working out how they are going to improve access and affordability, and actually doing something. They did nothing about child care, they did nothing about access, they did nothing about affordability and they borrowed from the next generation to pay for today.

Insurance: Public Liability

Senator WATSON (2.39 p.m.)—My question is directed to the analytical, popular and successful Minister for the Arts and Sport, Senator Rod Kemp.

The PRESIDENT—Order! I think this is a very serious question, and we should listen.

Senator WATSON—It is very serious. Will the minister inform the Senate of what actions the government has taken to assist

the sporting sector deal with public liability concerns? Is the minister aware of any policy alternatives?

Senator KEMP—Thank you, Senator Watson, for that very clever, incisive and important question. This is an important question. As senators will know, one of the major problems right throughout the community—and in the area that I have responsibility for: arts and sports—is the rise in insurance premiums. It is an area which has caused concern over a considerable period of time. I wish to pay tribute to the leadership that my colleague Senator Coonan has shown in the area of insurance. Among other things, many senators will be aware that she has convened regular meetings with her state and territory colleagues and counterparts to address the many issues concerning insurance.

The Commonwealth, of course, has taken many actions where it has constitutional responsibility; however, the Commonwealth government can only do so much in this area. I wish to bring to the attention of the Senate two issues which are causing concern, particularly in the arts and sporting areas. The two issues concern the inconsistency of the required reforms to tort law and the treatment of emergency service organisations such as Surf Life Saving Australia. Most of the legislative changes that will ease the insurance crisis require action by state and territory governments, not the Commonwealth government.

A number of problems have been brought to my attention by the sporting sector. I think many senators would be aware of the huge increases in insurance premiums experienced by Surf Life Saving Australia. This has risen by in the order of 152 per cent over the past year. We know that one of the biggest issues for surf lifesaving is the need for consistency

of public liability reforms across the various states.

The state governments are Labor governments. The senators opposite, I believe, can play a constructive role—and particularly Senator Lundy—in speaking to their state and territory counterparts and insisting they take action to assist service organisations such as Surf Life Saving Australia. In fact, I have asked Senator Lundy in a constructive way in the past when she has raised this issue with me whether she would be prepared to speak to her state counterparts to see what they could do to ensure consistency in the law that applies in this area. The Commonwealth has sought to get states and territories to agree to exemptions from liability when acting in good faith during emergency rescue operations. I am pleased to say that Senator Coonan raised this issue with state and territory ministers earlier this year. While a number of states have responded, the initial reaction by some ministers was—at least initially—that they were not inclined to do so.

The point I am making is that the constitutional responsibility for this area largely lies with the state governments. It is a continuing problem. I welcome the leadership and the interest that Senator Coonan has shown in trying to assist sport and arts organisations, but it is still a problem. I think this is an area where Senator Lundy, for the first time in her political career, could be a little bit constructive and see what her Labor counterparts can do in the states to try to bring some consistency to the law and deal with the problems that are being faced by bodies like Surf Life Saving Australia.

Senator WATSON—Mr President, I ask a supplementary question. I refer to the need for consistency in the law, particularly in the area of lifesaving and emergencies. Minister, can you name the states that are dragging their feet in this area?

Senator KEMP—Senator Watson, this will probably not come as a surprise to you, because your knowledge in this area is particularly great, but certainly your home state has been dragging its feet in this area. There has been an issue with surf lifesaving in that state and the response of the state government has been very lacklustre indeed. It just goes to show that once again we see Labor governments refusing to pick up the ball in this very important area.

Senator Lundy interjecting—

Senator KEMP—Senator Lundy does not seem to understand where the constitutional responsibilities lie in this area. I welcome Senator Coonan's willingness to work together with the state Labor governments and the governments of the territories to try to fix this problem. I know that it is a difficult problem but, Senator Lundy, at least on this side we are taking a very constructive approach, unlike the Labor Party.

Iraq

Senator FAULKNER (2.45 p.m.)—My question is directed to Senator Hill, the Minister for Defence. I refer to the minister's response to my question regarding the provisions of the Weapons of Mass Destruction (Prevention of Proliferation) Act 1995 and the role of an Australian company in the export of aluminium tubes destined for Iraq. Can the minister confirm that the WMD act specifically applies 'to the provision of services external to Australia' as stated in the *Information guide for industry and the general public*, published by his department in April 2002? Can the minister explain why the provisions of this act were not applied to the Australian company if there was a genuine belief that these goods might be used in a weapons of mass destruction program? Why did the minister yesterday refer only to the guidelines of the international Nuclear Suppliers Group, while completely ignoring the

provisions of the weapons of mass destruction act?

Senator HILL—What I answered yesterday related to the question that was asked of me. In relation to the question that is being asked today, I will seek further legal advice and respond in due course.

Senator FAULKNER—Mr President, I ask a supplementary question. I would appreciate a full response to this question. It ought to have been provided when asked on Tuesday. I ask the minister something he should know because this is a matter for his ministerial responsibility. Is it correct that the final decision in these cases 'rests with the Minister for Defence' as defence guidelines state? Can he at least confirm that? If there was the slightest suspicion about the purpose of these tubes, why then did the minister not exercise his clear ministerial responsibility? This is your responsibility, Minister. You should be able to answer these questions.

Senator HILL—It is not my responsibility, because I was not the minister at the time. However, the minister of the time did sign off on the process that was adopted.

Indigenous Affairs: Children

Senator HARRIS (2.48 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs, Senator Vanstone. Is the minister aware of allegations made this week about the rape of a 14-year-old Aboriginal girl while in Queensland state care?

Senator VANSTONE—I thank Senator Harris. Senator Harris, I am aware of a House of Representatives committee hearing which was held in Brisbane on Monday. I am aware of the allegations made at that hearing, including the allegation of the rape of a 14-year-old girl. The sad thing is that she will not be the only young Australian girl who has been abused. I direct you back to remarks I have made in the past to Senator

Bartlett and to Senator Murray that, without in any way at all excusing any level of abuse that might happen to children in care, we do need to understand that children are at most risk in their own homes.

Customs: Illicit Drugs

Senator MARK BISHOP (2.49 p.m.)—My question is to the Minister for Justice and Customs, Senator Ellison. Does the minister recall his numerous statements and announcements through his media machine over recent years about record seizures of a range of illegal narcotics and other drugs at Australia's entry points? Can the minister confirm that the annual report for Customs shows a decline in the interception of commercial quantities of heroin of 27 per cent in the financial year 2002-03? How does the minister explain this contradiction between his claims and this sharp drop in the quantities of heroin being detected?

Senator ELLISON—What I have said repeatedly is that there is very good work being done by Commonwealth law enforcement agencies, namely, Customs and the Australian Federal Police. We have seen in particular great work done on the border by the Australian Customs Service in the seizure of illicit drugs. On occasion some have been extremely large quantities and in particular we have seen a growth in relation to amphetamines. In relation to heroin we have seen the results in the reduced supply of heroin on the streets. That has its effect in reducing the number of overdose deaths from heroin. Around this country we have seen a reduction of up to 50 per cent in some cases in the rate of death from heroin overdoses. Why has that resulted? It is because the purity level has dropped. It has gone from around 60 per cent down to 15 per cent. That means a lack of supply of heroin. It means that our law enforcement people are doing a very good job cutting the supply of heroin.

That has been an excellent outcome. That is what we look at when we measure the success of our law enforcement people.

We acknowledge only too well that an emerging threat—widely acknowledged to be so—is amphetamine type stimulants and we do not shy away from that challenge one bit. We are out there detecting and intercepting record amounts of amphetamines. It is something that affects many Australians. Very few of us have not been touched by the scourge of drugs. It is a policy of this government that we will see through. It will take not one week or one year to win; it will take some time to win. We will engage in the war on drugs on three fronts: health, education and law enforcement—education, to educate the up-and-coming generation about the scourge of drugs and the havoc they wreak on our society; health, to treat those who have a drug addiction; and of course law enforcement, with a zero tolerance to drugs and a very successful approach at our borders, which has seen a reduction in the supply of heroin. Amphetamines are an issue we are also tackling. I have said repeatedly that our people are doing a very good job at the borders, overseas and domestically in relation to the war against drugs.

Senator MARK BISHOP—Mr President, I ask a supplementary question. Can the minister confirm the media statement by a senior Customs official last Tuesday that this reduction can be attributed to a shift in the importation of narcotics to shipping containers and that only five per cent of shipping containers are being inspected? If so, what specifically does the government plan to do to increase inspection rates of shipping containers?

Senator ELLISON—I can say that I will soon be opening the fourth facility in this country for container X-rays at Fremantle; we already have them in place in Brisbane,

Sydney and Melbourne. Those are measures that this country has never seen before. All containers coming into Australia are screened and risk assessed. With the facilities we have in place, we are able to X-ray those containers that we believe deserve attention. We cannot X-ray every container that comes into this country—that is just not possible. What we have to do is screen the containers—which we do—and risk assess them by carrying out an X-ray examination. With these new measures we will be able to increase by a factor of 20 the number of containers that can be inspected by Customs. That is a great step forward in border control and in the war against drugs.

Employment: People with Disabilities

Senator FERRIS (2.54 p.m.)—My question is to the Minister for Family and Community Services. Can the minister please outline to the Senate how the Howard government has assisted people into the work force, including by encouraging employers to recognise the very valuable contribution of people with disabilities and the ways they can assist in the work force?

Senator PATTERSON—I thank Senator Ferris for her question. Those of us on this side of the chamber know that the best way to get people off unemployment and into employment is to create jobs—real jobs. The Treasurer recently announced the lowest unemployment rate in more than 13 years, which was 5.8 per cent in the September figures. That is the lowest level since 1990 and well below the 8.6 per cent level that we inherited in 1996. The record low unemployment has been achieved through the Howard government's responsible economic policies to both stimulate the economy and deliver lower interest rates. We have created 1.2 million real jobs and, as I said, unemployment is below six per cent. The Commonwealth is also committed to working with businesses

to recognise the contribution that people with disabilities can make to the work force. We are increasing funding for disability employment services by more than \$161 million over the next four years.

I remember being in this chamber and hearing one of the most, I would say, interesting debates when Labor was considering what were then called sheltered workshops. Senator Tate was sitting in this very seat and Senator Herron's daughter was working in what is now called a disability employment service. Senator Herron raised the issue of what his daughter would do if that centre were closed down. What we have done is strengthen those services and provided an extra \$161 over the next four years. In a very interesting debate in this chamber—often things are stitched up and talked about beforehand—Senator Tate responded to Senator Herron as the father of a profoundly disabled young person asking what would happen if Labor continued with their policies. But we have not done that. What we have done is strengthened those services and provided \$161 million over the next four years. We are providing more access and support to encourage people with disabilities to take up vocational education and training. Through New Apprenticeships, the Howard government will pay \$3.5 million to disability employment providers. Over the next three years, \$15.4 million will be provided to assist job seekers in rural and remote areas.

Tonight I will have the pleasure of hosting a dinner at which the state and territory winners of the 2003 Prime Minister's Employer of the Year Awards will be announced. The Prime Minister's Employer of the Year Awards recognise employers who employ people with disabilities. These employers are rewarded daily by the valuable contribution these employees make. This year's awards attracted over 350 nominations from around Australia—the highest number to date. I con-

congratulate all the employers who were nominated and look forward to the winners being announced tonight. Companies like these are leading the way. It is wonderful to see the growing number of businesses with the insight, vision and commitment to open up their businesses to people with disabilities. These employers recognise the contribution that all Australians can make, and value the different qualities that we each bring to the workplace as individuals.

These awards are about giving people a chance to participate, to learn, to succeed and to develop in real jobs. They are about reaching potential for both the employee and the employer. The awards acknowledge employers who recruit staff based on their abilities and create workplaces where people with disabilities can participate fully. One in five Australians has a disability; many are able and willing to work and simply need to be given a chance to show what they can do. On behalf of the government I would like to congratulate all the businesses and government agencies that were nominated for this year's awards.

Senator FERRIS—Mr President, I ask a supplementary question. In recognising the valuable contribution that these people can make to the work force, is the minister aware of any alternative policies?

Senator PATTERSON—As I said, Senator Ferris, the Labor Party failed people with disabilities. They failed, in particular, in a very draconian move to close down sheltered workshops.

Senator Chris Evans—You are talking absolute rubbish!

Senator PATTERSON—Senator Chris Evans can go back and look through the *Hansard* and see that there was such a move. They used the appalling term of 'not back-filling' sheltered workshops. It was an appalling policy. They saw the light in one of

the best debates of this chamber, when Senator Herron put Senator Tate on the spot. Senator Tate went to Senator Howe and the policy was changed. It was one of the best debates in this chamber, as a result of Senator Herron putting the Labor Party on the spot.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Foreign Affairs: Dr Mahathir Mohamad

Senator HILL (South Australia—Minister for Defence) (3.00 p.m.)—I have some further information in answer to a question asked of me today by Senator Robert Ray regarding Dr Mahathir's comments. In the margins of APEC, on 18 October, Mr Downer had a short meeting, at Mr Downer's request, with the Malaysian Deputy Foreign Minister to express his deep concern about Dr Mahathir's reported comments. Mr Downer said that anti-Semitism was totally unacceptable. On 17 October the Prime Minister made clear publicly his total rejection of these reported comments. He also made it clear that he did not intend to take the matter any further, noting that Dr Mahathir was shortly to retire.

MINISTERIAL ARRANGEMENTS

Senator HILL (South Australia—Leader of the Government in the Senate) (3.01 p.m.)—The government has made some changes to ministerial representation in this place. These changes, I understand, have been forwarded to party leaders. I now seek to have the list of changes incorporated in *Hansard*.

Leave granted.

The list read as follows—

I inform honourable senators of additional changes in Senate ministers' representational duties following the recent changes in the ministry.

The changes will distribute representational duties more evenly among Senate ministers and should facilitate scheduling of Senate estimates hearings.

Five ministers will share representational responsibilities which now are shared by two ministers.

The changes will apply next week for the Budget supplementary estimates hearings and thereafter.

- The Minister for Fisheries, Forestry and Conservation, Senator the Hon Ian Macdonald, will assume responsibility for the Environment and Heritage portfolio.
- The Minister for Revenue and Assistant Treasurer, Senator the Hon Helen Coonan, will accept representative responsibility for Veterans' Affairs.
- And the Special Minister of State, Senator the Hon Eric Abetz, will assume responsibility for the Employment and Workplace Relations portfolio and the Employment Services Portfolio.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Answers to Questions

Senator JACINTA COLLINS (Victoria) (3.01 p.m.)—I move:

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

I will focus first on answers to questions raised with Senator Patterson. I note that the last answers she gave in relation to disability and employment services also relate to this government's record on disability, with respect to my earlier question about caps on family day care. These are affecting the many disabled kids who would be able to utilise family day care if the government removed these caps. Child care is most definitely in crisis. The junior minister, the Minister for Children and Youth Affairs, Mr Anthony, recognised that today when he gave

what now appears to be a fairly weak and uncosted promise that he would remove the caps on family day care and outside school hours care some time—he said—next year. This is simply not good enough. What optimism can we now have when the Minister for Health and Ageing, Senator Patterson, his senior minister, stresses 'keeping within our means' in the context of a record \$7.6 billion surplus? I think we can have very little confidence. We know that Minister Anthony has recognised the problem and we know that the Prime Minister, in some recent reports, has recognised the problem, but Senator Patterson is refusing to act.

Senator Patterson harks back to the Howard government's record on spending in child care, so let me take a few moments to cast it into a different perspective. The Howard government's record on long day care over the last six years is deplorable. In 1996 Labor was spending \$400 more per child-care place than the Howard government is spending today. Under Labor, from 1991 to 1996 there was an increase of more than 80 per cent in the number of long day care services. Under the Howard government, there has been less than a 10 per cent increase in the number of long day care services and, between 1998 and 2000, there has actually been a decline in the number of long day care places. In 1998 it was 194,555; in 2002 it was 193,809. That this government can rationalise and claim additional spending on child care, when the number of long day care places has declined, is ludicrous. Under Labor the growth in centre based care places was 120 per cent from 1991, while under the Howard government there has only been around 15 per cent growth in places over the six years to 2002.

We all know—and in fact the Department of Family and Community Services annual report tabled this week highlights—that there will be ongoing considerable growth in de-

mand for access to formal child care places. But is this government acting? No, it is simply reframing figures to try and cast its spending in the most favourable light, and any exploration of that data beyond the most superficial shows what that record is. For instance, if we graph what has happened in respect of spending on child-care places between 1991 and 2003, we find a continual increase under Labor up to 1996, dealing with growth in demand. After 1996, we then find savage cuts delivered by this government and a decline. Since then, all we have had is some staggering increases in funding to try and repair what this government did in 1996.

This, of course, was compounded when former Senator Newman introduced caps to family day care and to outside school hours care. Those caps have meant we now have a spiralling demand in the market, and the government is refusing to respond. This refusal is affecting those very disabled people—the disabled kids—about whom Senator Patterson claims to be concerned. These disabled kids cannot get access to family day care places. Their parents are being told, ‘There is this artificial cap that the government has had in place for more than two years now, and there is nothing we can do to free up a place for you.’ At the same time, we have child-care workers being told they cannot operate to maximum efficiency—they cannot be given their full quota of children—because of this artificial cap. So there are many small businesses out there—women working, looking after children in their homes—whose income the government is containing by refusing to allow them to have their full quota of children. This is containing the market in a way which is dangerously skewing the way it can respond to child-care needs. *(Time expired)*

Senator SANDY MACDONALD (3.07 p.m.)—I rise to take note of the answers

given by the Minister for Defence, Senator Hill. I do not think anybody would be unaware that Australia faces a very difficult strategic environment, as do many other Western nations. Australia has an increased military tempo and our commitment to the war against terror continues. Our region is full of instability. We are all aware of the arc of instability both near and far: in the south-west Pacific, in Indonesia, in PNG and further afield on the Korean peninsula, where we do 60 per cent of our trade. We are also looking at future needs and at meeting the challenging strategic environment. The Defence Capability Plan has been prepared in that context.

The Defence Capability Plan review commenced last year and has since been expanded to a full review, covering force structure as well as the DCP itself. A number of high-priority projects have already been announced and approved in the last six months. I refer to the air-to-air refuelling announcements; the special operations command set up in answer to the requirement for a more flexible and appropriate response to special operations; the electronic self-protection of the C130H aircraft and helicopters; the commitment to look at space based surveillance; and the FA18 hornet structural refurbishment, which was essential in part because of their commitment in the Iraq conflict. The DCP allows for proper account to be taken of the changes to our strategic and security environment since the publication of the defence white paper in 2000. The review is nearing completion and the government will be considering its recommendations very soon. It may show that some rebalancing of defence capability and investment priorities is required to meet the needs of our changed circumstances, which obviously goes without saying. Defence planners must be flexible, and they are being that. The Defence Capability Plan will look at what basic

structures are essential to build on and maintain the security the Australian population expects of this—or in fact any—government.

Notwithstanding the review, a number of more urgent, high-priority projects have been approved. As I mentioned, they include the special operations command at a cost of about \$100 million, new air-to-air refuelling aircraft at around \$2 billion and the enhancement of the self-protection of our helicopters. We remain committed to proceeding with key purchases, such as the new fighters, although the number of aircraft and the timing of their purchase have yet to be decided. These decisions will be firmed up in the next two to three years as we get closer to the planned 2006-07 approval. The Defence Capability Plan review will meet the needs of our changed circumstances and will be fully costed and funded.

There has been some speculation about the withdrawal of the F111s and the acquisition of a large amphibious vessel, which has been in the papers as late as today. Recent speculation about the reductions and additions to the ADF force structure has gone to: will we retire the F111 or some of the submarines? Will we buy tanks? Do we intend to buy a very large amphibious vehicle? The capability review has canvassed a broad range of options for adjusting the force structure to align it better to present and future needs. Cabinet has yet to consider the capability review in these regards, let alone make decisions based on it.

Flexibility is required in defence planning. We are talking about very large amounts of money. We are talking about a government that is very conscious of the need to both maintain the existing capabilities and look to what other changes may be required. It is very difficult to plan for defence. If 10 years ago you had said to people that we would have had RAAF aircraft in one of the former

Soviet republics for about 12 months—which we did earlier this year and before—in actions in the war against terror, they would have found it very hard to believe. Those are the sorts of challenges we face in defence planning, and the government is addressing those at the moment.

Senator MOORE (Queensland) (3.11 p.m.)—I rise to take note of the answer given by the Minister for Family and Community Services, Senator Patterson, in response to a question without notice asked by Senator Jacinta Collins today relating to child care in our community. In her answer, Senator Patterson congratulated Minister Anthony on his good work in his portfolio. She also listed a range of objectives that, through the government's efforts, had been achieved in child care. We would like to congratulate Minister Anthony on his work on child care, and we do congratulate him on his promise that some time in the future—that is, some time before next year—he will be able to lift caps on two key areas of child care. The caps that he may feel confident about lifting in the next couple of weeks—before next year—are exactly the same caps that we on this side of the Senate have been saying for years must be lifted. Through the estimates process we have asked questions of the department and the ministers about what the unmet demands are in the area of child care. Year after year we have received figures that indicate that there is significant unmet demand in outside school care and family day care.

For the last couple of years we have been told that we had to wait for the results of the broadband review. We were told, 'We cannot do anything just yet because we are doing a review of the whole area and, when it is over, we will be able to give answers.' We waited, and the review has come out but no change has occurred. Now the community is being asked to wait again and, this time, to wait with confidence because some time in the

future Minister Anthony will be able to announce changes to the funding so that caps in these areas of child care will be lifted. In Queensland alone, the figures available at the last Senate estimates indicated that more than 7,000 extra places in outside school hours care were needed. In family day care, an area we have talked about so much, where children are cared for within the home during the day—and this area has received great publicity—there is an unmet need for over 1,200 places. These places are needed now. They are needed not next year but now. We ask that the issues of unmet demand be acknowledged and the promises fulfilled.

The issue of child care always gets publicity. Families are interested in child care. Even Minister Anthony's promise that, with confidence, there could be a change soon received front-page media coverage across the country. In Queensland, the front page of the *Courier Mail* said, 'Relief for families'. There was the same thing in Sydney. So there is genuine interest in and concern about the issue of child care. We fear, though, that these promises will not be met. In the media coverage we have seen that the reason for the current cap on child care is the restriction on the payment of child-care benefit. If the reason for the unmet demand and the restrictions is a need to limit the amount paid to families for child-care benefit, where are the figures to tell us about the confident promise of the changes? How much is it going to cost? How confident can families feel about making plans for next year? We are talking about the links between child care and school. How can we feel confident that these promises will be fulfilled?

When questioned today, the minister said that when she was talking with Minister Anthony she would be able to discuss Labor's record on child care. Minister, it has been a number of years now since the Labor record on child care has been relevant. What is rele-

vant to families now is what the government is providing now. We can talk about the Labor record in the past—and, hopefully, we will talk about the Labor record of the future—but we need to know what is happening now. Minister Patterson spoke of talking with Minister Anthony about Senator Collins. At the same time, Senator Kemp talked in his answers about the fact that he was reading Labor Party platform policy for the last 10 years. I hope, with confidence, that we will be able to share something and maybe learn from each other.

Senator FERGUSON (South Australia) (3.16 p.m.)—I rise to take note of answers given by the Minister for Defence, Senator Hill, in response to questions without notice asked by Senator Chris Evans today in relation to the defence forces. In the light of the outstanding performance of our defence forces over the past couple of years, I am surprised at the tenor and the nature of Senator Chris Evans's questions—particularly his questions about the Defence Capability Plan review and the so-called black holes in the budget. There has been a report that army officers have been banned from discussing the defence capability review and the proposal for new tanks with the media and industry. That is not unusual. Some details of the capability review are highly classified, and so they cannot be discussed frequently.

As a matter of fact, the cabinet has yet to make any decisions at all about changes to the ADF or the Defence Capability Plan. The review has not had the chance to even be considered by cabinet. Yet we had Senator Chris Evans come in today and ask the Minister for Defence to make judgments on the issues that are being raised in that review before they have even had a chance to be considered by cabinet. It was not much different the other day, when we had Senator Conroy wanting the government to rule this

in and rule that out when the relevant trade negotiations were still under way.

Senator Chris Evans also raised the issue of funding shortfalls. There has been speculation in recent months about funding shortfalls. I can assure you that there is no funding crisis in Defence. One can always argue for more money. I am sure that every minister, in their own portfolio, would argue for more money, and there are always some who will get more money. But the real issue at stake in the defence forces—as with other ministries—is having a fiscally responsible, effective and flexible Defence Force which meets our expected needs. That is what we will be focusing on as a government. You can rest assured that the government will ensure that our security needs are met.

We have had to provide additional funds for operations in recent years—in East Timor, in Afghanistan, in Iraq and, most recently, in the Solomon Islands. Yet, at the same time, we have continued to invest in capital equipment for the future. Since coming to office we have vastly improved oversight by government, through improved scrutiny at the expenditure review committee. As well, we have improved project delivery through the creation of the Defence Materiel Organisation and related reforms. I am sure, Mr Deputy President, that you are well aware of them in your other roles in this place.

The 2003-04 budget contained measures totalling \$2.1 billion of additional spending over the five years from 2002-03. In all of those new budget measures—in all of that expenditure that is taking place—the government has been very careful to make sure that it prioritises, to make sure that there is improved oversight and to make sure that the money is spent in the best way possible. There are a number of additional amounts of money which, of course, had to be spent and

were unexpected. There was nearly \$650 million extra over three years to meet the costs of Australia's contribution to the coalition to disarm Iraq and Defence's contribution to stabilisation and recovery operations. That is an amazing extra amount of money, which we have been able to meet from the allocated budget and the budget that has been put in place for the next five years.

We put nearly \$160 million over four years towards establishing a new special operations command to enhance our ability to respond to terrorist threats and boost special forces personnel numbers by in excess of 300. So you can see that there has been a priority in Defence spending. It is one that this government has been very careful to scrutinise. Criticism might come from Senator Evans and from members opposite as to the way that this government has dealt with issues that have come up unexpectedly in the last three or four years, but they should be giving the government credit for maintaining control of the expenditure and yet still investing in capital equipment for the future. (*Time expired*)

Senator LUNDY (Australian Capital Territory) (3.21 p.m.)—I rise to take note of answers given by the Minister for the Environment and Heritage, Senator Kemp, in response to questions without notice asked by Senator Lundy today relating to arts funding. I acknowledge that the minister did not answer my questions, as usual, but instead offered a half-hearted look into the very serious issue I raised about the latest round of funding allocations for Playing Australia. The minister spent a lot of his time trying to talk about Labor and raising the spurious issue of it not being contained in our policies over the last few years. Hello? It is Labor's policy.

Labor created Playing Australia and it was an own goal for Senator Kemp. Of course the

Liberal policies do not say anything about Playing Australia. In raising those issues, Senator Kemp highlighted the fact that it is the coalition—the Howard government—that is deconstructing the original purpose of Playing Australia. It is worth asking the question: isn't Playing Australia supposed to be all about staging events and shows in regional Australia? The answer to the question is a resounding yes. The fact that the latest round of Playing Australia has left regional performing arts centres and many touring performance organisations out in the cold has sent nearly everyone involved in the art sector into shock. Regional tours are not being supported to the extent that they have been in the past. Whilst this contraction and withdrawal of events from regional Australia has not affected overall funding allocations, it simply means more money is going to fund larger but fewer performances primarily in metropolitan regions.

In a bizarre departure from custom of practice, the meticulously negotiated proposal for the next round of the national regional touring performance program was rejected by the Howard government. It seems that the Minister for the Environment and Heritage—because that is where the buck stops—has decided to do some rather startling adlibbing. Whilst I am still trying to get a better idea of realistic expectations of the funding that various centres would have received, based on the experience of previous rounds, the state by state effects of these changes are very telling. In Victoria, out of 89 applications, only 16 were funded, with devastating effects in Bendigo, Frankston, Mildura, Hamilton, Sale, Geelong, Moonee Ponds, Shepparton and Ballarat amongst others. In Western Australia, only 13 out of 83 applications were funded, impacting on Bunbury, Margaret River, the Goldfields, Albury, Mandurah and Esperance, amongst others. In Queensland, only 14 out of 69 ap-

plications were funded, with Toowoomba, Ayr, Cairns, Rockhampton, Gladstone, Mackay, the Gold Coast, Townsville and Nambour all affected. In New South Wales, 24 out of 89 applications were accepted, with Bathurst, Broken Hill, Frenchs Forest, Griffith, Lismore, Newcastle, Orange, Taree, Parramatta, Penrith and Wagga Wagga affected, amongst others. South Australia received funding for three out of six applications, the ACT received funding for one out of five applications, Tasmania received funding for only four out of 11 applications and the Northern Territory received funding for only six of their 18 proposals.

As I said, not all of the applications would have been funded, but the result has been far less funding than previously. It begs the question: why is this so? Why this change in policy? My understanding of the process is that the department collates the applications and advises the board of Playing Australia. The board then assesses applications before making final recommendations to the minister. The minister ticks them off and announces the allocations for the round. So it is reasonable to assume that either someone gave idiotic and irresponsible advice to the board and/or the minister that they did not check or there was an intervention of a political nature somewhere in the system which signals a very dramatic change in Howard government policy on Playing Australia in regional arts. One can only speculate that, as a result of that policy shift, regional Australia is no longer a priority for the Howard government when it comes to arts.

But when presented with a conspiracy theory or a stuff-up, the stuff-up always wins. Whatever the scenario—whether there are some political shenanigans going on or whether there has been a stuff-up—the Minister for the Environment and Heritage now has the responsibility to fix the problem. Perhaps most of all, the decision highlights

the arrogance shown by the Howard government in ignoring the complex arrangements, interrelationships and interdependence between Playing Australia funding and venues, companies and local arts communities. I think, most devastatingly, it has inflicted a penalty upon the people of rural and regional Australia. The minister now has an opportunity to fix the problem, to help support the regional touring companies that have been doing it for donkey's years and which deserve ongoing support, such as the Bell Shakespeare Company. He has the opportunity to act. I call upon him to do so now before any company— (*Time expired*)

Question agreed to.

COMMITTEES

Foreign Affairs, Defence and Trade References Committee

Report: Government Response

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.27 p.m.)—I present the government's response to the report of the Foreign Affairs, Defence and Trade References Committee entitled *Japan: politics and society*, and I seek leave to incorporate the document in *Hansard*.

Leave granted.

The document read as follows—

Government Response to Senate Foreign Affairs, Defence & Trade References Committee Report:

Japan: Politics and Society

INTRODUCTION

0.1 The Government thanks the Senate Foreign Affairs, Defence & Trade References Committee for its inquiry and report into contemporary changes in politics and society in Japan and their implications for Australia. The Senate Committee's report is a timely review of recent developments in Japan and coincides with the

Government's own efforts to reinvigorate the bilateral relationship.

0.2 The Australia-Japan relationship is strong and mutually beneficial. Japan is Australia's largest merchandise trading partner, and is likely to remain so for the next decade. Australia is a key supplier of coal, iron ore, aluminium and beef to Japan. Both countries have a proud record of cooperation on regional and global issues, and have institutionalised bilateral dialogue in over 31 different areas of the relationship. These contacts are underpinned by regular high-level political contacts, including by staging annual meetings of Prime Ministers (as agreed in the 1997 Partnership Agenda) and two-way ministerial visits.

0.3 The governments of both countries have recently made major attempts to reinvigorate and strengthen these ties even further. Noting considerable changes in the regional and global economic and strategic environment and both countries' ongoing mutual interests, Prime Minister Howard and the late Prime Minister Obuchi agreed in 1999 to hold an 'Australia-Japan Conference for the 21st Century'. The Conference, which was held in Sydney in April 2001 and addressed by Mr Howard, brought together leading figures from the public and private sectors of both countries. Among a range of recommendations, delegates agreed that both governments should take steps to upgrade the bilateral trade and economic framework, strengthen their cooperation and dialogue on security issues and increase cultural exchanges.

0.4 Following the successful Australia-Japan Conference in Sydney, the Japanese Government hosted a follow-up meeting, the Australia-Japan Conference for a Creative Partnership, in November 2002. The Conference, which Mr Downer addressed, brought together eminent individuals from both countries across a range of sectors. Participants produced recommendations in the following areas: political/strategic; economic; e-learning as means of education exchange; and science and technology for the aging. We are currently following up on the implementation of these recommendations.

0.5 Since staging these Conferences, both governments have taken steps to ensure that the momentum engendered has been maintained.

Visits to Japan by Prime Minister Howard in August 2001 and July 2003, Mr Downer (in May 2001, November 2002 and May 2003), Mr Vaile (in June 2001, April 2002 and February 2003) and several other government ministers have sought to underline the value of the relationship and pursue appropriate mechanisms for strengthening two way contacts.

0.6 This objective was advanced further on the occasion of the visit to Australia by Prime Minister Koizumi in May 2002. In their joint statement on 1 May, both Prime Ministers recognised the benefits and merits of the long-standing close ties and cooperation between Australia and Japan, and committed themselves to a range of measures across the bilateral relationship “in order to take maximum advantage of the tremendous opportunities and challenges of the new international environment in the early 21st century” (see Appendix I).

0.7 Subsequently, during Prime Minister Howard’s visit to Japan in July 2003, Prime Ministers Howard and Koizumi signed a Trade and Economic Framework agreement. The Framework is a comprehensive outcome that reflects the Government’s strong commitment to further developing trade and investment linkages with Japan and sets a clear direction for trade and economic relations. The Framework includes a commitment by the two countries to work towards trade and investment liberalisation on a comprehensive basis. A detailed government-led study will be carried out by the two Governments into the benefits of trade and investment liberalisation between Australia and Japan and how to achieve that goal.

0.8 The Senate Committee makes eight recommendations in its report. The Government endorses all of the Committee’s recommendations. The Government’s detailed response is provided below. All Commonwealth Government Departments and Agencies consulted in preparing this response are listed in Appendix II.

GOVERNMENT RESPONSE TO RECOMMENDATIONS

Recommendation 1—Chapter 3, page 62

The Committee recommends that the Australian Government continue to work

toward enhanced mutual understanding and cooperation with Japan on agricultural issues in accordance with the objectives of the Australia-Japan Partnership Agenda (see Appendix III).

1.0 The Government supports the recommendation.

1.1 Australia and Japan currently maintain a high level of dialogue and cooperation on agricultural issues. Consultations to discuss beef, grain and dairy issues are held regularly. Senior officials from the Department of Agriculture, Fisheries and Forestry (AFFA), the Department of Foreign Affairs and Trade (DFAT), the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) and industry representatives attend these consultations.

1.2 Separate consultations to discuss plant quarantine issues (which are held annually) and customs services (held biannually) are also scheduled, and include officials from AFFA, the Comptroller General of the Australian Customs Service, the Japanese Plant Protection Division, MAFF, and the Director General of the Japanese Customs and Tariff Bureau.

1.3 AFFA also has two officers posted to the Australian Embassy in Tokyo for the purpose of handling agricultural issues and to develop further the bilateral relationship with Japanese officials.

1.4 AFFA officers will continue to meet regularly with visiting Japanese industry delegations to exchange information on issues of interest and/or concern. They will also meet with government officials at regular formal bilateral commodity and quarantine market access talks and on a more informal basis.

1.5 AFFA will continue to develop its relationship with Japan and work towards enhanced understanding and cooperation on agricultural issues.

Recommendation 2—Chapter 4, page 84

The Committee notes that the Australia-Japan Ministerial Committee (AJMC) has not met since 1997, and recommends that it meet as soon as practicable in the new Australian Parliament following the 2001 election.

2.0 The Government supports the recommendation.

2.1 Australia has indicated to Japan its preference to convene the next Australia-Japan Ministerial Committee (AJMC) as soon as practicable.

2.2 The delay in scheduling the next AJMC reflects difficulty in coordinating the schedules of ministers. In the meantime, there has been significant Ministerial exchange and contact between individual ministers of both countries both bilaterally and at separate international forums. Combined, since 1996 the Australian Prime Minister, Foreign Minister and Trade Ministers have met with their counterparts more than twenty times, reflecting the desire of both governments to meet wherever and whenever possible.

Recommendation 3—Chapter 4, page 87

The Committee recommends that the Australian Government take all practicable steps to increase dialogue at all levels between Australia and Japan and to develop further the close bonds between our two countries.

3.0 The Government supports the recommendation.

The Department of Agriculture, Fisheries and Forestry—Australia (AFFA)

3.1 AFFA has in place a range of mechanisms to further develop the relationship between Australia and Japan. A number of these are outlined in response to Recommendation 1. As well, the Minister for Agriculture, Fisheries and Forestry, the Hon Warren Truss, maintains close contact with his counterpart and other high-level officials in the Japanese Government, and visited Japan in January 2002 and again in July 2002.

3.2 AFFA will continue to develop opportunities for further dialogue with Japanese officials and industry representatives, including through visits to Japan by senior departmental officers, holding regular meetings with Japanese officials and industry representatives on a range of agricultural issues, providing technical assistance to Japan and having regular contact with the Japanese Embassy in Canberra.

The Australia-Japan Foundation (AJF)

3.3 The Australia-Japan Foundation (AJF) will continue its work to encourage closer rela-

tions between Australia and Japan across a wide spectrum. It believes that mutual benefits accrue through deeper awareness of each other's countries and skills. The AJF monitors government policy and societal changes in order to identify opportunities and mechanisms to expand dialogue and alliances between Australia and Japan. The AJF is promoting bilateral dialogue by educating, informing, creating and facilitating networking and engagement at government and non-government levels. Through the delivery of targeted activities it also seeks to ensure that influential groups, such as teachers and potential young leaders are well-informed about the advantages of, and opportunities within, the Australia-Japan relationship and to engage Australians and Japanese in it.

3.4 The AJF conducts an ongoing program of seminars and forums which bring together Australians and Japanese across a range of disciplines to discuss issues of mutual interest. The AJF has supported the Australia-Japan Conference process. The AJF, through its strategic alliances, is also facilitating professional interaction among academics, teachers, teacher trainers, arts managers, biotechnologists, bureaucrats, young leaders, debaters and others.

