



COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

Votes and Proceedings

Hansard

THURSDAY, 6 MARCH 2003

CORRECTIONS

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Thursday, 13 March 2003

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

Timor Sea Treaty excerpts only included

HR 40.1.80

PROOF

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~~the Corporations Law. I mention in passing that, if the Labor Party had had its way, Telstra would not be subject to those requirements, because the Labor Party opposed the equity in Telstra and bringing it onto the Stock Exchange. The Stock Exchange is currently negotiating, I believe, with its members for heightened disclosure, and the government are proposing infringement notices for failures in relation to disclosure. If the Labor Party wants to allege that any particular contract is wrong or contrary to the law, we would be happy to receive that information and we would pass it on to the directors.~~

Middle East: Israeli-Palestinian Conflict

~~Mr ANTHONY SMITH (2.03 p.m.)—My question is addressed to the Prime Minister. Would the Prime Minister outline to the House the government's reaction to the horrific suicide bombing which occurred overnight in the city of Haifa in Israel?~~

~~Mr HOWARD—I am sure I speak for all members of the House in saying that this horrific and inexcusable terrorist act, which claimed at least 15 Israeli lives and injured at least 40 Israeli citizens, should be condemned without reservation by all people of goodwill, not only in the Middle East but here in Australia. The Australian government continues to hope that both sides involved in the Israeli-Palestinian issue will exercise restraint. Australia remains a strong and unwavering supporter of the right of Israel to exist secure and unmolested behind properly supervised boundaries. Australia also recognises the right and aspirations of the people of Palestine to an independent state.~~

~~I hope that, as expressed in my statement to parliament, the re-elected Prime Minister of Israel grabs the opportunity of his new mandate so as not to leave unturned any stone that might produce peace in that troubled part of the world. But a prerequisite to that response by Israel must be an end to the inexcusable suicide bombings. It is worth observing that it has been part of Saddam Hussein's promotion of terrorism beyond the borders of Iraq to pay \$US25,000 to the families of all suicide bombers who cause death and destruction in Israel.~~

~~Mr CREAN (Hotham—Leader of the Opposition) (2.05 p.m.)—On indulgence, Mr Speaker: I join with the Prime Minister in that part of his statement that condemns the suicide bombing in Haifa this morning and the wanton taking of lives in this unresolved conflict. It is incumbent on all of us to ensure that we find the way to peace in the Middle East, and that can only be effected by the parties engaging in that debate in goodwill while being supported by international efforts through the multilateral forums that engage in the peace process. Australia has a key role to play in that regard, and I hope that this government, rather than going down the path of unilateralism that it seems to be heading down, will get behind the multilateral effort and engage in the peaceful resolution of these conflicts. We seek a peaceful outcome for the situation in Iraq and peace for the Middle East as well.~~

Telstra

~~Mr TANNER (2.07 p.m.)—My question is to the Treasurer representing the Minister for Finance and Administration. Is the Treasurer aware that Telstra Chief Executive Officer, Dr Ziggy Switkowski, is the star attraction at a fundraising function organised by the Liberal Party's Higgins 200 Club on 12 March? Treasurer, is it appropriate that the chief executive of Australia's largest majority government owned enterprise is speaking at a function organised to raise campaign funds for you?~~

~~The SPEAKER—I would remind the member for Melbourne that, from my perspective, the use of the word 'you' is inappropriate.~~

~~Mr COSTELLO—I must make a special effort to get to the function, because I am sure I would enjoy it very substantially. I have always found Ziggy Switkowski to be a very interesting speaker, and I have no doubt that he will have an interesting speech to make. Incidentally, I also enjoy the privilege of having Ziggy as a constituent.~~

