



**NATIONAL ARCHIVES OF AUSTRALIA**

# The 2000 Cabinet Papers in Context

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Australian Government  
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## INTRODUCTION

2000 was the year before the ‘year that changed everything’: 2001, when Al-Qaeda attacked the United States on 11 September, and the Howard government created its ‘Pacific Solution’ asylum-seeker deterrent – prisms through which Australian politics would be refracted for many years to come.<sup>1</sup> The 2000 Cabinet papers reflect a relatively quiescent world in which Islamic terror attacks and offshore detention were barely glimpsed on the horizon. Then Prime Minister John Howard later mused, ‘we had no conception of the challenges which would engulf the world in the next few years’.<sup>2</sup> His Liberal and National coalition government’s concerns in 2000 were overwhelmingly domestic, and the approach to issues with international ramifications was heavily weighted toward local implications over international obligations. Many matters canvassed in the 2000 Cabinet papers remain of intense ongoing national interest today, including policies concerning climate change, energy, provision of infrastructure and aged care. Unauthorised arrivals by boat were an emerging issue, but not yet one that dominated the atmospherics of national politics. On climate change and the interrelated issue of energy policy in particular, these papers reveal a wider range of opinion four years into the Howard government’s life than many, from today’s vantage point, might expect, and are likely to inform and stimulate discussion on what might have been had those Cabinet discussions concluded differently.

Enjoying a comfortable lower house majority of 14 seats, and with the accumulated experience of being halfway through its second term in office, the Howard government proceeded with its conservative re-engineering of Australia at a politically prudent pace. The memory of election night 1998, where until mid-evening the coalition government appeared to have lost, still lingered. The 2000 Cabinet papers illustrate the Prime Minister’s influence in ensuring the pace of change did not exceed Australians’ ability to absorb it, so that those who had supported the government’s re-election continued to do so. The 17-person Cabinet contained a former prime ministerial aspirant in Alexander Downer, two hopefuls in Peter Costello and Peter Reith, a former premier in John Fahey and just one woman, Senator Jocelyn Newman. It also contained three Nationals, including Deputy Prime Minister John Anderson, who had succeeded Tim Fischer as party leader in July 1999.

The 2000 papers show a Cabinet with a large work program, wedded to a perceptible strategic framework, working coherently within the limits of the politically

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<sup>1</sup> Phillipa McGuinness, *The year everything changed: 2001*, Vintage Books, North Sydney, NSW, 2018.

<sup>2</sup> John Howard, *Lazarus rising: a personal and political autobiography*, HarperCollins, Sydney, 2010, p 335.

possible. This did not mean giving up on ambitious policy. In the goods and services tax (GST) the Howard government achieved a near textbook demonstration of how to initiate a public conversation about, and structure expectations of, a complicated and controversial public policy; how to gain an electoral mandate for it; and then, as the 2000 Cabinet papers reveal, except for a couple of aspects, how to successfully manage the design and politics of an exacting implementation process. This time-consuming but historically well-established and proven process is too little seen in contemporary politics. Whatever one's view of the GST in policy terms, the political and policy process which saw it conceived, implemented and accepted merits close study by governments and oppositions today. It is a signal demonstration that a controversial, politically risky policy, properly handled, can quite quickly become a routine, unremarked upon aspect of daily life.

The fate of one of the earliest papers considered in 2000 reveals the interplay of ideology, personnel and practical politics characteristic of the Howard Cabinet of that time. From the outer ministry, Employment Services Minister Tony Abbott, with his Cabinet senior, Finance Minister John Fahey, proposed in early February the closure of Employment National (EN) – the only government-owned entity left in a job services market that had otherwise been fully privatised in the government's first term.<sup>3</sup> EN was a loss-making venture, Abbott's submission argued; it showed no prospects of imminent turnaround and, in any case, the parts of regional Australia potentially affected currently had more job services than at any time before. The regional impact statement accompanying the submission assessed the likely effect of EN's closure as neutral. Departmental coordination comments showed broad support in the bureaucracy for the closure, even from, 'on balance', National Party leader John Anderson's own Department of Transport and Regional Services. On paper, the proposal to shut down EN looked almost certain to succeed.

Even the strongest and most widely supported submissions, however, are malleable to political considerations in the forcing house of Cabinet. At the 9 February meeting Abbott's argument was backed by Employment, Workplace Relations and Small Business Minister Peter Reith, Foreign Minister Alexander Downer and Immigration and Multicultural Affairs Minister Philip Ruddock. In his memoir Reith

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<sup>3</sup> NAA: A14370, JH2000/3/1 – Cabinet Submission JH00/0003 – Future of Employment National Ltd – Decision JH00/0003/CAB, 9 February 2000. Employment National had been created from the pre-existing Commonwealth Employment Service (CES) when the Howard government 'marketised' job services in its first term in office.

recalls John Howard as the Liberals' 'lone voice' opposing it.<sup>4</sup> Health and Aged Care Minister Michael Wooldridge and Communications, Information Technology and the Arts Minister Richard Alston wavered once they heard Howard's argument against shutting down EN. Whatever the reality, Howard said, it would be seen as a cut to services in the bush, something the coalition had expressly promised not to do; he also observed that going from a government monopoly in job services to a fully private market in two years was in any case a bit quick. Cabinet's National Party ministers were as one with the Prime Minister. 'At the start of the meeting there was an overwhelming mood for closure,' Reith's contemporaneous diary note of the Cabinet discussion noted. Nevertheless, the proposal was defeated: the Cabinet decision was for EN to continue operating. 'No one pretended that there was any rational reason for the decision – it was pure politics,' said Reith.