3.5 The AJF's 'Strategic Exhibitions Initiative' seeks to develop professional and institutional linkages for the future as well as delivering a contemporary image of Australia in Japan. The project is being developed with advice from a panel drawn from a range of arts bodies and institutions including the Australia Council and is coordinated by Asialink. The AJF with the Department of Foreign Affairs and Trade, the Australia Council and the Cultural Division at the Australian Embassy also operates AJAN (Australia-Japan Arts Network), a project which places middle-range arts managers in key Japanese organisations in order to develop links as well as enlarge the pool of Australians with a knowledge of how the Japanese arts scene works.

3.6 The AJF, as a Team-Australia effort, developed the earliest and most comprehensive Japanese language internet site on Australia. The site currently receives over 23 million file hits per year. The AJF is now reviewing and expanding its own digital presence, including the compilation

of online databases on exchange opportunities between our countries in an effort to continue facilitating interaction between Australia and Japan.

3.7 The AJF facilitates the establishment of sister-city linkages and assists organisations such as the national secretariats of community-based friendship societies in Australia and Japan and the Australian Studies Association of Japan (perhaps the largest overseas Australian studies network outside Australia). It works with the Japanese Personnel Authority to place Japanese Government officials in Australian counterpart organisations for periods of up to five months and undertakes the recruitment process for the position of Australian Studies Professor at Tokyo University. The AJF also provides teaching materials and training on the use of these in classrooms to Australian English language teaching assistants participating in the Japanese Ministry of Education's JET program.

AusAID

3.8 Japan's overseas aid and development cooperation policies and programs are of particular interest to Australia. The Government seeks to implement international best practices in delivering Australia's development cooperation programs and advance the national interest and will continue to increase dialogue and develop bonds with Japan in pursuit of this goal.

3.9 Japan is the second-largest bilateral aid donor in the world in absolute terms and shares Australia's interest in according high priority to Asia. Japan is the largest donor (followed by Australia) to the independent Pacific Island Countries (PICs), the largest bilateral donor to Indonesia, and the third-largest donor to Papua New Guinea after Australia and the European Commission. Australia takes every opportunity to stress the importance we attach to Japan maintaining a strong aid presence in the Asia-Pacific region.

3.10 AusAID already has a number of strong links with the Japanese aid agencies and participates in dialogue in numerous formal and informal forums. These links were affirmed in the meeting on 1 May 2002 between Prime Minister Howard and Prime Minister Koizumi where closer cooperation on improving development capacity within the region was discussed.

Regular Consultations

3.11 The Governments of Australia and Japan have held annual High-Level Aid Policy Talks since 1985. The Director-General of AusAID, Mr Bruce Davis, most recently met his Japanese counterpart (Mr Furuta, from the Economic Cooperation Bureau (ECB), Ministry of Foreign Affairs) in April 2003 at the OECD Development Assistance Committee, High Level Meeting in Paris. Mr Davis also met the former Director-General of the ECB, Mr Nishida in Paris in May 2002 and the Vice President of the Japan International Cooperation Agency (JICA), Mr Yushu Takashima, in Canberra that same month. The talks provided opportunities to consult on regional development issues, and identify areas of possible collaboration on development efforts.

3.12 AusAID and JICA officials in Australia meet periodically to discuss cooperation on development programs in the Pacific. The discussions generally focus on areas for cooperation in technical projects.

3.13 The Australian Embassy in Tokyo has a designated Aid Policy staff member, who liaises regularly with the Japanese aid agencies—ECB, JICA, the Japan Bank for International Cooperation (JBIC) and other Ministries that manage a portion of the ODA budget—on behalf of AusAID on aid policy affairs. Apart from regular information exchange and advocacy, we have in recent times focused on the reforms taking place in Japan's ODA system.

Dialogue on the Pacific

3.14 As Australia and Japan share a common interest in the continuing development of Papua New Guinea (PNG) and the PICs, the two Governments continue to strengthen their dialogue on relevant regional Pacific issues. While there are a series of regular forums which allow the governments of Australia and Japan to discuss mutually beneficial issues (outlined below), opportunities for constructive dialogue also arise within other regional, donor or individual country contexts.

3.15 AusAID has been cooperating with JICA in the health sector in PNG for a number of years and has encouraged JICA to participate in the PNG Government's Health Sector Improvement Program.

3.16 Collaboration has also occurred within the context of AusAID's Women's and Children's Health Project whereby JICA has supplied refrigeration for vaccines. Other regular consultative forums include the South Pacific Trade Commission (Sydney) & the Pacific Islands Centre (Tokyo).

3.17 These two agencies both work for the shared purpose of promoting PICs' exports to our respective markets. Their private sector promotion activities have been mutually reinforcing and have provided benefits to private enterprise in the region.

Pacific Islands Forum

3.18 Dialogue in this forum led to the announcement, in 1997, of a joint regional initiative with Japan and New Zealand—the University of the South Pacific Telecommunications Network Project (USPNet). The project facilitates flexible learning and teaching arrangements through the University's centres in the region and was launched on 30 March 2000.

3.19 Following on from the success of USPNet (joint Australia/Japan initiative), recognising Japan's USD15 billion IT package to help address the digital divide, and the Australia-World Bank \$1.5 billion Virtual Colombo Plan to address poverty through the use of information and communications technologies (ICTs), there is scope for further coordination in ICT in the Pacific.

3.20 Australia and Japan will continue to work together to provide targeted assistance to the University of the South Pacific (USP), this time, in the area of distance education. The Australian aid program has embarked on a three-year project focusing on strengthening USP's capacity to design innovative distance education courses. The AusAID Distance Education Project is set to enhance distance education in the University by re-vamping the institutional arrangements for distance education within USP, strengthening the roles of regional Centres in delivering distance education, training staff and developing new distance education courses. Similarly, Japan is preparing an ICT capacity-building project with USP focusing on distance education and also includes provision of equipment and construction of telecommunication infrastructure facilities. These

two complementary projects will enhance ICT in the Pacific.

Forum Economic Ministers Meeting (FEMM)

3.21 Forum Economic Ministers have met annually since 1997 with the broad objective of supporting the Forum members' pursuit of sustainable development through developing appropriate policy frameworks and providing mutual support.

Post-South Pacific Forum Dialogue

3.22 Post-Forum dialogue enables the two Governments to strengthen their dialogue on Pacific issues, particularly on the management of natural resources and economic and public management reforms.

Pacific Donor Consultations

3.23 Discussion that focuses on economic and public-sector reform issues in the region have been held in the context of Pacific donor consultations (and occasional meetings of Consultative Groups) for countries in the region. The annual Pacific-donor consultations provide an opportunity to discuss development-assistance coordination and greatly assist mutual understanding of development issues and approaches in the region.

Pacific Island Development Partners Meeting

3.24 This provides a valuable opportunity every year for Pacific island countries and donors to discuss issues of mutual interest.

Dialogue on Asia

3.25 The Australian and Japanese Governments have a regular dialogue in a range of donor forums such as Consultative Group meetings and sectoral working groups, within individual country programs.

3.26 Japan is a critically important player in Indonesia. AusAID actively engages its Japanese counterparts in Jakarta on both a formal and informal basis. This engagement seeks, inter alia, to ensure consonance of policy approaches to key Indonesia reform issues, and has led to several initiatives such as co-financing the Management of Coral Reef Ecosystems project in Indonesia, together with several other donors.

3.27 As key donors, the policy dialogue between Australia and Japan on aid to East Timor has helped to strengthen success so far in achiev-

ing use of UN-assessed contributions for post-independence capacity building for East Timor's civilian administration. It has also played a key role in ensuring prudent fiscal management. Since the first donor conference on East Timor (Tokyo, December 1999), Australia has sought successfully to engage Japan as a major regional donor for East Timor and to complement the assistance of other donors. Japan pledged a total of USD100 million for 2000-2003, has become a major contributor to multilateral trust funds for East Timor and is providing major assistance in infrastructure, agriculture and capacity development.

3.28 At a regional level, both Australia and Japan continue to participate actively in APEC's ECOTECH Sub-Committee, as well as Playing significant roles in APEC's economic and technical cooperation activities. These forums provide opportunities for regular dialogue and acquired great significance during the challenges to the region posed by the Asian economic crisis. Japan was supportive of Australia's APEC Economic Governance Capacity Building Survey initiative which led to the development of a major package of economic governance assistance announced by the Australian Prime Minister at the November 1998 APEC Leaders Meeting in Kuala Lumpur. The Forum on Asia Insolvency Reform is also co-financed by Japan. Australia and Japan continue to have dialogue on key strategies needed to support the region's recovery over the medium to long term.

3.29 In a range of multilateral fora, such as the Development Assistance Committee (DAC) and meetings of the Boards of multilateral development banks, Japan and Australia work together to promote the interests of developing countries in our region. Additional liaison occurs through ad-hoc bilateral meetings between headquarters representatives, particularly around the time of replenishments and on the margins of key meetings.

3.30 Japan's move towards closer regional cooperation in East Asia and its commitment to focus much more closely on social sectors, should provide greater scope for closer and more effective cooperation between Japan and Australia at a bilateral and regional level.

Staff-exchange program

3.31 In 1999, AusAID undertook a mission to Japan to explore options for increasing linkages between the Australian and Japanese aid programs. One result of this mission was the establishment of an ongoing staff exchange program between AusAID and ECB/JICA. This secondment is an important part of AusAID's aid diplomacy strategy of furthering and deepening links with Japan as well as serving broader Australian government objectives of strengthening the relationship with Japan. Each year an AusAID officer spends about two months in JICA and one month in ECB so as to increase understanding of the Japanese aid system as well as to establish links with Japanese personnel. The program is reciprocal, with JICA officers also undertaking secondments in AusAID.

United Nations

3.32 Australia and Japan continue to work effectively on development issues in the Economic and Financial Committee (2nd Committee) of the United Nations General Assembly. There is also effective cooperation between Australia and Japan on

UN reform and its impact on the performance of the UN Funds and Programs (UNDP, WFP, UNICEF, UNIFEM, UNFPA), and

financing for development matters where we share a similar pragmatic view on funding realities and UN resource utilisation matters.

Joint Research

3.33 AusAID is currently supporting a joint study with Japan on "Future Financial Arrangements to Support Development in East Asia", through the AusAID Development Research Program. The Australian government is contributing \$A200,000 over two years (with the possibility of a one-year extension), the Australian National University (ANU) is contributing A\$100,000 per annum, while the Japanese Ministry of Finance is contributing \$A250,000 per annum. This study aims to

assess the scope for further financial cooperation, and how this might contribute to sustainable development

analyse the structure of policy dialogue in the region; the instruments, institutions and groupings that are optimal for regional financial cooperation; and proposals for common currency arrangements, including common basket pegs, regional currency units, and currency union.

3.34 The study seeks to inform and influence policy in regional economies through second-track diplomacy mechanisms. Workshops have already been held in Tokyo (June 2001), Canberra (November 2001), Sydney (November 2001), Beijing (March 2002), Seoul (September 2002) and Kuala Lumpur (March 2003). Another two workshops will be held before the study is completed in March 2004.

Follow-up to the Australia-Japan Conferences (2001 & 2002)

3.35 AusAID is also making a contribution to several of the priorities identified in the list of recommendations arising from the Australia-Japan Conference process

- strengthened information exchange and dialogue on crisis response in the region through mechanisms such as the OECD's Peace, Conflict and Development Cooperation network, and the Conflict Prevention and Post-Conflict Reconstruction networks

- closer coordination on approaches to small-arms issues (for example, joint approach to UNDP in the Solomon Islands)

- funding a joint study with Japan on regional financial architecture through the Australian National University (discussed above)

- the launch of the Virtual Colombo Plan, a major initiative between the World Bank and the Australian Government that will use information and communication technologies to revolutionise the approach to international development on a global scale

- bilateral cooperation on counter-terrorism issues and on providing practical support measures for regional neighbours in transition.

Austrade

3.36 Austrade manages a range of programs and activities to nurture stronger commercial linkages and further develop the close bonds between Australia and Japan. Austrade has sixty-one staff in six posts in Tokyo, Osaka, Fukuoka, Sendai, Sapporo and Nagoya. This extensive commitment underlines the importance Austrade places on Australia's trade relationship with Japan. Indeed, the only country that has a stronger trade representation in Japan is the United States. Over the last 3 years, Austrade posts in Japan have introduced nearly 2,600 Australian companies to potential buyers and partners in Japan, resulting in new sales to Japan of \$2.3 billion. For the period July to May 2002, Austrade helped 523 existing exporters and 324 new exporters develop new sales in Japan of \$1.4 billion.

3.37 Over the next 5 years Austrade will introduce a range of new Australian companies to Japan as part of Austrade's New Exporter Development Program. In the year ended 30 June 2003, Austrade's Japan posts assisted 74 new exporters to successfully enter the Japanese market. Although Austrade's posts in Japan will continue to provide assistance to all companies interested in entering and succeeding in the Japanese market, the sectors which Austrade will particularly focus on over the next 5 years include:

Information Technology/Biotechnology

3.38 Austrade and JETRO (Japan External Trade Organisation) are jointly hosting a website that promotes the ICT and Biotechnology capabilities of companies from each other's country.

Food and Beverages

3.39 Recent health scares in Japan have highlighted the need for Australia to maintain and promote its clean/green image. The BSE scare in 2001 caused domestic and imported beef sales to plummet. Australian beef exports to Japan (valued at around A\$1.5 billion in 2002) have held up comparatively well however, and many restaurants and fast-food chains are actively promoting the use of Australian beef on their menus. McDonald's, Mos Burger and Becker's use 'Aussie Beef' in their meat patties in Japan.

Agribusiness

3.40 The increased sensitivity of Japanese consumers to health scares and food safety provides an opportunity to highlight Australia's ability to supply safe and healthy products that consumers are demanding. Austrade's promotion of Australia's clean/green image encouraged Japanese hay importers to purchase 380,000 tonnes of Australian hay in 2000, valued at \$146 million.

Organic Foods

3.41 Food safety concerns have also made it possible for Austrade to promote the benefits of Australian organic foods through seminars and trade shows for Kialla Pure Foods; an organic lamb tasting for Bethunga Park Meats; and the introduction of Goodman Fielder to Nisho Iwai Foods (for the sale of GMO free corn grits) and to Ginrei Shokuhin (organic bread pre-mix).

Film & Television

3.42 Austrade Tokyo is highlighting the international success of the Australian film industry and has organised industry missions from Japan to visit Victorian and NSW film and television agencies as well as hosting an AusFilm promotion in April 2002.

Investment

3.43 In 2000, Ichigo Australia asked strawberry farmers in Hobart to try producing a juicier and sweeter strawberry variety, the Toyonoka, preferred by Japanese consumers. Japanese companies have also established noodle making and sake rice production facilities in Australia to service their customers in Japan. Emerging investment opportunities will be targeted in the areas of telecommunications, plantations and fruit and vegetables.

Department of Education, Science and Training (DEST)

3.44 DEST will continue to use its strong relationship with domestic stakeholders and with a range of agencies in Japan in the education, science and training spheres to encourage the exchange of information and further development of the close bonds between Australia and Japan. Specific details of DEST programs in this regard are outlined in response to Recommendation eight.

Department of Foreign Affairs and Trade (DFAT)

3.45 DFAT has made every effort over the past several years to strengthen dialogue and co-operation with Japan. This is consistent with the Government's 1997 Foreign and Trade policy White Paper, which nominated Australia's relationship with Japan as one of our four most important bilateral relationships. It also accords with the recently-released 2003 Foreign and Trade policy White Paper 'Advancing the National Interest' emphasising the ongoing importance of Japan to Australia's economic and strategic interests.

3.46 Much of this process commenced with the holding of the first Australia-Japan Conference in Sydney in April 2001, an initiative promoted by Prime Minister Howard and the late Prime Minister Obuchi. DFAT played the lead role organising and facilitating the Conference, which brought together leading experts from government, private, academic and non-government organisations. The Conference generated renewed momentum and purpose in the bilateral relationship. It recommended that governments consider a trade and investment facilitation agreement, strengthen dialogue and cooperation on security issues and increase people-to-people contacts.

3.47 In particular, the Conference gave strong support for close cooperation with Japan on events such as the despatch of its 680 strong peacekeeping contingent to East Timor in early 2002. As well, it supported close discussions on both nations' contribution to the coalition against terror and on counter-terrorism issues (for example, through the visit to Australia by Japan's Ambassador for Counter-Terrorism, Mr Hiroshi Shigeta on 5-7 August 2002). Similarly, it also led to the Department's playing a lead role in establishing the inaugural 1.5 track security dialogue, held in Canberra in September 2002, and the holding of an inaugural Trilateral Security Dialogue involving Japan and the United States, in August 2002.

3.48 These enhanced levels of cooperation on security matters were also reflected in economic and other areas of the relationship. In close consultation with the Australian Embassy in Tokyo, in the wake of the Australia-Japan Conference,

DFAT launched an active campaign to promote the merits of a new trade and economic agreement with Japan, while also providing support for activities which promoted Australia's credentials in areas such as education (such as the holding of the Australia-Japan Higher Education Forum in Tokyo in May 2002), information technology (through an Australian ICT industry delegation visit to Japan in October 2001 and a reciprocal visit to Australia in October 2002) and biotechnology.

3.49 The joint statement by Prime Ministers Howard and Koizumi, 'Australia-Japan Creative Partnership' (refer Appendix I), during the latter's visit to Australia in May 2002, acknowledged the value of these activities to the bilateral relationship, as well as outlining various other areas for cooperation either at a bilateral, regional or global level. Most notably, the Prime Ministers agreed "that the two Governments would launch high-level consultations to explore all options for deeper economic linkages". A series of meetings was followed by a report to Prime Ministers and the signing of a Trade and Economic Framework on 16 July 2003. The Framework reflects the Government's strong commitment to further developing trade and investment linkages with Japan and sets a clear direction for trade and economic relations. The Framework includes a commitment by both countries to work towards trade and investment liberalisation on a comprehensive basis. A detailed study will be carried out by the two Governments into the benefits of trade and investment liberalisation between Australia and Japan and how to achieve that goal.

3.50 In addition to the areas listed above, DFAT is committed to continuing close dialogue and cooperation with Japan on issues relating to the World Trade Organisation, people smuggling and the United Nations (particularly on UN reform issues). DFAT played a major role organising Australia's input to a second Australia-Japan Conference, held in Tokyo, 7-8 November 2002, and is coordinating follow-up action on conference outcomes. A meeting, chaired by AJC 2 Conference Co-Chair Jerry Ellis, to discuss implementation of recommendations was held in March 2003. The meeting was attended by Aus-

tralian Working Group Co-Chairs and interested government agencies and conference participants.

Department of Immigration, Multicultural and Indigenous Affairs (DIMIA)

3.51 DIMIA facilitates the entry of Japanese to Australia through a broad range of temporary residence programs catering for tourists, business visitors, skilled entrants, students, working holiday makers and school language assistants. Entry procedures continue to be improved with the increasing use of the Internet for the electronic lodgement of visa applications. Japanese nationals have been able to obtain an Electronic Travel Authority (ETA) through their travel agent since 1996. They can also apply for an ETA on the Internet (through DIMIA's website), and will normally receive immediate advice that their ETA has been granted. Japanese can also apply for a Working Holiday Maker visa on the Internet, as well as an increasing range of other visa options, such as visitor visas onshore, student visas and resident return visas.

3.52 DIMIA is currently working closely with Japan in addressing people smuggling and irregular migration, issues which impact on both nations.

3.53 Both Australia and Japan are committed to strengthening the international protection system. In January 2002, Japan pledged \$500 million for the reconstruction of Afghanistan. In support of this gesture, Australia agreed to provide an additional \$17 million. The aim of these contributions was to assist in reducing the refugee outflow from Afghanistan.

3.54 Japan actively participated in the 7th Plenary of the Asia Pacific Consultations on Refugees, Displaced Persons and Migrants in Ha Long City, Vietnam in November 2002; in the first Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime, held in Bali in February 2002; and in the second Conference held in April 2003.

3.55 Japan indicated its willingness to fund some capacity building initiatives in the region as a follow-up to the second Conference. Australia, including through our Ambassador for People Smuggling Issues, has been in close consultation

with Japan to discuss the degree of its involvement. In general, these discussions have focused on

- developing computerised border management systems and document fraud units.

- creating an effective system for the regional, intra-regional and inter-regional exchange of information relating to people smuggling and trafficking in persons, and

- running a series of regional workshops on improving various aspects of cooperation against people smuggling and trafficking.

3.56 DIMIA will continue its efforts to engage Japan with regard to people smuggling and illegal migration.

Department of Industry, Tourism and Resources (DITR)

3.57 DITR contributes to the development of the bilateral relationship and dialogue through consultations on a variety of issues relevant to its portfolio responsibilities. Current issues of particular interest are tourism and close cooperation in the energy sector, including by encouraging Japanese investment in petroleum exploration and monitoring developments in the Japanese LNG market.

Tourism

3.59 DITR's report on inbound tourism from Japan 'Building Momentum: Japanese Tourism to Australia', released in June 2002, aims to encourage stakeholders to engage in appropriate levels of dialogue to ensure a sustainable level of tourism growth from this important market. The Minister for Small Business and Tourism, the Hon Joe Hockey MP, led a tourism trade delegation to Japan in July 2003. The main purpose of the visit was to discuss options for enhancing the bilateral tourism relationship and to generate high profile media and travel trade interest in Australia as a tourist destination in an environment significantly affected by the Iraq War and the Severe Acute Respiratory Syndrome (SARS).

3.59 The Australia-Japan Tourism Officials' Talks involving DITR and the Japanese Ministry of Land, Infrastructure and Transport, are an important part of the government-to-government dialogue under the bilateral tourism relationship.

The Talks, which were first held in 1996, enable officials to discuss areas of mutual interest and potential conflicts. The next round of talks is tentatively scheduled for the latter part of 2003 in Australia.

Energy Sector Cooperation

3.60 Australia and Japan have a long history of government-to-government cooperation in the energy sector. The High Level Group on Energy Forecasts and Energy Resource Development was formed in 1985 and involves officials from DITR, Japan's Ministry of Economy Trade and Industry (METI) and industry representatives. The Group has met on 26 occasions, the most recent being in Tokyo on 6 June 2003. Australia also works closely with Japan in the APEC Energy Working Group (which includes representatives from METI and the Japanese Ministry of Foreign Affairs), and the International Energy Agency on issues of common concern, such as energy security and reform of energy markets.

3.61 In their May 2002 joint statement, the Prime Ministers of Australia and Japan called for enhanced cooperation in the field of energy bilaterally and in multilateral organisations and fora. DITR is looking forward to working with Japanese agencies to explore ways to deepen bilateral cooperation in this area.

Petroleum Exploration Investment

3.62 The regular release of offshore acreage is a key part of the Government's strategy to encourage investment in petroleum exploration and over a number of years a rapport has been established with key Japanese companies and agencies. DITR's assessment is this has contributed to the notable increase in Japanese investment in exploration and production in Australia during this period.

3.63 The 2003 release of acreage occurred on Monday 24 March. Accordingly, in cooperation with the Japan National Oil Corporation (JNOC) and the Australian Embassy in Tokyo, a delegation from DITR visited Tokyo in early April for discussions with Japanese companies. DITR plans to continue this promotion as an annual event.

LNG

3.64 The Government is well aware of the key role Japan has played in the development of

Australia's liquid natural gas (LNG) resources. Japanese involvement was crucial to the establishment of Australia's LNG project, the North West Shelf (NWS) in 1989 and all of the project's long-term contract LNG sales are exported to Japan. Recent new gas sales agreements with Japan have underpinned the expansion of the NWS and the construction of a A\$2.4 billion production train and pipeline.

3.65 The Japanese LNG market is undergoing change. For example, the Japanese LNG buyer market has shifted from Japanese trading houses to direct sales to Japanese energy utilities. This shift, driven by Japanese market deregulation, requires close monitoring and ongoing dialogue with the Japanese Government in order to understand emerging developments.

Department of Communication, Information Technology and the Arts (DOCITA)

3.66 DOCITA continues to develop Australia's relationship with Japan at different levels and across a range of important issues. The Minister for Communications, Information Technology and the Arts, Senator the Hon Richard Alston, visited Japan from 2 to 6 June 2002. The Minister had informative meetings with counterpart Ministers in Tokyo and a wide range of meetings with information and communications technology interlocutors.

Broadcasting Issues

3.67 On 20 June 2001, the Government announced that the ABC would be funded to establish an Asia-Pacific television service. The ABC will receive funding totalling \$90.4 million over five years for the service. The service is currently available Direct-To-Home via satellite dish in Japan. ABC Asia-Pacific is working to establish rebroadcast arrangements in Japan.

National Office of the Information Economy (NOIE)

3.68 NOIE has conducted several exchanges on e-commerce and e-government issues with officials from the Japanese Ministry of Health, Labour and Welfare, and private organisations including NEC, Hitachi, New Energy and Industrial Technology Development Organisation, and Meisei University. NOIE played a pivotal role helping to organise, along with the Department of

Foreign Affairs & Trade and the New South Wales Government, a Japanese Government policy delegation to Australia in October 2000 to highlight information and communication technology capability in Australia.

Australia Council

3.69 The Australia Council has taken a range of initiatives and continues to look at new ways to increase dialogue with Japan. In particular, at both the Australia-Japan Cultural Commission meeting in Tokyo in February 2001, and the Australia-Japan Conference in late April 2001, the Australia Council sought new ways to reinvigorate the bilateral relationship. Specific areas in which there appears to be strong potential to achieve this include

- youth arts and access initiatives
- arts-centred regional development initiatives
- arts and science/technology partnerships
- translation and publication of Australian literature
- major collaborative Australia-Japan arts productions
- performing arts markets
- international strategic development including new media arts and ICT
- inbound cultural tourism
- Youth arts and access initiatives

3.70 Both countries are very focused on youth issues, particularly with respect to the need for providing opportunities for creative self-expression by young people and ensuring access to cultural resources. The Council is examining opportunities which exist for emerging cultural leaders to meet, talk and plan with their Japanese counterparts, to set their own agendas and establish relationships that they will build on throughout their careers.

3.71 With this in mind, the Australia-Japan Foundation (AJF) set up a program of visits to Japan in May 2001 for emerging leaders, where they set their own itineraries. Individuals invited to participate included Marcus Westbury (ex LOUD / noise, youth panel), Melissa Chiu (Asian Australian Artists Association/Gallery 4A), Jason

Yat-Sen Li, Gia Nghi Phung (AGNSW), Rea (indigenous visual artist and curator).

Regional development through the arts

3.72 Both Japan and Australia are currently very concerned with regional development, and how best to support communities undergoing profound social change as a consequence of globalisation, urbanisation and new patterns of economic production.

3.73 Both countries have developed new initiatives to revitalise regional centres through the contemporary arts. Examples include Global ArtsLink, a world-class cultural facility located in Ipswich, Queensland and Echigo-Tsumari Art Necklace, a 10-year-long regional revitalisation project for six small cities and towns in Niigata Prefecture.

3.74 In both these cases, contemporary art of the highest international standard is being used as the catalyst for community development. Communities and artists are devising joint projects that reflect that community's past, comment on its present and suggest new ways forward.

Arts and science/technology partnerships

3.75 Japan has a number of facilities funded by industry and/or government that provide studio space, high-end equipment and technical skills for artist residencies, in return for R&D benefits.

3.76 Australian artists have undertaken residencies at the Advanced Telecommunications Research facility in Kansai and have established contacts with the InterCommunications Center, run by the Japanese telecommunications company NTT, and Canon Artlab. The Australia Council is working to further develop the great potential for increased collaboration between Australia and Japan in this area.

Translation and publication of Australian contemporary literature

3.77 In 2000, the Australia Council and Australian Publishers' Association brought three Japanese publishing executives to Australia under the Visiting International Publishers' program. Despite its position as the world's largest market for printed material very few Australian titles have been published in Japan. The Australia Council pursued a project which saw a series of

contemporary Australian literary works translated and published in Japan. Named the Bungei Shunju Australian Crime Fiction Project, the project has been a joint initiative between the Australia Council, the Australian Embassy in Tokyo and the Australia-Japan Foundation. Three popular Australian crime fiction authors were translated with 15,000 copies published and released on 6 December 2002.

3.78 The Australian writers were positively received by the Japanese media, with interviews and general coverage of the book release reaching a circulation of almost 8 million people across Japan and Australia. As a result, significant interest was generated around contemporary Australian literature and a promotional tour further consolidated interest in the individual authors who were approached to contribute short stories for a Japanese crime fiction magazine—Mystery Magazine. Collaboration has established a strong network for further development of Australian popular fiction into the Japanese market.

Major collaborative arts projects

3.79 The Australia Council, in conjunction with Asialink, has developed an Australia-Japan Visual Arts Touring Exhibitions initiative. The three-year program running until 2005 involves exhibitions of Australian contemporary visual art and craft in Japan. This is a major collaborative initiative that is intended to substantially raise the profile of contemporary Australian arts practice in Japan, focusing awareness on Australia's visual arts and craft and simultaneously consolidating new audiences and markets for this art form in an identified market. The program will feature exhibits in a number of prestigious galleries and museums including the Art Front Gallery, Tokyo; Hara Museum, Tokyo; Art Tower Mito, Tokyo; National Museum of Modern Art, Kyoto and Echigo Tsumari Triennial.

3.80 This is a reciprocal initiative in which key visual arts venues, organisations and artists from both countries will work collaboratively to produce and exhibit the shows. The initiative will comprise up to 12 shows, including a mixture of large mixed shows in prestigious venues in Australia and Japan, small artist driven shows incorporating new technologies/ publications, a medium mixed show in regional Japan and a small

craft exhibition touring to prestigious venues. The Japan Foundation and the AJF are also supporting this initiative.

Performing Arts Markets

3.81 The Australia Council's 5th Australian Performing Arts Market (APAM) was held in Adelaide from 25 February-1 March 2002. An official from the Australian Embassy in Tokyo accompanied a group of 11 senior Japanese arts producers and officials to the market. The Japan Foundation and the Australia Council also co-hosted a luncheon for key Australian and international delegates to discuss work and network. The 6th APAM is planned for 23-27 March 2004 and is expected again to feature a strong Japanese presence.

3.82 As a result of the strong bilateral relationship developing from the market, the Australia Council attended the Osaka Performing Arts Market in Japan in August 2002 to give a presentation on APAM and the potential for future collaborations between Australia and Japan. This was followed by a visit to Tokyo that same month for further opportunities to meet key Japanese arts contacts and discussion around potential future collaborative projects.

"Ancient Future—Australian Arts Festival Japan 2003"

3.83 Presented by the Australia International Cultural Council (AICC), the "Ancient Future—Australian Arts Festival Japan 2003" has been designed to celebrate Australia's ancient past and dynamic future in Japan from July to December 2003.

International 3-5 year Strategy Development

3.84 The Audience and Market Development Division of the Australia Council is currently working on finalising an overarching business strategic framework in consultation with the Council's board and other stakeholders that will form the basis of future thinking, decision-making and activity in international arts programs for contemporary Australian arts over the next three to five years.

3.85 Japan has been identified as a key region within Asia in this strategy for the development of markets for Australian arts and for a focus on collaborative projects, particularly in the

areas of New Media arts and ICT, dance and indigenous dance and music.

Department of Defence (DoD)

3.86 Japan and Australia maintain a steadily growing defence relationship. Over the past several years, the DoD has pursued a strategy of enhanced strategic-level dialogue and increased service-level interaction. Australia has regular strategic-level dialogue with Japan through Military-Military talks, Political-Military talks and single service talks for the Army, Navy and Air Force.

3.87 A recent highlight of Australia-Japan defence relations has been cooperation in peacekeeping, leading to the deployment of engineers from the Japanese Self Defence Force to East Timor to construct and repair roads and bridges. Legislative changes in Japan, particularly with respect to peacekeeping, will allow this sort of defence cooperation to grow. These developments are consistent with the Government's policy of encouraging Japan to make a more active contribution to international and regional security, at a pace which Japan is comfortable with.

3.88 The DoD will continue to work with Japan to deepen the defence relationship through increased strategic dialogue, continuation of service chief and reciprocal high-level visits, service to service contact and working level policy exchanges, staff college exchanges and regular ship and aircraft visits. During the visit to Australia in August 2002 of Japan's then Minister of State for Defence Gen Nakatani, he and Senator Hill agreed to develop an Australia-Japan Defence Action Plan. It is intended that Senator Hill will sign this document, entitled 'Memorandum on Defence Exchange between the Japan Defence Agency and the Australian Department of Defence' during his proposed visit to Japan in 2003. The Memorandum will provide a symbolic framework for Australia's current and future defence engagement with Japan.

Department of Health and Ageing (DoHA)

3.89 DoHA is taking steps to strengthen and further develop bonds between Australia and Japan through the Australia-Japan Partnership Agreement in Health and Family Services in the areas of aged and community care. DoHA has

ongoing dialogue outside the Partnership on issues in population health, the administration and regulation of therapeutic goods, medicines and medical devices, chemicals, gene technology, and research.

Australia-Japan Partnership Agreement in Health and Family Services

3.90 The Australia-Japan Partnership Agreement in Health and Family Services was established in January 1998 to facilitate collaboration in health related community care between the two countries' health agencies. The first phase of the partnership focused on aged care and resulted in a joint research project, high level visits from both sides, and a short report 'A Comparison of Aged Care in Australia and Japan'. The second phase, running over 2002-2004, focuses on community mental health issues.

Aged and Community Care

3.91 While in Madrid at the Second World Assembly on Ageing, the Minister for Ageing, the Hon Mr Kevin Andrews and other Australian delegation members met members of the Japanese delegation led by Mr Masahiko Otsubo, Vice Minister for Special Missions, Cabinet Office. The meeting covered such issues as

- government initiatives
- care insurance
- care at home
- teaching centres
- coordination of ageing policy in the Japanese Cabinet Office
- social security
- older peoples' stays in hospital
- medical/care relationships
- older persons contribution to their care, and separation of care and accommodation.

3.92 There was also agreement over Japan's wish to continue collaborating with Australia in regard to the development of teaching centres. Minister Andrews invited Japanese delegates attending the Sixth Global Conference in Perth in October 2002 to visit Canberra and relevant facilities in the Canberra region. The delegates express interest in examining services that provide

innovative and cost-effective care but have not yet taken up the Minister's offer.

Population Health

3.93 At the invitation of the United Nations Asian and Far East Institute for the Prevention of Crime and the Treatment of Offenders in Tokyo, a DoHA officer participated as a visiting expert at an international training course for three weeks during June 2002. The main theme was enhancement of community-based alternatives to incarceration. The course was also attended by judges, prosecutors, police and correctional staff from Japan, South East Asian and African countries.

3.94 Following a call for submissions from Japan, Australia has also expressed an interest in contributing to Japan's establishment of a new Japanese food safety agency. A written submission was prepared for consideration by the Japanese government, and an Australian delegation of senior officials from DoHA, AFFA and ANZFA visited Japan from 29-31 May 2002, for discussions with a committee from the Japanese cabinet office over the establishment of the new Japanese food safety agency and Australia's experiences in establishing Food Standards Australia New Zealand.

3.95 The Population Health Division of the Department is looking to establish links with the Japanese Health Department later in 2003 to develop policies and discuss developments with Creutzfeldt-Jakob Disease, the human variant of Bovine Spongiform Encephalopathy (BSE or mad cow disease) and other Transmissible Spongiform Encephalopathies (TSEs).

Therapeutic Goods Administration (TGA)

3.96 A Memorandum of Understanding between Australia and Japan signed in 1993 exists to enable the exchange and acceptance of information on Good Manufacturing Practice (GMP) for medical devices and pharmaceuticals. This means one country will accept certification by the other that the manufacturers meet an acceptable standard for the manufacture of therapeutic products.

3.97 Informal agency level discussions were held in February 2001 in Japan between the GMP Chief Auditor of the TGA and the Chief Inspector

of Japan regarding the renewal of the MOU between Japan and Australia.

Regulation of medical devices

3.98 Australia and Japan are both active participatory members of the Global Harmonisation Task Force (GHTF) for medical devices. The purpose of the GHTF is to encourage convergence in regulatory practices related to medical devices, promote technological innovation and facilitate international trade.

Regulation of medicines

3.99 There are ongoing exchanges between TGA and Japan regarding regulation of medicines, including complementary medicines.

3.100 In May 2002, officers of the Japanese Ministry of Health, Labour and Welfare conducted a routine inspection of a clinical trial site in Sydney to see whether the site met ICH standards for Good Clinical Practice (GCP).

3.101 In March 2002, a Japanese Government and pharmaceutical industry delegation visited the TGA to discuss Australia's approach and the regulation of non-prescription medicines and complementary medicines and laboratory testing of therapeutic products.

3.102 In 2000, the TGA hosted a Regulators' Forum in association with the World Self Medication Industry (WSMI) and the Australian Self Medication Industry (ASMI) as part of the 4th WSMI/Asia Pacific Regional Conference held in Sydney. An outcome of the forum was the development of a 'Declaration' by participating countries, known as the 'Sydney 2000 Declaration'. The Declaration will be revisited and developed further, to strengthen regional understandings and foster closer cooperation in the regulation of therapeutic goods in the region.

Regulation of chemicals

3.103 The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) has ongoing interactions with Japan concerning harmonisation of chemical assessment approaches.

Regulation of gene technology

3.104 The Office of Gene Technology Regulator (OGTR) has been requested by the Japanese Government to complete questionnaires regarding how Australia gene technology legislation works

and its coverage. It is understood that Japan is currently considering the need for similar legislation and has already introduced amendments to some acts to regulate the use of genetically modified organisms.

National Health and Medical Research Council (NHMRC) Research Internationalisation

3.105 The NHMRC is actively building a collaborative research network in the region, including interactions with Japan in science, technology and health research. The NHMRC also interacts with Japan at government level, through the Portfolio Strategy Division of the Department of Health and Ageing (DoHA), DFAT and DITR.

3.106 The NHMRC participated in the tenth meeting of the Australia-Japan Joint Coordination Committee on Science and Technology in June 2001, as a member of the Australian delegation. The Australian Health Ethics Committee's (AHEC) work in the area of human cloning and stem cell research is of special interest to the Japanese delegation.

3.107 Possible future relationships for the NHMRC are in strategic research collaboration in areas of mutual interest and benefit to both countries. This could be encouraging and facilitating Australian researchers to collaborate with researchers in Japan; exchanging information and experience in research policy and ethics, considering joint research in defined programs and sharing large-scale facilities.

Department of Transport and Regional Services (DOTARS)

3.108 DOTARS maintains a sound working relationship with relevant Japanese Ministries. Cooperation and discussion on policy matters are advanced with Japan bilaterally and through regional fora including APEC.