~~Mr Sawford interjecting—~~

~~Mr COSTELLO—It is obviously a deep conspiracy, isn't it, that he is a constituent of mine! How outrageous that a constituent of mine would speak at a function in my electorate. He has every right to speak at such a function. I dare say that, if the Socialist Left controlled Melbourne FEC of the ALP invited him to give a speech, he would probably go there too. I would not have any objections if he were to do that. Ziggy Switkowski is a man who is above age and who can make his own decisions, and I have every confidence in the decisions that he makes. Can I say to any members of the Labor Party that, for a fee, you would be entitled to come along, but I think we would have to charge you double to get in there at the time.~~

~~Mr Tanner—Mr Speaker, I seek leave to table the flyer for the fundraiser that the Treasurer is so totally unconcerned about.~~

~~Leave granted.~~

Timor Sea Treaty

~~Mr BRUCE SCOTT (2.09 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of progress in the negotiation of the Timor Sea Treaty? What are the economic benefits of the treaty for Australia and for East Timor?~~

~~Mr COSTELLO—I think all members of the House will realise the importance of the Timor Sea Treaty and its ratification to bring benefits both to Australia and to East Timor. This is a treaty which governs the orderly development and exploration of the petroleum resources in the joint petroleum development area. The ratification will allow the peoples of both East Timor and Australia and the companies operating within the JPDA to develop those resources in the interests of both nations. Australia has concluded negotiations in addition to the treaty on an international unitisation agreement for the Greater Sunrise field. This apportions the Greater Sunrise resource to Australia and 20.1 per cent to the JPDA.~~

Within the JPDA, 10 per cent of revenues accrue to Australia and 90 per cent to East Timor.

It is important to bear in mind that the gross value of the Sunrise field over the life of the project is expected to be in the order of \$30 billion to \$40 billion. Can I indicate that the benefits downstream in the Northern Territory arising from Bayu-Undan in the JPDA will be substantial. The Northern Territory government has been very active in pursuing its interest, as has Mr Tollner, the honourable member for the area, who is currently in East Timor in relation to this matter. The benefits of the treaty to Australia and East Timor are significant. It will strengthen our relationship with East Timor and it will increase economic activity in both Australia and East Timor. The Bayu-Undan development will involve an LNG processing plant in Darwin to receive LNG from Bayu-Undan, and it will provide development opportunities in the Northern Territory to strengthen its economy.

Can I reiterate that the JPDA is split 90-10 in East Timor's favour—that is, the revenues coming out of the JPDA are entitled to taxation split 90 per cent under the East Timor taxation regime and 10 per cent under the Australian taxation regime. From the development of that field, East Timor stands to receive tax revenues of some \$5 billion over the life of the project. This is a ratification and a treaty in the interests of both countries—in the interests of Australia and in the interests of East Timor. It fairly divides that resource. It allows for the resource to be developed. It provides economic benefits to the Northern Territory. It provides benefits to the national economy. I congratulate the Minister for Foreign Affairs, who is up there signing at the moment; the Minister for Industry, Tourism and Resources, who has been part of the negotiations; and other ministers—including myself—who were part of it. The government recognises that this is an important development for Australia and East Timor and that it is in both our national interests.

Business: Executive Remuneration

~~Mr McMULLAN (2.13 p.m.) My question is addressed to the Treasurer. Can the Treasurer confirm that companies making golden handshake payments claim them as an expense and receive a full tax deduction for them? Doesn't this mean that taxpayers foot \$3 million of every \$10 million paid by a business? Does the Treasurer recall claiming yesterday that the government could not or would not act on this matter because all such payments are tax deductible by companies? Treasurer, isn't it true that there are already laws that do not allow some payments such as entertainment, corporate yachts and corporate club membership as tax deductions? Isn't it also the case that, for many years, under the existing taxation law excessive employer contributions to superannuation funds for directors and senior executives have not been tax deductible? Why won't the Treasurer apply the same principle to excessive executive handshakes?~~

~~Mr COSTELLO—The information which I also gave yesterday was, of course, correct. The statement misrepresenting it and claiming to the contrary by the~~

member for Fraser today is false. The taxation law provides that 'expenses necessarily incurred in the conduct of a business are tax deductible'. If it is an expenditure of a private nature, it is not necessarily incurred in the carrying on of a business. So to say that, in relation to private memberships or private yachts, they are not tax deductible is merely to illustrate the point that they are not expenses necessarily incurred in the conduct of a business. The general law—it used to be section 51; it has a different number under the new tax act—provides that 'if it is necessarily incurred it is tax deductible, but not if it is of a private nature, or not if it is carved out for some other reason of public policy,' as occurs from time to time in relation to amendments to the tax law, 'but absent any specific provision, the fact that it is necessarily incurred in the conduct of carrying on a business makes it tax deductible'.

