

THE SENATOR'S REPORT

...WHAT'S THE STORY?

The tight grip the Executive has on the Senate means its review role is now truncated. The consequent failings were apparent with the media reform legislation, when a hasty telescoped committee process was followed by a gagged short debate.

New media diversity rules permit cross-media mergers that are currently prohibited. Most restrictions on foreign ownership and control of commercial television and subscription television are removed. The big players have moved swiftly to take strategic market positions, waiting for the laws to be proclaimed in 2007. Then the big carve-up will occur.

Much of the technology for media delivery in the future will be via telecommunications. It is essential that for telecommunications and media, we establish guaranteed, affordable services available to all but the remotest Australians and enforced through legislated customer

service obligations. We need to distinguish between consumer needs and political or societal needs. Consumer needs are satisfied by free rein being allowed for new technology and a maximum variety of product types. That is best guaranteed through few barriers to entry and through encouraging real competition.

The freedom of the press has long been recognised as absolutely vital to democracy. Modern concentrated media power is such that, if that power is not to be abused, it needs to be dispersed and multiplied, not concentrated further. Australia already has one of the most concentrated media sectors in the democratic world.

The new cross-media rules will result in a concentration of media power in fewer hands. The ACCC will not concern itself with preserving or enhancing the democratic institution of the fourth estate. During the inquiry I asked this question: Just so that we have it on the record, when you consider a merger proposition in the media industry in future you will not consider the issue of whether it will contribute to the health of our Australian democracy, will

you? Mr Graeme Samuel, Chairman of the ACCC, answered: No, we will not. For anyone foolish enough to think that corporate self-interest and manipulated information and opinion might be uncommon in the

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The Passing of Don Chipp Founder of the Australian Democrats

Donald Leslie Chipp died aged 81 at the Epworth Hospital in Melbourne on 28 August 2006, following a long battle with Parkinson's disease. He was certainly the person who put the stamp of his style on the Democrat party and its contributions to the life, decisions and vitality of the Senate as a chamber as well as, of course, to the broader political community. I attended the state funeral in Melbourne on Saturday 2 September. It was a celebration of a life lived absolutely to the full, full of vigour, ideas and expression all the way through to his very deathbed. The ceremony was typically Chipp. It began with rock-and-roll, ended with jazz and in the middle was high-flown choral singing. It had profanity, laughter and tears. It had strong religious observance, idealism and great expressions of principle coupled with earthy recollections and, of course, warm and memorable family remarks. I came away glad I had participated in a farewell that was as much a wake in the old-fashioned celebratory sense, as a funeral service and memorial. **Vale Don Chipp.**



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Taxing The Poor - Interesting Answer to Interesting Question

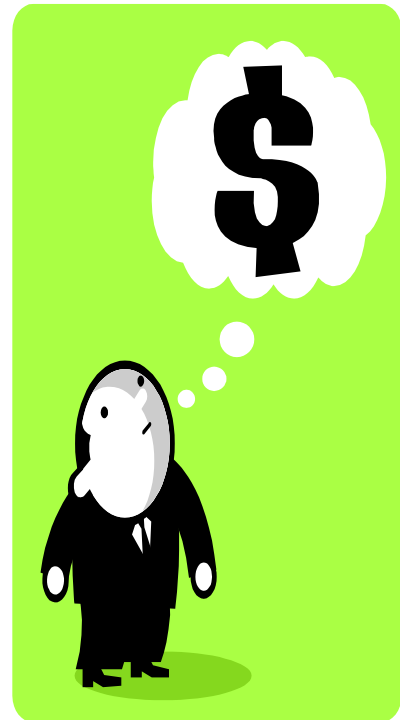
It is a puzzle that when 1 in 20 are unemployed and 1 in 7 are underemployed that there is still difficulty getting people into jobs. I know the answers are complex, including issues of mobility, skill sets and so on, but like many I have long wondered at just how big the effect is of welfare to work barriers thrown up by high 'effective marginal tax rates'. The top tax threshold is 45% plus 1.5% medicare levy, yet EMTRs for low/middle income earners can be double that (even occasionally up to 90%, according to expert Ann Harding). At that level, people lose benefits and get taxed so that they effectively only keep 10 cents for every extra-dollar earned.

Part of my question to the Treasurer on notice on 7 September 2006 was: Is it possible to introduce policy measures that will ensure that no Australian experiences an effective marginal tax rate above 46.5 per cent?

The Treasurer answered that since 1996 the Government has achieved reductions in EMTRs by simultaneously dropping the income test taper rate on benefits and cutting

taxes. The recent AMP.NATSEM Report *Trends in effective marginal tax rates 1996-97 to 2006-07* concluded that "almost nine in every ten working age Australians face an effective marginal tax rate in their next dollar of income of 40 per cent or less". The report found that over the last decade there has been a large fall in the proportion of working age Australians experiencing EMTRs of between 40 and 50 per cent. While almost 20 per cent of working age Australians faced an EMTR of 40 to 50 per cent a decade ago, today the proportion is down to less than 7 per cent.