3.109 An Australian delegation attended the Tokyo Ministerial Conference on Transport and the Environment in January 2002. During the Conference the delegation held bilateral discussions with the Japanese Government and industry on transport technology, rail reform, infrastructure development and pricing and international climate change. Australia assisted Japan in the lead up to the conference, including with drafting the text of Ministerial Statements on environ-

ment-friendly vehicles, transportation impacts upon the urban environment, marine pollution and transport counter-terrorism measures.

3.110 Australia maintains a good relationship with Japan in the APEC Transportation Working Group, on matters relating to maritime transport services liberalisation and port development and operations. Japan chairs the Maritime Initiative and the Port Experts Group, both of which are overseen by an Australian-chaired steering committee. Australia and Japan actively attend the biannual meetings of both groups and work together in building the meeting agendas.

3.111 Australian and Japanese aeronautical authorities share a healthy relationship which allows discussions to take place on an ad hoc basis as relevant issues arise. During 2001-2002, Australian and Japanese officials held discussions on access for Australian airlines to the new runway at Narita Airport and the use of 'runway' slots formerly held by Ansett International by other Australian airlines.

3.112 Japan is also an active participant in the Air Services Group, which meets as part of the Transportation Working Group of APEC, and the Air Transport Regulatory Policy Panel on ownership and control (ATRP/10), which is convened through the International Civil Aviation Organization. Australia chairs both of these forums.

The Department of Family and Community Services (FaCS)

3.113 FaCS considers there is considerable merit in increasing dialogue at all levels between Australia and Japan in order to develop further the close bonds between both countries. In this context, FaCS is of the opinion that it has an important role to play, especially with regard to continued dialogue on social issues of bilateral concern. This might include population ageing, the payment of pensions, childcare, carers, youth issues, community services and development, and family relationship policy and programs.

3.114 FaCS is currently exploring its options with regard to establishing contact, leading to a formal relationship, with the Japanese Ministry of Health, Labour and Welfare. Such cooperation could come under the ambit of the Australia-Japan Partnership in Health and Family Services.

Recommendation 4—Chapter 5, page 111

The Committee recommends that the Australian Government energetically pursue with Japan the development of a social security agreement of the kind it has with other countries.

4.0 The Government agrees with the recommendation.

4.1 The Department of Family and Community Services (FaCS) notes that such an agreement would be of benefit to both countries, and has for some years conveyed its desire to Japan (including through the Australian Embassy in Tokyo) to move toward negotiation of such an agreement.

4.2 Recent written approaches were made in April and May 2003 by the Australian Minister for Family and Community Services and the Minister for Foreign Affairs to their Japanese counterparts, advocating the benefits of such an agreement for businesses and individuals from each country.

4.3 An initial round of discussions on a possible bilateral social security agreement was held in Tokyo on 8 August 2003. The Australian delegation conveyed to its Japanese interlocutors that a bilateral social security agreement was a high priority for Australia and would complement the bilateral Trade and Economic Framework signed on 16 July.

Recommendation 5—Chapter 5, page 115

The Committee welcomes the initiative to extend collaboration in community care under the Australia-Japan Partnership in Health and Family Services and recommends that the Australian Government continue to support the program of activities set up under the Partnership.

5.0 The Government supports the recommendation.

5.1 The Australia-Japan Partnership in Health and Family Services was established in January 1998 to facilitate collaboration in health related community care between the two countries' health agencies. Partnership programs to date have focused on aged care and community mental health issues.

5.2 The Department of Health and Ageing (DoHA) supports the recommendation to extend collaboration under the Australia-Japan Partnership in the areas of responsibility to the health and ageing portfolio. In addition, DoHA will collaborate with the Department of Family and Community Services (FaCS) in areas relevant to its portfolio.

5.3 The program of activities encompasses the following six core elements

- joint research activities
- expert group meetings
- promoting communications and partnerships
- placement of experts and officials
- biennial high level meetings
- promotion of the partnership framework to non-government organisations.

5.4 Current activities through the Australia-Japan Partnership Program agreed between both countries for 2002-2004 include a joint research project focussing on community attitudes to mental health issues, and a joint symposium on suicide prevention.

5.5 In line with the Committee's recommendation to extend collaboration between Australia and Japan, the Department of Health and Ageing will explore a deeper relationship with Japan through a more formal arrangement. This could be in the form of a Memorandum of Understanding, with a three-year Plan of Action similar to agreements currently in place between Australia and other countries in the region.

Recommendation 6—Chapter 6, page 133

The Committee recommends that the Australian Government, utilising the industrial relations objectives of the Australia-Japan Partnership Agenda, continue to consult with Japan on employment practices.

6.0 The Government agrees with the recommendation.

6.1 The Australia-Japan Partnership Agenda has, over a long period of time, facilitated constructive dialogue between Australia and Japan on labour market issues, particularly concerning workplace relations issues. Under the industrial relations objectives of the Australia-Japan Part-

nership Agenda reciprocal tripartite industrial missions between the two countries have been undertaken every two to three years. The agreement with Japan is the only formal bilateral commitment that Australia has which covers workplace relations issues.

6.2 The then Minister for Employment and Workplace Relations, Peter Reith, visited Japan in 1999, leading an Australian industrial relations visit. In January 2001 Minister Reith wrote to the Japanese Minister of Labour supporting the continuation of bilateral visits and indicating that Australia would look forward to hosting a visit from Japan within two years. The latest visit from Japan was from 4 to 7 December 2002 with a delegation of 12 people which was led by Mr Ichiro Kamoshita, Senior Vice Minister of Health, Labour and Welfare. During this most recent visit the Japanese delegation expressed interest in the structural reform in Australia; relations between the Government and SMEs; reform of the public sector; industrial relation reform; employment programs for youth; mutual obligation; aging and the implications for employment policy and the reduction in the level of industrial disputes in Australia. The Japanese delegation met the Minister for Employment and Workplace Relations, Tony Abbott, the Australian Chamber of Commerce and Industry (ACCI), the Australian Council of Trade Unions (ACTU) and representatives from the Commonwealth Department of Employment and Workplace Relations.

Recommendation 7—Chapter 7, page 155

The Committee recommends that the Australian Government, utilising the industrial relations and human rights objectives of the Australia-Japan Partnership Agenda, work cooperatively with Japan in formulating policies and setting standards with special reference to the human rights and employment conditions of women that could assist both countries.

7.0 The Government supports the recommendation.

The Australia-Japan Foundation (AJF)

7.1 The AJF believes it has a role facilitating bilateral interaction at a variety of levels which can have broader results for the relation-

ship. Through its program of issues forums it is seeking to broaden the depth of dialogue and co-operation among organisations in areas such as employment and human rights.

The Department of Employment and Workplace Relations (DEWR)

7.2 DEWR assesses that membership of the ILO and support of the Australia-Japan Partnership Agenda together provide sufficient opportunity to progress issues of mutual interest. Australia and Japan are members of the same regional group in the ILO, the Asia and Pacific Government Group, and both countries also participate in the Industrialised Market Economy Countries' Government Group. These contacts provide opportunities for the exchange of views on all labour matters, both in a bilateral and a multilateral environment, formally and informally.

7.3 As members of the ILO, Japan and Australia have worked cooperatively in setting international labour standards, including those dealing with gender issues. ILO members are bound by the 1998 ILO Declaration on fundamental principles and rights at work. One of its principles is the elimination of discrimination in respect of employment and occupation.

7.4 Another important ILO Convention relevant to gender issues is No. 156, Workers with Family Responsibilities, 1981. Both Australia and Japan have ratified Convention 156.

The Human Rights and Equal Opportunity Commission (HREOC)

7.5 HREOC is actively engaged with countries in the region, including Japan and acknowledges its domestic human rights work is enhanced by international contacts.

7.6 Like Japan, Australia is faced with the societal challenges of an ageing population and declining birth rate. The labour force participation rate of Australian women is similar to that of Japanese women, as is the proportion of female workers employed on a part-time basis in both countries. Women in both countries are faced with the dilemma of trying to combine a career and a family, a dilemma exacerbated by a pervasive traditional mindset that women are primarily responsible for child rearing and domestic work. While this mindset has been shifting in both

countries, it would appear that it is more entrenched in Japan.

7.7 The Commission has expertise in workplace issues concerning women, viewing such issues as matters of fundamental human rights for women, and would look positively on any practical opportunity to exchange information and expertise with Japan on these issues.

Office of the Status for Women (OSW)

7.8 The Office of the Status for Women acknowledges Australia and Japan share common goals, including advancing women's full participation in society and promoting gender equality domestically and internationally. This commitment is reflected in their active participation in a range of United Nations and other fora addressing the concerns of women.

7.9 Australia and Japan are members of the Ad Hoc Advisory Group on Gender Integration (AGGI) which was established in 1999 to lead the implementation of the Framework for the Integration of Women in APEC. The goal of APEC is to advance Asia-Pacific economic dynamism and sense of community. The aim of the Framework is to increase women's participation in APEC's work towards these goals through integration of gender into APEC activities and economies. AGGI disbanded at the end of 2002. A Gender Focal Point Network has been established to succeed AGGI and provide a sustainable mechanism to continue integration of gender considerations in APEC. Both Japan and Australia will contribute to AGGI follow up activities, including development of the Network.

7.10 Japan and Australia are members of the APEC Women Leaders Network (WLN). The WLN aims to increase women's involvement in the work of APEC and ensure that the interests of business women are well represented in the region. In 2001, Australia raised the profile and significantly expanded the role of the WLN to ensure more effective outcomes for women in Australia and the Asia-Pacific region.

Recommendation 8—Chapter 8, page 170

The Committee recommends that the Australian Government continue to collaborate with Japan on the education

objectives of the Australia-Japan Partnership Agenda, these being

- **through sharing information on policies and programs on education**
- **through greater exchanges of personnel in the education sector, including staff of boards of education and school boards, university administrators, students, teachers, academics and government officials, and**
- **through increased university-based research and development and expanded exchange of researchers.**

8.0 The Government supports the recommendation.

Australia-Japan Foundation (AJF)

8.1 The AJF has a long history of involvement in educational exchange with Japan, initially through Japanese language and Japan cultural studies and now through Australian studies and teaching English as a foreign language (TEFL) activities in Japan. Successful activities in these areas have resulted from working closely with the Japanese Ministry of Education and affiliated professional educational associations in the development stages and by responding to educational policy changes in Japan.

8.2 The Australian Resource Centre in Tokyo serves as the main access point in Japan for information on Australia and the Australia-Japan relationship in English and Japanese. This asset underpins and supports the exchange of information between educators and is a highly valued resource within the educational sectors.

8.3 The AJF has also taken a leading role in exposing Japanese educators to various aspects of the Australian education system. Teams of teachers, prefectural Board of Education representatives and Ministry officials have visited Australia and met with counterparts as part of the development and implementation of the Discovering-Australia educational kit for schools.

8.4 The development of these resources for Japanese students has assisted the flow of information about education policy and programs in a highly practical way. An English version of the resource, originally designed as a demonstration

model in Australia, is now being used by Australian English teaching assistants in Japan and by Japanese English language teachers. The AJF is currently developing a third edition of the Discovering-Australia kit.

8.5 The AJF has developed an 'Experience Australia' kit in response to the introduction of integrated studies into Japanese primary schools in April 2002, engaging teachers from both countries in the selection of content and development of a teachers' manual. To further update the kit, the AJF has engaged a professional educational association from Australia to consult with Japanese educators on its relevance to the curriculum.

8.6 In anticipation of changes to English language teaching policy in Japan, a Train-the-Trainer course on TEFL methodology, communication and English language skills was introduced. This program has provided teacher trainers from every Japanese prefecture the chance to learn about Australian pedagogy and methodology and has raised the level of understanding and contact among educators from both countries.

8.7 The AJF is keen to encourage research and collaboration between Australian and Japanese academics. An awards scheme initiated in 2001 provides opportunities for academics to collaborate on the development of university curriculum, joint research projects and the production of publications, whilst young researchers are nurtured through post-graduate study opportunities in Australia. The AJF's support of Australian studies also enables Australian academics with particular expertise to travel to Japan to participate in teaching and research activities.

8.8 The AJF's initiation of an online studies bulletin has also encouraged collaboration between Japanese and Australian academics. It provides updates on developments in studies of Australia, including events, conferences and academic meetings, scholarships and funding opportunities, recent key publications, Australian studies centres in Australia, Australian academic societies and associations, special features, links and information on academic life in Australia. The online studies bulletin is coordinated from the AJF in Tokyo.

Department of Education, Science and Training (DEST)

8.9 DEST is already extensively involved in implementing the education objectives of the Australia-Japan Partnership Agenda and will continue to seek practical and creative ways to meet these objectives.

Bilateral Education Relationship

8.10 Australia recognises that a strong education relationship with Japan underpins many aspects of the overall bilateral relationship. Australia and Japan enjoy a strong government-to-government programme in education matters which is enhanced by the partnership that exists between DEST and the Japanese Ministry of Education, Culture, Sports, Science and Technology (MEXT). DEST will continue to play an active role in developing and supporting a range of programmes to expand and deepen Australia's engagement with Japan.

8.11 Australia takes a keen interest in working with Japan in areas where Australia's experience and expertise can be of assistance to Japan as it implements its education reform agenda. DEST is active in building linkages with education bodies at both national and prefectural levels of government, to identify new areas of co-operation. The relationship between DEST and MEXT has continued to expand over recent years, based on mutual benefit and reciprocity, and has been developed at senior official and working levels.

8.12 The Japan-Australia Higher Education Forum, held in Tokyo in May 2002, brought together the leaders of Australian and Japanese universities to look at areas to co-operate and collaborate in the future. The Forum was the first major meeting of Australian Vice-Chancellors and Japanese University Presidents, and included high-level Government and academic representatives from Australia and Japan. Both sides agreed that understanding and learning about each other's countries and capabilities, highlighted during such forums, increased the opportunity to identify areas to expand exchange programmes. The agreement to hold a second forum in Australia in 2004, to set out clearly concrete ways Australian and Japanese universities should be co-operating, demonstrates the commitment from

both sides to view the relationship as important and of mutual benefit.

8.13 DEST maintains an Education and Training Counsellor at the Australian Embassy in Tokyo as part of the Department's overseas network of Counsellors. The Counsellor facilitates government-to-government activities, and the promotion of Australia's education services. The placement of the Counsellor in Tokyo reflects Australia's commitment to strengthening links between the Australian and Japanese education and training communities, along with an emphasis on sharing information on policies and programmes in education.

8.14 DEST also has a close, interactive relationship with the Japanese Embassy in Australia, which is integral to maintaining the education relationship. DEST participates on the selection panels for MEXT Scholarships and the JET programme, and assists the Japanese Embassy with requests for specific information on Australia's education and training system. Representatives of the Embassy and DEST worked together to ensure that the visit to Australia in May 2002 by Vice-Minister Mr Motoyuki Ono, MEXT's most senior official, was a success.

8.15 DEST and MEXT continue to run a successful staff exchange programme. To date, seven officers from each Department have participated in this exchange programme, which has contributed to the development of a strong and active relationship between the two countries since 1996. The staff exchange programme provides a deeper understanding of key issues in terms of policy development, and assists our efforts to work towards Australia's goals in APEC of participating in regional dialogue and policy development in education, science and training. There is also a flow-on effect to the Japanese education system from Japanese policy makers spending time in Australia.

8.16 According to an Australian Vice-Chancellors' Committee survey, in 2001 there were 334 formal cooperative agreements with Japanese universities in effect. This represented an increase of 73 per cent over the number of agreements in place in 1997, and Japan was ranked as Australia's third highest country in terms of formal agreements between overseas

higher education institutions and Australian universities.

8.17 DEST provides funding to support a number of award and exchange programmes with Japan. In 2001-02, the Department made available funding for up to two Australia-Asia Scholarships and up to two Australia-Asia Fellowships for Japanese students and researchers. In addition to these awards, which are specifically for Japanese scholars, the Department provides a general scholarship programme for overseas students based on merit selection.

8.18 The International Postgraduate Research Scholarships (IPRS) Scheme provides 310 new scholarships each year and enables international students to undertake a postgraduate research qualification in Australia and gain experience with leading Australian researchers. Japanese students have participated in the IPRS since 1986. In recent years 4 were awarded to Japanese in 2000, seven in 2001 and two in 2002.

8.19 Under the Australia-Japan Agreement on Cooperation in Research and Development in Science and Technology, Joint Consultative meetings are held every two years, bringing together representatives from both sides to share information and discuss policies and programmes in relation to science and technology. These meetings involve the participation of a wide range of agencies involved in science and technology. DEST expects that education will continue to be relevant to the agenda of these meetings and the opportunity will remain to incorporate it into future consultations.

8.20 Outside the Joint Consultation process, DEST maintains a regular dialogue with our Japanese partner agencies on developments in science and technology and any potential influence on the relationship.

8.21 Arising from the last Joint Consultations, held in Canberra in June 2001, was the agreement to hold a series of Australia-Japan 'Frontiers of Science and Technology' symposia. The symposia bring together a small group (10-12 people) of high-level, strategically placed researchers to discuss specific areas of interest under broad science or technology-related topics. The intention is that these researchers have the opportunity to form networks, identify opportuni-

ties for collaboration and showcase Australia's capabilities and resources in that particular field. In July 2001 DEST funded 10 Australians to travel to Japan for the Frontiers of Science & Technology Symposia—Nanotechnology, to meet Japanese experts in the field. In May 2002 funding was also provided for the 5th Australia-Japan Symposium on Drug Design and Discovery. The Australia-Japan Biomedical Symposia, was held in Melbourne in February 2003. Future symposia are expected to build on these subject areas.

Multilateral Education Relationship

8.22 Japan and Australia are active participants in the APEC Human Resources Development Working Group, which looks at issues concerning primary, secondary, vocational and tertiary education, managerial and executive development, and labour market issues. Japan hosted the 4th meeting of HRD Ministers in September 2001, under the theme, Human Resources Development for both the Advancement of Society and Economy and the Sharing of Prosperity with People, in the Context of Globalisation. Given the focus on labour market issues, Australia was represented at this meeting by DEWR.

8.23 Japan also participated in the DEST-led APEC-Engineer project, which developed a framework to facilitate mobility for professional engineers by reducing or eliminating assessment requirements for licensing/registration. Japan is currently authorised to operate an APEC register of engineers. Japan is also participating in the DEST-led APEC-Architect project, which is modelled on the successful APEC-Engineer project. The project commenced in 2001.

8.24 Japan participated in the Australia-New Zealand project "Identification of Measures Affecting Trade and Investment in Education Services", which was conducted within the APEC Group on Services. The project report was finalised in January 2001. The outcomes of the project will assist economies' preparations for the World Trade Organisation negotiations on education services.

8.25 Like Australia, Japan is also an active participant in University Mobility in Asia and the Pacific (UMAP), an association of government, non-government and/or university representatives of the higher education sector. Its membership is

open to countries, territories and administrative regions in the Asia-Pacific region. UMAP aims to enhance cooperation and exchange of people and expertise in the region through increased mobility of higher education students and staff. Short-term exchanges are the main means used by UMAP to facilitate higher education student and staff mobility. Under UMAP exchanges, tuition fees are waived and students receive credit towards their degree for study successfully undertaken overseas.

8.26 Under the Australian UMAP Programme, DEST provides approximately \$1.4 million annually to assist Australian higher education institutions to establish UMAP student exchanges. In the 2002 round of the Australian UMAP Programme, subsidies totalling \$292,000 were provided to support linkages with higher education institutions in Japan. Six projects involving linkages between six Australian higher education institutions and ten higher education institutions in Japan were supported. Subsidies covered six staff visits and the participation of 57 Australian students in the student exchanges.

8.27 Japan funds two types of scholarships to support UMAP exchanges. Under the 'UMAP International Student Assistance', a one-off lump sum of ¥150,000 will be paid to international students undertaking studies for more than six months at Japanese colleges, universities, graduate schools, technical colleges or special training schools. Grants under the 'UMAP Leaders Program' cover two months intensive formal study at undergraduate level (in English) at two universities, Tokyo University of Foreign Studies and Kyushu University in Japan. About 40 grants are expected to be made available under the Leaders Program and 20,000 grants under the Student Assistance scholarships. The UMAP International Secretariat is located at Tokyo International Exchange Centre, Tokyo Academic Park. Japan will host the International Secretariat until the end of 2005.

APPENDIX I
JOINT STATEMENT BETWEEN
PRIME MINISTERS HOWARD AND
KOIZUMI
AUSTRALIA-JAPAN CREATIVE
PARTNERSHIP
1 MAY 2002

Recognising the great benefits and merits of the long-standing close ties and cooperation between Australia and Japan, based on their shared values of democracy, freedom, the rule of law and market-based economies, Prime Minister John Howard and Prime Minister Junichiro Koizumi today committed themselves to a dynamic and forward-looking relationship, in order to take maximum advantage of the tremendous opportunities and challenges of the new international environment in the early 21st century.

Global

2. Both Prime Ministers recognised the importance of international solidarity in the fight against terrorism and acknowledged the value of each other's contribution to this effort. In this context, the Prime Ministers also reaffirmed their commitment to support Afghanistan.
3. Prime Minister Howard reaffirmed Australia's continued strong support for Japan's permanent membership of the United Nations Security Council.
4. The Prime Ministers expressed their determination to promote further liberalisation of global trade and investment, and recognised the crucial importance of the successful conclusion of a new round of trade negotiations in the WTO.
5. The Prime Ministers reaffirmed their determination to address the major environmental issue of climate change, taking into account both economic and environmental effects. Japan was in the process of ratifying the Kyoto Protocol. Australia would continue to work to meet its Kyoto target. The Prime Ministers emphasised their desire to work together to build a global climate change regime that included all countries.
6. Sharing the objective of sustainable development, the Prime Ministers stated their intention that the two countries continue to work together for the success of the Johannesburg Summit.

Regional

7. Both Prime Ministers welcomed the peaceful conclusion of the recent presidential election in East Timor. In particular, the Australian Prime Minister welcomed Japan's valuable contribution to the UN peacekeeping forces. The Prime Ministers reaffirmed their commitment to work together to help East Timor in its transition to independence and beyond, including by ensuring the continued success of the UN peacekeeping operation there.

8. Drawing on their strong record of cooperation in APEC, the East Asian financial crisis, the ASEAN Regional Forum, peacekeeping in Cambodia and now in East Timor, both leaders affirmed their renewed commitment to work together to meet regional challenges.

9. Prime Minister Howard welcomed Prime Minister Koizumi's vision of a "community that acts together and advances together", as expressed by him in Singapore on 14 January 2002. Prime Minister Koizumi reiterated his expectation that Australia would be a core member of this community, and emphasised the contribution that Australia could make in this regard. The Prime Ministers stated that consideration should be given to regional diversity and the specific needs of other countries in the region. Furthermore, the two Prime Ministers highly valued the contribution made to regional cooperation by the existing frameworks.

10. The Prime Ministers emphasised the importance of working together to combat effectively transnational problems such as people smuggling and money laundering. In this regard, Prime Minister Koizumi congratulated Australia on successfully co-hosting with Indonesia the Regional Ministerial Conference on People Smuggling convened in Bali in February this year.

11. Noting both nations' respective core alliances with the United States, they gave their strong support to United States' engagement and presence in the Asia-Pacific region, which underpinned regional stability. They reaffirmed their intention to work together to preserve the security environment in the region.

Bilateral

12. Prime Minister Howard reaffirmed his strong support for Prime Minister Koizumi's structural reform efforts, and noted the benefits for Australia and the world of a strong Japanese economy. Prime Minister Koizumi said that Australia's strong economic growth highlighted the benefits of structural reform.

13. The Prime Ministers noted the exciting prospects for increased cooperation across the entire relationship, as evidenced by the range of recommendations which emerged from the 'Australia-Japan Conference for the 21st Century', held in Sydney in April 2001.

14. The Prime Ministers reaffirmed their commitment to work to strengthen further the bilateral economic relationship to reflect the dynamic structural changes now occurring in the two economies, including in response to regional economic developments and globalisation. The Prime Ministers welcomed the recent submission of proposals and suggestions from the two private sectors on ways to strengthen trade and economic linkages between the two countries. The Prime Ministers agreed that the two Governments would launch high-level consultations to explore all options for deeper economic linkages between Australia and Japan.

15. The Prime Ministers welcomed the expanding dialogue and cooperation between the two nations on security and defence issues, underpinned by their close strategic interests.

ANNEX

In line with the Joint Press Statement by Prime Minister Howard and Prime Minister Koizumi, the Governments of Australia and Japan will take the following specific actions to advance the Australia-Japan Creative Partnership.

Global**1. Terrorism**

High-level consultations on counter-terrorism.

2. Energy

Enhanced cooperation in the field of energy bilaterally and in multilateral organisations and fora such as the International Energy Agency (IEA) and APEC.

3. Environment

Meeting between Australian and Japanese Environment Ministers in the near future to discuss climate change, including the Kyoto Protocol, and other international environmental issues of common concern, and to explore practical collaboration between the two countries on measures to address climate change.

4. United Nations

Increased cooperation with a particular focus on maintaining appropriate UN engagement in the legitimate needs of the Asia Pacific region. Closer cooperation in peacekeeping in the region. Continued collaboration on implementation of the Brahimi recommendations and the need for Security Council and other reforms.

Regional

1. Transnational Crimes

(a) People Smuggling

Joint efforts to follow up the outcomes of the Regional Ministerial Conference held in Bali last February, including the possibility of joint cooperation on projects requested by countries in the region.

(b) Money laundering

Closer cooperation in the Asia-Pacific Group on Money Laundering (APG) and Financial Action Task Force (FATF).

2. APEC

Closer cooperation on advancing the APEC agenda, including promoting the WTO agenda, intellectual property rights enforcement, strengthening economic legal infrastructure and competition policy, enhancing the mobility of business people and furthering e-commerce, especially in the field of electronic customs and paperless trading.

3. Development Cooperation

Closer cooperation on improving development capacity within the region. Increased consultation and coordination of development assistance in the South Pacific, including on assistance to improve capacity building in response to regional needs.

Bilateral

1. Political Dialogue

Continued annual Prime Ministerial meetings and regular Ministerial meetings.

2. Economic Consultations

High-level economic consultations at the deputy minister level and working groups at the director level in order to discuss global, regional and bilateral economic issues.

3. Defence and Security

Visit to Australia by the Japanese State Minister for Defense Affairs at the earliest opportunity. Continued annual discussions aimed at advancing cooperation and understanding of each other's approaches to security and defence issues. Convening of bilateral 1.5 track security talks between academics and officials in their private capacity, to be held later in the year.

4. Education

Endorsement of the Australia-Japan Higher Education Forum in Tokyo this month.

Exploration of ways to enhance the teaching of the Japanese language in Australia, noting the idea of Japan's JET programme.

5. Science and Technology

(a) Expanded dialogue in science and technology for closer research, cooperation and collaboration through government-initiated symposia.

(b) Biotechnology

Support for the Fifth Australia-Japan Symposium on Drug Design and Development in Nara, Japan, where Australian and Japanese biotechnology companies will meet and explore mutual interests.

(c) Space

Expanded cooperation between Australia and Japan on space matters, including the scheduled launch by the National Space Development Agency of Japan (NASDA) of Australia's Federation Satellite in 2002.

6. Sister cities

A national level event to be organised by relevant authorities to commemorate the 40th anniversary of the first sister-city relationship between Australia and Japan.

7. Australia-Japan Conference for 21st Century Appropriate follow up to the 'Australia-Japan Conference', held in Sydney in April 2001.

1 May 2002

APPENDIX II

Commonwealth Departments and Agencies consulted in preparing the Government's response

ABARE	Australian Bureau of Agricultural and Research Economics
AFFA	Agriculture, Forestry and Fisheries Australia
AJF	Australia-Japan Foundation
AQIS	Australian Quarantine and Inspection Service
AusAID	AusAID
Austrade	Austrade
AC	Australia Council
ACS	Australian Customs Service
DEST	Education, Science and Training
DEWR	Employment & Workplace Relations
DFAT	Foreign Affairs and Trade
DIMIA	Immigration, Multicultural and Indigenous Affairs
DITR	Industry, Tourism & Resources
DOCITA	Communications, Information Technology, Arts
DOD	Defence
DoHA	Health and Ageing
DOTARS	Transport & Regional Services
FaCS	Family and Community Services
HREOC	Human Rights and Equal Opportunity Commission
NHMRC	National Health & Medical Research Council
NOIE	National Office for the Information Economy
OGTR	Office of the Gene Technology Regulator
ONA	Office of National Assessments
OSW	Office of the Status of Women
PM&C	Prime Minister & Cabinet
TGA	Therapeutic Goods Administration

APPENDIX III**Partnership Agenda between Australia and Japan**

Recognising the breadth of the links and exchanges at all walks of life between Australia and Japan and wishing to promote deeper mutual understanding and cooperation across the diverse range of shared interests in the bilateral, regional and multilateral fields, the Governments of Australia and Japan, pursuant to the 1995 Joint Declaration on the Australia-Japan Partnership, are resolved to take the following actions:

1. Political dialogue

The Governments of Australia and Japan will continue their cooperative partnership through close dialogue at the highest levels, including through annual meetings of the two Prime Ministers and meetings of the Australia-Japan Ministerial Committee.

2. Security and defence

Recognising the expanding bilateral security and defence dialogue and the range of defence activities between the two countries and wishing to contribute to the promotion of regional security, the Governments of Australia and Japan will:

further develop their security dialogue through annual Politico-Military and Military-Military Talks and senior level visits, and

examine ways to increase exchanges between the Australian Defence Forces and the Japan Self Defence Forces in areas of mutual professional interest, including defence education exchanges.

3. Bilateral economic and trade relations

Recognising the strong commercial ties between Australia and Japan and building on the complementarity and growing diversification of their trade, the two Governments will further advance Australia-Japan commercial relations in the following areas:

(a) Promotion and facilitation of trade and investment

The Governments of Australia and Japan will:

actively examine the feasibility of developing mutual recognition arrangements on conformity assessment and certification, including by convening a meeting of technical experts in 1997,

enhance the existing cooperation in the area of customs to increase the efficiency of customs procedures,

continue cooperative arrangements between the Australian Trade Commission (Austrade) and the Japan External Trade Organization (JETRO) to promote exports to Japan, including improved collaboration on identifying market segments, promotional

activities and events in Japan that best meet Australia's capability to supply,

cooperate on the electronic transfer of health certification data for meat by establishing an initial pilot program in 1997, and

exchange information on structural policy reforms necessary to underpin national productivity and economic growth, and on the contribution that research and institutional arrangements can make to the process of public policy development and community understanding of the benefits of greater productivity in all sectors of the economy.

(b) Deregulation and competition policy

In order to develop links between public policy planners, the Government of Australia will examine the feasibility of developing a program for a Japanese sponsored delegation of administrative reform planners to visit Australia to study the Australian micro-economic reform experience. The Government of Australia will also share its experiences on deregulation of the economy and the role of competition policies by examining the feasibility of holding a Japanese-sponsored seminar in Tokyo, possibly in collaboration with a university in Tokyo.

(c) Tourism

In order to achieve the full potential of the growing tourism between Australia and Japan, the two Governments will facilitate tourism development through holding regular Australia-Japan Tourism Discussions and working together, including with industry, to address perceived barriers to tourism. The Government of Australia will also examine means of further facilitating entry for short-term Japanese visitors.

(d) Housing and building

In order to contribute to the reduction of housing construction costs in Japan and promote two-way trade in this sector, the two Governments will cooperate to improve mutual access to their markets

by promoting the mutual acceptance of test data concerning building materials and mutual recognition on building standards; in

this connection, both countries will consider the way to utilise CSIRO as a facilitator, and by exchanges of information on technical, certification and related issues, including performance-based building regulations through meetings of the Japan-Australia Building and Housing Committee.

(e) Energy

Given the central importance of the minerals and energy trade to both Australia and Japan, the two Governments will cooperate to ensure its continued viability. Both Governments affirm the value of the Japan-Australia High-Level Group on Energy Forecasts and Energy Resource Development as an important forum for the exchange of information and high-level policy discussion.

(f) Agriculture

In recognition of the diverse and long-standing agricultural partnership that exists between Australia and Japan, the two Governments will continue informal dialogue on agricultural matters of mutual interest, in order to facilitate informal exchanges of views and build enhanced mutual understanding and cooperation.

(g) Employment and training

Recognising the substantial similarities of the challenges they face, the Governments of Australia and Japan will enhance cooperation through exchanges of government officials and the sharing of information on labour market policies.

(h) Transport

Following the establishment of high-level dialogue at officials level, the two Governments will explore a range of issues, including infrastructure development, airport noise management, liberalisation of the international shipping market, sub-standard shipping and maritime safety.

4. Science and technology

With science and technology links between Australia and Japan growing, and recognising the substantial potential for increasing joint activities in this area, the two Governments will explore further opportunities for cooperation in a number of areas, including:

(a) Science and technology agreement

Australia and Japan will explore new areas of cooperation under the Agreement between the Government of Japan and the Government of Australia on Cooperation on Research and Development in Science and Technology. In this context, the two Governments will continue to cooperate through the Japan-Australia Joint Science and Technology Cooperation Committee.

(b) Information technology

In order to facilitate collaborative research between Australian and Japanese scientists, the Governments of Australia and Japan have confirmed their intention to establish a high performance computer and communications (HPCC) link between the two countries.

(c) Commercial application of scientific research and development

Recognising the growing diversification of commercially-based scientific research and development between Australia and Japan, the two Governments will explore increasing the commercial application of scientific research and development through close contact between commercial and scientific research personnel.

(d) Others

The Governments of Australia and Japan will pursue research into cancer and cardiovascular diseases through Australia-Japan collaborative research workshops and personnel exchanges.

5. Peaceful uses of nuclear energy

Recognising the growing importance of nuclear energy in regional energy use and the importance of cooperating to ensure nuclear safety in the region, the Governments of Australia and Japan will

cooperate and promote mutual understanding in relation to the peaceful uses of nuclear energy including through high-level discussions under the annual Nuclear Policy Consultations

support each other's efforts to develop an effective dialogue on nuclear energy issues, including within such forums as the International Atomic Energy Agency (IAEA), the Regional Cooperative Agreement for Research Development and

Training related to Nuclear Science and Technology (RCA), the International Conference on Nuclear Cooperation in Asia (ICNCA) and successor conferences to the Tokyo Conference on Nuclear Safety in Asia held in November 1996, and

cooperate in the strengthened and efficient IAEA safeguards system and to ensure the effectiveness of nuclear export controls.

6. Education

Recognising the rapid development of ties in education—characterised by growing numbers of students from each country studying in the other, the increasing number of students and staff exchanges, expanding links between Japanese and Australian education institutions and increased exchanges of government officials—the Governments of Australia and Japan will collaborate further

through sharing information on policies and programs on education

through greater exchanges of personnel in the education sector, including staff of boards of education and school boards, university administrators, students, teachers, academics and government officials, and

through increased university-based research and development and expanded exchange of researchers.

7. Industrial relations

With a view to promoting mutual understanding of respective industrial relations environments, the Governments of Australia and Japan will continue to exchange high-level Tripartite Industrial Relations Delegations between the two countries approximately every three years. Following the last Japanese mission to Australia in November 1995, the Government of Australia will consider sending a Mission to Japan in 1998/99.

8. Cultural exchanges

Recognising the importance of developing people-to-people contacts, the two Governments will continue their efforts to encourage cultural exchanges, including through the convening of the Australia-Japan Cultural Mixed Commission.

In order to commemorate a number of significant bilateral anniversaries between 1996 and 1998,

the two Governments have developed a range of commemorative activities which are symbolically linked through a jointly-developed 'Friendship Anniversaries' logo.

9. International policy coordination

Building on their close political relationship, the Governments of Australia and Japan will increase the coordination of their policies on key international issues, both in the Asia-Pacific region and globally. In this context, the two Governments will continue to work together in combating the global problem of illicit narcotic drugs through the Commission on Narcotic Drugs and criminal issues generally through the UN Commission on Crime Prevention and Criminal Justice, particularly on measures to regulate firearms.

(a) Narcotics

The Governments of Australia and Japan will continue to cooperate within such multilateral Frameworks as the United Nations International Drug Control Programme (UNDCP) and the Dublin Group to combat the illicit production of, demand for, and traffic in, narcotic drugs and psychotropic substances and to coordinate approaches to find ways to address this problem.

(b) Terrorism

The Governments of Australia and Japan will continue to cooperate against terrorism within the framework of relevant international agreements to which both are parties.

(c) Money laundering

Endorsing APEC Joint Ministerial Statements by Finance Ministers which recognise money laundering as a priority concern for the region, the Governments of Australia and Japan will work together to promote the adoption of anti-money laundering measures by countries in the region as well as globally, through the Financial Action Task Force and the Asia-Pacific Group on Money Laundering.

10. Environment

Given that Australia and Japan have similar interests and concerns in international environment issues, the two Governments will exchange perspectives and cooperate

on approaches to greenhouse gas emissions, including activities implemented jointly and

other cooperative activities in the run-up to the third Conference of the Parties to the Framework Convention on Climate Change in 1997

on the outcomes of the UN General Assembly Special Session on Sustainable Development (UNGASS), and the discussions of the first meeting of the High-Level Committee of Ministers and Officials on the UN Environment Program (UNEP)

on biological diversity matters, including biosafety protocol negotiations, and the development of clearing house mechanisms

on protection of coral reefs in South-East Asia and the Pacific under the International Coral Reef Initiative (ICRI), particularly through promoting implementation of the ICRI regional strategies developed for these regions

on approaches to the development of Pollutant Release and Transfer Registers (PRTRs)

on regional implementation of the Global Program of Action for the Protection of the Marine Environment from Land-Based Activities

on the implementation of the Asia-Pacific Migratory Waterbird Conservation Strategy 1996-2000, with particular respect to the East Asian-Australasian Shorebird Reserve Network

on the Geostationary Meteorological Satellite-5 System project and generally in the area of geostationary satellites carrying out meteorological observations

on the Global Research Network System (GRNS) project to develop indicators of global change and create a human information network to improve global environment management

on the development of the Asia-Pacific Network for Global Change Research

by working together, in cooperation with other countries and the United Nations under the Global Mapping program, to promote the development of world-wide geographic data sets in support of natural disaster mitigation

and global environmental and resource management, and

by promoting environmental education in the Asia-Pacific Region through the Asia-Pacific Symposium on Environmental Education and other actions on environmental education in this region.