That was the case yesterday, that was the case under 13 years of Labor government, that has been the case since the Income Tax Assessment Act was written in 1936, and that is the principle underlying Australia's taxation law: companies are taxed on profits being income after expenses. As I said yesterday, if the Australian Labor Party believes that payments to employees, which are fully taxable at the full marginal rate of 48½ per cent in their hands, should also be taxable in the company's hands—that is, one should bulk up the 48½ per cent plus the 30 per cent company tax rate and have a marginal tax rate on employee remuneration of 78½ per cent—and if it wants to support a 78½ per cent taxation rate, then it should say so. It is entitled to do that. It is entitled to support 78½ per cent taxation rates.

But what we do not believe the Australian Labor Party is entitled to do is to slip around with the suggestion that maybe it is in favour of that but, every time it is pinned down, deny that that is its policy. If the Australian Labor Party wants to come out and support 78½ per cent marginal tax rates, let it say so, and we will engage it in that debate. ~~The people of Australia will be entitled to determine it. But let us not have this slippery, slidey opposition coming around, trying to walk both sides of the fence, trying to hold one thing out but never actually announcing a policy. Let me ask this question: does the Australian Labor Party support a 78½ per cent taxation rate or does it not? Would it please inform the public what its position is, and would it clarify the matter? This side of the parliament does not support it, as Labor did not during 13 years, as has not been the case throughout the course of the Income Tax Assessment Act 1936 and as has not been the case since income tax has applied to companies.~~

Indigenous Australians: Employment

~~Mr HAASE (2.17 p.m.) My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House of any achievements in providing assistance to Indigenous job seekers within the government's Indigenous employment policy? What does this success mean for job opportunities for Indigenous people?~~

Tanner, L. Thomson, K.J.
 Wilkie, K. Zahra, C.J.
 * denotes teller

Question agreed to:

~~The SPEAKER—Order! The honourable member for Lilley is suspended from the service of the House for 24 hours under standing order 303.~~

~~The member for Lilley then left the chamber.~~

~~The SPEAKER—Order! The time for the debate on the motion to suspend standing orders has expired. The question therefore is that the motion be agreed to:~~

Question put:

~~That the motion (Mr Crean's) be agreed to.~~

~~The House divided. [4.00 p.m.]~~

~~(The Speaker—Mr Neil Andrew)~~

Ayes.....	55
Noes.....	75
Majority.....	220

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Coreoran, A.K.
Cox, D.A.	Crean, S.F.
Danby, M.*	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Evans, M.J.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
George, J.	Gibbons, S.W.
Gillard, J.E.	Grierson, S.J.
Griffin, A.P.	Hall, J.G.
Hatton, M.J.	Hoare, K.J.
Irwin, J.	Jackson, S.M.
Jenkins, H.A.	Kerr, D.J.C.
King, C.F.	Lawrence, C.M.
Macklin, J.L.	McFarlane, J.S.*
McLeay, L.B.	McMullan, R.F.
Melham, D.	Mossfield, F.W.
Murphy, J. P.	O'Byrne, M.A.
O'Connor, G.M.	O'Connor, B.P.
Organ, M.	Plibersek, T.
Price, L.R.S.	Ripoll, B.F.
Roxon, N.L.	Rudd, K.M.
Sawford, R.W.	Sercombe, R.C.G.
Sidebottom, P.S.	Smith, S.F.
Tanner, L.	Thomson, K.J.
Wilkie, K.	Windsor, A.H.C.
Zahra, C.J.	