As Abbott's unsuccessful bid to close EN shows writ small, and as key adjustments made to the GST after its implementation show writ large, Cabinet during the Howard government's second term operated in a way that saved it from political overreach of the kind which, in policies such as WorkChoices, which won Cabinet approval five years later, contributed to its 2007 election loss.

## **FUNDING THE NATION**

### ***Goods and services tax***

The government's immediate challenge as the year opened was the implementation of A New Tax System (ANTS) with its GST centrepiece on 1 July 2000. This was the culmination of a generation-long attempt to broaden Australia's tax base and put federal government revenue on a firmer footing. 'Of all the big economic reforms since 1980,' Howard later noted, this was 'the most complex and had the potential to cause the most dislocation'.<sup>5</sup> The previous year's Cabinet papers show the effort expended on the package's design with a view to minimising disruption.<sup>6</sup> The 2000 papers show those efforts intensifying, along with government responses to acute pressure points which arose ahead of the 1 July start date. In February an extra \$20 million was

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<sup>4</sup> Peter Reith, *The Reith papers*, Melbourne University Press, Carlton, Vic., 2015, pp 281–82.

<sup>5</sup> John Howard, *Lazarus rising*, p 316.

<sup>6</sup> Paul Strangio, *The 1998 and 1999 Cabinet records in context*, National Archives of Australia, <https://www.naa.gov.au/sites/default/files/2019-12/Cabinet-records-in-context-1998-1999.pdf>, accessed 2 November 2020, pp 3–4.

committed to selling the new tax to the community – a bigger challenge than earlier anticipated.<sup>7</sup>

Cabinet was concerned that ‘sections of the business community and some government agencies considered, incorrectly, a 10 per cent rise due to the GST as the automatic price effect of the New Tax System changes’, not taking into account savings from wholesale taxes abolished at the same time.<sup>8</sup> Australian Competition and Consumer Commission (ACCC) modelling on the GST’s likely effect on prices, its intention to monitor actual price outcomes and publicity concerning its intention to investigate price-gouging were viewed positively by Cabinet – not least in relation to government business enterprises (GBE) ‘at all levels of government’ where it considered the ACCC’s ‘moral suasion’ a plus for compliance and its threat of ‘public exposure of breaches’ a deterrent against price exploitation.<sup>9</sup> Cabinet also saw a role for the ACCC in saving the government from sole blame for a forecast 10 per cent rise in electricity prices resulting from the combination of ‘indirect tax reform and existing price indexation arrangements’.<sup>10</sup>

Some problems could not be massaged away with positive messaging, however, including internal government fears about the impact on petrol prices. In February Costello briefed Cabinet without submission on petrol prices, and agreed that Treasury would prepare options – with input from the Department of Prime Minister and Cabinet (PM&C) and John Anderson’s Department of Transport and Regional Services (DoTaRS) – for how the promise that petrol prices not rise because of the GST could be met.<sup>11</sup> Highlighting the political sensitivities involved, Cabinet noted there should be ‘no public reference to the Cabinet’s commissioning of work on options and that any public statements reiterate the Government’s intention to meet its election commitment’.<sup>12</sup> Industry representations over a fuel of a different kind – alcohol – resulted in a new excise rate for mid-strength beer, to head off a potentially disproportionate price rise for full-strength beer.

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<sup>7</sup> NAA: A14370, JH2000/7 – Cabinet Decision JH00/0007/CAB – A New Tax System Tax Reform Education – Additional Expenditure – Without Submission, 8 February 2000.

<sup>8</sup> NAA: A14370, JH2000/10 – Cabinet Minute JH00/0010/CAB – Without Submission – The New Tax System: Revised Price Exploitation Guidelines and related issues – 9 February 2000, p 3.

<sup>9</sup> NAA: A14370, JH2000/10 – Cabinet Minute JH00/0010/CAB/6 – The New Tax System: Revised Price Exploitation Guidelines and related issued 18 April 2000, p 3.

<sup>10</sup> NAA: A14370, JH2000/10.

<sup>11</sup> NAA: A14370, JH2000/12 – Cabinet Decision JH00/0012/CAB – A New Tax System – Petrol Prices – Without Submission, 8 February 2000.

<sup>12</sup> NAA: A14370, JH2000/11 – Cabinet Decisions JH00/0011/CAB, JH00/0011/CAB/2 and JH00/0011/CAB/3 – A New Tax System – response to Brewers’ Criticism – Without Submission, 22 February 2000.