11. Aid cooperation

(a) Bilateral cooperation

Recognising the commonality of their aid programs focused on the Asia-Pacific region, and taking account of complementary aspects of their respective aid programs, the Governments of Australia and Japan will strengthen their coordination efforts through regular High-Level Aid Policy Talks. The two Governments will consult on ongoing projects and explore opportunities to identify new joint projects.

(b) Development of the Mekong River Basin

The Governments of Australia and Japan will cooperate for the sustainable development of the Mekong River Basin. In this connection, both Governments will continue to work closely in the Forum for Comprehensive Development of Indo-China and note the useful dialogue initiated at the meeting of the Infrastructure Working Committee of the Indo-China Development Forum in September 1996 hosted by Australia and chaired by Japan.

12. Pacific Islands

As Australia and Japan share a common interest in the continuing development of the Pacific Island states, the two Governments will strengthen their dialogue on Pacific issues, including through the Post-South Pacific Forum Dialogue process, and will focus in particular on the management of natural resources; and economic and public management reforms. The two Governments will also cooperate in developing a strong private sector in the Pacific Island countries involving, inter alia, effective cooperation between, and coordination of, activities of the Pacific Islands Centre in Tokyo and the South Pacific Trade Commission in Sydney.

13. Asia-Europe Meeting (ASEM)

The Government of Japan will continue to support firmly Australia's participation in Asia-Europe Meetings.

14. Regional strategic and security cooperation

The Governments of Australia and Japan are committed to building with countries in the region a sense of trust, of shared interest, and of shared responsibility for the region's future.

(a) United States' contribution to regional stability

The Governments of Australia and Japan, in light of the recent re-affirmation of their respective security relationships with the United States, and in joint recognition of the vital contribution the United States makes to underpinning the security of the Asia-Pacific region, will work together to sustain the United States' important regional role. This will be achieved through each country's alliance with the United States and by supporting the constructive participation by the United States in multilateral security dialogues.

(b) ASEAN Regional Forum (ARF)

Recognising the role regional multilateral security arrangements can play in promoting peace and stability, the Governments of Australia and Japan will

work together to further develop the ARF, including in the area of preventive diplomacy and approaches to conflicts, and to strengthen habits of dialogue, confidence-building and transparency which contribute to a sense of shared strategic and security interest among regional countries

strengthen the substantive agenda of the Inter-sessional Group on Confidence-Building Measures working to achieve practical cooperative defence-related measures, particularly those contributing to increasing defence transparency and the avoidance of a regional arms race,

ensure that, consistent with the newly-agreed membership criteria, expansion of the ARF does not detract from its focus on security in the East Asia/Pacific and that all participants are fully consulted on new ARF members,

encourage broad participation in ARF processes by defence civilians and military personnel, and

encourage the ARF, through its consideration of non-proliferation and disarmament issues, to contribute to global efforts in non-proliferation and disarmament.

15. Arms control, disarmament and non-proliferation

The Governments of Australia and Japan will continue to work closely in support of global arms control, disarmament and non-proliferation norms, particularly in the area of weapons of mass destruction, including through annual disarmament talks and cooperation in relevant international forums, in the interests of enhanced national and regional security, and will continue their cooperation in promoting adherence to those norms in the Asia-Pacific region.

16. United Nations

(a) UN reform

Recognising the importance of strengthening the UN and the contribution that Japan can make as a member of the Security Council in 1997-98, the two Governments will cooperate to advance the reforms of the organisation in a balanced manner.

(b) Security Council reform

The two Governments will work together in such forums as the General Assembly Working Group towards achieving reform of the Security Council, including expansion of permanent membership. In this connection, Australia reconfirms its strong support for Japan's permanent membership of the Security Council.

(c) Financial reform

Noting that a solid financial base and sound and effective financial management are essential for the UN to cope with the challenges of the 21st century, the Governments of Australia and Japan will promote reforms in financial areas, together with reforms in other areas, in order to achieve in a balanced manner the reform of the UN as a whole.

(d) Development

The Governments of Australia and Japan will cooperate to promote the idea of a new development strategy based on a global partnership of all

countries and to advance reform of the UN system by increasing its effectiveness, improving coordination among UN organisations and agencies so that their activities bring about tangible benefits to developing countries.

(e) Economic and Social Council of Asia and the Pacific (ESCAP)

Given ESCAP's special role in the Asia-Pacific region, the Governments of Australia and Japan will work together to avoid a division amongst ESCAP members, while promoting the implementation of a graduated approach to reforming the organisation which is sensitive to the needs of the developing countries in the region.

(f) Human rights

Recognising that democracy, development and human rights are inter dependent and mutually reinforcing, the Governments of Australia and Japan will promote consultation on human rights issues and explore effective and efficient ways of promoting human rights internationally through UN agencies and other forums, and through support of non-governmental institutions and arrangements.

(g) UN peacekeeping

The Governments of Australia and Japan will pursue opportunities for cooperation in UN peacekeeping. In particular, the two Governments will explore ways to draw on their experience in UN peacekeeping operations.

17. APEC issues

The Governments of Australia and Japan, reaffirming their commitment to a number of objectives and goals including achieving the long-term goal of free and open trade and investment in the Asia-Pacific region by 2010/2020 as stated at Bogor and in accordance with the Osaka Action Agenda, will work together, inter alia, in the following areas:

(a) Facilitation and liberalisation of trade and investment

The Governments of Australia and Japan will cooperate

to continuously and substantially improve their respective Individual Action Plans (IAPs) by including measures which go beyond respective multilateral and regional

commitments, taking into account the private business sector's views and requests

to develop joint APEC initiatives to support and reinforce the multilateral trading system under the WTO

to promote early voluntary sectoral liberalisation in areas which would have a positive impact on trade, investment and economic growth

to intensify work on enhancing the environment for investment, and

to advance APEC's trade facilitation agenda in areas of common interest, reflecting particularly the priorities identified by ABAC and the business sector.

(b) Economic and technical cooperation

The Governments of Australia and Japan will cooperate to further promote economic and technical cooperation in order to achieve sustainable growth and equitable development in the Asia-Pacific region.

(c) APEC Food Task Force

The Governments of Australia and Japan will also cooperate in further discussions on the APEC Leaders' Initiative on the impact of expanding population and economic growth on food, energy and the environment (FEEEP) as our long-term agenda, in particular as co-chairs of the Task Force on Food.

(d) Transport

The Governments of Australia and Japan will expand cooperation in transport areas such as maritime initiative, the Electronic Data Interchange Project and the Road Transport Harmonisation Project.

(e) Energy

Recognising that regional energy challenges will assume greater importance over the next decade as demand in many countries in the region is expected to rise significantly, Australia and Japan will cooperate closely on promoting better understanding of regional energy issues, mobilising capital for power infrastructure growth, mitigating environmental impacts concurrently with the enhancement of economic development, and reducing costs through cooperation on energy standards.

18. Cooperation on international trade and economic issues

(a) WTO

The Governments of Australia and Japan share a common commitment to the primacy of the multilateral trading system under the WTO and recognise the need to strengthen it to promote further trade liberalisation and economic growth. The two Governments will work closely in pursuing an effective WTO work program following the Singapore Ministerial Conference, in particular a successful conclusion of WTO negotiations on financial services.

The two Governments share common interests in new WTO work on issues arising from the globalised economy such as trade and investment, trade and competition policy and transparency in government procurement, and will work together in the WTO and relevant forums to ensure that regional trading arrangements are complementary to the WTO and consistent with its rules.

The two Governments confirm their support for universal membership of the WTO and the early accession of applicants based upon commercially meaningful market access commitments while preserving the integrity of WTO rules.

The two Governments will also work together to ensure a substantive and forward-looking outcome from the 1998 WTO Ministerial Conference that further strengthens the WTO as a forum for negotiation and liberalisation of world trade within a rules-based system, particularly through the built-in agenda of reviews and further negotiations and the work programme agreed at the 1996 WTO Ministerial Conference.

(b) OECD

Recognising the valuable work undertaken in the OECD on a wide range of economic issues of critical importance to Australia and Japan, the two Governments will strengthen their cooperation in, and coordination of, approaches to the OECD. Issues of immediate concern include administrative reform and better prioritisation of work in the Organisation. Both Governments will also strive to have the OECD give more attention to economic issues in the Asia Pacific region.

(c) The Governments of Australia and Japan will continue to exchange views on issues discussed at Summits of The Eight.

DOCUMENTS

Tabling

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.27 p.m.)—Documents are tabled in accordance with the list attached to today's *Order of Business*. With the concurrence of the Senate, I ask that the list be incorporated in *Hansard*.

Leave granted.

The list read as follows—

Australia Business Arts Foundation Ltd—Report for 2002-03.

Australian Broadcasting Corporation (ABC)—Report for 2002-03.

Australian Centre for International Agricultural Research—Report for 2002-03.

Australian Federal Police—Report for 2002-03.

Australian Heritage Commission—Report for 2002-03.

Australian Institute of Family Studies—Report for 2002-03.

Australian Institute of Marine Science—Report for 2002-03.

Australian Prudential Regulation Authority—Report for 2002-03.

Australian Submarine Corporation Pty Limited—Report for 2002-03.

Department of Communications, Information Technology and the Arts—Report for 2002-03.

Department of Health and Ageing—Report for 2002-03, including a report on the administration and operation of Therapeutic Goods Administration.

Great Barrier Reef Marine Park Authority—Report for 2002-03.

Indigenous Business Australia—Report for 2002-03.

Industrial Relations Court of Australia—Report for 2002-03.

National Capital Authority—Report for 2002-03.

National Native Title Tribunal—Report for 2002-03.

National Oceans Office—Report for 2002-03.

Office of Film and Literature Classification—Classification Board and Classification Review Board—Reports for 2002-03.

Private Health Insurance Ombudsman—Report for 2002-03.

Public Lending Right Committee—Report for 2002-03.

Telstra Corporation Limited—Report for 2002-03, including annual review.

WORKPLACE RELATIONS AMENDMENT (COMPLIANCE WITH COURT AND TRIBUNAL ORDERS) BILL 2003

WORKPLACE RELATIONS AMENDMENT (CODIFYING CONTEMPT OFFENCES) BILL 2003

WORKPLACE RELATIONS AMENDMENT (IMPROVED REMEDIES FOR UNPROTECTED ACTION) BILL 2002

Report of Employment, Workplace Relations and Education Legislation Committee

Senator FERRIS (South Australia) (3.28 p.m.)—On behalf of the Chair of the Employment, Workplace Relations and Education Legislation Committee, Senator Tierney, I present the report of the committee on the *Workplace Relations Amendment (Compliance with Court and Tribunal Orders) Bill 2003* and two related bills, together with the *Hansard* record of proceedings and documents presented to the committee.

Ordered that the report be printed.

COMMITTEES

Australian Crime Commission Committee Report

Senator FERRIS (South Australia) (3.28 p.m.)—On behalf of the Parliamentary Joint Committee on the Australian Crime Commission, I present the report of the committee on the examination of the annual report for 2001-02 of the National Crime Authority, together with the *Hansard* record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator FERRIS—I move:

That the Senate take note of the report.

I seek leave to incorporate a tabling statement in *Hansard*.

Leave granted.

The statement read as follows—

Honourable Senators will be aware that at the beginning of this year, the National Crime Authority became the Australian Crime Commission. The Parliamentary Joint Committee on the National Crime Authority became the Parliamentary Joint Committee on the Australian Crime Commission, with continued statutory obligations to examine Annual Reports, including those from the former NCA.

Under section 55(1)c of both the National Crime Authority Act 1984 and the Australian Crime Commission Act 2002 the PJC is required to examine the Annual Report of the Authority—now the Commission—and report to the Parliament on any matter appearing in, or arising out of the annual report.

This report examines the National Crime Authority's annual report for the financial year 2001-2002. This is the final full financial year report for the National Crime Authority. The annual report, together with a letter from the Minister for Justice and Customs dated 24 April 2003 was tabled in the House of Representatives on 27 May 2003 and in the Senate on 16 June 2003.

The PJC has previously commented on the delays in tabling NCA Annual Reports and the Committee report tabled today comments more fully on this. It is sufficient to say that part of the reporting process includes having each member state of the Inter Governmental Committee sign off on the annual report before it is transmitted to the Minister. From evidence provided to the PJC's public hearing on the 2001-2002 annual report of the NCA, it appears that this consultation process contributed significantly to the delays in transmission and tabling. The PJC emphasises to the ACC that the management of the annual reporting process and in particular the consultation with the IGC must result in the presentation of the annual report in a timely manner.

Mr President, I shall outline briefly some of the issues which have arisen in the course of the Committee's perusal of the Authority's annual report.

Compliance

The Authority has satisfied the reporting requirements issued by the Department of Prime Minister and Cabinet in June 2002. The performance measures used by the Authority have been the subject of previous comment, and the PJC has been assured that the ACC has reviewed them. The Committee expects these concerns to be addressed in the first annual report for the ACC.

Financial Statements and expenditure.

The PJC notes the Authority had a net operating surplus of \$4.7m which compared well with the \$3m deficit in 2000-1. However this surplus was due to underspending resulting from a number of factors associated with the transition to the ACC, during which time the NCA was unable to carry out all of its scheduled work.

Of some concern to the PJC was a loan of \$3m from the Australian Federal Police which incurred an interest payment of \$90,480. Whilst the loan was repaid the PJC was concerned about its statutory basis. Arguably the strategic alliance between the AFP and the NCA provides this, although the cost to the NCA is of some concern to the PJC.

Resources

The PJC was concerned that it appeared that the SES staff of the Authority did not participate in any formal performance assessment scheme in

accordance with the Public Service Commissioner's Directions 1999. The PJC intends to monitor compliance with this matter with the ACC.

General Comments

The PJC notes that there are no serious omissions or errors in the report, and that the report reflects in part, a time of transition from the NCA to the ACC. The PJC also acknowledges that there are difficulties for developing effective performance indicators for agencies such as the NCA and the ACC. The principal problem for such agencies is the extent to which detailed information has the potential to prejudice the continuing work of the agency or current or possible future court proceedings. The PJC considers that the Australian Crime Commission is well placed to develop a comprehensive business plan which will address this, as well as the other matters noted in the report.

The PJC noted that the National Crime Authority Annual Report covers the required reporting areas, and complies with the legislative and other formal requirements concerning the provision of Annual Reports.

Question agreed to.

DELEGATION REPORTS

Parliamentary Delegation to East Timor

Senator FERRIS (South Australia) (3.29 p.m.)—by leave—On behalf of Senator Hefernan, I present the report of the Australian parliamentary delegation to East Timor, which took place from 3 to 5 September 2003.

LAOS: SEPON MINE

Return to Order

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.30 p.m.)—by leave—On 16 October the Senate agreed to a motion moved by Senator Nettle and ordered the production of documents detailing the results of the independent environmental and social audit of the Sepon

mine project in Laos. Graham A. Brown and Associates conducted the audit for the Export Finance Insurance Corporation, which provided political risk insurance for the project. The responsible minister, the Minister for Trade, the Hon. Mark Vaile, advises he has been unable to respond within the time set by the Senate. Mr Vaile will respond during the next two weeks.

AUSTRALIA-UNITED STATES FREE TRADE AGREEMENT

REGULATION OF GENETICALLY MODIFIED FOODS

Return to Order

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.30 p.m.)—by leave—This statement is on behalf of the Hon. Mark Vaile, the Minister for Trade. The order arises from a motion moved by Senator Nettle, as agreed by the Senate on 9 October 2003. It relates to the proposed free trade agreement with the United States and the regulation of labelling of genetically modified goods in Australia and/or the United States. I table a number of documents relevant to the order. Where this includes correspondence between the Department of Foreign Affairs and Trade and private individuals, the names have been removed for reasons of privacy. With respect to a number of other documents relevant to the order, I wish to inform the Senate that the government considers it would not be in the public interest to disclose them on the grounds that they relate to an ongoing negotiation between Australia and the United States and to release them would damage international relations. The government has also decided not to release a number of other documents which were prepared for deliberative processes involved in the functions of

government, on the grounds that disclosure would be contrary to the public interest.

Senator BROWN (Tasmania) (3.32 p.m.)—by leave—The information that is being sought here by Senator Nettle on the free trade agreement is simply because it is going on behind closed doors and out of the public domain. This free trade agreement is going to affect all Australians. It is not satisfactory for the government to say, ‘We are keeping certain documents secret because they are part of that negotiation.’ We maintain that there should be a much more transparent and public process and that what is on the table—for example, the Pharmaceutical Benefits Scheme and the ability of US corporations to insist that genetically modified organisms come on to Australian farmlands and so on—be on the table. We have had a recent debate about the Pharmaceutical Benefits Scheme. After weeks of being assured it was not on the table, we now find it is. So I do not—and nor would Senator Nettle—have faith in the fact that these documents are being withheld for the reasons that are being given by the government. I am sure that Senator Nettle will be back at the next sitting to try again to get the government to release those documents. I believe that the Senate, if its backing were sought by Senator Nettle, would want to see a better release of documents than we have had from the minister today.

SYDNEY OPERA HOUSE

Return to Order

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.33 p.m.)—On 16 October 2003 the Senate sought the production of any assessment made since 1996 in preparation for, or consideration of, the World Heritage nomination for the Sydney Opera House. On 27 October,

the Manager of Government Business in the Senate advised that the government would comply with the order by today. Accordingly, I table the document that was sought by the Senate’s return to order.

EDUCATION, SCIENCE AND TRAINING: ROAM CONSULTING

Return to Order

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.34 p.m.)—I seek leave to make a short statement following from a Senate order to produce documents.

Senator Mackay—Before we grant leave for a short statement, I would like to ask the minister what the short statement is in relation to.

Senator VANSTONE—Senator, if you had waited until I had finished the statement, it would have said ‘following from a Senate order to produce documents—

Senator Mackay—Yes, but which one?

Senator VANSTONE—The statement is on behalf of Peter McGauran, the Minister for Science, and arises from a motion moved by Senator Brown on 9 October 2003. It relates to working documents of the independent working group operating in 2002 to produce a report for the Prime Minister’s Science, Engineering and Innovation Council—*Beyond Kyoto: innovation and adaptation*, as well as certain related correspondence et cetera.

Senator MACKAY (Tasmania) (3.35 p.m.)—by leave—Before the opposition grants Senator Vanstone leave to make the short statement with respect to this return to order, I point out to the chamber that we were not given notice of the last two returns to order. I would ask the government to take that on board. I appreciate entirely that it is

not anything to do with Senator Vanstone. For the edification of Senator Brown, at the joint whips meeting last night we were advised of one return to order, not the subsequent two, particularly the GM one, and the free trade agreement. I ask the government to take up this matter because I think it is a bit discourteous, frankly, to spring these matters on the opposition and on the minor parties. Having made that point, I would like the government to take it up. I indicate that Senator Vanstone will be granted leave.

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.36 p.m.)—I seek advice from the opposition in this context. What I have been provided with is a statement by the minister which is a closely typed page. On the next page is an index to the documents that have been provided. I see that they are indexes themselves in alphabetical order. I do not see, however, attached to the tabling documents an index of the title of document A, document B, et cetera. I wonder whether the opposition would simply prefer that I incorporate into *Hansard* the minister's statement and index and the documents?

Senator MACKAY (Tasmania) (3.37 p.m.)—by leave—On behalf of the opposition, that is okay. I will be interested in Senator Brown's comments, given that it is his return to order. As far as we are concerned, that is fine.

Senator BROWN (Tasmania) (3.37 p.m.)—by leave—It is the substance of the documents we are looking for here, so I am happy for the minister to take that course of action. What is being sought here is information on the process of the government, and particularly the advisory council to the government, which in turn relates to these documents and what went to the working

party being given information by the Chief Scientist or supported by the Chief Scientist about geosequestration, which is putting carbon dioxide underground from coal-fired power stations. There is concern much wider than in the Greens, in the research community and the scientific community, that figures showing that the cost of geosequestration is about \$10 per tonne of carbon sequestered—rather than worldwide figures in the order of \$60 to \$200 a tonne—are influencing the government to believe that geosequestration is, first, more feasible than other scientists would have it and, second, far cheaper than other estimates would have it. What was the knock-on effect of that advice going from the Chief Scientist to these organisations, if not to the Prime Minister himself, in the outcome, which seems to me to be an inordinate amount of money flowing to research entities in which Rio Tinto, which also employs the Chief Scientist, Dr Robin Batterham, has a cardinal interest.

There is on the face of it an answer here to be had from the government about the way in which information has been used, whether that information was correct and what influence it had on the government in making decisions about allocations of research and development money to geosequestration at the expense of renewable energy such as solar and wind energy. I will be interested to see these documents but will be back to the Senate to report on what is in the documents in the next sittings and to take the matter further.

The DEPUTY PRESIDENT—For the benefit of the chamber, I understand that Senator Vanstone is seeking leave to incorporate the statement and the index and will be tabling the accompanying document, which is listed alphabetically from A to Z.

Leave granted.

The documents read as follows—

The statement is on behalf of the Hon Peter McGauran MP, the Minister for Science.

The order arises from a Motion moved by Senator Brown, as agreed by the Senate on 9 October 2003, and it relates to the provision of working documents of the independent Working Group which operated in 2002 to produce a report for the Prime Minister's Science, Engineering and Innovation Council on 'Beyond Kyoto: Innovation and Adaptation', as well as certain related correspondence and records of meetings between employees or representatives of Rio Tinto and the Minister for Science, his department or the Office of the Chief Scientist from 1 January 2002 to the present.

The statement also responds to a related motion moved by Senator Brown, as agreed by the Senate on 15 October 2003, relating to the Chief Scientist.

I wish to inform the Senate that:

- In relation to the Senate Order, I have interpreted 'working documents of the independent Working Group' to comprise records of meetings and briefing papers or reports initiated by the Working Group or otherwise produced in a form for presentation to the Working Group to inform the production of its report. As the Working Group was independent, the Department of Education, Science and Training, which provided secretariat support to assist the Working Group, does not necessarily hold all such working documents. The documents tabled are those that are within the scope of the order as I have interpreted it which have been located within the Department after reasonable efforts to identify relevant documents.
- In relation to the related motion moved by Senator Brown concerning the Chief Scientist, I reject any implication that Dr Batterham's position as chief technologist with Rio Tinto should exclude him from providing advice to the Government on matters relating to greenhouse policy. The Government is fully aware of Dr Batterham's employment with Rio Tinto, which is public information included on the Department of Education, Science and Training web site. His advice is

valued because it is informed by an active engagement in industry. It is considered by Ministers together with a wide range of other advice they may receive from various perspectives.

- An independent review of Dr Batterham's advice on geosequestration is unwarranted and unnecessary. I have every confidence in Dr Batterham's integrity. He takes full responsibility for the personal advice that he provides. The reports of Working Groups of the Prime Minister's Science, Engineering and Innovation Council, with which he is involved in his role as Executive Officer to the Council, are published and can be assessed by others as they see fit.
- The current arrangement for the Chief Scientist to be appointed on a part-time basis while having active employment in a relevant field will continue. It assists the Chief

Scientist to bring an up-to-date, real world perspective to the role. Appropriate arrangements are in place to deal with potential conflicts of interest.

- I wish to table the following documents as required by the 9 October Senate Order.

1. The undated work in progress working paper containing a preliminary example of modelling based on unpublished data provided to Rio Tinto by Roam Consulting (identified in response to Question on Notice 1374).

Attachment Description

- A. Undated work in progress working paper
2. All working documents of the independent Working Group which operated in 2002 to produce a report for the Prime Minister's Science, Engineering and Innovation Council on "Beyond Kyoto: Innovation and Adaptation" (identified in response to Question on Notice 1374).

Attachment Description

- B. Agenda 1st meeting—26 August 2002
- C. CSIRO Background briefing for PMSEIC working group meeting
- D. Strawman 1 developed for first meeting—Context

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| <p>E. Strawman 2 developed for first meeting—Climate Change and Adaptation</p> <p>F. Strawman 3 developed for first meeting—Energy Production</p> <p>G. Strawman 4 developed for first meeting—Transport</p> <p>H. PowerPoint Presentation—DOTARS</p> <p>I. Minutes of 1st meeting—26 August 2002</p> <p>J. Email from Chris Fell including attachment of overview presented at PMSEIC Standing Committee (30 August 2002)</p> <p>K. Agenda 2nd Meeting—19 September 2002</p> <p>L. Possible Background Tables: (See Minutes of August Meeting—Action Item 4)</p> <p>M. Presentation to Working Group meeting on 19 September 2002, by Prof Ian Rae ATSE</p> <p>N. Climate Change and Agriculture—Draft PMSEIC paper</p> <p>O. Role of Technology in reducing transport greenhouse emissions</p> <p>P. Role of Transport technologies in reducing greenhouse emissions (Theme 1)</p> <p>Q. Role of Transport technologies in reducing greenhouse emissions (Theme 2)</p> <p>R. Transport issues paper</p> <p>S. Reducing Greenhouse Gas Emissions from Electricity Generation—Draft, 18 September 2002 (Paper for Meeting on 19 September)</p> <p>T. Comments (graphs) from AGOIAFFAIBRS on section: Introduction of the paper “Responding to Climate Change Through Innovation and Adaptation”—Prepared for Working Group meeting, 28 October 2002</p> <p>U. Comments from AGOIAFFAIBRS on section: ADAPTATION ISSUES AND OPTIONS of the paper “Responding to Climate Change Through Innovation and Adaptation”—Prepared for Working Group meeting, 28 October 2002</p> <p>V. Draft Paper: Responding to Climate Change through Innovation and Adaptation (Source unclear)</p> <p>W. Draft Paper: Responding to Climate Change Through Innovation and Adaptation</p> | <p>X. Draft Chapter 7 of the Paper (Source unclear)</p> <p>Y. Draft Chapter 8 of the Paper (Source unclear)</p> <p>Z. Draft Paper: Responding to Climate Change Through Innovation and Adaptation (Draft No 2)</p> <p>AA. AGO Comments on the draft “Beyond Kyoto” Paper</p> <p>BB. Suggested edits 1 replacement text (Source unclear)</p> <p>CC. Draft Paper: Responding to Climate Change Through Innovation and Adaptation (Draft No 3—15 November 2002)</p> <p>DD. Power Point Presentation—draft</p> <p>EE. Power Point Presentation—(draft)</p> <p>3. Correspondence and records of meetings between employees or representatives of Rio Tinto and the Minister for Science, his Department or the Office of the Chief Scientist from 1 January 2002 to the present relating to (a) Dr David Cain’s participation in the Working Group which produced beyond’ Kyoto and (b) the provision by Rio Tinto of data, modelling or other information for use by the Working Group or the Chief Scientist.</p> <p>Attachment Description</p> <p>FF. Letter from David Cain to PMSEIC Secretariat</p> <p>GG. Email from David Cain to Doug Stuart/Chris Fell re WG 3 meeting</p> <p>HH. Email from Doug Stuart to David Cain re involvement in WG</p> <p>II. Email from David Cain to WG</p> |
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- NOTICES**
- Withdrawal**
- Senator VANSTONE** (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.40 p.m.)—At the request of the respective senators, I withdraw general business notices of motion as follows:

108, 120, 139, 156, 175, 227, 245, 300, 431, 432, 658 and 664.

COMMITTEES

Membership

The DEPUTY PRESIDENT—The President has received letters from party leaders and an Independent senator seeking variations to the membership of committees.

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.41 p.m.)—by leave—I move:

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

Community Affairs Legislation Committee—

Appointed—

Participating member: Senator Brown

Substitute member: Senator Ferris to replace Senator Heffernan for the consideration of the 2003-04 supplementary Budget estimates on 6 November 2003

Foreign Affairs, Defence and Trade References Committee—

Appointed—Substitute member: Senator Bartlett to replace Senator Ridgeway for the committee's inquiry into the effectiveness of the Australian military justice system.

Question agreed to.

KYOTO PROTOCOL RATIFICATION BILL 2003 [No. 2]

Second Reading

Debate resumed.

Senator BROWN (Tasmania) (3.42 p.m.)—I have, along with Senator Lundy, great pleasure in opening the debate on the **Kyoto Protocol Ratification Bill 2003 [No. 2]**. This is a marvellous joint presentation by the Greens and the Labor Party and I want to thank Senator Lundy and the shadow minis-

ter for the environment, Mr Kelvin Thomson, for the cooperation we have had in ensuring that, in the absence of government being responsible about this, the opposition and the Greens take the responsible move to introduce legislation into the parliament to effectively, were it to pass, have the government ratify the Kyoto protocol.

I should say at the outset that almost every other equivalent nation on the planet has signed the Kyoto protocol, not because it is going to fix global warming but because it is the first small step towards reversing the pollution of the atmosphere which is going to lead to massive social, environmental and economic dislocation in the coming centuries if we do not do something. That means making quite extraordinary measures towards reversing what we as human beings are doing in this generation.

Let me begin by acquainting the Senate with the most recent fact sheet from the Worldwatch Institute in the United States on the impacts of weather and climate change so that we can see what the situation is now regarding climate change. That fact sheet says:

The following examples demonstrate the impacts of recent weather and climate extremes. Although it is impossible to precisely link individual catastrophes to global warming, the frequency and intensity of these kinds of events is projected to increase as the world warms.

A heatwave hit Europe in August this year and led to as many as 15,000 deaths, mostly among the elderly, in France alone, where temperatures hit 40 degrees Celsius.

Germany received as much rain as it normally gets in a year in less than two days in August last year. Those floods killed at least 108 people in Europe and forced 450,000 to evacuate. Total economic losses were estimated at \$US18.5 billion.

Weather related disasters, including floods, droughts and windstorms, are growing in

frequency and intensity. According to the Worldwatch Institute—and all figures are given in US dollars:

- Since 1980, 10,867 weather-related disasters have caused more than 575,000 deaths and have forced many more people to flee their homes. Since 1980, the cost of weather-related disasters has totalled more than \$1 trillion.
- In 2002, economic losses to homes, businesses, and crops from weather disasters approached \$53 billion worldwide, a 93 percent increase over 2001 losses.
- By 2050, mega-catastrophes, which used to appear every 100 years, are predicted to occur every 25. In the United States alone, the number of weather disasters has increased five-fold over the past three decades. With these losses, insurance costs are expected to skyrocket; some insurance experts expect some single “worst case” disasters could exceed \$100 billion.

Worldwatch goes on to say:

- Some 20 percent of the increase in water scarcity in the coming decades will be caused by climate change according to recent estimates.

I might add that it will be much more than 20 per cent in the Murray-Darling Basin here in Australia. Worldwatch goes on to say:

In poor countries, the consequences of climate change could be dire—erratic weather patterns have already been the primary cause of famine for millions around the world.

- Diseases tend to spread in warmer, wetter climates, and some experts predict a return of malaria by 2050 to Brazil, the southern United States, western China, and regions across Central Asia due to climate change.

We can add to that Northern Australia. It goes on:

West Nile virus, another mosquito borne disease, has spread rapidly across North America over the past three years, killing birds and mammals as well as human beings.

That includes a number in New York City. Finally, Worldwatch points to small island nations which are at risk of inundation due to climate induced sea level rises:

The Maldives, an island country in the Indian Ocean where 65 percent of the land is less than 1 meter above sea level, has already evacuated residents from four of the lowest lying islands over the past few years.

Closer to home, I cannot go into just the economic impact on Australia from our trailing behind and holding back world moves to fix global warming, but I can give you the executive summary from a paper by the Australian Wind Energy Association and Climate Action Network Australia. This paper is by Dr Robert Passey and was published in May this year. It says:

Global warming is occurring at a rate that will clearly affect biological systems in Australia. The net effect for the majority of Australian agricultural sectors will be significantly negative. Farmers can expect less rainfall on average, increased evaporation and the increased frequency and severity of extreme events.

That is storms, droughts, fires and so on. It goes on:

These effects will combine to decrease productivity in many parts of the nation. Many commercial crops and livestock in Australia are already at the limit of their natural range and are vulnerable to this added stress. The annual costs in gross revenue due to climate change could be as great as \$152 million per annum for the Macquarie Valley region of New South Wales alone by around 2030.

Let me just interpolate. That is \$152 million per annum for the Macquarie Valley, which is one tributary catchment of the Murray-Darling Basin. I think all of us here would know it well. It extends from Bathurst, north-west through the Macquarie Marshes to the Darling. Within the next 30 years, a \$152 million impact is the current forecast for global warming. If you extrapolate that for the nation, you are into a multibillion dollar

impact on our rural industries by the time kids currently starting school get into established full-time jobs and relationships. And I add to that: how can we turn our back on such an onrushing economic impost for that next generation? Do not care about the environment, do not care about the social dislocation, but what about this massive economic impact? I am saying that because the government runs on dollars. Dr Passey goes on to say:

The severity of the 2002 drought has been clearly linked to climate change and has led to a forecasted 21% decline in the gross value of farm production for 2002-03. The worst drought on record, it may be considered an insight into future droughts as El Nino-southern oscillation (ENSO) events intensify with global warming.

We have an extraordinary impact coming up, not just on the world but on Australia, its economy and, therefore, its society. We know about the environmental impact. The question is what to do about that. There has been a lot of anguishing international discussion amongst the major polluters—the Western developed countries. Unfortunately, during the term of this government, Australia has gone to the forefront as the worst per capita greenhouse gas emitter on the face of the planet. It was decided, in a process which led to the Kyoto protocol, that there should be restraints put on the worst polluters. In that process Australia, along with Iceland, got the best deal. It said that, unlike most other countries, which had to reduce the emission of global warming gases—including carbon dioxide—below 1990 levels, Australia could continue to increase by up to eight per cent over 1990 levels until the years 2008-12.

Instead of that and instead of becoming part of the global responsibility—this first small step in turning around the disaster with which global warming threatens human society on this planet—the Howard government has said no. It will not sign. New Zealand,

Canada, France, Iceland, Poland, Britain and Italy, like countries all round the world, have signed, but the Howard government has said no and, with it, the Bush administration in the United States—even though President Bush indicated in his election campaign that he would be signing. It came under the influence of big corporations like Exxon and has now reneged and refused to sign. Over at the margins is Russia with President Putin refusing to sign. Observers there believe that is because he is trying to get a much better deal in economic terms out of a worried Europe before he signs up. But Russia's signing up will become inevitable. When it does, this Kyoto protocol will come to life and that is when the penalty clause will come in for Australia. At the moment, it seems okay that Australia has not signed, because the protocol itself has not come into effect.

This bill is to get the Australian government to ratify it—firstly, because it is the moral thing to do. It is the essential first step in trying to get the world to reduce greenhouse gas emissions by between 60 and 100 per cent during this century. The Minister for the Environment and Heritage—and, therefore, I presume, the Howard government—recognises and has taken heed of the CSIRO that that figure of a 60 per cent reduction in global warming gases by mid-century is the minimum if we are not going to have the most disastrous destruction of the world's environment since the dinosaurs' extinction. That is under way at the moment. That is not a future prospect, that is occurring now, and it is being made manifestly worse by global warming. And global warming, besides the spread of human forest clearance and fisheries of the great oceans, is the biggest impact on the biodiversity of this planet that there has been since the dinosaurs became extinct.

But the Howard government stopped short and said, 'We won't.' Why did they do that, Mr Deputy President? It is because of the

coal and aluminium industries in Australia. Indeed, there is a press release today from the Minerals Council of Australia. This self-invested, greedy, short-sighted, dollar-driven industry puts its interests not just before this nation and its natural biodiversity, its living circumstances and its agricultural capability in the future but worse, I submit, before the interests of all future generations. What is the solution from the Minerals Council of Australia, which represents of course the coal-mining industry? It says it is 'technology', a techno-fix. It does not say what it is. It has no answer. We will get no answer from the government opposite. We will listen carefully, but I can tell you there will be no alternative answer but 'international cooperation' on this matter. The Minerals Council has an open door to the Prime Minister's suite. When you see this stuff coming from that institution, you get an idea as to why the Kyoto protocol is not being ratified by our country. Indeed, the Minerals Council says the Kyoto protocol is an impediment to its getting its way. It does not say how, it does not say why; it is interested in monetary return rather than the interests of everybody's grandchildren. That is the way it goes in the market-driven world that we have today. And the Prime Minister accepts that, and this government accepts that.

What this side is saying is: let us be global citizens. Let us have Australia—the world's worst per capita polluter—join with the rest of the world's nations in responsibly taking this first step by signing the Kyoto protocol. That would mean we would limit the global warming gases being emitted by this country—33 per cent of them from the Mineral Council's coal-fired power stations. Let us contribute to a world which is going, in using its brains and having a good heart, to change direction. Sure, technology will be part of the answer to that. But when it comes to that, due to lobbying agencies like that institution

and Rio Tinto, instead of this government putting our money into renewable energy, wind energy, solar energy, hydrogen alternatives—which are not based on coal-powered production—and other alternatives in this country, the dollars have been flowing out of those areas of research into geosequestration, which I spoke about a minute ago. Geosequestration tries to tap the carbon dioxide coming out of burning coal and put it underground. This is far from being a proven technology; it is simply a concept at this stage and a long way from being an available technology.

The world is rapidly warming. The news coming from the scientists around the planet is not getting more reassuring but getting more alarming. We now have predictions that the planet may warm between two and eight degrees this century. There is a wild-card possibility of the planet warming between 10 and 12 degrees this century. Whatever it is, the sea levels are rising. There has been a 10-centimetre rise over the last century. It is estimated that it could be up to 80 centimetres, if the best range of predictions comes into play, this century. But the inertia of warming global oceans is there for centuries to come. Even if we stop polluting the atmosphere by the end of this century, the oceans will continue to warm and, therefore, continue to expand and, therefore, continue to rise.

A simple question I would put to senators opposite is: where do you really think 30 million Bangladeshis who will be displaced by a one-metre rise in sea levels this century are going to go? What do you think is going to be seen as the responsibility of a nation like ours, which was the worst per capita polluter and which refused to sign the Kyoto protocol? How do you think the world is going to look upon countries like Australia and the United States, which have five per cent of the population, when 95 per cent of the

people of the world are prepared to tackle this issue or have to suffer the consequences?