NOES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Bailey, F.E.	Baird, B.G.
Baldwin, R.C.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Charles, R.E.	Giobo, S.M.
Cobb, J.K.	Costello, P.H.
Draper, P.	Dutton, P.C.
Elson, K.S.	Entsch, W.G.
Farmer, P.F.	Forrest, J.A.*

Gallus, C.A.	Gambaro, T.
Gash, J.	Georgiou, P.
Haase, B.W.	Hardgrave, G.D.
Hartsuyker, L.	Hawker, D.P.M.
Hoekey, J.B.	Howard, J.W.
Hull, K.E.	Hunt, G.A.
Johnson, M.A.	Jull, D.F.
Kelly, D.M.	Kemp, D.A.
King, P.E.	Ley, S.P.
Lindsay, P.J.	Macfarlane, I.E.
May, M.A.	McArthur, S.*
McGauran, P.J.	Moylan, J.E.
Nairn, G. R.	Nelson, B.J.
Neville, P.C.	Panopoulos, S.
Pearee, C.J.	Prosser, G.D.
Pyne, C.	Randall, D.J.
Ruddock, P.M.	Scott, B.C.
Seeker, P.D.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southeott, A.J.	Stone, S.N.
Thompson, C.P.	Ticehurst, K.V.
Truss, W.E.	Tuekey, C.W.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.
Worth, P.M.	

* denotes teller

Question negatived:

~~Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.~~

PERSONAL EXPLANATIONS

Mr HOWARD (Bennelong—Prime Minister) (4.06 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the Prime Minister claim to have been misrepresented?

Mr HOWARD—Yes.

The SPEAKER—The Prime Minister may proceed.

Mr HOWARD—Yesterday, in another place, allegations were made by Senator Brown that I had sought to intimidate or strongarm the East Timorese leadership over the Timor Sea negotiations. Those claims are totally false. I did call the Prime Minister of East Timor yesterday to ask whether East Timor's formal approval of an international unitisation agreement could be completed in time for a visit by the Minister for Foreign Affairs today to sign that agreement. Negotiations on the key elements of the agreement were completed last Sunday. My call to Dr Alkatiri, which was totally civil and cordial in accordance with our close relationship, related solely to formal processes and not to any of the substance of the negotiated package. Might I add my very warm personal congratulations to the Minister for Foreign Affairs on his skilful guidance of this matter.

~~Mr MURPHY (Lowe) (4.07 p.m.)—Mr Speaker, I wish to make a personal explanation.~~

~~The SPEAKER—Does the honourable member claim to have been misrepresented?~~

~~Mr MURPHY—Mr Speaker, I have been mauled.~~

~~The SPEAKER—I will take that to be a simple yes and allow the member for Lowe to proceed.~~

~~Mr MURPHY—On 12 February this year, in this House, I spoke on the Migration Legislation Amendment (Contributory Parents Migration Scheme) Bill 2002 and the Migration (Visa Application) Charge Amendment Bill 2002. Yesterday, in the Senate, the leader of the Democrats said:~~

~~The member for Lowe, Mr Murphy, spoke in the lower house about his strong support for family reunion. In natural law alone it is intrinsic that parents be cared for by their children, and this is done through family reunion. Not only is he preventing family reunion by opposing this bill but also the Labor Party supported the government's introduction of the temporary protection visa, specifically aimed at keeping families separated—and not just parents from their children, but spouses from their partners and their children.~~

~~The leader of the Democrats has misrepresented me by totally confusing the policy distinction between the purpose of the humanitarian stream and family stream visa programs and by falsely accusing me and the ALP of not supporting family reunion in that bill. He should—~~

~~The SPEAKER—The member for Lowe has made the point on which he has been misrepresented.~~