So progress has been made; the Government has reduced EMTRs by adjusting rates and thresholds. The Treasurer said that a policy of specifying that no Australian experiences an EMTR above a specific rate would require: having a universal family payments and child care benefit scheme; removing people with social security payments from the tax system and adopting a part-year tax system for people who move on and off social security; and, lowering the top taper rate on allowances to 46.5 per



cent and thus extending the income range over which benefits apply.

He said that such a system would be very expensive, otherwise those families most in need would be substantially worse off. In addition, this system would reduce the Government's ability to target those people most in need.

You watch this become an issue in the next budget and the 2007 election.

Please call my Electorate Office on 08 9481 1455 if you require a copy of the question and answer.

Low Pay Rise Welcome but was it because of Pressure ?

I was pleasantly surprised at the new Australian Fair Pay Commission's belated pay rise for low income earners, ranging from a \$17 per week safety net adjustment to \$27.36 pw for the standard federal minimum wage. The Federal Government is copping plenty of criticism on their new industrial relations WorkChoices regime. With an election due next year, they and the AFPC would have been under pressure to do the right thing by low income earners. Given the current emphasis on inflationary pressures, I feared the AFPC would take an unbalanced view, instead of aiming at a wage that met reasonable minimum Australian living standards, and encouraged more low income earners into the workforce.

We just have to hope that this is not a once-off, delivered because of the coming election and strong political pressure. It is a basic requirement in a first world democracy, particularly one with a weaker industrial relations safety net, that the poor must be appropriately remunerated to community standards. AFPC decisions should be annual, must take into account Australian living standards, and should have regard to relevant taxation and government transfer payments, but too much pressure is still on the wage system. This increase means a higher weekly increase for small business because of add-on costs like superannuation and workers compensation, and a lower actual increase for workers because of taxes and lost benefits.

The Democrats maintain that low income earners should not be income taxed at all. Indexing the tax thresholds, increasing the tax-free threshold to \$10 000 in the first instance, and then phasing it to \$20 000, is a fairer and



effective way to increase the disposable income of the working poor. The Government had the opportunity to increase the tax-free threshold in the last budget, instead they increased every threshold but the tax-free \$6 000 threshold. In a rich country like Australia poorer Australians should be our first priority, not our last.

Independent Contractors Bill

The Independent Contractors bill excludes state and territory laws which deem as employees many independent contractors entering commercial agreements with employers. The Government's view is that these state laws interfere with rights, entitlements, obligations and liabilities of parties to genuine independent contracting arrangements. The contrary view is that state laws are trying to resolve the difficult public interest and legal issues surrounding the nature and definition of employment, and to 'cover off' important social obligations (such as standards of employment) that would otherwise be avoided. The Bill recognises that outworkers and (some) owner-drivers need to continue under the protection of state laws. This is confirmation that the Bill will not adequately protect these sorts of workers and contractors.

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WA's Child Protection Crisis

Western Australians have been horrified by media exposure of poor child protection in Western Australia. I wrote to the Premier months ago (no reply yet...) emphasising that a harmed child can produce decades of a harmed adult at significant economic and social cost, and offering to contribute my office's experience if he wanted it.

The WA Government must heed the recommendations of the two Senate Community Affairs Committee inquiry reports into those who experienced institutional care as children: the 2001 child migrant report, *Lost Innocents: Righting the Record*, and *Forgotten Australians*, the 2004 report into those non-child migrants and non-Aboriginal children who spent time in care. The WA Government must also note the recommendations of a third report, *Protecting Vulnerable Children: A national challenge* (2005) that covers the more contemporary issues of child protection such as foster care, children and young people with disabilities in care and children and young people in juvenile detention centres.

These reports reveal often terrible experiences of abused and neglected childhoods spent in care. They also reveal adult-hoods marred by poor life chances that have impacted not only on the individuals concerned, but also on any family members and society at large. It is vital that Premier Carpenter drives a whole-of-government approach to the child protection crisis currently confronting our WA community. It is a complex problem requiring in-put from many government departments, not just the Department of Community Development.

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The Bill is hostile to the States regimes, fails its objectives, fails many workers and contractors, and shifts costs to the public purse. It fails to tackle the issue of who is a genuine contractor and who is a genuine employee. Rather than define independent contractors the Government continues to rely on the common law definition of employment which is manifestly inadequate and is easily manipulated by contract lawyers. I strongly support the right of Australians to determine whether they want to be in business for themselves, or to work for someone else as an employee - this Bill will not deliver that certainty and instead will create further uncertainty. I will be attempting to amend the Bill when it reaches the Senate.

Link for Report :

http://www.aph.gov.au/Senate/committee/eet_ctte/index.htm

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Australian media, the Federal Secretary of the Media Alliance told the inquiry that about half of the journalists they had surveyed said that 'they had been required to report in a way that favoured the corporate line of their employer' and that one in five 'had been required to report in a way that favoured the political line of their employer'. From the vital democratic 'fourth estate' perspective, the only way to protect a diversity of opinion, news gathering, information and influence is to ensure a diversity of meaningful real voices, a diversity of media types, a diversity of journalists and owners, and by maximising competition and restricting cross-media ownership.

Link for Report :

http://www.aph.gov.au/senate/committee/ecita_ctte/index.htm

Additional information

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