The problem is that we have a government which is dollar driven, which does not have another field of ethics and which is not prepared to plan for this nation, let alone this planet, 50 or 100 years from now. We Greens have a different philosophy. We say that in everything you do in this parliament, in any business or in any decision making enterprise you must take into account people 100 years from now. If you do not, you are ultimately going to incur their wrath as they look back and see what miserable, selfish, small-minded souls we were.

What is remarkable about this debate today is that it took the Labor Party and the Greens—and the Democrats will support this—to bring legislation into the Senate to say to the government, ‘You should ratify the Kyoto protocol with the rest of the world.’ I predict a couple of things. First of all, the government will talk this out today because it is ashamed of allowing this to be brought to a vote. The Prime Minister, John Howard, is ashamed of not signing the Kyoto protocol and will be worried by the fact that the Senate has the power to bring in legislation and to outnumber the government in any vote. What would happen, if integrity were used in here, is that it would come to a vote, would go the House of Representatives and be introduced there, and the government there could argue as it voted it down. The consequences are the same. It is patently obvious that we are not going to have this country sign the Kyoto protocol, at least not in the next year. Instead of being a fundamental driver in the development of such things as solar power in the coming year, with all the jobs and investment—(*Time expired*)

Senator LUNDY (Australian Capital Territory) (4.02 p.m.)—by leave—I rise to continue my contribution to the second reading

debate on the [Kyoto Protocol Ratification Bill 2003 \[No. 2\]](#). Mr Kelvin Thomson, the shadow minister for the environment for the Labor Party, introduced to the House of Representatives on 26 May this year a private member’s bill urging the government to ratify the Kyoto protocol. The bill I am proud to be debating today is identical to the private member’s bill that Labor introduced to the House of Representatives, and I am pleased that the Greens have come on board in support.

This bill is a condemnation of the Howard government for failing to ratify the Kyoto protocol. Labor’s Kyoto ratification bill 2003 clearly tells the people of Australia that there is one major party that is serious about tackling climate change, and that is the Labor Party. If passed, this bill requires the government to ratify the Kyoto protocol within 60 days of commencement. The bill also requires that the minister prepare a national climate change action plan setting out a detailed implementation strategy to meet Australia’s obligations under article 2 of the protocol and that the minister ensures that Australia’s aggregate induced carbon dioxide equivalent emissions of greenhouse gases in the first commitment period from 2008 to 2012 remain within Kyoto targets. It also requires that the minister establish a national system for greenhouse gas inventory in accordance with article 5 of the protocol and that the minister publishes an annual inventory of greenhouse gas emissions in accordance with article 7 of the protocol. Labor’s commitment to Kyoto once again reinforces our strong environmental credentials, although I have to concur with comments by Senator Brown that it is unlikely that this will come to a vote today because of the approach that the Howard government is taking.

This bill shows Australian farmers that we care about the impact that droughts and

floods have on them. It tells Australians that we care about our diverse natural habitat and that we care for natural treasures such as the Great Barrier Reef and our alpine regions. It tells the residents of our tropical regions that we are concerned about the increased risks of mosquito transmitted tropical diseases such as dengue fever and malaria. It shows the insurance industry that we are aware of the impact that increasing numbers of natural disasters due to extreme weather conditions—floods, fires, droughts—are having on their capacity to meet insurance claims.

This is a bill which tells Australian business that we believe it should have the opportunity to be part of the new business order which seeks to engage in trade emissions and buying and selling carbon credits and that we are aware of the very real risk of Australian companies being locked out of global trade if the Howard government does not ratify the Kyoto protocol.

Last, but by no means least, this is a bill that shows the rest of the world that Australian citizens know it is important to be good international environmental citizens. International conduct is measured by the level of support for environmental treaties and protocols, financial contribution to environmental funds and government support for the development of clean energy technologies. Failure by the Howard government to ratify the Kyoto protocol has worsened Australia's current poor international standing as an environmental citizen.

In a groundbreaking new world ranking, *Foreign Policy* magazine teamed up with the Center for Global Development to create the first annual CGDFP commitment to development index, which grades 21 rich nations on whether their aid, trade, migration, investment, peacekeeping and environmental policies help or hurt poor nations. Australia was placed 18th out of the 21 rich countries.

Australia was awarded only 1.8 points on a ratings scale of zero to nine, with only Canada, Japan and the United States scoring worse on their environmental impact practices. Australia's poor ranking is principally due to our high per capita greenhouse gas emissions. On a per capita basis, Australia is the world's third highest greenhouse gas emitter behind the United States and Luxembourg.

It is time that Australia joined the collective international effort to tackle climate change; in fact, that time is way overdue. In the interests of our economic, social and environmental development, Australia must ratify the Kyoto protocol. But the Howard government does not share these interests. In June 2002, Prime Minister Howard announced to the Australian parliament that it was not in Australia's best interests to ratify the Kyoto protocol. The Howard government's lazy, subservient and short-sighted refusal to ratify Kyoto is inflicting damage on Australia's natural resources and economy. It is directly against the best interests of this country to lock Australian business out of export opportunities that are essential to competitively place Australian industry for the future. It is directly against the best interests of this country to have an economy crippled by fire, flood and droughts, to lose the Great Barrier Reef corals to bleaching caused by rising water temperature and to destroy our snowfields, and it is directly against the best interests of this country to experience more tropical diseases.

It is no secret that global warming due to greenhouse gas emission is hurting, and it will continue to hurt Australia unless committed steps are taken towards reducing greenhouse gas emissions. To give some recent specific examples about how climate change is hurting Australia, the National Climate Centre at the Bureau of Meteorology has found that global warming and ozone

depletion over Antarctica are dragging rainfall away from southern Australia towards the South Pole. As a result, Australia's southern cities and farms have lost 20 per cent of their rainfall in the past 30 years. If this trend is not reversed, southern Australia could be drawn into a state of permanent drought. With ongoing global warming resulting in more variable and less predictable weather, the conditions for drought are going to worsen over the next 50 years.

An ABARE report released in September last year revealed that the current drought will effectively rip \$3.8 billion out of the Australian economy. Quite clearly, ongoing drought conditions are going to continue to negatively impact on Australia's economy. According to the Australian Conservation Foundation and the Nature Conservation Council of New South Wales, future forecasts of less rain and higher temperatures due to global warming generally will make bushfires more frequent and devastating than those that recently hit New South Wales, Victoria and the ACT.

The federal Minister for Fisheries, Forestry and Conservation, Ian Macdonald, the Parliamentary Secretary to the Minister for Industry, Tourism and Resources, Warren Entsch, and the former Minister for Regional Services, Territories and Local Government, Wilson Tuckey, have all advocated the clearing of forests as the solution to bushfires. This is not an answer. Excessive land clearing is a major contributor to greenhouse gas emissions, is the single greatest threat to endangered birds, plants and animals and is the single greatest cause of salinity. The negative side effects of excessive land clearing are unacceptable. The government's own *Australian terrestrial biodiversity assessment*, released in April this year, showed that Australia's native flora and fauna are coming under direct threat from decreased habitat availability due to drought, flood and fire. The report

showed that up to 3,000 ecosystems are under threat, some of which are now beyond rehabilitation; Australia's native birds are under threat in 240 regions; 22 species of mammals are already extinct; and 40 per cent of our wetlands are in poor condition.

I do not deny that carefully orchestrated fuel reduction burning is an important part of taking steps to limit the potential impact of bushfires; however, the government's slapdash approach to wholesale clearing of forests is not a solution to this problem. It is merely another example of their hostility towards national parks. This scant regard for national parks seems to extend to our marine parks as well. A recent study reported in *Science* on the declining health of the world's reefs revealed:

The link between increased greenhouse gases, climate change, and regional-scale bleaching of corals ... is now incontrovertible.

Also, globally, close to 60 per cent of reefs may be lost by 2030. More specifically, research shows that the Great Barrier Reef is 30 per cent of the way towards extinction, and that it could suffer coral bleaching 100 days a year within the next 50 years, due to increasing reef water temperatures. This unique ecosystem is in imminent danger of suffering irrevocable damage, along with the \$2 billion a year reef industries that are dependent upon it. The Great Barrier Reef is now Australia's greatest natural tourist asset. We cannot allow the Howard government to continue its poor record of protecting one of Australia's most fragile and important natural icons.

Global warming is also having an effect on our alpine ecosystems, which are highly vulnerable to change. It is predicted that an expected 1.8 degree Celsius temperature increase by 2030 will cause significant reductions in snow cover area and alpine habitats. This will have ongoing impacts both on the

biodiversity of these areas and on Australia's tourism industry. The negative impacts of global warming are not only limited to risks for Australia's plants and animals. A recently released Australian National University report entitled *Human health and climate change in Oceania: a risk assessment* found that Australians will be at increased risk of diseases like dengue fever and malaria as Australia's 'malaria receptive zone' extends. Forecasts indicate that, with continued global warming, these areas will expand further into the Northern Territory, the north of Western Australia and as far south into Queensland to include currently unaffected towns like Rockhampton, Gladstone and Bundaberg.

If we fail to ratify the Kyoto protocol now we not only risk losing some of our greatest natural treasures; we also risk losing a significant proportion of our tourism and agriculture industries and increasing the incidence of tropical disease in Australia. It is time for the Howard government to stop playing Russian roulette with our fragile environment and ratify the Kyoto protocol on climate change to stop the enormous impact that global warming is having on our natural resources, our ecosystems and our farming and tourism industries. From an economic perspective, it is not only tourism and farming industries that stand to lose out over the continued failure to ratify Kyoto. By refusing to ratify, not only is Australia being left behind in global efforts to combat climate change but Australian industry is being locked out of future global trading mechanisms. Action must be taken now if we are going to take advantage of growing global markets for environmental goods and services and to prepare for the imminent reality of a carbon-constrained future. Prime Minister Howard used the excuse that Kyoto ratification would cost us jobs and would damage our industry. The evidence is to the contrary and shows that consideration for jobs and

industry was not a determining factor in the Howard government's decision not to ratify Kyoto.

Leaked correspondence from Australian companies to the Business Council of Australia and the results of a Greenpeace survey of Business Council members have shown that opposition to ratifying the Kyoto protocol was confined to a small group of fossil fuel producing companies, who argued that the Business Council should not support Kyoto in order to stay on side with the Howard government. These letters show that it is not a case of the Howard government acting to look after Australian business; it was a small section of Australian business acting to look after the Howard government. This, combined with the Howard government's penchant for following the US into any abyss, was the determining factor.

The reality, however, is that the Business Council of Australia has changed its stance on ratification and has now declared itself neutral, and many of its members openly support ratification. In fact, there has been strong support from many of Australia's major businesses, and many companies are benefiting from green business. As an example, a BP company, BP Solar, which produces solar panels in Australia, now employs more people in its business than BP employ in either of their Australian oil refineries. Now that is a positive step forward for the environment, industry, and employment in Australia.

We have deliberated long enough. Labor have argued consistently that the Kyoto protocol should be ratified and now we have taken direct action to try to make that a reality. Where the Howard government has shirked its international responsibilities, Labor will act to avert the damage to Australia's environment and economy that is being caused by the Howard government's refusal

to ratify the Kyoto protocol. We believe that it is time Australia became a responsible international environmental citizen and joined the collective international effort to tackle climate change and its damaging consequences. Labor are serious about tackling climate change and committed to the ratification of the Kyoto protocol, and the shadow minister for the environment is to be congratulated on this initiative, which keenly exposes the inadequacy of the Howard government's environmental policies. I am aware that the government is aiming to prevent a vote from being taken on this bill, which is effectively the same as gagging debate—as Senator Brown highlighted earlier. What a shame we are governed by a party that is so backward looking on this issue.

Senator EGGLESTON (Western Australia) (4.17 p.m.)—The government agrees with Senator Brown and Senator Lundy that climate change is an issue of significant international concern that should be addressed in the economic, environmental and social interests of all humankind. However, unlike Senator Brown, the government does not agree that the ratification of the Kyoto protocol is in Australia's national interest or is the most effective means of reducing Australia's greenhouse gas emissions.

There is no doubt, however, that human activity, as Senator Brown said in his speech, has led to climate change. According to the Intergovernmental Panel on Climate Change: Since 1750, the beginning of the industrial era, atmospheric concentrations of carbon dioxide and methane have increased by around 31% and 150% respectively. During the 20th century, global mean surface temperatures increased by around 0.6 degrees C, while the global mean sea level rose at an average rate of 1-2 mm per year. There have been more hot days and fewer cold days during this time, heavy rainfall has become more common, and the frequency and severity of droughts has increased. In places, snow cover and ice extent have decreased, growing seasons have

lengthened, and plants and animals have changed their patterns of breeding, migration and habitat. These trends ... are likely to continue during the 21st century.

There is no doubt that there has been change in our climate but, recognising these effects, the Howard government is committed to reducing greenhouse gas emissions and accordingly has instituted a wide range of effective policy measures to achieve this goal. The Howard government is firmly of the belief, however, that it is not in Australia's interests to ratify the Kyoto protocol at this stage. The Kyoto treaty is fatally flawed, in our view, and it requires extensive revision before Australia would be prepared to ratify it.

Senator Ellison—Good point.

Senator EGGLESTON—As Senator Ellison says: a very good, practical, realistic point. Perhaps I am adlibbing a little and enhancing his comment but there we are—that is what he meant to say! For a start, the Kyoto protocol is not a genuine global agreement. A mammoth 75 per cent of global emissions are not covered by the Kyoto protocol, severely limiting its efficacy. It is estimated that Kyoto will probably reduce global greenhouse gas emissions by a mere one per cent by the end of the first commitment period in 2012. This compares to a need, based on the best science currently available, to reduce global emissions by some 60 per cent based on 1990 levels. Yet the Kyoto protocol is aiming to cut emissions by only five per cent. So, as I have said, senators will understand that the Kyoto protocol is fatally flawed and will go nowhere near to reducing greenhouse emissions by the amount needed.

Under Kyoto, developing countries, whose emissions will exceed those of the developed world in this decade, do not have to meet the same stringent obligations re-

quired of developed nations. Unlike developed nations, developing nations do not have to meet the emission reduction targets but can choose to participate in emission abatement activities through clean development mechanisms. This is a serious weakness in the existing Kyoto arrangements. It is also a serious weakness that there is currently no pathway for the involvement of developing countries in serious greenhouse gas reduction. I ask senators to remember that these developing countries have greenhouse gas emission levels which will exceed those of the developed nations by the end of this decade.

If the Kyoto protocol is to have any chance of making significant reductions in emissions, a means must be found to include developing nations in the protocol. It is not only inequitable but surely pointless that developing nations can go merrily on their way increasing their emissions while the developed nations are being asked to reduce theirs, because the net effect on the world will be an increase in greenhouse emissions. It is disappointing that many developing nations are very reluctant to even discuss the framework that must come into place after 2012. Climate change, as I am sure Senator Brown will heartily agree, is a global issue requiring a genuinely global response. Developing nations, particularly China, India and Indonesia, should be required to meet global emission targets. What is needed is a genuinely effective global response to climate change encompassing all major global emitters. Unfortunately, the Kyoto protocol falls dramatically short of achieving this objective.

The Howard government is, however, actively engaged in international forums with major strategic and trade partners to address climate change. The Montreal Protocol on Substances that Deplete the Ozone Layer is a good example of the merits of a truly global

approach. Unlike the Kyoto protocol, the Montreal protocol includes obligations for developed and developing countries alike. Immediately upon ratification, the Montreal protocol had 82 per cent of global emissions of ozone-depleting substances properly covered within the global framework. It has full compliance from the world community. Without it, ozone depletion would have reached at least 50 per cent in the northern hemisphere's mid-latitudes and 70 per cent in the southern mid-latitudes by the year 2050, about 10 times worse than previous levels, putting Australians at far greater risk of skin cancers and eye cataracts.

Senators should understand clearly that the ratification of the Kyoto protocol could affect Australian industry and our economy—in contradistinction to the remarks made by Senator Lundy. There is a real danger that, if Australia were to ratify the Kyoto protocol, industries would move offshore to developing nations, resulting in job losses and seriously damaging Australia's economic growth and prosperity. As Mr Rob Millhouse, a spokesman for Woodside Petroleum, has said, if we were to ratify Kyoto, a lot of Australian companies are going to experience a severe disadvantage against many of our competitors, who will not be bound by the same rules as we are.

If these arrangements continued over the longer term, Australian industries could be driven overseas by competitive pressures to countries that might not have as stringent environmental standards as Australia. Rather than a reduction in greenhouse gas emissions, the net result would actually be an increase in global greenhouse emissions. This is exactly the opposite of what the treaty is intended to achieve.

I can see that Senator Brown is so stunned by the power of my arguments that he has decided to leave. He has returned—I am very

pleased, because I would not like him to miss any of these words.

Senator Forshaw—You kicked a goal then, didn't you?

Senator EGGLESTON—I thought so. I will continue. This government has no intention of going down in history as being the government responsible for the wholesale transfer of industries—and the jobs associated with them—offshore. As the federal Minister for the Environment and Heritage, Dr David Kemp, has said:

Australia does not want to give future investors in Australia who make decisions under long timeframes the message that we're prepared to impose legal obligations on them which they wouldn't face if they invested in many of our competitor countries. We don't want to drive jobs overseas or industries overseas.

The Australian Bureau of Agricultural and Resource Economics—ABARE—has estimated that ratification of the Kyoto protocol could increase electricity costs by one-third in Australia, with consequent severe implications for energy-intensive industries, such as our bauxite, alumina and aluminium producers—with annual export earnings of around \$9.5 billion a year—putting pressure on them to move offshore. Australia is one of the world's largest energy exporters. The ratification of the treaty would add to the costs of these industries, making it more difficult for them to compete in what is already a very competitive international environment.

As for liquefied natural gas, LNG, the great majority of LNG exporters are in developing nations. This brings me to another flaw in the Kyoto protocol. There is no mechanism to recognise that, although certain actions might result in a domestic increase in greenhouse gas emissions, the net result will actually be a decrease in global emissions. Australia, for example, exports LNG to Japan, resulting in significantly lower levels of greenhouse gas emissions in

Japan than if Japan were to use coal to generate electricity. This is because the life cycle emissions of natural gas are about 50 to 60 per cent those of conventional fossil fuels. The recent \$25 billion LNG contract with China illustrates this point well. The contract will add around one million tonnes of carbon dioxide annually to Australia's emissions but, by replacing coal-fired power stations in China, it will reduce China's emissions by around seven million tonnes annually. On a global basis greenhouse gas emissions will be reduced by around six million tonnes—a substantial net loss in global emissions.

The Australian Chamber of Commerce and Industry has indicated that it does not support the ratification of the Kyoto protocol until such time as it can be demonstrated to be in Australia's national interest. Professor Warwick McKibbin produced an economic model of the implications of ratifying the treaty. He has said:

My report on the impacts of Kyoto on the Australian Economy confirms the government's decision not to ratify the Kyoto Protocol. The report shows that in the first few years from 2008, the impacts on Australia of the Kyoto Protocol is dominated by the reduction in our fossil fuel exports resulting from other countries cutting emissions.

Further down he says:

By any calculation, the sum of the future costs to Australia of ratifying Kyoto far outweigh the sum of the future costs of not ratifying. More importantly there is a great deal of uncertainty about the extent of these costs. Even our most optimistic assumptions support the government's decision about the long term costs of ratification. A key finding is that Australia needs to convince the rest of the world to try an alternative approach to Kyoto because Kyoto is clearly not in Australia's economic interests.

Australia is by no means the only developed nation to express concern about the detrimental economic effect of the ratification of this treaty. The United States of America has

indicated that it will not ratify the Kyoto protocol.

As Senator Brown said, Russia, which was previously regarded as a certainty to ratify the treaty, has now cast very serious doubt on its intention, questioning the economic impact on the Russian economy of ratification. The Russian presidential economic adviser has complained that countries with much higher rates of greenhouse emission than Russia are not required by the Kyoto protocol to reduce their emissions. He has expressed concern that the treaty would constrain Russia's economic growth, saying that adhering to the provisions of the Kyoto treaty and achieving economic growth are incompatible objectives.

Senators will surely agree that ratifying a flawed international treaty is no substitute for making the hard decisions and taking concrete action as the Howard government has done. The Howard government is committed to Australia meeting its Kyoto protocol target of limiting growth in greenhouse gas emissions to eight per cent above the 1990 levels by the period 2008-12. This is a fair target given Australia's particular circumstances, including our high rates of population and economic growth in comparison to those of most developed nations as well as our strong, resource-based economy and our dependence on coal generated electricity and given that, for sound safety and economic reasons, Australia has decided not to go down the path of nuclear power.

Under the Howard government, Australia has a long-term climate change agenda, with four key elements. Firstly, at every opportunity we will seek a much more comprehensive global response to climate change than that provided by the Kyoto protocol. We are firmly of the view that future global action must acknowledge the different circumstances and economic and social priorities of

different nations. In particular, it is important that ways be found for developing nations to reduce their greenhouse emissions without affecting their rates of economic growth. Australia is collaborating with the United States of America—which, incidentally, produces some 25 per cent of global greenhouse emissions—in addressing climate change, via the Australia-US climate action partnership. We have increased our level of climate change related financial assistance to developing nations and pledged no less than \$68.2 million to the Global Environment Facility. Australia is also assisting Pacific nations to build their capacity to adjust to the consequences of climate change.

Secondly, Australia must achieve a lower greenhouse signature. Thirdly, domestic policy settings must be flexible, with sufficient certainty to allow decisions on investment and technological development with an emphasis on cost effectiveness. Lastly, the Howard government will implement policies to assist adaptation to the consequences of climate change that are already unavoidable.

There we are: the Howard government has a very comprehensive plan to deal with the increase in greenhouse gases. We have led the way by setting up a Greenhouse Office as part of our Department of the Environment and Heritage. We have contributed more than \$1 billion to greenhouse gas abatement measures. As I said, we have a \$400 million Greenhouse Gas Abatement Program which delivers large-scale and cost effective abatement measures across all sectors of our economy.

The government's programs and policies have been effective in reducing the rate of Australia's growth of greenhouse gas emissions. This has been despite a period of strong economic growth. Today Australian emissions are at 1990 levels and we are on track to meet the Kyoto protocol target re-

gardless of the fact that we have not signed that treaty.

In conclusion, the answer of Senator Brown and the Labor Party to reduce Australia's greenhouse gas emissions is to ratify the flawed Kyoto treaty but the Kyoto treaty will come nowhere near reducing global emissions by the required amount. It is not a genuinely global agreement and has the potential to seriously damage Australia's continued economic prosperity. Put simply, it is not in Australia's national interests to ratify the Kyoto protocol. The agreement is flawed and will not meet its objectives.

Senator ALLISON (Victoria) (4.36 p.m.)—If it is passed, the **Kyoto Protocol Ratification Bill 2003 [No. 2]** will force the Howard government to ratify the Kyoto protocol and take a number of other measures that are consistent with meeting Australia's obligations under the protocol, including preparing a national climate change action plan, establishing a system for estimating emissions of greenhouse gases not covered in the Montreal protocol, and developing a mechanism to facilitate international carbon credits trading. The Australian Democrats have been calling on this government to ratify the Kyoto protocol for many years—certainly as long as I have been here and probably earlier than that too. We have also consistently called on the government to implement effective policies to reduce greenhouse gas emissions and mitigate the effects of climate change. As a consequence, there is no doubt at all that we will be supporting this bill.

It is widely acknowledged that the Kyoto protocol will not result in significant reduction in greenhouse gas emissions and will not have a significant effect on climate change. I think that was acknowledged in the speeches by Senator Brown and Senator Lundy in this second reading debate. Meeting Australia's

Kyoto target of 108 per cent of 1990 emission levels will be relatively easy and will not have a major impact on our economy. That is easy to show using the most recent figures released by the Australian Greenhouse Office. These show that if current measures are maintained Australia's emissions should, on average, reach around 110 per cent of 1990 levels by 2008-12. That is, without doing much else we will only miss the Kyoto target by about two per cent.

The latest AGO figures also indicate that according to the Kyoto accounting rules there was a slight decrease in emissions between 1990 and 2001, despite the fact that there was a 33 per cent increase in emissions from the stationary energy sector and a 25 per cent increase in emissions from the transport sector between 1990 and 2001. These are the largest and the third largest emitters respectively and, if this is the case, there should be no problem in meeting our target. The Howard government knows that the two per cent gap can be bridged with little effort and, as a result, it has consistently stated that it intends to meet the Kyoto target. Minister Kemp made this perfectly clear when these AGO figures were released. He said:

... the Howard Government is currently developing a climate change forward strategy to help bridge the gap to the Kyoto target and position Australia for the longer term.

Senator Eggleston has outlined what those measures will be, and I will come to them a little later.

Why, if the government will commit to meeting the Kyoto target, will it not ratify the Kyoto protocol? The only explanation from the government—again in the words of Minister Kemp—is that the Kyoto protocol is 'a flawed international treaty that will, at best, deliver less than a one per cent reduction in global greenhouse gas emissions'.

The question that arises from this statement is: if the government will not ratify Kyoto because it will not bring about a substantial reduction in emissions, why won't the government implement measures to ensure that we achieve large cuts in emissions?

The government is merely aiming to meet Australia's overly generous Kyoto target. If it was really committed to addressing climate change issues it would at least aim to reduce emissions to 1990 levels by 2010, but we know that it will not. It is devoted to non-renewable fossil fuels, a fact that is reflected in its policy towards alternative fuels and renewable energy, and it has no intention of implementing the policy measures that are necessary to bring about emission reductions in the key emitting industries—stationary energy, transport and agriculture. So while the government claims that it is 'delivering real progress on greenhouse gas reduction' it continues to shell out massive amounts to the main greenhouse emitting industries—petroleum and gas corporations, farmers and the automotive industry. These subsidies total at least \$10 billion annually.

While it gives handouts to the main greenhouse gas emitting industries, this government refuses to provide the necessary levels of support to enable the renewable energy sector to get on its feet. Indeed, it appears to be doing everything possible to ensure that this remains a niche industry until such time as we have exhausted our fossil fuel reserves. For example, last year the government announced that it would cut funding from the CRC for Renewable Energy, yet at the same time it announced that it would fund a new CRC to conduct research into ways to bury greenhouse gas emissions. It has also recently announced that it will introduce excise on alternative fuels from 2008, thereby ensuring that alternative fuels, including renewable fuels, will struggle to

make inroads into the traditional fossil fuel transport markets.

As I said earlier, the government's claim that the protocol will not result in a substantial reduction in emissions is quite correct. However, it is a critical step in generating the multilateral support and cooperation that is essential for dealing with climate change. Climate change cannot be dealt with by unilateral measures or by bilateral arrangements between like-minded pro-fossil-fuel governments. Without a unified response that applies to all nations, developed and developing, we will continue to see a business-as-usual approach that will condemn future generations to having to deal with the consequences of the selfishness of this generation.

The Kyoto protocol is the first step in developing this comprehensive framework. Admittedly it only applies to developed nations. However, from here measures can be implemented that apply to all nations and include provisions to ensure that the outcomes are equitable and have regard to the distribution of wealth and the history of greenhouse gas emissions. The development of this framework will take time; therefore there is an urgent need to get the process started. The longer we wait, the more we delay and the more we talk about alternatives which do not emerge as anything much, the greater the adverse effects of human induced climate change will be. The first step in reversing the current trends in emissions and climate change is the implementation of the protocol, which is currently being stymied by the world's largest emitters of greenhouse gases—the United States, Russia and, if we look at it on a per capita basis, Australia.

Many conservatives, like the Institute of Public Affairs, try to claim that human induced climate change is a furphy and/or that radical environmentalists are blowing the consequences of climate change out of all

proportion. That type of argument is propagated by those with a vested interest in the fossil fuel industry or by those like this government who do not want to have to make the hard decisions that are necessary to deal with this issue. However, the scientific evidence supporting climate change and the need for action is very clear. Greenhouse gas emissions are contributing to rapid climate change, and this climate change is likely to have a significant impact on the way we live and on our environment. This conclusion is supported by some of the world's most reputable scientific institutions, including the World Meteorological Organisation, the Royal Society, the US National Science Foundation, the National Academy of Sciences, the CSIRO, the Bureau of Meteorology and of course the United Nations. The predictions that are being made are a reason for concern and support the Democrats' call for decisive action to be taken.

The global average surface temperature of the earth has increased by approximately 0.6 degrees Centigrade since 1990. In Australia the temperatures appear to be getting warmer faster. Since 1910 Australia's continental average temperature has increased by approximately 0.8 degrees Centigrade. The majority of the increase in the average temperature has been experienced in the last 50 years, with 1998 being the warmest year on record and the 1990s being the warmest decade on record. The predicted increases in temperature are far more worrying than the trend that we have experienced to date. The CSIRO has predicted that by 2030 average annual temperatures will be 0.4 to two degrees higher over most of Australia and that by 2070 the increases may be as high as six degrees. The increases in temperatures have already had a noticeable impact on rainfall patterns. Some areas have experienced increases in average rainfall over the last 100 years, including New South Wales, South

Australia, Victoria and the Northern Territory, and others have seen a marked decrease.

The worst affected area is in south-west Western Australia, where there have been significant drops in average winter rainfall. There is considerable uncertainty about the predicted changes in rainfall over the coming century. Most modelling indicates that there is likely to be a decrease in average rainfall during winter and spring. The results of modelling of summer rainfall are variable—some are saying more rain, some are saying less. However, it is clear that, as the continental average temperatures increase, there will be significant increases in evapotranspiration. CSIRO modelling predicts that there could be up to an eight per cent increase in evaporation for every one degree Centigrade increase in temperature across Australia. In some areas, including Tasmania and the Eastern Highlands, the increase in evaporation could be as high as 12 per cent.

What does that mean for our economy? The most obvious risk is to our water resources. The increases in evaporation and transpiration will place an additional strain on our already degraded and overexploited rivers and aquifers. The CSIRO predict that there will be a decrease in flows in the rivers and streams of southern Australia and the eastern central MDB could face decreases of up to 45 per cent. The decreases in water availability would adversely affect our most productive agricultural regions and would result in water storages in many locations being down. While the overall impacts on agriculture are uncertain, it is clear that climate change poses a significant risk to this \$30 billion industry.

Climate change is also likely to increase the risks of natural disasters. The increase in evapotranspiration and increases in plant growth due to greater levels of CO₂ are

likely to increase the risk of catastrophic fires, the likes of which Canberra experienced this year. Climate change may also increase the number and intensity of floods and severe storms. Natural disasters already cost Australia more than \$1 billion a year. With climate change, we can expect that to rise. Climate change could also have a grave impact on our tourism industry. The Great Barrier Reef and the Ningaloo Reef are two icon sites that are likely to be severely affected. Already, increases in sea surface temperatures have resulted in large coral bleaching events in these two areas. The IPCC has suggested that the thermal tolerance limits of coral will be exceeded every year by 2030, which would mean large bleaching events could become everyday occurrences. With the IPCC predicting that sea surface temperatures will increase by two to five degrees Centigrade in the Great Barrier Reef region by the end of this century, the outlook is indeed bleak.

Global warming is likely to have a range of other economic impacts, from affecting our health to increasing the prevalence of certain agricultural weeds and pests, such as cattle ticks. So, for those who have no interest whatsoever in the conservation of natural heritage, there is ample evidence that global warming will have a significant and adverse impact on the economy.

The impacts of global warming on the environment could be catastrophic. As I have already noted, it could decimate our reefs. The changes will also have a wide impact on our flora and fauna. Australia has many plant species that have sharply defined geographic and climatic ranges that would be exceeded if the predicted changes were realised. For example, research carried out in 2000 found that 28 per cent of Western Australia's dryandra species would be extinct with an increase of 0.5 degrees Centigrade. Native highland grasslands communities are particu-

larly vulnerable to temperature increases as they would enable shrub and tree species to grow at high levels that were previously the exclusive domain of grasses. The changes will also affect our native fauna. Alpine species are obviously very vulnerable to temperature increases. Research has indicated that the habitat of beautiful species like the mountain pygmy possum may disappear completely with a one degree Centigrade temperature change. The list of other species likely to be adversely affected is extensive.

In short, biodiversity is likely to decrease considerably, and we will continue to witness one of the most pronounced extinction events in the Earth's history unless dramatic measures are taken to protect and conserve our natural heritage. If the evidence of global warming is clear—and it is—and the economic and environmental risks associated with warming are very real, why won't this government take action to reverse the trend in emissions? Furthermore, if the Kyoto protocol will not cause any undue hardship to our economy, and if the targets are eminently reachable, why won't this government ratify the protocol to get the multilateral framework for dealing with climate change up and running? The only answer can be the Howard government's sycophantic relationship with the Bush administration, which appears willing to put the short-term economic interests of the United States above everything else—including the future of this planet. Great Australians like former Labor leader Dr Herbert Evatt, who fought for Australia to have an independent foreign policy and to play a lead role in developing and implementing multilateral solutions to solve global issues, must be turning in their graves. I think history will condemn the Howard government for its approach on this issue.

Senator WONG (South Australia) (4.51 p.m.)—I rise to speak in this matter which concerns the **Kyoto Protocol Ratification Bill**

2003 [No. 2] moved by Senator Lundy on behalf of the Labor Party and Senator Brown on behalf of the Australian Greens. I understand that it is likely the government will not wish to go to a vote on this issue but will seek to talk the matter out. I indicate that that is a concern and is consistent with their failure to deal with the issue of global warming and the ratification of the Kyoto protocol.

This bill represents a renewed and combined effort by the Australian Labor Party and the Greens to have this government ratify Kyoto. The proposed bill deals with a number of other issues. These include the preparation of a national climate change action plan, the establishment of an inventory and report, a commitment to meeting the Kyoto target and, importantly, the establishment of a framework for involvement in international trading schemes. Given some of the comments made earlier by senators regarding the failure of Kyoto to properly deal with transfer in emission reduction units and trading in these units, this bill in fact does seek to spur the minister to address that issue. The bill requires that the Kyoto protocol be ratified within 60 days of passing this parliament. If passed, it would be a pretty belated action by this government to ratify the protocol. I think we signed the Kyoto protocol, which is distinct from ratification, over five years ago. So we are five years down the track and this government has still failed to ratify it.

This government has a long history of reluctance to ratify or comply with international treaties and obligations. Many of us remember this government's refusal for a significant period to sign the optional protocol for the Convention for the Elimination of Discrimination Against Women. One would have thought that in these times that would not have been a particularly radical suggestion. It took this government four years to initiate the required steps to ratify the con-

vention against the worst forms of child labour, and five years down the track they have still not ratified the Kyoto protocol. Perhaps there is no single decision of the Howard government in relation to international obligations that has been more stubborn or more short-sighted than its persistent refusal to ratify this protocol. It has been utterly intransigent on this issue.

As many previous speakers have said, global warming is a global issue and one that requires a global response. No-one in this chamber or in our community is so naive as to say that ratification alone will end global warming. What the Kyoto protocol does represent is the only agreed international mechanism thus far by which the nations of this world can jointly address the challenge of global warming. Australia's refusal to ratify means we have stepped away from the table. We have disengaged from the international process for addressing climate change. I say that is irresponsible and short-sighted. It is irresponsible and short-sighted for this government to have walked away from the agreed international process for dealing with the urgent global problem of global warming.

This government on occasion has sought to trivialise this issue. One of its arguments for not ratifying the Kyoto protocol is that ratification will not do anything. At the end of the day the issue is whether we want to be active players in the international community in seeking a solution or whether we only want to be part of the problem. Global warming is an issue that requires international efforts to address it. Ratification of this protocol is about us taking part in collective responsibility. Australia is being left behind in global efforts to combat climate change and, as a result, we are losing influence in future and current climate change negotiations.

As I understand the government's position—and it is a little hard to discern it—the government says that Australia must meet or ought to meet its Kyoto target but says it will not ratify the protocol. It is a rather bizarre position for the government to take. Apart from making us appear a poor international environmental citizen, this position of the government also locks Australian industry out from the developing global trading mechanisms. Australian companies are missing out on opportunities to participate in this new global order which seeks to trade in carbon emissions and carbon credits.

There is also significant support in the community for ratification of the protocol. Some 70 per cent of Australians in a survey conducted some years ago by Greenpeace indicated that they wanted the protocol ratified. Even sectors of Australian industry, which are not generally perceived as being the greenest or most environmentally conscious sector of Australia, have indicated support for the ratification of the protocol. An example is BP, British Petroleum, whose Australasian chief, Greg Bourne, has indicated fears that companies will be left in the lurch by the government's failure to ratify Kyoto. Even the Business Council of Australia, which previously were opposed to ratification, have now switched their position to being neutral, and in fact a number of members of the council have publicly supported ratification.

But despite public support from a range of sectors, this government refuses to ratify. Instead of being part of the solution, as I said, we continue to be part of the problem—and we are a bad part of the problem. Australia has one of the highest per capita emissions of greenhouse gases of any country in the world. We face a challenge to move to a less carbon dependent future, but it is a challenge we must face now and in the future.

I want to talk briefly about some of the consequences of global warming, which one would have thought by now would have been well and truly non-controversial. The scientific evidence of the impact of human induced global warming on our climate is enormous. Earlier this year I attended a presentation given to the Senate Environment, Communications, Information Technology and the Arts Committee by Professor David Karoly, who is a meteorologist. He had participated in a joint study with Dr James Risbey and Anna Reynolds looking at drought in Australia and the impact of global warming on the drought. The paper which was produced stated:

New research has found that human-induced global warming is a key reason why the Australian drought of 2002 has been so severe.

During 2002, Australia experienced its worst drought since reliable records began in 1910. The average Australian rainfall for the 9 months March-November 2002 was the lowest ever during this period. The drought was concentrated in eastern Australia with the Murray-Darling Basin, the nation's agricultural heartland, receiving its lowest ever March-November rainfall in 2002. This is the first drought in Australia where the impact of human-induced global warming can be clearly observed.

These words are pretty sobering and in fact quite chilling: we are witnessing in our own lifetime some severe impacts of global warming on our climate.

I recall being in the chamber earlier this year when one of the government senators in another debate laughingly said that Labor had stated that its response to drought would be to sign the Kyoto protocol and this would end the drought. The comment was made that the senator might even vote Labor if that were the case. What this study shows us is that global warming has impacted on the severity of the drought in our country. No amount of trivialising this issue by govern-

ment senators will avoid that fact. In a country such as Australia, much of which is so dependent on agriculture and which is so vulnerable to drought, global warming is an urgent national priority—but it is not treated as such by this government.