~~Mr Fitzgibbon—In the light of the Prime Minister's personal explanation, I seek leave to table a transcript of a meeting between Minister Downer, Minister Macfarlane and Prime Minister Alkatiri in November of last year, in which Mr Downer describes himself as 'very tough' and offers Mari Alkatiri a tutorial in politics.~~

~~Leave not granted.~~

~~QUESTIONS TO THE SPEAKER~~

~~Parliament: Behaviour in the House~~

~~Mr ALBANESE (4.10 p.m.)—Mr Speaker, I refer to *House of Representatives Practice* page 482, which refers to the displaying of signs not being permitted. I refer to it in the context of the member for Werriwa being named in this House for disorderly conduct. My question to you is: will you give consideration to the provocation that occurs from ministers and, in particular, the Minister for Education, Science and Training, who stands up here day after day, brings in stunts and, when people respond, they are excluded from participating in the House?~~

~~The SPEAKER—I would remind the member for Grayndler that the chair, no matter who occupies it, has, for the last decade, I would guess—and possibly longer, with deference to the member for Watson—ensured that, while members do sometimes raise graphs or advertisements, that is done in a very discreet way. I intervened on the Minister for Education, Science and Training when I thought he had gone beyond the normal tolerance expected. Do I exercise some restraint in disciplining members if I think they have been provoked? With great respect, member for Grayndler, everyone in this House knows that I exercise that tolerance, and even those behind you acknowledge that that is the case. Will I continue to do so? Of course I will, just as my predecessors have. What I expect members to do is heed the words of the chair and, when they fail to do so, consistent with my predecessors, I take action. One of my predecessors is seeking the call, and I recognise him.~~

~~Parliament House: Nurses Centre~~

~~Mr LEO McLEAY (4.12 p.m.)—Mr Speaker, on Monday, I asked you where we were up to with the discussions about the Nurses Centre. Are you able to tell the House the outcome of that ridiculous proposal from the Joint House Department?~~

~~The SPEAKER—I am able to partially report to the House in that, as I indicated on Monday, neither the President nor I had had an opportunity to consider the recommendations from Health Services Australia. We have considered those recommendations, and I believe it happened yesterday at about midday. We made a recommendation that, while there are changes that will be necessary following the Health Services Australia recommendations, it is not intended that the Nurses Centre should close but there will be changes in the way in which the service is delivered.~~

~~Parliament House: Security~~

~~Ms KING (4.13 p.m.)—Mr Speaker, in question time today, a member of the public interjected from the public gallery. Whilst the security guards responded appropriately by asking that person to leave, I felt that a hand being placed over that person's mouth to stop them speaking perhaps overstretched the mark a bit. I wondered if the propensity of the government to gag debate in this chamber is being extended.~~

~~The SPEAKER—Let me simply indicate to the House and to the gallery that I have every confidence in the way in which the professional security team in this parliament go about doing their job. I intend to do nothing but reinforce them until I see any evidence to the contrary.~~

~~PAPERS~~

~~Mr ABBOTT (Warringah—Leader of the House) (4.14 p.m.)—A paper is tabled as listed in the schedule circulated to honourable members. Details of the paper will be recorded in the *Votes and Proceedings*, and I move:~~

~~That the House take note of the following papers:~~

~~Treaties—Joint Standing Committee—17th Report—United Nations Convention on the Rights of the Child—Government response~~

~~Debate (on motion by Mr McMullan) adjourned.~~

~~Mr ABBOTT (Warringah—Leader of the House) (4.14 p.m.)—I present papers, being petitions which are not in accordance with the standing and sessional orders: one, from the member for Newcastle, opposing military involvement in Iraq, and another, from the member for Melbourne, calling on the government to introduce a plastic bag levy.~~

~~MATTERS OF PUBLIC IMPORTANCE~~

~~Howard Government: Economic Policy~~

~~The SPEAKER—I have received a letter from the honourable member for Hotham proposing that a definite matter of public importance be submitted to the House for discussion, namely:~~

~~The Government's seven year legacy of economic management resulting in record taxes, record debt and families under financial pressure.~~