I want to make some brief comments about the Murray-Darling Basin because obviously, as a senator for South Australia, that is an area that is of deep concern to me. The same study to which I was referring earlier made a number of key points in relation to the Murray-Darling Basin. First, it said:

The basin received its lowest ever March–November rainfall in 2002, only 45% of normal rainfall.

It also makes the point that the basin experienced average maximum temperatures more than 1.2 per cent higher than in any previous drought since 1950. If you look at the table that summarises this study's findings, you will see that in 2002 the average temperature was 2.14 degrees higher than any other drought average, which means this drought was hotter than any other in history. Again, these are sobering findings: the evidence demonstrates global warming has contributed to the severity of the Australian drought.

In 2001 the Intergovernmental Panel on Climate Change concluded:

... *"most of the observed (global) warming over the last 50 years is likely to have been due to the increase in greenhouse gas concentrations"* ...

The study by Professor Karoly and his colleagues goes on to say:

The warming trend over the last 50 years in Australia also cannot be explained by natural climate variability and most of this warming is likely due to the increase in greenhouse gases in the atmosphere ... This figure shows that the actual trend in Australian temperatures since 1950 is now matching the climate models of how temperatures respond to increased greenhouse gases in the atmosphere. These greenhouse gas increases occurring today are due to human activity; burning

fossil fuels for electricity and transport, and land clearing.

In other words, what the study demonstrates is that natural climate variability itself cannot explain either the high temperatures, particularly those experienced in the Murray-Darling Basin, or the severity of the drought this country has just been through. What we can conclude from this is that we, human-kind, are contributing to global warming through our production of greenhouse gases, and this has been a key influence on the high temperatures experienced and the severity of drought suffered in Australia over the last year.

Global warming is not only an issue about our natural environment—our forests, our reefs and our rivers. At the end of the day it is also about our lives, our industries, our farmers and our future. In the face of all of this scientific evidence, what are the Howard government doing? As was demonstrated today, they are fudging it. They try and speak fine words about global warming and the need to address it, but they engage in little action. Senator Eggleston today was critical of the Kyoto protocol, stating words to the effect that it went nowhere near achieving the required reductions of greenhouse gases. There is a simple answer to that, Senator Eggleston: Kyoto is the first step. It is disingenuous in the extreme for this government to be pretending that they are not ratifying Kyoto because they are somehow taking a stronger environmental position than is represented by the protocol.

The government states, somewhat disingenuously, that we need to reduce greenhouse gases by more than Kyoto requires. On this side of the chamber we say, 'If that is your position then get back to the negotiating table. Ratify the Kyoto protocol, meet Australia's targets and push internationally for improvements to the targets that are set out in Kyoto and the mechanisms for carbon

trading.’ Do something rather than sitting there and saying, ‘We don’t want to ratify this protocol because it’s not good enough.’

The reality, though, is that this is not actually the government’s position. They might say, ‘We don’t want to ratify Kyoto because the targets are not sufficient to do anything about global warming.’ As the chamber has been reminded by previous speakers from the government side, the government state that they are concerned about the effects on Australian industry and the Australian economy if we ratify the Kyoto protocol. Their position is that it is not in our economic interests to do so. This is the heart of the government’s opposition to ratifying the protocol. They do not want to ratify a treaty that may potentially have a detrimental effect on some aspects—and I emphasise ‘some aspects’—of Australian industry. So let us not have any lecturing by the government that Kyoto ought not be signed because it is not good enough, when at the end of the day the height of their position is that they do not want to sign it because they are worried about the potential effect they say Kyoto might have on some aspects of Australian industry.

I will deal briefly with that issue of whether or not ratifying the Kyoto protocol would be bad for Australian industry. Yes, there are challenges for our country, particularly given we have such a high per capita rate of greenhouse gas emissions, in moving to a less carbon dependent future. There are undoubted challenges. There are also opportunities. There are opportunities for green industry, for clean development technology and for smart industries, and what the government should be doing is providing strategic assistance and leadership to Australian industry to take those opportunities and to move forward. We must have strategies and resources implemented by government to

facilitate and encourage a less carbon dependent future.

In closing can I say this: it seems astonishing to me that, with the sort of evidence we have of the direct impact on our climate of human induced global warming, Australia continues to lag behind so much of the world in efforts to halt global warming. It seems extraordinary—particularly given that we are a country that suffers droughts on occasion—that we should ignore the evidence that global warming has contributed to the severity of droughts and not do our part to address this urgent international issue.

Senator TCHEM (Victoria) (5.08 p.m.)—I rise this afternoon to speak on the **Kyoto Protocol Ratification Bill 2003 [No. 2]** that was introduced into this chamber by Senator Brown and Senator Lundy. I am delighted to have the opportunity to talk on this very interesting issue. Firstly, can I particularly thank Senator Wong who spoke before me because she has presented the government’s case in a most comprehensive way, even though she had to make some obligatory criticism of what the government has done. In fact, she actually described perfectly why Australia has not ratified and should not ratify the Kyoto protocol.

It is my belief that this bill should be taken seriously. If Senator Brown were the only sponsor of it—if this bill came only from the source that Senator Brandis so aptly described in this chamber on Tuesday as ‘well-meaning oddballs’ and ‘the scruffy ratbag set’—then we probably would not need to take it seriously because we would know that it was nothing more than another political stunt by Senator Brown. However, this bill is jointly sponsored by the Labor Party and, as we all know, the Labor Party has to be taken seriously. Not only could the Labor Party notionally provide an alternative government for Australia; it has in the past,

with very serious consequences for this country. Therefore, anything the Labor Party proposes must be taken seriously. That is not to say that any ideas or policies advanced by the Labor Party should be taken seriously—it is just that it is making some effort in this area.

I note that this bill is being introduced into the House of Representatives by none other than the Labor Party's shadow minister for sustainability and the environment, Mr Lindsay Tanner.

Senator Webber—No, Kelvin Thomson.

Senator Crossin—Wrong one!

Senator TCHEN—I am sorry, Kelvin Thomson—my apologies. So it would be not too far-fetched to think that this bill represents that very scarce commodity: a Labor Party policy. If it is a Labor Party policy, it is another reason to take them seriously. According to the second reading speech circulated by Senator Brown and Senator Lundy, the bill requires the Australian government to ratify the Kyoto protocol within 60 days of its being passed by the parliament. That is a very tight timeline—one that obviously benefits a monumental world-saving decision. But hang on a moment. If we look at that second reading speech we find that in fact this bill does not propose a monumental world-saving decision. Let me quote the first sentence of the speech:

The Kyoto Protocol will not save the world's climate.

It will not save the world's climate, so what is the rush? Senator Brown and Senator Lundy say that the Kyoto protocol is the first step that demonstrates the willingness of the world's nations to acknowledge the threat of global warming and to form a global alliance in response. But such a global alliance has been working since 1988, when the International Panel on Climate Change, the IPCC, was established. In the meantime we have

other models of international conventions which deal with environmental issues, such as the Montreal protocol, which provides a much better model than the Kyoto protocol.

The bill requires the government to prepare a national climate change action plan. It says that the minister must ensure that Australia's aggregate human induced carbon dioxide emissions do not exceed its assigned amount. It says that the minister must establish a national system for estimating human induced carbon dioxide emissions by sources and removals sinks. It also requires the government to publish an annual inventory of greenhouse gas emissions, and there are a number of administrative processes. But I will come back to those points later.

There are some very simple steps to be taken. As Senator Lundy and Senator Brown said in their second reading speech, they believe this bill is simple, it is necessary, it is overdue and it should be passed. They believe the key word is 'simple'. They believe dealing with climate change is simple. They believe the Kyoto protocol is a simple process that requires only a simple response. Let us look at the Kyoto protocol to see if it is so simple. Earlier, my colleague Senator Eggleston discussed the Australian government's response to the Kyoto protocol, so I want to go back to what is perhaps the first principle—that is, what the Kyoto protocol really is.

The first thing we know, as Senator Brown and Senator Lundy have pointed out, is that it will not save the world. In fact, not only will it not save the world but, if it is not approached or managed wisely—as Australia is doing—it might well damage the world's climate. The Kyoto protocol was devised as a means of pursuing the objectives of the United Nations Framework Convention on Climate Change. Article 33.3 of the framework convention states:

... to stabilise greenhouse gas concentration in atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.

I draw the Senate's attention to the last sentence. The United Nations Framework Convention on Climate Change recognises the importance of allowing economic development to proceed in a sustainable manner. It proposes to do so by establishing greenhouse emission limits and reduction commitments for each party to the protocol. The protocol requires the party to take action to ensure that their greenhouse gas emissions do not exceed their assigned limits and reduction commitments, with a view to reducing overall global emissions of such gas by at least five per cent below the 1990 level in the commitment period 2008 to 2012.

The protocol describes a range of different targets for different countries. It ranges from an eight per cent reduction to a 10 per cent increase above the 1990 level of greenhouse gas emissions, depending on the circumstances of each country. These levels are achieved through negotiation between parties. Some countries have to reduce their emissions. For example, countries in the European Union have to reduce their emissions by eight per cent, the United States by seven per cent, and Canada and various other countries by six per cent. I seek leave to table appendix C to the Kyoto protocol, which lists the emission limits or reductions of about 30 of the annex I group of countries, the developed countries.

Leave granted.

Senator TCHEN—It is required that each country's target must be achieved within the period 2008 to 2012. I think those dates are

important, because earlier Senator Eggleston might have mentioned the minister's statement that, in 2000, Australia's greenhouse gas emissions stood at 105 per cent of the 1990 level. On current policy settings, Australia's emissions are projected to reach around 110 per cent of the 1990 emissions level by the end of this decade. Australia's target for 2012 is 108 per cent of the 1990 level. So, in looking at those figures, we are well on track to reducing our emissions level and our policy will mean that Australia will be well within the target set for us by the Kyoto protocol.

The Kyoto protocol will come into force when 55 parties, representing at least 55 per cent of those developed countries, have ratified the agreement. As of last month, I understand that 119 countries have ratified the Kyoto protocol. However, they do not in any way approach 55 per cent of the annex I group of countries' carbon dioxide emission total. So the protocol is some way away from coming into force.

The United States—as various speakers have noted—have not ratified, and have actually signalled their intention not to ratify, the Kyoto protocol. As the United States provide some 36 per cent of the world's carbon dioxide emissions, that will make the ratification rather problematic. Up until recently, it was believed that the Russian Federation, which is the second largest carbon dioxide emitter in the world—representing an output of something like 17.5 per cent of the developed world's production of carbon dioxide—was going to ratify it. However, more recently the Russian government have indicated that they do not believe that ratification of the Kyoto protocol would be in Russia's national interest, so that is unlikely to happen.

The important thing about the Kyoto protocol is that it provides some innovative

ideas. Particularly, it provides three innovative mechanisms that developed countries may use to lower the costs of meeting their national emission targets. The first one is called a clean development mechanism. This assists developed countries to reduce emissions through cooperative projects with developing countries, which the protocol's emission targets do not cover. Under this mechanism, developed countries can claim reductions against their emission totals, while developing countries benefit from projects which contribute to sustainable development.

The second mechanism is called the joint implementation mechanism. This refers to projects between developed countries where parties may fulfil their commitment jointly so that the targets are shared between several countries. The third mechanism is emission trading, which is a mechanism to assist developed countries in meeting their targets by debiting or crediting each country's greenhouse gas emissions. A developed country that produces more emissions than required by their national target will be able to sell their excess emission credits to countries that are finding it more difficult or expensive to reduce their own emissions. These are the mechanisms which the Kyoto protocol proposes to assist countries to meet their targets.

The simple ratification of the Kyoto protocol would not actually deliver any useful outcomes, because there are many issues associated with the protocol which are yet to be finally agreed. This has been the situation since the year 2000. There has been much debate in a number of conferences in which parties have looked at all the implications of how these mechanisms work and the various unresolved issues related to the Kyoto protocol, but no resolution has yet been reached.

I will give an outline of the unresolved issues. The first is whether there should be a

ceiling or a cap on the flexible mechanisms that I mentioned which countries can use to meet their targets. Some countries believe that there should be a cap and other countries believe that it should be open and people should be able to trade freely. Another issue involves what quantity of sink credits may be generated through sink activities and how much trading of these types of credits can be undertaken.

Some of the other issues are more fundamental. For example, what happens to a party which signs up to the Kyoto protocol and yet fails to meet its target? This could potentially be a very serious issue. Ratification is a simple matter—you just sign on the dotted line. We have many examples of signed agreements that are not worth the paper they are written on. Another issue is how to fund activities, and what those activities should be, in developing countries. Of course, an even more fundamental issue is what happens with the emissions of the developing countries, which will very shortly, in a few years time, overtake the total emissions of developed countries? (*Time expired*)

Senator WEBBER (Western Australia) (5.28 p.m.)—It gives me a great deal of pleasure to rise to speak in support of the [Kyoto Protocol Ratification Bill 2003 \[No. 2\]](#). It is widely recognised amongst the world's climatologists that global warming is adversely affecting the world's climate. Adverse changes to the world's climate can negatively impact on human lifestyle, human existence and agricultural production, as a few examples. Global warming is attributed to the man-made build-up of greenhouse gases. The causes of global warming need to be tackled on a global basis in order to ensure an effective solution. On that, there is no disagreement. Greenhouse gas emissions, wherever they occur, distribute themselves globally over time and are long-lived. Greenhouse gas abatement in one part of the

world is rendered ineffective by unabated emissions elsewhere. That is why this bill needs to be agreed to.

The Kyoto protocol is the only global forum in place, and ratification of the protocol gives a party a place at the negotiating table. As Senator Wong mentioned earlier, having a seat at the only global forum in place is necessary not only for negotiating Australia's future greenhouse gas abatement targets but also for being part of the negotiation process of other parties' future targets and the eventual incorporation of the developing world into the monumental tasks at hand. It is a process Australia must be part of.

Australia has committed substantial financial and technological resources to greenhouse gas abatement and is in a reasonably sound position to reach its 1997 Kyoto commitment by the first commitment period—that is, an eight per cent increase of emissions on a 1990 base by 2010. The recently released 2001 national greenhouse gas inventory indicated that, using the 108 per cent Kyoto target inventory accounting provisions, Australia's net emissions have actually declined slightly, by 0.1 per cent or 0.5 million tonnes, over the period 1990-2001. This has occurred because of the substantial reductions that have already occurred in the land use change and forestry sector over this period, which have more than offset growth in other sectors.

The government has said on numerous occasions that it intends to meet the Kyoto commitment. Ratification of the Kyoto protocol, therefore, merely means that Australia is serious about meeting this commitment or, in another sense, being true to its word in the eyes of the rest of the world. The government's statements and commitments would become far more believable if it backed its Kyoto commitment with actual ratification.

Labor, on the other hand, has indicated its intention, through this bill, and its belief in ratifying the protocol and it would do so if it won government. Labor has publicly expressed the view that the present Kyoto target for the first commitment period is a relatively generous target in view of the permitted increase on the 1990 base and that Australia is unlikely to achieve such a target in any alternative global agreement if the Kyoto protocol fails. Labor believes that Australia can meet its obligations under the Kyoto protocol without any undue hardship and with economic opportunities through growth in jobs in the sustainable energy industry and in exports in the new low-emission technologies and the like.

Whilst it may be easy to criticise the protocol as it stands—as those opposite do—a major shortcoming, I will agree, is that, without the United States and the developing countries' abatement participation, some 75 per cent of the world's emissions are outside the management of the protocol umbrella. That is a challenge. But the Kyoto participants can actually lead by example. With ratification, Australia can be one of the leading participants in the resolution of a potentially devastating global problem involving an increase of climatic extremes such as floods, droughts and increased temperature; a massive loss of biodiversity, including the loss of reefs; and the spread of infectious diseases, as we heard earlier. Only through ongoing and further global cooperation and participation can we have the best opportunity to deliver a universal solution to this problem. Furthermore, as with any global negotiations involving environmental and economic parameters, emissions abatement will involve a readjustment of energy infrastructure, creating both opportunities and costs. It is for that reason that it is imperative that Australia be involved in order to promote and take advantage of the opportunities

arising from such adjustment whilst at the same time safeguarding its economic interests.

Australia does have the capacity, both technically and economically, to respond to the readjustment of its energy infrastructure, leading to lower emission intensity. Readjustment of the world's energy infrastructure is already occurring, as the world moves, albeit slowly, towards a less carbon-intensive energy delivery system. A case in point is the resources being directed to a study and incorporation of less emission-intensive technologies by major oil companies such as Shell and BP. Australia's ratification of the protocol embraces this shift. It is highly probable that the energy infrastructure seen in 30 to 50 years time will be drastically different from what we see today. Whilst the stationary energy sector is by far the largest contributor to greenhouse gas emissions, Australia is slowly expanding its use of renewables and increasing the use of natural gas in electricity generation, especially in my home state of Western Australia.

The cost of implementing the two per cent Mandatory Renewable Energy Target, the MRET—the provision of an additional two per cent of electricity generation by renewable means—has to date not proved to be particularly burdensome in economic terms. A number of studies have indicated that the expansion of this target to five per cent by 2010 is not beyond the capacity of economic adjustment. At the same time, Australia is developing considerable expertise in the provision of a range of renewable energies. The growth in these industries world wide has been particularly high, and Australia's involvement in the provision of additional renewable energy presents opportunities on both commercial and economic fronts—surely something we should all support.

Australia also has been particularly active in developing technologies directly involved in substantial emissions abatement. Two examples include the development of clean coal technologies and geosequestration. The development of clean coal technologies provides not only enormous opportunities for Australia in terms of substantial emissions abatement but also an enormous opportunity to export this technology overseas. Despite the growth of renewable energy, projections of energy production by organisations such as the International Energy Agency indicate the world will be highly dependent on coal-fired electricity generation well past 2020. As such, emissions abatement from such a high emissions intensity sector will provide a path for reducing worldwide emissions substantially, which is a mandatory requirement for the stabilisation of emissions at a level that will prevent dangerous human interference with the world's climate system.

The technology of geosequestration also provides an opportunity to sequester substantial quantities of currently generated greenhouse gases in underground geological environments, effectively removing emissions as they are generated and, as such, not contributing to the continuing build-up of man-made gases, as is proposed with the development of the Gorgon gas field, off the coast of Western Australia. It is fairly easy to argue, therefore, for Australia's capability and credibility to successfully market these technologies not only in Australia but world wide if its environmental credentials are enhanced by being a party to the Kyoto protocol. Additionally, any benefits that could be derived from the use of the flexibility mechanisms with these technologies, such as emissions trading, joint implementation and the clean development mechanism mentioned before by Senator Tchen, would be lost if Australia is not a signatory to that protocol.

In Australia, the CSIRO presents a very clear picture of the threats that climate change presents. Climate change will have an enormous impact on our tourism, agriculture and insurance industries, to name just a few, with particular consequences for coastal and regional communities. As mentioned earlier, our contribution to the world's total greenhouse gas emissions is relatively small. Our per capita emissions are high, and any failure by the international community to contain emissions will have a disproportionate impact on Australia.

In the south-west of my home state of Western Australia, a study on climate variability and change found that there has been a decrease of up to 20 per cent in winter rainfall over the past 30 years. It predicted that a long-term decline in rain in the south-west will occur between now and 2070. An increase in temperature since 1960 has already occurred, and a further increase of up to three degrees in the average maximum is predicted over the next 68 years. The conditions for drought are going to worsen over the next half century, and climate change is resulting in conditions that are more variable and less predictable than they were previously. South-west Western Australia has, in effect, suffered 25 years of drought conditions. That is climate change, clear and simple—there is no other way to describe it. It is wrong to think of these things as natural disasters, as if there is nothing we can do about them. It is more accurate to think of these things as climate disasters, or even greenhouse disasters.

Australian industry believes, as enunciated by the Australian Chamber of Commerce and Industry, that it is prudent to take cost-effective action now in relation to climate change issues to facilitate adjustment in the economy and to insulate as best as possible against future impacts. Australian industry has already adopted a range of voluntary

cooperative programs such as the Greenhouse Challenge to monitor emissions and to identify actions that will improve energy efficiency and reduce carbon intensity. Australia's ratification of the Kyoto protocol will provide a clear framework within which industry will work and progress towards more clearly specified targets.

What is required with the ratification of the Kyoto protocol is strong national leadership. How do you balance the greenhouse gas emissions of a resource rich state such as Western Australia against strong service sector economies like those of, say, New South Wales or Victoria? The only way you can achieve that balance, that commitment to end the devastating impact of climate change nationally, is through national leadership and through the Australia-wide ratification of the Kyoto protocol. Every Labor government in this country has signalled that it is prepared to work towards the implementation of that protocol. Every state and territory government has committed to working towards that with industry within their own development networks. There is only one stumbling block to the ratification of this protocol—the Prime Minister and this government.

Without the ratification of the Kyoto protocol, which has been agreed to by many multinational companies and by many developed nations, how do we as a nation legitimately take our place at the table to negotiate future strategies to end the impact of climate change and future strategies to develop our own resource sector within the Australian economy? It is only done by ratifying this protocol and by having strong national leadership. This is not a problem that the government can dismiss, as it does with every other issue on the political agenda, by saying, 'Oh, well, perhaps the Labor Party should go and talk to the state and territory ministers and exercise some leadership.' This is something on which the federal govern-

ment has to display some leadership. It has to come to the table. If it is good enough for large multinational companies like Alcoa and for large economies like Japan to realise that this is an important protocol that must ratified, why is it not good enough for Australia?

Senator SANTORO (Queensland) (5.43 p.m.)—I have appreciated the thoughtful contributions of senators in this place, but in particular the thoughtful contributions from senators on this side of the chamber. When I hear Senator Webber talking about a lack of leadership and trying to apply that concept to the Howard-Costello government, I really do not know whether she realises that she is in the same place that we are. The truth is that the Kyoto protocol itself will achieve very little, and that is the point that is being made by senators on this side. Senator Brown conceded that point, and I believe it is a point that is absolutely central to the argument about climate change and managing that process, in the very first line of his second reading contribution on his own private senator's bill last year. Joining with the Labor Party, in the form of Senator Lundy in this instance, to introduce the **Kyoto Protocol Ratification Bill 2003 (No. 2)** certainly will not save the Kyoto protocol from the fate it will meet at the hands of cold reality. Yet again, Senator Brown is doing what he does best: producing more hot air. When he introduced his private senator's bill on 19 December 2002, he said this:

The Kyoto Protocol will not save the world's climate.

Managing the impact of human activity on the globe and its precious environment is, of course, a fundamentally important job. Indeed, it is literally a vital job and one that no government should shirk. It is beyond doubt that climate change carries with it serious environmental, economic and social risks and that preventive steps are justified. That is what 254 economists from Australian univer-

sities said last year, as reported by the Australian Associated Press on 14 August 2002. There is no doubt that there is a strong groundswell of public support in Australia for measures to reduce human-created causes of the phenomenon known as global warming.

Last year when he introduced his own bill, Senator Brown cited an opinion poll that asserted that more than 70 per cent of Australians wanted Kyoto ratified. That poll was conducted by Greenpeace, which is a partisan for the cause of limiting global use of carbon producing fuels. But it is fair to say that most Australians want their government to address the issues that confront the planet in terms of global warming. The jury is still out on whether what we now detect as a warming of the atmosphere since industrialisation began is a manufactured product or, indeed, a natural event. Whatever it is, we need to manage its effects. There is absolutely no doubt about that and I think all of us in this place agree on that point.

But much more important and much more achievable is managing pollution. Neither of these things is likely ever to be managed by the Kyoto protocol, which—as Alan Wood wrote in the *Australian* of Tuesday this week—is as good as dead. The protocol is not in a terminal state because Australia has refused to ratify it. The sensible policy of the Howard government to meet the challenge presented by climate change through a series of measures that will see Australia achieve its Kyoto targets has had no direct impact on the fate of the protocol. Senator Brown needs to get very real about that reality and so does the Labor Party. Hopeless symbolism is a romantic notion; it might get you a cheer at a rally—or in an airport lounge apparently, going by recent events—but it simply will not win any battles.

Do Senator Brown and Senator Lundy, who have brought this well-meaning but fundamentally time wasting bill before us, really think that Australia signing up to a protocol that has no practical effect will sway the Russians, for example? Do they think that the Russians will suddenly get a sharp attack of conscience if they hear that the Australian government will ratify Kyoto and that they will therefore give up their urgent search for a workable growth model economy? Of course they will not. We will be wasting our time waiting for them to see the light.

The light that the Russians, the Chinese, the Indians and people from a lot of other nations want to see is the light that is generated by building sustained economic growth in economies that do not yet have the same advantages as those of advanced Western economies. As Wood said in his article on Tuesday, Russia's President Putin—and he is one of the presidents who was not here to address the joint sittings last week—is hardly likely to commit political suicide by agreeing to Kyoto. His economic adviser Andrei Illarionov has a singular view about Kyoto. We are talking here about his chief adviser. He is one of Europe's key agenda setters, according to the US magazine *Business Week*, and he is a radical reformer. His view of what Kyoto would do to Russia is probably extreme but, politically, it will win the argument in the Kremlin. It is that the Kyoto protocol will doom Russia to poverty, backwardness and weakness. More reasonably, or at least plausibly, he used the end of a world climate change conference in Russia this month to attack the global warming thesis behind Kyoto. He concluded that the protocol lacked scientific substantiation and had significantly exaggerated the speed of the real increase in carbon dioxide emissions, particularly in recent years. That is what he said.

Senator Brown—Sounds like the Howard government.

Senator SANTORO—I hear Senator Brown injecting but one of his major theses—and I listened very carefully to Senator Brown's address—was that Russia was about to agree. Yet I can quote article after article—but time will not permit me—that says that Russia is not going to agree, quite apart from what learned experts and the senior adviser to the President of Russia have said. So you cannot come in here, Senator Brown, as you do day after day, and come out with your dribble—with respect—and base your argument on the fact that Russia is going to agree. It is just not on. You can have that cynical, almost idiotic smile—

The ACTING DEPUTY PRESIDENT (Senator Marshall)—Order! Senator Santoro, please address your remarks through the chair.

Senator SANTORO—through you, of course, Mr Acting Deputy President—but it just does not convince anybody in this place who actually listens to you and takes the time to actually research what you have to say and to contradict you.

Senator Lundy—You are trying to talk it out.

Senator SANTORO—I am not trying to talk it out. I am being very relevant. Senator Lundy, did you address that point that Senator Brown made? Did you try to justify and back him up? I have just given you some authorities that clearly indicate that one of the major theses that he put forward is nothing but dribble. It is no use you coming in here and trying to—

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Senator Santoro, you should address your remarks through the chair. I thought you were talking to me for a moment.

Senator SANTORO—No, not at all. I welcome your presence, Mr Acting Deputy President, because it is a sane and sensible calming influence; and you have had that effect on me, so I will now get back to the statements that I wanted to make.

In this environment, it is not only Russia that holds views like those expressed by President Putin's economic adviser. The global view that Senator Brown calls for is a non-achievable vision, and I suspect that he knows that. The Labor Party in this instance, as in many other instances, take a much narrower view. They are in this for votes. They want the Greens' preferences. So let us not have too much sanctimony from the other side over all this, particularly from the shadow minister.

What we need to do is to pursue practical objectives aimed at practical solutions. The business community takes this view. The Australian Chamber of Commerce and Industry acknowledges global concern over possible changes to the earth's climate caused by the enhanced greenhouse effect. It has adopted these key principles of greenhouse policy:

- although there are uncertainties in the science of climate change there is sufficient reason to be concerned that increasing levels of greenhouse gases lead to interference with the world's climate system
- Australia should contribute to global action by reducing its greenhouse gas emissions commensurate to its share of the problem
- active participation of developing countries in the reduction of greenhouse gas emissions, particularly through commitments under the Kyoto Protocol, is essential to effectively address the global climate change problem and to minimise distortions to world trade
- a strategic, naturally uniform, 'whole of government' approach to greenhouse should be adopted in Australia to ensure policies and measures are implemented in a way that

lowers the costs of meeting our international obligations, and distributes the cost burden equitably and in the national interest across the community

These are some of the principles espoused by the ACCI; they are sensible principles. They very largely reflect what the Australian government is doing with regard to the necessary move towards a far cleaner global environment. There are many problems with the Kyoto protocol that Senator Brown, the Greens and the Labor Party—for its own separate reasons, I again stress—would like us to overlook, particularly in the case of the private senator's bill we are debating here today.

More Australians want their country to contribute to the process of reducing harmful emissions, but most Australians do not think—as Senator Brown undoubtedly does and the Labor Party apparently does—that they themselves are the bad guys of the neighbourhood. They do not think that it is fair or wise to impose on themselves obligations that are not imposed, under the terms of the Kyoto protocol, on many of our regional trading competitors, and neither do they think that citing per capita emission rates—as a means of asserting that our advanced, high-energy use economy and society is a bad one—is fair or sensible.

In 2000, Australia's greenhouse emissions stood at 105 per cent of 1990 levels. On current policy settings, Australia is projected to reach around 110 per cent of 1990 emission levels by the end of the decade. The Howard government is committed to Australia making an appropriate and responsible contribution to greenhouse gas reduction. Key decisions are being made that will provide a framework for action well beyond the Kyoto commitment period. It is in that context that the Senate should consider the ambit claim put forward in the bill before us.

Australia's Kyoto target is 108 per cent of 1990 emissions. It is the government's intention not only to meet the Kyoto target, but more importantly to put in place a longer-term framework that will enable continuing reductions of emissions in the decades beyond. As Senator Brown knows very well, the truth is that Kyoto alone will achieve very little. He knows that 75 per cent of global emissions are not even covered by Kyoto. He knows that Kyoto will probably reduce global emissions by around one per cent by the end of the first commitment period, when the actual need, if we accept the science that tells us this, is to reduce them by around 60 per cent by the end of the century. It is for these reasons—the reasons of working towards meeting the real requirement as it is further refined and defined by science in the future, and of the national interest—that the government has decided it is not in Australia's interest to ratify the Kyoto treaty at the present time.

We do not need tokenism in our national policy; we need to work through problems in terms of our real national interests and our real global obligations. Developing countries, whose emissions will exceed those of the developed world in this decade, currently have no legal obligations of the kind imposed on developed countries that ratify Kyoto, and the United States government, for its own—and I would suggest sound and properly self-interested—reasons has made it clear that it has no intention of ratifying the treaty.

If Australia were to ratify Kyoto, we would acquire obligations that are not imposed on many of our regional trading competitors. If these arrangements continued over the long term, industries could be driven overseas by competitive pressure to countries that might not have as stringent environmental standards as Australia. Such a situation would mean an increase in global

greenhouse emissions, not the reduction we seek. If Australia were to ratify today, we would be sending the message that we were prepared to impose legal obligations and significant costs on our industries that they may not face in the longer term if they transfer their operations to countries which have rejected such obligations and which for the most part have so far shown no interest—I repeat, absolutely no interest—in moving to a reduced emissions regime post-Kyoto.

Why should we ship profitable industries and family-building jobs overseas? This is perhaps something those opposite might like to ask Premier Carr of New South Wales, who says he is prepared to do this. It is not clear what the feelings of the New South Wales people are about their Premier's desire to downsize the economy that provides them with jobs today and a future to look forward to. I know how the people of Queensland would react to any such stupidity. Among other things, they would say that Queensland has vast resources of clean-burning coal and that science is continuously finding new and better ways to make fossil fuel burning more environmentally friendly.

What is needed—apart, that is, from a sharp corrective jab to Premier Carr's ribs—is an effective international response to climate change. The response would develop over time, as any dynamic approach must, and over time, as science became more precise, doubtless it would become more feasible to distinguish between what is a natural occurrence in terms of global warming—which geology alone tells us is a cyclical event in the eons of history of our planet—and what is man made.

The government is actively engaged in international forums and with major strategic and trade partners to address the issue of climate change. The key challenge there for the international community is to define

what an effective global response should look like. In the meantime, there are practical things we can do that will make a genuine contribution to this developing store of greenhouse knowledge and technology.

This month the Minister for Environment and Heritage and the Minister for Foreign Affairs announced that in Beijing in September Australia and China agreed on a joint declaration on bilateral cooperation on climate change. The joint declaration sets out cooperation on climate change policies, climate change impacts and adaptation, national communication, greenhouse gas inventories and projections, technology, and capacity building and public awareness.

The announcement was made while China's President Hu, the man whom Senator Brown wanted to be rude to, was here as our invited guest. Last Friday, the Minister for Environment and Heritage—and I acknowledge his brother here in this chamber tonight who, I am sure, adds his congratulations to mine—said that the agreement reinforces Australia's commitment to practical action and strong international engagement on climate change.

Senator Kemp—He's a great minister!

Senator SANTORO—He is a great minister. I will take the interjection from Senator Kemp.

Senator Brown interjecting—

Senator SANTORO—You can talk—all words and no responsibility. We are doing something about it. The environment minister said that Australia and China had begun the work towards agreement on inventory and projection issues and on emissions from land use and that he welcomed the potential under the joint declaration for expansion of cooperation on climate change. The foreign minister said that pursuing an effective global response to climate change was an important international objective for Australia.

lia. What is more—and this is where the practical effects of meaningful bilateral work come into play so obviously and so beneficially—the joint declaration is expected to deliver trade benefits because China is a large potential market for Australian greenhouse technologies, products and expertise.

In the context of the debate today, which is in so many ways a debate between well-meaning symbolism—and that is probably the only compliment I can pay to you, Senator Brown: 'well-meaning symbolism'—on the one hand and well-designed practicality on the other, it is worth recalling something else that the Minister for Environment and Heritage said on the occasion of the announcement last Friday. It was this, and I commend it to Senators Brown and Lundy:

Australia's own greenhouse programmes are expected to deliver annual emissions abatement of 67 million tonnes by 2008-2012—the equivalent of taking all today's cars, trucks and buses off the road. Without these measures, greenhouse emissions would have been 123 per cent of the 1990 level by the end of the decade.

That is commitment. That is practical commitment that looks after jobs and that looks after economic growth. Most importantly, from the perspective of those well-meaning people who indulge in symbolism but no practical solutions, it is a practical solution that will safeguard the environment—controlling pollution rather than signing up to agreements that mean zilch to the vast majority of people in our region and the vast majority of people who are in fact contributing to the problems that Kyoto is seeking to resolve.

Debate interrupted.

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—It being six o'clock, the Senate will now proceed to the consideration of government documents.

DOCUMENTS**Sydney Harbour Federation Trust**

Debate resumed from 28 October, on motion by **Senator Bartlett**:

That the Senate take note of the document.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (6.03 p.m.)—I want to speak on the annual report of the Sydney Harbour Federation Trust. I am particularly pleased to note the report because the Australian Democrats played a significant role in ensuring that the Sydney Harbour Federation Trust was set up. It was an election proposal of the Howard government which, in its initial form, was grossly inadequate. The concept of providing good protection for some of the former Defence Force lands around Sydney Harbour was good but the mechanism that was initially proposed by the Howard government was extremely poor. However, in yet another example of the Senate proving its worth—and particularly how essential it is to have a party like the Australian Democrats holding the balance of power because that party is willing to work constructively with whomever is in government—we were able, through a Senate committee inquiry, through ongoing negotiations with the government and people in various parts of the community in Sydney, and through debate in the Senate, to significantly improve the legislation establishing the Sydney Harbour Federation Trust.

We met with some resistance because it was an idea put up by the Howard government and, not surprisingly, some people who are supportive of conservation looked suspiciously at conservation initiatives put up by this government. But natural suspicion, in my view, is not sufficient reason to pass up the opportunity to examine whether good results can be achieved. This is an example of good results being achieved. Whilst the final legislation was not precisely as the De-

mocrats would have liked, there is absolutely no doubt that it was not only significantly better than the original legislation but also massively better than the alternative, which was no legislation and no protection at all for these Defence Force lands. These lands are incredibly significant, particularly for an area such as Sydney Harbour which, as we all know, is a very beautiful area but which, unfortunately—as we also know—has been treated very poorly in terms of its foreshores. There has been inappropriate development there and most of those foreshores have been lost to the public.

The Labor Party at the time took a very antagonist approach. I presume that was driven by the fact that the Carr Labor government in New South Wales were antagonistic to the proposal. They just wanted the Defence Force lands handed straight back to them. From the Democrats' point of view that would have been worse than leaving the land in the hands of the Howard government—because the Carr Labor government's record in relation to the use of lands on the foreshores of Sydney Harbour is absolutely atrocious. To hand over to the Carr government prime harbourside land, on some magnificent heads in Sydney Harbour, would have been asking for disaster. Instead, through a cooperative approach in the Senate, we have achieved the establishment of this trust. It still has some way to go but the areas which the trust has protection of are now guaranteed protection—they cannot be sold off, which is what would have been at risk if the legislation had been rejected. Even now it surprises me that not only the Labor Party but the Greens party continued to oppose the legislation even though the alternative meant no protection for those incredibly important lands on Sydney Harbour.

Those lands are not only environmentally significant but also incredibly significant in terms of Sydney heritage values—

Indigenous heritage as well as post-European settlement heritage—and include areas that are just beautiful in their own right. There is also military heritage. Cockatoo Island, an undiscovered and barely known area in Sydney Harbour of incredible historical significance, is now finally open to the public to some extent and is possibly to be rehabilitated. These are incredibly historic areas that I was not aware of and I would suggest most people in Sydney were not aware of.

The opportunity for this trust to work on a long-term plan for not just the restoration and protection of those lands but also their opening up to the public—particularly of Sydney but also of the rest of Australia—is a magnificent achievement. Inasmuch as it was initiated by the Howard government they deserve credit, but frankly this is one occasion when I am willing to engage in some self-promotion and say that it was the Democrats in particular who ensured that those lands were not only protected but properly protected. It is good to see from this report that the trust is still making positive progress. There are still some things we need to keep an eye on—it is not all perfect by any means—but it is a hell of a lot better than the alternative would have been if we had followed the approach of Labor and the Greens and left these lands vulnerable. (*Time expired*)

Question agreed to.

Wet Tropics Management Authority

Debate resumed from 28 October, on motion by **Senator Bartlett**:

That the Senate take note of the document.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (6.08 p.m.)—I initially spoke on the annual report of the Wet Tropics Management Authority in the Senate a couple of days ago and I continue my remarks now. The report is significant, because the wet tropics is a very sig-

nificant area. As a very proud Queenslander who has lived in Queensland all my life, I am very happy to promote the area. As I said in my earlier remarks, unfortunately the area is still at significant risk. The Labor government and the minister of the day, Graham Richardson, went through a lot of political pain to establish the Wet Tropics Management Authority, but unfortunately the difficulties of the time meant that some boundaries were not where they should have been. The clearest example of that is the Daintree coastal lowland rainforest, which is located between the Daintree River and Cape Tribulation—and to anybody listening, any senator here or anyone in the galleries who has not been there, I strongly recommend that you do.

The Daintree coastal lowland rainforest covers approximately 20,000 hectares and has extremely important natural heritage values. It contains some of the most primitive, rare and threatened plant and animal species in the world. Its botanical diversity is of particular significance. The area records the eight major stages of the evolution of land plants and possesses one of the greatest concentrations of primitive flowering plant families in the world. Over 1,000 species of vascular plants from 95 families are found there. Of the 36 mangrove species that occur in the whole of Australia, 28 are found in the Daintree coastal lowland rainforest. It also contains the vast majority of the rainforest flora and fauna species that are found in the wet tropics region and includes important habitat areas for a number of rare and threatened fauna species, including the southern cassowary, an icon species that many of us would be aware of; the musky rat kangaroo; Bennett's tree kangaroo; and the spotted-tailed quoll. The fact that the Daintree is the only place where the wet tropics World Heritage area adjoins the Great Barrier Reef World Heritage area adds to its uniqueness.

Despite all of these things—and I am sure most Australians and even Queenslanders would be astonished by this—most of this area is not protected and is not included in the World Heritage area. There are approximately 1,000 parcels of privately owned land in this area that were not included in the World Heritage area at the time of the listing. This land contains a large proportion of the ecosystems in the coastal lowlands that are regarded as having high conservation value. It also contains critical habitat of several rare and threatened fauna species, including the cassowary. Many of these areas have not yet been cleared, but there is increasing pressure for that to occur and it could happen at any time—there is no protection. Development of these lots would fragment the rainforest, increase pollution and human disturbance and result in the introduction of exotic plant and animal species and, undoubtedly, a massive decline in ecological values. It is an important issue, and for that reason I again seek leave to continue my remarks on this report.

Leave granted; debate adjourned.

Consideration

The following orders of the day relating to government documents were considered:

Australian Bureau of Statistics—Report for 2002-03. Motion of Senator Crossin to take note of document agreed to.

Australian Institute of Aboriginal and Torres Strait Islander Studies—Report for 2002-03. Motion of Senator Crossin to take note of document agreed to.

Aboriginal Land Commissioner—Report for 2002-03. Motion of Senator Crossin to take note of document called on. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Gene Technology Regulator—Quarterly report for the period 1 April to 30 June 2003. Motion of Senator Crossin to take note of document agreed to.

Indigenous Land Corporation—Report for 2002-03. Motion of Senator Crossin to take note of document called on. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Aboriginal Hostels Limited—Report for the period 24 June 2002 to 28 June 2003. Motion of Senator Crossin to take note of document called on. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Torres Strait Regional Authority—Report for 2002-03. Motion of Senator Crossin to take note of document called on. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Department of the Prime Minister and Cabinet—Report for 2002-03. Motion of Senator Crossin to take note of document called on. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Australian National Training Authority—Report for 2002-03. Motion of Senator George Campbell to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

Australian National Training Authority—Australian vocational education and training system—Report for 2002—Volume 1 and 2. Motion of Senator George Campbell to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

Australian National Training Authority—Australian vocational education and training system—Report for 2002—Volume 3. Motion of Senator George Campbell to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

Australian Research Council—Report for 2002-03. Motion of Senator Crossin to take note of document called on. Debate

adjourned till Thursday at general business, Senator Crossin in continuation.

Social Security Appeals Tribunal—Report for 2002-03. Motion of Senator Crossin to take note of document agreed to.

Australia-Indonesia Institute—Report for 2002-03. Motion of Senator Sandy Macdonald to take note of document agreed to.

National Gallery of Australia—Report for 2002-03. Motion of Senator Crossin to take note of document called on. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

National Occupational Health and Safety Commission—Report for 2002-03. Motion of Senator Marshall to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

Cotton Research and Development Corporation and Cotton Research and Development Corporation Selection Committee—Report for 2002-03. Motion to take note of document moved by Senator Crossin. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Department of Education, Science and Training—Report for 2002-03. Motion to take note of document moved by Senator Crossin. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Department of the Environment and Heritage—Report for 2002-03, including reports on the operation of the *Environment Protection and Biodiversity Conservation Act 1999*, the *Ozone Protection Act 1989*, the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*, the *Protection of Movable Cultural Heritage Act 1986*, the *Fuel Quality Standards Act 2000* and the *Product Stewardship (Oil) Act 2000*. Motion to take note of document moved by Senator Crossin. Debate adjourned till Thursday at

general business, Senator Crossin in continuation.

Supervising Scientist—Report for 2002-03 on the operation of the *Environment Protection (Alligator Rivers Region) Act 1978*. Motion to take note of document moved by Senator Crossin. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Director of National Parks—Report for 2002-03. Motion to take note of document moved by Senator Crossin. Debate adjourned till Thursday at general business, Senator Crossin in continuation.

Department of Immigration and Multicultural and Indigenous Affairs—Report for 2002-03, including reports pursuant to the *Immigration (Education) Act 1971* and the *Australian Citizenship Act 1948*. Motion of the Leader of the Australian Democrats (Senator Bartlett) to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

Employment Advocate—Report for 2002-03. Motion of Senator Hutchins to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

Equal Opportunity for Women in the Workplace Agency—Report for 1 June 2002 to 31 May 2003. Motion of Senator Mackay to take note of document called on. On the motion of Senator Crossin, debate was adjourned till Thursday at general business.

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—There being no further consideration of government documents, we move to consideration of committee reports, government responses and Auditor-General's reports.

COMMITTEES

Finance and Public Administration References Committee

Report

Debate resumed from 16 October, on motion by **Senator Forshaw**:

That the Senate take note of the report.

Senator MOORE (Queensland) (6.12 p.m.)—I wish to make a few comments on the report which was handed down in the last sitting arising directly from the recent certain maritime incident inquiry. Amongst its many recommendations, the report of the Senate Select Committee on A Certain Maritime Incident said:

The time has come for a serious, formal re-evaluation of how ministerial staff might properly render accountability to the parliament and thereby to the public.

This report delivered by the Senate Finance and Public Administration References Committee has 21 recommendations. It focuses clearly on one thing: the transparency of our government. In many ways it is probably a shame that it has been linked so strongly in its processes with the certain maritime incident inquiry, because the issues surrounding the responsibilities and accountabilities of ministerial staff have been with us since the 1970s. Ministerial advisers—people who offer direct advice to the ministers of the day—have been part of the system since the Whitlam years. There have been some studies of the way this group of workers operate, but mainly from an academic perspective.

The real issue we found during this inquiry was that there continues to be a great deal of uncertainty, even ignorance, about MOP staff—a really unfortunate term, derived from the Members of Parliament (Staff) Act, but one which I will use for convenience. There is a lack of understanding about exactly how these workers are regulated and what their jobs constitute. There is

not just one large group of MOP staff. The focus of this inquiry was on those staff members who provide ministerial advice, not the people who work in the electorate offices—and every member of parliament has an entitlement to a certain number of electorate staff, who work mainly from the regions and directly with the community.

The focus of this inquiry was on those people who mainly work in Canberra but work with the ministers. There have been indications through various inquiries during the Senate estimates process about the increase in the number of this group of workers. We know that, from around 700 staff in the early 1980s, there are nearly 1,200 MOP staff in 2003. Over 300 of those fall into the category of ministerial advisers. This particular inquiry has come up with 21 recommendations. I wish to concentrate on three areas. They all link to the aspects of clarity, transparency and accountability.

The first thing I want to concentrate on this evening is the whole issue of a code of conduct. I strongly support the recommendation of the inquiry that there is a need for a code of conduct for ministerial advisers. The second point is the relationship between ministerial advisers and the Australian Public Service. That leads on to the need for effective record keeping. It is a surprise to me that in 2003 we have any concern about the need for effective record keeping, but that did become evident. Also, the very vexed question which in many ways seemed to colour most of the inquiry was the whole concept of the need or not for ministerial advisers to appear before any committee of the parliament.

The code of conduct caused a degree of interest. One thing we did find through this process was that there was interest from the community in this inquiry. I think sometimes we think that there is not a great deal of interest in the way this place operates. But,

through the quite specialised interest of some people in the academic realms who study this area and also the ongoing interest of the *Canberra Times*, there was a range of media coverage of our inquiry.

The issue of the code of conduct was particularly mentioned in the CMI inquiry. It recommended a clear direction—that there needed to be the development of a code of conduct for ministerial advisers. Nothing had happened in the 12 months between those recommendations and now, but our inquiry—the Finance and Public Administration References Committee inquiry—has agreed that there needs to be a code of conduct. It is quite astounding how complex this became. Since 1999, the Australian Public Service has had a code of conduct, which looks particularly at the issues of the environment in which you work. The concept of a code of conduct is really to educate—to provide an environment in which the workers feel secure and know exactly what their responsibilities are and what their responsibilities are to other people.

The issue of whether or not there should be a code of conduct was settled quite early in our deliberations: there should be. How should it work? We have not directed a particular form of code of conduct. We have said that we should use the expertise which is currently available in the Australian Public Service to develop a code that would be effective for the people who work as ministerial advisers. That should not be so hard. With regard to how it is implemented, the ownership, accountability and responsibility for making sure that people who work for ministers know what they should and should not do belongs clearly with the minister who is their employer. The only way this will become effective is if the ministerial employer and, most importantly, the Prime Minister accepts this responsibility and enshrines the responsibility of people who work in the sys-

tem to the concepts in an effective code of conduct—honesty, integrity, transparency, and a respect for the job which we all share. That is our recommendation. If this is going to have any power at all, the Prime Minister must accept that his ministerial code of conduct extends to the people who work for, and provide direct advice to, the ministers.

The aspect of the relationship with the Australian Public Service was of particular interest to me, because I come from the Public Service. There were varying responses given to the committee about how the relationship works. It was obvious that the only way there can be effective communication between people who work in ministers' offices and the Public Service is mutual respect, honesty and clear understanding of each part of the system. In the evidence given to us by Dr Watt and Dr Shergold from their respective key umbrella departments, I was surprised that there were no actual guidelines developed by those departments about exactly what the relationship should be. There were understandings and an acceptance, as well as internal memos about how the relationship should operate, but there were no clear guidelines, protocols or training courses for how people working in those various departments should interact with their ministerial officers and vice versa.

This must occur. The only way people can accept responsibility and accountability is if they know what their job entails and exactly what the rules are for intercommunication. The unfortunate thing is that often the only way we can find out whether a system is working or not is when something is clearly a disaster. As I said at the beginning of this statement, the fact that this particular inquiry has been linked so clearly in people's minds with the certain maritime incident inquiry shows to a large extent what happens when things go wrong. It would be preferable if we could look at these issues without having that

crisis hanging over us but, in evaluating when the relationship falls over and how things can become quite problematic so quickly, that incident shows that when people do not have a clear understanding of their roles and when there are no protocols or effective records kept of communications, that is when there is confusion and that is when people are really uncertain about what their own role should be.

The whole process of appearance before committees tended to take up a great deal of the committee's time. Certainly, it is our understanding that, again, there should be clarity about when this should and should not occur. The committee has recommended a process setting out when people who work as ministerial advisers should be able to appear before committees. It does not dilute their relationship with, or the accountability of, the minister; it enhances that relationship. The current government guidelines for official witnesses before parliamentary committees and related matters outlines how the process works now for public servants. It states:

The duty of the public servant is to assist ministers to fulfil their accountability obligations by providing full and accurate information to the Parliament about the factual and technical background to policies and their administration.

I seek leave to continue my remarks later.
(*Time expired*)

Leave granted; debate adjourned.

**Environment, Communications,
Information Technology and the Arts
References Committee**

Report

Debate resumed from 16 October, on motion by **Senator Cherry**:

That the Senate take note of the report.

Senator LUNDY (Australian Capital Territory) (6.23 p.m.)—Earlier I missed an opportunity to take note of a report of the Envi-

ronment, Communications, Information Technology and the Arts References Committee. In doing so now I would like to reflect on the work of the committee during an extremely important inquiry, conducted over quite an extensive period of time, into libraries in the online environment. The committee heard evidence from many libraries right around the country about their experiences with Internet technology and the increasing role that Internet technology is playing in the services it provides to the citizens of Australia. One of the most telling themes of this inquiry was that telecommunications expenses are an increasingly expensive component of libraries' costs in the provision of online services and that libraries around Australia are doing everything they possibly can to ensure that public access to the Internet is available free where possible.

The main issue that the committee reflected on in its recommendations was that of course there comes a point where this is unsustainable. There comes a point where a library's resources are obviously finite and very tough decisions have to be made within the administration of those libraries as to how they balance their more traditional role of purchasing books and organising the lending of those books to the local constituency with the increasing demands on the online services they offer.

Indeed, one of the recommendations of this report related to the concept of an e-rate. An e-rate is a term derived from an initiative that took place in the United States under the presidency of Bill Clinton. An e-rate was a requirement for telecommunications companies to provide a special rate to educational institutions to facilitate their participation in the information age. With the advent of the Internet and its becoming a fundamental education resource and tool in classrooms around that country, the committee felt this was an appropriate expression to apply to the

public library institutions in Australia with regard to facilitating the provision of free Internet access by this crucial public resource.

In reflecting on the importance of this it is impossible not to take into account the considerations and evidence heard in other debates in other Senate inquiries. In particular I refer to the issue of the cost of both broadband and, indeed, Internet dial-up connections in rural and regional Australia. One of the startling and consistent pieces of evidence that came out in this inquiry is that those services are certainly not up to scratch.

We heard from libraries themselves about the problems that they have experienced in terms of not only the expense of broadband services but also the lack of competition and the lack of willingness amongst telecommunications companies to try to compete against each other to vie for the business of libraries. It is as though the business of libraries and, indeed, their bandwidth requirements are taken for granted by telecommunications companies. Telstra in particular have never had to compete in rural and regional areas. They have never even gone so far as to offer a special rate for public libraries in the provision of online access to help offset some of the libraries' costs. I think this demonstrates the pretty sad state of affairs that we have reflected on a lot recently in this chamber through the debate of the *Telstra (Transition to Full Private Ownership) Bill 1998*, which was defeated earlier today.

Libraries are feeling the pressure. They provide an essential public service in giving Internet access to many Australians who in fact cannot afford their own Internet access or are unable to get it for some other reason. They go to their local library to get that service. I would like to see telecommunications companies around Australia respond in a

vibrant, positive and proactive way to this recommendation. I would like them to start thinking about what they can offer the library sector by way of an e-rate or a special rate to help those critical institutions provide an essential public service to the citizens of this country who, for whatever reason, are either unable to or choose not to get an online connection service in their home or residence. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

National Capital and External Territories Joint Standing Committee Report

Debate resumed from 16 October, on motion by **Senator Lightfoot**:

That the Senate take note of the report.

Senator HOGG (Queensland) (6.29 p.m.)—I believe that the issue of paid parking in the parliamentary zone is a very important. As it is an issue that is alive and well currently, as you would know, Mr Acting Deputy President—

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—I am familiar with that report.

Senator HOGG—Yes, as the chair of that committee, you would appreciate that it is a live issue. It is an issue that continues to be of grave concern. Given that there are other matters that touch on the issue of paid parking in the parliamentary zone currently before the committee, I think it would be wise if I seek leave to continue my remarks and have this retained on the *Notice Paper*.

Leave granted; debate adjourned.

Consideration

The following orders of the day relating to committee reports and government responses were considered:

Treaties—Joint Standing Committee—55th report—Treaties tabled on 9 September 2003. Motion of Senator Crossin to take

note of report called on. On the motion of Senator Buckland debate was adjourned till the next day of sitting.

Regulations and Ordinances—Standing Committee—Report—Legislative Instruments Bill 2003 and Legislative Instruments (Transitional Provisions and Consequential Amendments) Bill 2003. Motion of Senator McGauran to take note of report agreed to.

Employment, Workplace Relations and Education References Committee—Report—Order for production of documents on university finances. Motion of Senator Carr to take note of report called on. On the motion of Senator Buckland debate was adjourned till the next day of sitting.

Environment, Communications, Information Technology and the Arts References Committee—Report—Regulating the Ranger, Jabiluka, Beverley and Honey-moon uranium mines. Motion of the chair of the committee (Senator Cherry) to take note of report agreed to.

DOCUMENTS

Auditor-General's Reports

Report No. 10 of 2003-04

Senator HOGG (Queensland) (6.30 p.m.)—I move:

That the Senate take note of the document.

In rising to speak on this motion I should say that I have a personal interest in this—as would you, Mr Acting Deputy President Lightfoot, because we both served on the committee which gave rise to this audit report. By way of background, earlier this year an Auditor-General's report on the retention of military personnel was tabled, a follow-up audit. The one on which I speak today is the audit in respect of the Defence Force recruiting contract. The basis on which this arose in the first place was the report of the Senate Foreign Affairs, Defence and Trade References Committee which was tabled in 2001.

The Senate Foreign Affairs, Defence and Trade References Committee did a very extensive inquiry into recruitment and retention within the ADF because of the importance and morale of personnel in our Australian defence forces.

Whilst the report of the Senate committee traced a large number of reports over a long period of time, namely 20 years, it noted that inquiries into personnel issues in the defence forces had almost been done to death, so to speak, and defence was pretty much all inquired out in this area. But it was an important inquiry and it arose as a result of the white paper 2000 development process in which the Department of Defence community consultation team delivered a report to the government on community attitudes towards defence—and that is in this Senate committee's report. There was grave concern over a number of issues. They were identified in that defence community consultation team report and again included in the Senate committee report. They are:

- many serving members are frustrated by inadequate training opportunities and conditions of service, leading to low morale and poor retention rates;
- there is significant concern about ADF personnel leaving at the point in their career at which they have the knowledge and experience the organisation needs;
- the outsourcing of support function for the Defence Force has been a major contributor to de-skilling and low morale within the Defence workforce; and
- there is strong public support for the Government to treat employment in the Services as a unique vocation or way of life.

That was the basis on which the Senate committee went ahead with its report. I want to quote a brief part of the conclusions of the Senate committee. I think there are 30 or so recommendations from that report. The committee said at the end of its report:

Everything the Committee discovered during the inquiry was already known to Defence. The evidence had been in front of them for quite some time. The conclusions and recommendations of previous reports have either been ignored or poorly implemented. Given recent national and international events, there is no longer time for procrastination. The Rubicon must be crossed now and not put off again as have decisions on crucial recruitment and retention issues for some 15 years, at great cost in personnel terms and expense to the ADF. The Department of Defence must develop and maintain strategies to recruit and retain qualified and experienced people to ensure our national security today and tomorrow.

The report concludes that the time for action is now. That is as relevant today as it was in October 2001 when the report was brought down.

Whilst the committee did not specifically look at the outsourcing contract that was on trial at that stage with Manpower services, it did take a cursory glance because the trial was very much in its infancy. We did say in the report, though, that there were concerns that from what we had seen of the trial there was a lack of benchmarking. We also expressed concerns about there being no line in the sand so that later inquiries would have an idea of where recruitment had come from and where it was going. That was an important consideration. The ANAO reports are now picking up this very theme.

The audit report itself noted that in 2002-03 the ADF recruited 4,322 members to its permanent force against its target of 5,164. The report went on to note in percentage terms that whilst the ADF recruitment for its permanent force had increased from 76 per cent to 93 per cent of its targets from the 1999-2000 year to the 2001-02 year, it was now falling back to 84 per cent in 2002-03. Whilst it is only a very small snapshot, it still is a cause for concern. Of course, there is a concern that many of the areas where recruitment is needed are very special-

ised indeed, and those should be the focus. I am going to quote briefly from paragraph 5 in the summary on page 11, which refers to the Senate inquiry of 2001. It says:

In its inquiry, the Committee found that benchmarks against which an evaluation could be conducted were not included in the contract.

That was the contract between the Department of Defence and Manpower. It went on to say:

From this, the Committee concluded that the evaluation regime lacked a pre-determined 'line in the sand'. In its subsequent report, the Committee commented that the original contractual arrangements with Manpower for the trial left much to be desired and deserved further scrutiny by the Australian National Audit Office (ANAO).

It is good to see that reports of committees of this parliament are taken seriously and followed up by such an excellent organisation as the ANAO. The key audit findings are very important and I will quote briefly from those. Point 8 of the key findings on page 12 of the report says:

The ANAO also considered the evaluation provisions of the contract's second amendment deed in the light of the Senate Committee's concerns. The provisions allow for an evaluation, to be conducted by a professional evaluator, of the performance of DFR in the first three years of the contract. However, as there is no mention of benchmarks to be used in the evaluation, the ANAO considers that the Senate Committee's concerns would not be allayed. The ANAO considers that documented performance against the contract objectives would be an appropriate benchmark to inform the decision on whether Manpower's term is to be extended.

So there is positive feedback coming through that finding by the audit office, and the audit office goes on to make two recommendations where they pick up that very issue. They encourage the Department of Defence to put down specific benchmarks and draw a specific line in the sand. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Order! There being no further consideration of committee reports, government responses and Auditor-General's reports, I propose the question:

That the Senate do now adjourn.

Medicare Committee: Report

Senator FORSHAW (New South Wales) (6.40 p.m.)—Today the report of the Senate Select Committee on Medicare was tabled in the parliament, and tonight I wish to make some comments in respect of that report. I was a member of the Senate Select Committee on Medicare. The report is titled *Medicare—healthcare or welfare?* I believe that is an appropriate title as it does reflect the differences between the approaches of the major parties to the Medicare health system. I think it is important to place on the record once again the committee's thanks to the staff of the secretariat for the excellent work they did in preparing a very comprehensive report. The committee also thanks all of those hundreds of people and organisations who made submissions as well as those who appeared in person before the committee.

At the outset of this inquiry the government were not disposed to support an extensive inquiry at all. They wanted a short, sharp inquiry to look simply at the government's package and that was it. But we did take the opportunity to travel to various states and to take evidence from all states and territories of the Commonwealth. I think even the government senators recognised, after the exercise was completed, how valuable that was. It gave the people of Australia and organisations—whether they be the doctors' groups or the consumer groups, the specialist colleges, the colleges of GPs, academics, state governments and local governments—an opportunity to put their views to

the parliament on what is probably the most important domestic issue that is on the political agenda today.

Tonight I want to focus on the comments contained in the dissenting report by the government senators. In the earlier debate today, when the report was tabled, the other issues were canvassed very widely by the speakers, so I want to focus on the government senators' dissenting report and their rather pathetic attempts to try to defend the so-called A Fairer Medicare package. The first point to note is that, whilst the government senators in their dissenting report have sought to defend the so-called A Fairer Medicare package, the new Minister for Health and Ageing, Mr Abbott, is already walking away from it. Mr Abbott is already talking about changes to the government's package. The previous minister, Senator Patterson, herself has admitted that it would not have been the package that she would have proposed if she had had her way. Well, she did not get her way and she is no longer the minister for health.

During the debate this morning Senator Guy Barnett claimed that the ALP skewed the report. He said we had just focused on issues of bulk-billing and universality. Anybody who takes a look at this 200-page, 12-chapters plus appendices report will see that that is just a nonsense. This is a very comprehensive report. It looks at the history of the Medicare system. It canvasses the various issues regarding general practice incomes and the viability of practice in Australia today, looking at the various models of payment, whether they be fee-for-service or salaried doctor schemes. It looks at issues related to access to general practice, particularly the problems of lack of access for GPs. The report also looks at various methods of billing, such as bulk-billing for Commonwealth concession card holders and billing systems for non-concession card holders.

The report specifically addressed, as the terms of reference required, the government's so-called A Fairer Medicare package, and it looked at the ALP's package as announced by Mr Crean in his budget reply speech. The report looked at the proposals for safety net schemes and it looked at work force and business issues, such as proposals for bonded medical places and for additional practice nurses. It also looked at issues raised before the committee from the allied health sector—areas such as physiotherapy, psychology and dentistry which are not currently covered by Medicare. The committee also examined the current position with the private health insurance rebate and various reform options for Medicare. It is a very extensive report covering a range of issues. To suggest that this report was just skewed to look at bulk-billing is totally wrong.

Another aspect of the government senators' report was to attack the research that was commissioned by the committee, research that was provided by the Australian Institute of Primary Care, which looked at whether or not the government's package was inflationary and also whether or not the ALP's package was inflationary. The government senators attacked this research, claiming that it was not independent and that it was not academically rigorous. However, the government and the department refused to provide any evidence to the committee about their claims that the package would not be inflationary. Instead, they just attacked the researchers.

I remind government senators that there have been many occasions when the government has commissioned research from organisations such as Access Economics and the Menzies Research Centre, and from Dick Estens and Warwick Parer—to name some individuals who have had clear links with the Liberal Party. So when government senators want to make these allegations, they should

look in their own backyard. But what is most objectionable is that, having refused to support the research being undertaken and having refused to provide modelling details from the department, the government subsequently commissioned its own research to look at the research provided by the Institute of Primary Care. Frankly, I think that demonstrates a total lack of academic and professional integrity.

I want to turn to some of the other issues—and one really needs a lot more time than is available tonight to canvass issues in this report. At page 207 of the report, the government senators state:

All Australians will continue to be eligible for the Medicare rebate.

They go on to say:

The focus of the government package is achieving equitable access to GP and other health services.

Later on in the report, they say:

Since doctors have always been free to set their own fees, it is a question of incentives.

That is the one statement in the government's dissenting report that I agree with. It is about providing incentives to doctors to bulk-bill. We all know that, when Medicare was established, bulk-billing was a key element of the Medicare scheme. There were clear advantages for doctors to bulk-bill. In particular, it eradicated bad debts; it provided for a quick payment return to the doctor; and the level of the rebate, particularly through the 1980s and up to the early 1990s, was comparable to the level of the fee that was necessary to sustain a profitable practice. Bulk-billing reached 80 per cent by 1996.

The problem today is that the costs of running a practice have so far outstripped the amount of the schedule fee, and therefore the 85 per cent rebate, that doctors are saying that it is no longer sustainable to bulk-bill all or most of their patients and still run a viable

practice. That is the position. Therefore, you have to in some way again find an incentive for doctors to bulk-bill all or the bulk of their patients. This is the critical issue in this debate. The government's package only targets health card holders and those on low incomes and provides a small incentive for doctors to bulk-bill them. The ALP's proposal is one that is designed to promote bulk-billing for all Australians, and that is what Medicare is about—it is for all Australians.

My time is running out, but I want to make one other comment. One of the most outrageous propositions in the government's report is that they have suggested that private health insurance should be increased from 30 per cent to 40 per cent or greater. They are saying that \$1 billion more a year should be put into the private health insurance subsidy, yet they say that there is no money available to increase the rebate. A billion dollars a year would provide a \$10 increase in the rebate. The government figures demonstrate that, and that is what they should be looking at. *(Time expired)*

Kyoto Protocol

Senator TCHEN (Victoria) (6.50 p.m.)—This afternoon this chamber debated the **Kyoto Protocol Ratification Bill 2003 [No. 2]**, introduced by Senator Lundy and Senator Brown. I had the opportunity to speak during that debate; however, through my own inept management of time, I did not get the opportunity to make some points that I wanted to make and I would now like to return to the topic of the Kyoto protocol. I did have the opportunity to remind the Senate that the original purpose of the Kyoto protocol, as specified in the United Nations Framework Convention on Climate Change, was, very importantly, to enable economic development to proceed in a sustainable manner. So economic development has always been a key plank of the Kyoto proto-

col—not simply a reduction in greenhouse gas emissions and, hopefully, climate change, but also economic development. It follows that it was never intended that the adoption of the protocol would or should cause economic hardship to any of the parties or to any of the nations of the world.

It is in this context that the Australian response to the Kyoto protocol is important, because it is quite a complex arrangement between countries. I alluded to that during the debate, and I do not want to go over it again. Because the protocol has economic development as a basic principle, the protocol focuses on the responsibility of the developed countries to deal with the reduction of greenhouse gases and it ignores the possibility that the developing countries will create greenhouse gases at a rate which perhaps was not anticipated at the time this protocol was first framed. So the protocol only applies to developed countries and not to developing countries. This is the major problem of the protocol because, if the developed countries adopt these very fixed targets and then circumstances change in such a way that other countries develop at a faster rate than anticipated or other changes occur, those countries which have been allocated a particular target will be very much disadvantaged. Australia is in such a situation.

Senator Santoro, who spoke in the debate after me, referred to a recent conference on climate change—following the Kyoto protocol conference on climate change called, I think, COP7—held in Moscow earlier this month, at which the Russian government indicated that it is not likely to ratify the Kyoto protocol. Since Russia is the second largest emitter of greenhouse gas after the United States—the two of them combined emit something like 43 per cent of the world's greenhouse gases—it basically means that the Kyoto protocol, which requires countries emitting a total of at least 55

per cent of greenhouse gases to ratify it, is dead in the water. According to a senior economic adviser to Russian President Putin, Andrei Illarionov, the reason that the Russian Federation has indicated that it is not willing to ratify the Kyoto protocol is:

The concrete text—

that is an interesting word—

of the Kyoto protocol and the requirements that Russia is expected to meet, are discriminatory.

He also said:

Considering that the Kyoto Protocol is restricting economic growth, we must say it straight that it means dooming the country to poverty, backwardness and weakness.

That is the danger that faces Australia as well if we adopt the Kyoto protocol, take on many of the undetermined mechanisms at face value and restrict ourselves to it. In fact, the Australian government, in its response to the challenges to Australia of the Kyoto protocol, has put in place many policies which will fully meet the commitments which the protocol assigns to us. The Howard government has, since 1996, committed over \$1 billion to combat global warming and greenhouse gas emissions from Australia. It has established the world's first national greenhouse agency: the Australian Greenhouse Office. Today it is still the only national greenhouse office of any nation in the world. The government is currently developing a climate change forward agenda to cover the next 20 to 30 years, which, as it happens, was part of the requirements in the draft bill that Senator Lundy and Senator Brown presented. The Howard government has committed to Australia's suggested Kyoto protocol target of 108 per cent of the 1990 benchmark by 2012.

We are well on track to meeting our requirements under the Kyoto protocol, without tying ourselves to some of those undetermined and untested mechanisms so that

Australian industry and the Australian economy will not be held hostage to this international diplomatic manoeuvring which could well damage our nation's future. I want to say that, in terms of Australia's attitude towards the Kyoto protocol, Australia's national interests must come first. We are not unique in that. America and the Russian Federation have now indicated they are doing the same thing. One must assume that those countries which have ratified the Kyoto protocol must have done it according to their national interests as well. Perhaps, in their judgment, ratifying the Kyoto protocol is in their interests. Australia needs to do the same thing. The proposal that Senator Lundy and Senator Brown have come up with has ignored those very important factors.

South Australian Government: Economic Performance

Senator BUCKLAND (South Australia) (6.59 p.m.)—I rise tonight to make some remarks on what I believe is good news related to the economic performance of the South Australia government. The recently released Standard and Poor's report on ratings has given South Australia an AA+ credit rating, which puts it in the top quartile of ratings on 180 rated non-US regional governments in the developed world. Significantly, it should be noted that South Australia is the only government in that quartile rated at AA+ that has a positive outlook. When you take into account that, when assigning credit ratings to governments, Standard and Poor's assesses credit quality both in an absolute sense and on a comparative basis against rated international peers, it shows they believe that within the next few years, if current trends are maintained, South Australia is likely to join the elite group of governments rated at AAA. This will bring South Australia to the same credit rating as all other Labor states and the ACT.

The report is particularly complimentary about the government's fiscal strategy. It highlights the achievement of balanced budgets as a vital component in helping create a prosperous economic future. The report also highlights a balance sheet that compares favourably with some more highly rated peers. It says:

South Australia's general government net debt burden is extremely low by international standards and is likely to remain so. South Australia's debt burden is closer to the median observed for 'AAA' rated local and regional governments than the observed 'AA+' median.

The South Australian government's strong financial discipline and improving financial performance is recognised not only by Standard and Poor's but also by Moody's, which recently upgraded the state's rating from Aa2 to Aa1 on their performance scale. Four key measures were taken into account by Standard and Poor's to support the AA+ credit rating: an extremely strong balance sheet, improving state finances, a demonstrated commitment to fiscal discipline and a growing economy.

The Rann Labor government's efforts in getting this level of financial achievement become more significant when you take into account that South Australia has a population of just 1.5 million people and accounts for about seven per cent of Australia's economic output. Seventy-five per cent of those 1.5 million people live in the capital city of Adelaide but, despite this disproportionate dispersment of the population, the government is not city-centric in its thinking. Unlike previous state governments, the Rann government is making an exceptional effort to address the past inequities which have existed for non-metropolitan communities. As a non-metropolitan, regional dweller, I have suffered for many years under various governments from this city-centric attitude. The South Australia government has put a very

real and vigorous effort into lifting the value of and the ability for regional development in many different ways. There are initiatives in fish breeding and fish growing, in general aquaculture, in tourism and in the marketing of the agricultural crops. It is unnecessary, I think, to mention our wonderful wines and what they contribute to the national and international palate.

Central to what has been achieved to date has been the determined effort of the South Australian Treasurer, the Hon. Kevin Foley, who is committed to achieving zero net borrowings as a primary target and to not borrowing to pay public service wages and other recurrent expenses—something that has been experienced in the past. Whilst adopting this strategy, the government is realistic enough to know that there may be investment projects of sufficient merit to justify moving away from the objective on a temporary basis for the very real purpose of investment projects of sufficient merit, and that should be noted.

To be able to do this, the government has to be confident that it has a stable industrial relations environment. This has been achieved, with South Australia having the lowest number of industrial disputes, the lowest-cost manufacturing industry base, the lowest-cost finance and insurance industry base and equal-lowest general direct labour costs. It is because of that that we have seen the expansion of the Holden work force by an additional shift, the export of additional vehicles from the Holden plant and the general increase in activity within the motor industry which is so important to South Australia. We have also seen a significant increase in exploration for the mineral wealth contained within the South Australian borders.

I will finish by offering my congratulations to the Rann Labor government, with particular recognition to the Treasurer, Kevin

Foley, for their excellent job. The findings of Standard and Poor's showed that 'strong and steady growth and efficient labour markets have resulted in an unemployment rate which is low by international standards'. The report is very complimentary about the government's fiscal strategy, highlighting the achievement of balanced budgets as a critical component of helping create a prosperous economic future for South Australia.

Education: Higher Education

Senator LUNDY (Australian Capital Territory) (7.07 p.m.)—Across the country on 16 October, thousands of university academic and general staff went on strike in protest against the government's proposed higher education legislation. They were joined by students in each state and territory who came out to support university staff in protest against the regressive industrial relations agenda proposed in the Howard government's higher education legislation and against the destruction of the higher education system that it proposes to introduce.

In my electorate of the ACT, staff and students from the University of Canberra and the Australian Catholic University protested against these draconian bills and in support of their right to collective agreement. They rallied outside the office of Liberal Party ACT Senator Gary Humphries, demanding the withdrawal of the offensive bills and an end to the Howard government's attacks on higher education. They were joined in the march by university staff from the Australian National University and the Australian Defence Force Academy.

Staff and students alike demanded independence for Australian universities in the negotiation of staff wages and conditions and in research and teaching. I was privileged to be at the rally at the University of Canberra campus and proud to be able to tell them that Labor opposes the Howard government's

legislation. I was able to tell them that Labor finds it disgraceful that the Howard government has threatened to withhold funding from universities who allow their staff to organise in the workplace and to bargain collectively for wages and conditions. It is not acceptable for the Howard government to penalise universities who are committed to respecting the rights of their staff.

Shamefully, while the picket lines were in place and thousands were marching in protest around the country, in the House of Representatives the Howard government was effectively gagging debate and forcing through this regressive and destructive legislation. The bills passed through the House of Representatives link university funding to the industrial conditions of university staff. In particular, the bills seek to enforce the government's ideological objection to unionism by tying university funding to an employment regime that will adversely affect the wages and conditions of university staff. It will try to divide tertiary education institutions, turning the administration against the staff, and universities will be forced to compromise on the industrial conditions of their staff to access extra funding. This amounts to blackmail of universities, pure and simple.

Sadly, the quality of education in these institutions is threatened by this legislation. As NTEU spokesperson Mike Donaldson said at the time, the Howard government is 'turning our workplaces into very unpleasant places and obviously that is having an effect on the quality of education'. However, despite this pressure, I am pleased to say that not every university is succumbing to the Howard government's divisive tactics. In the ACT, the Australian National University should be commended for standing up to the Howard government. The ANU's Vice-Chancellor, Professor Ian Chubb, is aware that he knows how to run his institution better than the Minister for Education, Science and Train-

ing. Professor Chubb said, with some justification:

I think that I'm a pretty good judge of what is needed to make the ANU the best possible institution we can be. I don't need a lot of external help to make those judgments, and nor do my colleagues.

As a result, Professor Chubb has offered an enterprise bargaining agreement to ANU staff which does not seek to divide them and which does not seek to exploit them. Instead, it offers the best terms to staff that the university can afford: an average 17.5 per cent pay rise and 26.4 weeks full maternity leave. Clearly the ANU, which I and my fellow Canberrans are justly proud of as an educational institution of international standard, is raising the bar higher and wants to attract the best academic staff and to provide the very best education to its students.

Unsurprisingly, on 16 October, university staff from the Australian National University in my electorate signed off on this enterprise bargaining agreement. The positive outcomes of this agreement were the result of the collective bargaining of university staff, the NTEU and a university administration that recognises the value of those staff and the tremendous asset they are to the ANU. Yet this agreement would be inconsistent with the Howard government's proposed legislation and, in the event that the legislation were passed through the Senate, the ANU would be denied significant Commonwealth grants funding. This is simply because the staff and the administration at the ANU have successfully and collectively negotiated an excellent agreement. Dr Brendan Nelson, the minister for education, confirmed this on the day of action when he said:

If the legislation is passed in its current form through the Senate, then clearly the ANU will need to re-open the arrangement which it's apparently reached.

This means that, if the Howard government's legislation is passed, the agreement that was signed off and endorsed by the staff and the university will have to be renegotiated. This position is untenable. The wishes of the staff and the university administration are represented in that agreement, yet Dr Nelson and the Howard government are prepared to disregard that in enforcing their ideological opposition to unionism. In fact, they are prepared to disregard the views of those thousands of staff and students who marched and protested on 16 October. In gagging the debate in the chamber at the time, the Howard government demonstrated that it is not willing to listen to the concerns of those students and staff on this crucial issue of higher education, nor is it willing to be answerable to the Australian people on its destruction of their higher education system.

The Howard government is causing a crisis in higher education in pursuit of an ideologically unsound objective. Workers in this country have a right to collective organisation and should not be blackmailed by university funding arrangements. The Howard government must act to redress the damage that it has already caused to this system and to ensure a quality and accessible education for all Australians. This is the responsibility of the government of Australia.

I would like to put on the record that I am willing to listen to the views of the university staff across the country who strongly oppose the changes the government has proposed, as is the Labor Party. The Labor Party will oppose these bills in the Senate—and I note they are on the priority list—in support of those staff who went on strike on 16 October in support of their right to quality wages and working conditions that adequately reflect the tremendous asset they are to our society.

Senate adjourned at 7.14 p.m.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

France: Australian War Graves**(Question No. 1646)**

Senator Mark Bishop asked the Minister representing the Minister for Veterans' Affairs, upon notice, on 22 July 2003:

- (1) Has the Minister's attention been drawn to press reports of 19 July 2003 concerning the assertions made by the Friends of the 15th Brigade that a mass grave of as many as 250 Australians killed in action at Fromelles, France, exists on private land at Pheasant Farm.
- (2) Can the Minister confirm that almost 2 000 Australians were killed in the battle of Fromelles in July 1916.
- (3) On how many occasions has the Friends of the 15th Brigade communicated with the Minister's office and the Office of Australian War Graves (OAWG) on this matter in the past 5 years.
- (4) What specific attempts and inquiries have been undertaken to verify the assertion that a mass grave of Australians prepared by German troops exists at this location.
- (5) What basis does the Director of OAWG have, as reported on 19 July 2003, for saying that 'there is absolutely no evidence that there are 250 war dead at this site'.
- (6) What investigations have been conducted already by the Department of Defence.
- (7) What is the current intention of OAWG with respect to the placement of a commemorative plaque at this location, should the belief of the Friends of the 15th Brigade be proven to have substance.
- (8) Will the Government as a matter of urgency seek the assistance of the Commonwealth War Graves Commission to investigate the claim of the Friends of the 15th Brigade, with a view to its validation, and with a view to erecting a commemorative plaque on the site, with the land owner's consent.
- (9) What is the current procedure relating to the search for those lost in action and whose bodies are never recovered; and (b) does this rest with the Department of Defence, the Department of Veterans' Affairs, or the OAWG.
- (10) On the provision of similar information on the possible location of Australian remains abroad, whether it be in Papua New Guinea, Germany, the Middle East or France, what is the procedure for verification, recovery and burial.
- (11) What is the current procedure for commemoration of the burial of those located, with respect to repatriation, travel of relatives and payment of costs.
- (12) What was the total cost of the recent commemorative burial of the former World War II Lancaster crew in Germany; and (b) who attended from Australia.

Senator Hill—The Minister for Veterans' Affairs has provided the following answer to the honourable senator's question:

- (1) Yes.
- (2) 1,701 Australian soldiers were killed in the Battle of Fromelles 19-21 July 1916, a further 216 later died of wounds. (Robin Corfield 2000 Don't forget me, cobber The Battle of Fromelles, 19/20 July 1916 and referenced to CEW Bean Official History of Australia in the War of 1914-18 Volume III.)
- (3) A representative of the Friends of the 15th Brigade has communicated with the Office of Australian War Graves (OAWG) on two occasions, once by telephone and once by facsimile regarding this matter. They have communicated with the Office of the Minister for Veterans' Affairs on three occasions, once by e-mail and twice by telephone.

QUESTIONS ON NOTICE

The Head of the Army History Unit, Department of Defence has also had seven e-mail contacts with the Friends of the 15th Brigade.

- (4) None. It is not the policy of the Commonwealth War Graves Commission (CWGC) or the Australian Government, through the Department of Defence, to conduct speculative searches where no substantiated evidence has been provided.
- (5) No substantiated evidence has been provided to OAWG. There are 1,294 names listed on the VC Corner Memorial to the Missing. Further, an examination of CWGC war cemeteries in the immediate vicinity of Fromelles (Commonwealth War Graves Commission Michelin Map 51, approximately: 50°35'N and 2°50'W) contain 1,131 unidentified Australian remains and a further 617 remains with nationality unidentified as the table below shows.

Australians in Fromelles Area Cemeteries

Map Reference	Name of Cemetery	Unidentified Australians	Nationality Unknown Unidentified Soldiers
4	ERQUINGHEM-LYS CHURCHYARD	0	0
8	SULFOLK CEMETERY, LA ROLANDERIE FARM	0	0
11	"X" FARM CEMETERY	0	0
12	RATION FARM MILITARY CEM	142	542
13	BREWERY ORCHARD CEM	0	0
14	ANZAC CEMETERY	10	24
15	SAILLY-SUR-LA-LYS CANADIAN CEM	10	24
16	RUE DAVID MILITARY CEM	266	1
17	BOIS-GRENIER COM CEM	0	0
18	WHITE CITY CEMETERY	0	0
19	ESTAIRE COMMUNAL CEM	0	25
20	LAVENTIE MILITARY CEM	0	0
21	RUE-DU-BOIS MILITARY CEM	27	0
22	RUE-DU-ECEQUEROT	0	0
23	RUE-PETILLON MILITARY CEM	22	0
24	"Y" FARM MILITARY CEM	72	0
26	RUE-DU-BACQUEROT	0	1
27	ROYAL IRISH RIFLES GRAVEYARD	0	0
28	LE TROU AID POST CEM	52	0
29	V C CORNER	410	0
32	EUSTON POST CEM	0	0
33	FAUQUISSART MIL CEM LAVENTIE	0	0
34	AUBERS RIDGE BRITISH CEM	120	0
35	NEUVE-CHAPELLE FARM	0	0
36	NEUVE-CHAPELLE BRIT CEM	0	0
TOTAL unidentified Australians buried in Fromelles area		1131	617
Australians who died in the Fromelles area who have no known grave and are commemorated on the screen walls at VC Corner		1294	
Difference not allowing for those unidentified soldiers of unknown nationality		163	

The work of the Army War Graves Units has been consistently recorded as being meticulous. Given that so many sets of remains were recovered from the Fromelles battlefields, it is highly unlikely that a mass grave of the size claimed would remain undetected.

- (6) None.
- (7) It is not the policy of the CWGC to record the places from where sets of remains were exhumed, but rather to record where they are buried. If remains were located they would be buried in the nearest available CWGC war cemetery.
- (8) No. As stated in part (4) above, the CWGC does not conduct speculative searches, and as pointed in part (7) above, if located they would be reburied in the nearest available CWGC war cemetery.
- (9) (a) As per the Department of Defence Instruction (General) PERS 20-4 Paragraph 6, the ADF will investigate the discovery of human remains alleged to be those of an ADF member, or members, only where there is strong circumstantial or definite evidence that such an allegation is justified.
- (b) This is the responsibility of the Department of Defence. If the service of the missing in action (MIA) is known then it should be addressed to the Deputy Chief of the relevant Service, and if the service is unknown or is joint then it should be addressed to the Head of the Defence Personnel Executive. The contact details for these people are on the Defence Internet site. After the information is received by Defence and there is found to be sufficient justification to warrant further investigation then Defence will request that the appropriate civilian authorities carry out initial inquiries.
- (10) Verification of remains is as per Department of Defence Instruction (General) PERS 20-4 paragraphs 10, 11, 12 and 14:

“Evidentiary Guidelines

10. Allegations that the remains of MIA members of the ADF have been located need to be supported by strong circumstantial or definite evidence before public funds are used to investigate the remains. Such evidence may include:

- a. items of ADF clothing or equipment found with, or near, the remains;
- b. eyewitness accounts of the burial of remains; or
- c. substantiated research from military records.

Unsubstantiated hearsay evidence is insufficient grounds for the ADF to investigate human remains. When hearsay evidence is provided to the ADF, in an endeavour to substantiate information provided, the appropriate civilian authorities (foreign or otherwise) should be requested to carry out initial inquiries.

11. When information is provided that the remains of an ADF member are located in a specific area, ADF historical records must be initially checked to verify whether or not:

- a. ADF members served in the location in question,
- b. ADF POW were held in the location in question,
- c. War Graves Units have already recovered bodies from the location, or
- d. Unit War Diaries record the loss of personnel in the area.

12. Investigating authorities must assess the feasibility of successfully recovering any remains given the information provided, the size of the area to be searched, sensitivity to local issues (for example the need to disturb other grave sites in order to recover unknown remains) and the reliability of the informant.

Forensic Identification of Remains

14. Service authorities are to liaise with the Surgeon General ADF (SGADF) for the provision of medical/dental records and for the provision of forensic experts to examine the remains.”

Recovery is undertaken by the Department of Defence as per Department of Defence Instructions (General) PERS 20-4 paragraph 15:

“Transportation of Remains

15. Where burial of the remains in the nearest War Cemetery is authorised, and transportation across national boundaries is required, specialist advice is to be sought on customs and quarantine requirements for the transportation. When human remains are to be imported into Australia onboard Service aircraft the procedures detailed in DI (G) ADMIN 46-1 – Quarantine, Annex K are to be followed.”

Burial is undertaken by the Department of Defence as per Department of Defence Instructions (General) PERS 20-4 paragraphs 16, 17 and 18:

“Burial responsibility

16. It is the responsibility of the OAWG, acting in conjunction with the Commonwealth War Graves Commission, or the Custodian of the United Nations (UN) Cemetery Korea to:

- a. assign a burial plot for the remains in the appropriate Commonwealth War Graves Commission cemetery or the UN cemetery,
- b. erect a suitable headstone at the grave site, and
- c. maintain the grave in perpetuity.

Funeral Requirements

17. Where remains are identified as belonging to an ADF member, funeral arrangements are to be in accordance with normal military procedures. However, where it is impracticable to provide the required numbers of military personnel an appropriate military presence at the funeral service may be provided. Assistance on alternate ceremonial requirements may be obtained from the Joint Services Ceremonial Committee.

Attendance of Next-of-Kin at Funeral Service

18. In the event that remains are identified with an ADF member and NOK can be contacted, Service authorities are to notify the NOK of the circumstances surrounding the finding of the remains and the funeral arrangements being undertaken. The Approving Authority for the investigation may authorise at public expense the travel of the NOK to attend the funeral. Where the NOK is aged or infirm, approval may be given for travel at public expense of an accompanying escort, usually a family member. Where travel overseas is involved, economy class air travel is authorised and accommodation costs are limited to three nights accommodation. Cost of meals, passports, inoculations and other incidental expenses remain the responsibility of the NOK.”

- (11) Recovered remains are not repatriated to Australia but are buried in the nearest available CWGC war cemetery. The Department of Defence organises the travel of approved next of kin and the Department of Defence meets ceremonial costs and travel costs. The CWGC or OAWG meets the burial costs.
- (12) (a) The total cost to Defence for the ceremony in Germany was approximately \$95,000. (b) Those officially attending from Australia were six family members and eight RAAF personnel; four directly from Australia and four from the UK participating in ‘Exercise Longlook’.

Defence: Security Clearances

(Question No. 1838)

Senator Chris Evans asked the Minister for Defence, upon notice, on 2 September 2003:

With reference to the Defence Security Authority and the security clearance process prior to the department doing business with individuals and organisations:

- (1) Are individuals and organisations with which the department does business required to obtain a security clearance.
- (2) What is the process for obtaining these clearances, for example, when can the individual or organisation apply, what does it cost, who bears the cost etc.
- (3) How long does it take for security clearance applications submitted by individuals or organisations to be processed.
- (4) What is the current backlog of security clearance applications submitted by individuals or organisations seeking to do business with the department.
- (5) (a) Why has this backlog developed; and (b) when is it expected that the backlog will be cleared.
- (6) Are there any appeal or dispute resolution procedures for individuals or organisations who do not receive a security clearance which would enable them to do business with the department; if so, can an outline be provided of the nature of any appeal or dispute resolution procedures; if not, why not.

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

- (1) Unless urgent operational requirements apply, an individual or organisation does not require a security clearance as a prerequisite to apply for Defence business. Where a security clearance is required for individuals or organisations to view classified tender documentation, the Defence Security Authority can work with the relevant Defence Group to ensure that security clearances are processed within an appropriate timeframe.
- (2) Defence will only process a security clearance when requested to do so by a Defence Group, either because the individual or company will be viewing classified tender documentation or they have been selected to conduct business with Defence. At that time, relevant security clearance forms are provided to the individuals for completion and returned to Defence for the vetting process to begin. Defence meets the direct costs associated with processing a clearance.
- (3) Defence aims to complete security clearances within the following benchmark timelines: three weeks for Restricted and Confidential level clearances; six weeks for Secret level clearances; eight weeks for Top Secret (Negative Vet) clearances; and three months for Top Secret (Positive Vet) clearances. While benchmarks are currently not being met in every instance, there has been a steady improvement in productivity over the past four months. This has been achieved against a backdrop of a high operational tempo and the associated need to process significant numbers of clearances on short notice. The benchmarks may also not be met where issues of background checkability or other matters requiring further investigation arise.
- (4) 997 initial and upgrade security clearance requests, which are outside the benchmark timeframes, are currently in progress for individuals in the private sector sponsored to do business with Defence and who require access to national security classified material. These are employees of companies already, or about to be, in contract with Defence. In relation to those tendering for work, security clearances, if necessary, can usually be provided within the tender period.
- (5) (a) Since at least the late 1990s, the demand for security clearances has outstripped Defence's capacity to process them by some 10-12% each year. A number of improvements – including the engagement of additional vetting staff; taking a 'national' approach to the backlog (ie transferring files from 'high backlog' offices to others with a low or no backlog); and partial outsourcing to external providers – and have been made to help reduce the backlog. (b) The backlog of initial and upgrade security clearances for individuals and companies sponsored to conduct business with Defence is being addressed in the context of the overall backlog; that is, they are being processed along with clearances for Defence civilian and military personnel. The current estimate for the length of time to eliminate the backlog of initial and upgrade clearances is January 2005.

- (6) Government policy, as detailed in the Commonwealth Protective Security Manual 2000, Part D, Chapter 2, paragraph 2.3 clearly requires Government agencies, including Defence, to only conduct a security clearance process for those individuals and organisations who are required to access national security classified material. A security clearance is not, in most instances, a prerequisite for applying for Defence business. Where urgent operational requirements apply, possession of a clearance may be a prerequisite. If an individual or company has been selected to conduct business with Defence, the clearance will be allocated a priority in accordance with Defence business and operational requirements. Individuals or companies unhappy with the priority awarded to their clearance may discuss with Defence the circumstances that might warrant it being awarded a higher priority. There are no formal appeal or dispute resolution procedures.

Attorney-General's: Military Compensation

(Question No. 1867)

Senator Brown asked the Minister representing the Attorney-General and the Minister representing the Minister for Veterans' Affairs, upon notice, on 4 September 2003:

Are there any instances or circumstances in which the Government has instructed solicitors acting on its behalf in matters relating to military compensation, to claim legal privilege and to withhold any medical reports generated at their request, which substantiate claimants' statements about injury or illness caused whilst in the service of Australia's armed services; if so, what is the Government's rationale for directing solicitors acting on its behalf to withhold information generated at the Government's own request favourable to the claimant serviceman or woman; if not, what action will the Government take to stop this practice which denies justice to Australia's servicemen and women.

Senator Vanstone—The Minister for Science has provided the following answer to the honourable senator's question:

My portfolio responsibilities include the defence of common law actions arising out of the British nuclear testing programme conducted in Australia in the 1950s and 1960s.

I understand that there have been approximately 80 such legal proceedings instituted against the Commonwealth by ex-servicemen going back to about 1988. Given the immensity of documentation involved, I am not prepared to commit the substantial departmental resources required to meet this request.

The previous Attorney-General's 'Legal Services Directions', which Commonwealth agencies must comply with, require agencies to conduct litigation in accordance with legal principle and practice, which includes acting in the Commonwealth's financial interest to defend fully and firmly claims brought against the Commonwealth where a defence is properly available. I understand that there is no legal obligation for one litigant to provide a medico-legal report it has obtained to the other litigant, unless the report is to be used by it as evidence at the hearing of the case.

My Department has informed me that there is one current legal proceeding in which its solicitors (the Australian Government Solicitor) have obtained a medico-legal report about which no decision has yet been made as to whether or not it will be used as evidence should the matter ultimately proceed to trial. My Department has further informed me that one of its freedom of information decision-makers recently refused a request for access to this report under the Freedom of Information Act 1982 on the grounds of legal professional privilege.

Environment: Basslink

(Question No. 1933)

Senator Allison asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 8 September 2003:

- (1) What representation, if any, has the Government made to the proponents of Basslink and to the Victorian and Tasmanian State Governments on the recommendation of the Joint Advisory Committee (JAC) that an environment review committee be established to monitor developments.
- (2) Why did the Government not make the establishment of such a committee a requirement of its approval of the project.
- (3) Has the Government been advised by proponents of Basslink that a metallic return cable is now to be used in order to reduce the magnetic field; if so, has the Government called for the Integrated Impact Assessment Statement to be amended and resubmitted; (a) if not, why not; and (b) has the Government called for a report on the detail of this new technology.
- (4) What effects will the new technology have on marine organisms including breeding, migration and feeding habits.
- (5) What does the Government understand to be the impact of this technology on shark behaviour in the area.
- (6) Have the proponents of Basslink provided details as to how the cables are to be kept in close proximity in order to reduce the magnetic field; if so, can these details be provided.
- (7) Is it the case that cables will now be installed in separate ducts or trenched through the dune system; if so, what assessment has been made of the impact on dunes.
- (8) What assessment has been made of the means by which cables will be protected and kept together over the very dynamic marine environment, where sand shifts of 4 metres in depth can occur overnight and large rocks are moved about on the sea bed over a distance of up to 5 kilometres.
- (9) Given that, according to Basslink, polypropylene rope proposed to be used to bundle cables during the laying operation will not last the life of the project, what assessment has been made of the life of this rope.
- (10) (a) How many kilometres of the rope will be used; and (b) what effect will it have on fauna, boat propellers and marine life when the rope unravels and drifts away.
- (11) When the rope unravels, how will the cables be kept together.
- (12) What are the effects on Ramsar sites of changes to the coastal processes caused by the proposed rock berm designed to protect cables underwater.
- (13) Is it the case that the Tasmanian Government has applied for a fishing exclusion zone around Basslink; if so, what is the impact of such a zone on the fishing industry.
- (14) Given the advice from Basslink that coaxial cables and underground cables rather than pylon transmission would increase the cost beyond \$500 million and make the project unviable, what does the Government understand to be the viability of the project now that it is estimated to cost \$780 million.
- (15) What information does the Government have about how this additional cost will be funded.
- (16) Is it the case that the Tasmanian Government is underwriting the profits of National Grid International's subsidiary, Basslink Pty Ltd.
- (17) Will the proponents of Basslink be required to establish a bond or financial guarantee that would fund the removal of infrastructure and rehabilitation, where necessary, in the event that the project proves to be unviable or the proponent becomes insolvent.
- (18) What does the Government now understand to be the greenhouse implications of the project, including transmission losses but excluding the proposed but, according to the draft JAC report, unviable Tasmanian windfarms.

Senator Hill—The Minister for the Environment and Heritage has provided the following answer to the honourable senator's question:

QUESTIONS ON NOTICE

- (1) Discussions are currently taking place between Basslink Pty Ltd and the Australian, Victorian and Tasmanian Governments concerning the establishment of the Bass Strait Environment Review Committee.
- (2) Condition 2 of the Exemption Certificate issued by the Minister under the Sea Installations Act 1987 requires Basslink Pty Ltd, amongst other things, to cooperate with any advisory body established by the Australian, Tasmanian and Victorian Governments to review the outcomes and results of the approved Environmental Management Plan for Commonwealth Waters.
- (3) In response to concerns raised by the community and the Joint Advisory Panel (JAP) in its draft report, the installation of a metallic return cable across Bass Strait, rather than the sea-earth return initially proposed, was publicly advised by Basslink Pty Ltd in the Final Environmental Impact Statement (EIS) and Supplement to the Draft Integrated Impact Assessment Statement (IIAS). The JAP acknowledged in its final report that Basslink Pty Ltd intended to use a metallic return cable across Bass Strait.
- (4) Based on the findings of the environmental impact assessment conducted for the proposal and the findings of the final JAP report, the impacts of the new technology on marine organisms will be minimal.
- (5) The environmental assessment concluded that no substantive evidence had been presented that cartilaginous fish, and in particular sharks, would be significantly affected by electric fields from the bundled Basslink cable.
- (6) Yes. Appendix E of the Final EIS/Supplement to the draft IIAS indicates the cables will be bundled together continuously with polypropylene rope with plastic or stainless steel straps located at intervals.
- (7) I am advised that the horizontal directional drilling beneath the sand dune system will avoid interference with the dunes.
- (8) The JAP and an independent consultant commissioned by them undertook the assessment.
- (9) The polypropylene rope will be buried with the cable bundle and is expected to last beyond the life of the Basslink project.
- (10) (a) Polypropylene rope will be used for bundling the undersea cable across Bass Strait. (b) In Commonwealth waters the bundled cable will be actively buried or elsewhere self-buried in soft substrate. It is therefore most unlikely that the rope would unravel. In the unlikely event of damage to the cable bundle, Basslink Pty Ltd estimates that only a short length of polypropylene rope (up to 1 metre) would be exposed at the seabed.
- (11) See answer to question 10.
- (12) There are expected to be no effects on Ramsar sites.
- (13) Information on Tasmanian Government activities should be sought from relevant Tasmanian Government Ministers or agencies.
- (14) Issues relating to the commercial viability of the Basslink proposal are primarily matters for Basslink Pty Ltd to address as part of its business investment and management practices.
- (15) See answer to question 14.
- (16) Information on Tasmanian Government activities should be sought from relevant Tasmanian Government Ministers or agencies.
- (17) There is no requirement for a bond or financial guarantee in the Exemption Certificate issued under the Sea Installations Act 1987. Information about the requirements established by the Victorian and Tasmanian Governments should be sought from relevant Victorian or Tasmanian Government Ministers or agencies.

- (18) The JAP stated in its final report that Basslink Pty Ltd had undertaken appropriate modelling of the impacts of Basslink on greenhouse gas production in the national electricity market, including estimates of the effects of implementing a metallic return, and that these modelling scenarios indicated a range of possible outcomes from a small reduction in greenhouse gas emissions to a small increase. The JAP noted that it was difficult to be more definitive as the actual outcome of Basslink will depend on a range of factors including growth in demand for electricity in Tasmania and the mainland, developments in the electricity market and in electricity generation and transmission, and developments in greenhouse policies and programs.

Immigration: Parent Visa Applications

(Question No. 1940)

Senator Hutchins asked the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 9 September 2003:

- (1) Can information be provided relating to the average time that it takes for successful onshore parent visa applicants to receive a queue date, from the time they first lodge their applications with the department.
- (2) Can information be provide relating to the average time required for onshore parent visa applicants to be given a health check, from the time they first lodge their applications with the department.

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

- (1) Onshore applicants for a parent visa apply for an Aged Parent visa (subclass 804). In the 2001-02 Program Year, the median processing time (50% of applications) for Aged Parent visa applications, from date of lodgement to the date the application is placed in the queue, was approximately 30 weeks (211 days). In the 2002-03 Program Year, the median processing time was approximately 16 weeks (113 days).
- (2) The Department of Immigration and Multicultural and Indigenous Affairs encourages onshore applicants to undertake medical checks prior to lodgement of their application, as this assists in reducing the overall processing time. Applicants who have not completed medical checks prior to lodging their applications are, in the majority of cases, asked to undertake these checks at the time they lodge their applications. However, there are a number of cases where medical checks are not requested until later in the processing of the application. This is usually due to the individual circumstances of the applicant. In such cases medical checks are usually requested some 6-8 weeks after the application is lodged.

Science: Chief Scientist

(Question Nos 1967 and 1968)

Senator Brown asked the Minister representing the Prime Minister, and the Minister representing the Minister for Science, upon notice, on 10 September 2003:

- (1) Is the person appointed to the position of Chief Scientist required to adhere to the Australian Public Service values, the Australian Public Service code of conduct or an equivalent standard.
- (2) Can a copy of Dr Robin Batterham's deed of appointment to the position of Chief Scientist in 1999 and 2002 be provided.

Senator Vanstone—The Minister for Science has provided the following answer to the honourable senator's question:

- (1) Yes, see clause 14.2 in the 2002 deed of appointment and clause 13.2 in the 1999 deed of appointment (which necessitated compliance with the "values and standards of behaviour required of a Commonwealth officer under the Public Service Act 1922").

- (2) Yes. See attached documents (available from the Senate Table Office). Dr Batterham's residential address has been removed as this constitutes personal information of Dr Batterham.

Defence: HMAS *Kanimbla*

(Question No. 2026)

Senator Chris Evans asked the Minister for Defence, upon notice, on 15 September 2003

Can a list be provided of all work performed on the HMAS *Kanimbla* between 1 January 2002 and 30 June 2002, including: (a) a description of the work; (b) the contractor who performed the work; (c) the amount paid to each of the contractors; and (d) the dates that each payment was made.

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

- (1) The attached spreadsheet details the information required against the four sub questions asked above. The information can be summarised as follows:
- (a) Total Value of Work: \$5,115,768.05
 - (b) Number of Contractors used: 64
 - (c) The work covered included:
 - (i) planned maintenance;
 - (ii) unplanned maintenance; and
 - (iii) technical services.

A spreadsheet is attached listing the 64 companies.

Contractor	Description of work performed	Date work Completed/ Invoice processed	Amount Paid
ADI	Planned Maintenance, and Technical Support	01.02.2002 - 20.06.2002	\$42,442.63
ALFA LAVAL AUSTRALIA	Unplanned Maintenance	27.06.2002	\$5,587.00
ALL CITY WASTE PTY	Planned Maintenance	24.05.2002	\$900.00
ALLIED PLANT SERVICES	Planned Maintenance	21.03.2002	\$4,452.73
ALLOY COMPUTER PROD	Technical Services	29.05.2002	\$1,533.00
ALPHA WEST PTY LTD	Technical Services	17.05.2002	\$10,633.51
ATKINS CARLYLE	Planned Maintenance	16.01.2002	\$47.81
BAKER & PROVAN	Unplanned Maintenance	28.06.2002	\$2,862.92
BARWELL MACHINE TOOLS	Unplanned Maintenance	07.02.2002	\$900.00
BCA IT LIMITED	Technical Services	04.02.2002	\$22,711.89
BEAVER ENGINEERING	Unplanned Maintenance	19.03.2002	\$1,990.00
BEAVER SALES	Planned Maintenance	21.06.2002	\$16,623.80
BLASTMASTER	Planned Maintenance	08.05.2002	\$10,278.75
BUSINESS CAPITAL FINANCIAL	Planned Maintenance	09.05.2002	\$148,437.21
C & A BRUSHWARE PTY	Planned Maintenance	30.04.2002	\$680.40

Contractor	Description of work performed	Date work Completed/ Invoice processed	Amount Paid
CES COMPUTERS	Planned Maintenance	28.02.2002 - 5.05.02	\$372,194.92
COLES	Unplanned Maintenance	04.03.2002 - 21.06.02	\$78,502.83
REFRIGERATION AND AIR CONDITIONING	Unplanned Maintenance	31.05.2002	\$6,144.00
COLOURFUL CANVAS CO.	Unplanned Maintenance	25.03.2002	\$1,331.71
COMBITECH SERVICES P/L	Unplanned Maintenance	05.06.2002	\$20,618.53
COMPAIR (AUSTRALASIA)	Planned Maintenance	22.05.2002	\$9,450.00
CONTAINMENT SYSTEMS	Planned Maintenance	30.04.2002	\$581.60
CORMACK ANEST IWATA	Unplanned Maintenance	27.06.2002	\$4,180.00
DARWIN ELECTRIC	Unplanned Maintenance	20.06.2002	\$9,450.00
MOTOR REWINDS	Unplanned Maintenance	21.06.2002	\$73,624.43
DIESEL & COMPONENTS	Planned Maintenance	22.01.2002 - 24.06.02	\$88,364.12
DIGITEC	Technical Services	19.03.2002	\$744.00
EDEN TECHNOLOGIES	Unplanned Maintenance	26.06.2002	\$96,838.50
EDMONDS & SONS	Planned Maintenance	27.02.2002	\$193.00
ELECTROTECH	Unplanned Maintenance	08.05.2002 - 05.06.02	\$4,830.00
EXCELLENT EQUIPMENT SERVICES	Planned Maintenance	29.01.2002 - 19.06.02	\$156,824.51
FAIRFIELD ELECTRIC	Technical Services	14.01.2002 - 21.06.03	\$2,375,470.29
FMS	Planned and Unplanned Maintenance	21.06.2002	\$16,734.00
FORGACS	Unplanned Maintenance	26.06.2002	\$2,510.00
FRONTLINE AUSTRALASIA	Planned Maintenance	16.05.2002	\$840.00
G K A V SERVICES	Planned Maintenance	18.01.2002 - 03.06.02	\$41,749.50
GREG CORNISH SIGNS	Technical Services	23.01.2002 - 26.06.03	\$36,517.00
GTSA	Unplanned Maintenance	12-26.06.2002	\$1,961.68
H I FRASER	Unplanned maintenance	05.02.2002 - 20.05.02	\$17,286.50
HOBART FOOD EQUIPMENT	Technical Services		
IPEX INFORMATION TE			

Contractor	Description of work performed	Date work Completed/ Invoice processed	Amount Paid
J BLACKWOOD & SON L	Planned Maintenance	30.04.2002 - 07.06.02	\$915.28
MARINE EQUIPMENT INTERNATIONAL	Unplanned Maintenance	05.06.2002	\$26,253.00
MASTERFIELD INDUSTRIES	Planned Maintenance	22.05.2002	\$8,680.00
MOBI FRIDGE HIRE	Planned Maintenance	07.03.2002	\$1,216.60
N T P INDUSTRIAL FLEET MANAGEMENT	Unplanned Maintenance	24.01.2002	\$1,610.27
NOBLES A E	Unplanned Maintenance	27.06.2002	\$1,800.00
NOSKE-KAESER NEW ZEALAND	Unplanned Maintenance	10.05.2002 - 24.06.02	\$103,549.89
P&R ELECTRICAL WHOLESALE	Planned Maintenance	30.04.2002	\$210.40
PALL AUSTRALIA	Planned Maintenance	27.02.2002	\$126,000.00
PORTABLE COMPUTER SERVICES	Technical Services	25.02.2002	\$25,471.50
PRECISION PAPER CO	Planned Maintenance	20.05.2002	\$364.80
ROCKWELL AUTOMATION	Unplanned Maintenance	20.06.2002	\$2,632.50
ROYAL WOLF CONTAINERS	Unplanned Maintenance	20.06.2002	\$3,963.80
SETON AUSTRALIA	Unplanned Maintenance	16.04.2002	\$70.64
SHORESIDE ENGINEERING	Unplanned Maintenance	28-31.05.2002	\$38,632.65
SIMMONDS & BRISTOW	Unplanned Maintenance	21.06.2002	\$1,244.85
SOFRACO INTERNATIONAL	Technical Services and Unplanned Maintenance	20.05.02 - 24.06.02	\$14,037.84
SPITWATER AUSTRALIA	Technical Services	30.04.2002	\$1,300.00
TEEKAY MARINE	Technical Services	30.01.2002	\$61,950.00
TENIX DEFENCE	Technical Services	28.06.2002	\$20,295.93
THERMAL CERAMICS AU	Planned Maintenance	02.05.2002	\$785.00
TOYO TYRE & RUBBER	Unplanned Maintenance	20.05.2002	\$1,195.25
WILSON LOGISTICS	Unplanned Maintenance	20.02.2002	\$169.59
WINDAK ENGINEERING	Planned Maintenance	08.05.2002	\$1,425.00
WORMALD FIRE SYSTEMS	Technical Services	26.03.2002	\$984,970.50
	TOTAL		\$5,115,768.05

**National Radioactive Waste Repository
(Question No. 2118)**

Senator Allison asked the Minister representing the Minister for Science, upon notice, on 18 September 2003:

- (1) With regard to the proposed low level and short-lived intermediate level radioactive waste repository:
 - (a) who will be responsible for the transportation of radioactive waste to the repository;
 - (b) will the Australian Nuclear Science and Technology Organisation (ANSTO) be responsible for the transportation of radioactive waste from the nuclear reactor at Lucas Heights to the repository;
 - (c) will ANSTO be responsible for the transportation of radioactive waste from sites occupied by other Commonwealth agencies, state agencies or any private person to the repository;
 - (d) will the Commonwealth regulate the transportation of radioactive waste to the repository; if so, what legislation will the Commonwealth use;
 - (e) have any Indigenous groups consented to the construction and operation of the repository at the site known as Site 40a; if so, which groups;
 - (f) have any Indigenous groups stated that Site 40a has no particular Indigenous heritage values; if so, which groups;
 - (g) how many truckloads of radioactive waste are expected to be transported to the repository each year.
- (2) With regard to the proposed long-lived intermediate level radioactive waste repository:
 - (a) will the Minister table a copy of the list of sites that are being considered for the construction of this repository by no later than 8 October 2003;
 - (b) will the Commonwealth require access to a port in order to receive intermediate-level radioactive waste for the proposed repository; if so: (a) which port or ports is the Commonwealth considering using;
 - (c) will the Minister table, by no later than 8 October 2003, a copy of the radiological consequence analysis, prepared by Australian Radiation Protection and Nuclear Safety Agency, in relation to Lucas Heights.

Senator Vanstone—The Minister for Science has provided the following answer to the honourable senator's question:

- (1) (a) The Department of Education Science and Training, as the organisation licensed by Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) to operate the repository, will have ultimate responsibility for the transportation of radioactive waste to the repository. In most cases, the repository operator, the company contracted to DEST to manage the physical works associated with the national repository, will be tasked with arranging the transport by a contractor to the Australian Government of waste to the national repository in accordance with ARPANSA's regulatory requirements.
- (b) DEST may allow Australian Government waste generators such as ANSTO to transport their own radioactive waste to the national repository. Alternatively, transport of waste from ANSTO may be undertaken via the arrangements described in 1(a).
- (c) No.
- (d) Yes. Transportation of radioactive material by the Australian Government and its contractors is regulated by the Australian Radiation Protection and Nuclear Safety Agency under the

Australian Radiation Protection and Nuclear Safety Act 1998 and the Australian Radiation Protection and Nuclear Safety Regulations 1999.

- (e) The site has been cleared for all works associated with the construction and operation of a national repository, with regard to Aboriginal heritage, by the Aboriginal groups with native title claims over the relative site as well as other groups with heritage interests in the region. These groups are the Antakirinja, Barngala and Kokotha Native Title Claimant Groups, the Andamooka Land Council Association and the Kuyani Association.
 - (f) See answer to (e).
 - (g) During the initial disposal campaign it is estimated that there will be 171 truck movements to the repository from around Australia. In addition, approximately 200 truck movements will be required to transport CSIRO waste stored in the Woomera Protected Area to the repository. It is expected that about 40 m3 of waste will be generated in Australia each year and, allowing for accumulated waste over several years, only a few truck movements will be required for transport of the waste to the repository during subsequent disposal campaigns.
- (2) (a) Following assessment of the Australian Government land around Australia for suitability for the national store for intermediate level waste, the National Store Advisory Committee, a group of experts advising the Government on site selection, provided me with advice on sites for further consideration. Such advice is of the nature of opinion, advice or recommendations for the purposes of the Government's deliberative processes and I believe that tabling the advice would not be in the public interest at this stage.
- (b) Intermediate level waste arising from the reprocessing of spent fuel from the research reactor at Lucas Heights will be returned to Australia by ship and will require port access. Relevant port(s) will be considered when short-listed sites are selected for the national store.
- (c) This analysis will not be released because it includes information which has the potential to compromise security at Lucas Heights.

Romania: Australian Mining Companies

(Question No. 2150)

Senator Brown asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 19 September 2003:

Following the collapse in January 2001 of the tailings dam at the Aural mine in Romania operated by the Perth-based Esmeralda Exploration:

- (1) When did the company first contact the Minister or his staff.
- (2) What was the nature of the representations made by the company.
- (3) What assistance, if any did the company seek.
- (4) What assistance if any was provided.
- (5) On how many occasions subsequently did Esmeralda Exploration representatives contact the Minister or his staff.
- (6) When did each of these contacts occur.

Senator Hill—The Minister for the Environment and Heritage has provided the following answer to the honourable senator's question:

- (1) There is no record of the Company contacting the former Minister, myself, or my staff.
- (2) See 1 above.
- (3) There is no record of the company seeking assistance.
- (4) No assistance was provided to the company.

(5) See 1 above.

(6) See 1 above.

Environment: Ningaloo Reef

(Question No. 2189)

Senator Brown asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 8 October 2003:

- (1) Has the Western Australian Government formally approached the Federal Government seeking the nomination of Ningaloo reef for World Heritage Listing; if so, when.
- (2) Has the Commonwealth agreed in principle to the nomination; if so, when.
- (3) (a) Has a Commonwealth/state assessment process been established; and (b) has a date for completion of the nomination been set.
- (4) Given that nominations must be received by the United Nations Educational, Scientific and Cultural Organisation World Heritage Centre by 1 February each year for consideration of the nomination in that year, and considering the rule limiting each state party to one nomination per year, in which year is it expected that Australia would submit the Ningaloo nomination.

Senator Hill—The Minister for the Environment and Heritage has provided the following answer to the honourable senator's question:

- (1) Yes, on 9 July 2003.
- (2) Yes, on 7 August 2003.
- (3) (a) Commonwealth and State officials have been meeting to plan the nomination process and the first workshop on heritage values has been held. (b) Commonwealth and State officials agree that the earliest date a nomination could be finalised is the beginning of 2005.
- (4) There are a number of factors that determine the timing of a completed submission to the World Heritage Centre including the complexity of the stakeholder consultation process associated in preparation of any nomination and the existence of any competing nominations. Notwithstanding these considerations, the earliest feasible target date is 1 February 2005.