The government faced complex challenges of its own adapting its operations and offerings to the new tax regime. New goods and services pricing guidelines for Commonwealth departments and agencies were commissioned.<sup>13</sup> Progress was monitored on GST compensation for the aged and for families, along with the book industry concessions negotiated by the Australian Democrats as part of the price – food was another notable exemption – for their support in ensuring the GST’s passage through the Senate.<sup>14</sup> The Department of Finance and Administration (DoFA) argued for a whole-of-government approach to the renegotiation of contracts with government suppliers during the transition to the new system, in cases where contracts did not provide for the supplier to pass on the cost of the GST to the government; Treasury argued this should be done only when the renegotiation would be to the Commonwealth’s benefit.<sup>15</sup> Four months out from the 1 July start date DoFA reported that most of the 171 government agencies they monitored had made ‘satisfactory progress’ in their GST preparations, though 10 were lagging behind and remedial action had been suggested to them.<sup>16</sup>

As the 1 July start date loomed, GST matters big and small continued to come to Cabinet. Worried about a backlog of business requests for GST registration, including the allocation of an Australian Business Number (ABN), Cabinet endorsed the Ad Hoc (GST Implementation) Committee’s proposal that the Australian Taxation Office (ATO) move faster and deal with ‘quality and accuracy’ issues later.<sup>17</sup> Those issues included business identity mismatches within the ATO’s systems and between its systems and those of the Australian Securities and Investments Commission (ASIC).<sup>18</sup> As late as June the ACCC was not yet satisfied with the still partly government-owned Telstra’s methodology for calculating GST-related price increases; the Cabinet minute noted that the Minister for Finance and the Minister for

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<sup>13</sup> NAA: A14370, JH2000/13 – Cabinet Decision JH/00/0013/CAB – A New Tax System – Commonwealth Departments and Agencies Savings – Without Submission, 22 February 2000.

<sup>14</sup> NAA: A14370, JH2000/18 – Cabinet Memorandum JH00/0018 First Amended – Report on progress in implementation of compensation and other non-tax measures arising from tax reform – Decision JH00/0018/CAB, 22 February 2000.

<sup>15</sup> NAA: A14370, JH2000/38 – Cabinet Memorandum JH00/0038 – Renegotiation of contracts with suppliers that are unable to pass on Goods and Services Tax (GST) – No Decision, 28 February 2000; NAA: A14370, JH2000/86 – Cabinet Memorandum JH00/0086 – Renegotiation of contracts with suppliers that are unable to pass on Goods and Services Tax (GST) – Supplementary paper – No Decision, 22 March 2000.

<sup>16</sup> NAA: A14370, JH2000/15 – Cabinet Memorandum JH00/0081 – Monitoring of GST implementation by Commonwealth agencies – Decisions: Cabinet Minute – Ad Hoc (GST Implementation) Committee – Memorandum JH00/0015, 28 February 2000. The 171 agencies did not include government business enterprises (GBE).

<sup>17</sup> NAA: A14370, JH2000/52 – Cabinet Decision - JH00/0052/CAB/2 – Australian Taxation Office (ATO) – GST implementation issues – Without Submission, 6 March 2000.

<sup>18</sup> NAA: A14370, JH2000/52 – Cabinet Decision - JH00/0052/AHG/7 – Australian Taxation Office (ATO) – GST implementation issues – Without Submission, 3 April 2000.

Communications 'would discuss the issue'.<sup>19</sup> What would businesses like 'night clubs, hotels or supermarkets' do once the clock struck midnight on 1 July? Cabinet decided they could trade until their normal closing time early morning that day without having to close off and reopen their cash registers set up for the new GST regime.<sup>20</sup>

When 1 July finally did dawn things seemed to Treasurer Peter Costello almost routine: 'After all the predictions, the hype and the frenzy, the day itself was something of an anti-climax.'<sup>21</sup> Not so for John Howard who had promised as Opposition Leader before the 1996 election that there would 'never ever' be a GST, and who later risked his prime ministership at the 1998 election by promising one.<sup>22</sup> 'The night before felt very much like Christmas Eve had seemed to me as a child; there was plenty of eager anticipation, but I didn't quite know what the following day would bring,' said Howard.<sup>23</sup> He did his own market research on 1 July, visiting a small shopping centre in the middle-class Sydney suburb of Ryde, then a larger shopping centre in nearby Macquarie Park; he found retailer and shopper reactions that ranged from positive to indifferent. A sensible broadening of Australia's narrow tax base had been achieved after a generation-long public discussion of its merits and demerits. The GST's flat rate was regressive (compensated for by one-off measures during the transition period in 2000), but it was hard for tax evaders to escape.

'The smooth introduction of the new tax system was a success,' Howard judged in retrospect; nevertheless, he did acknowledge there had been a subsequent 'lengthy bedding-down period' after aspects of the GST's implementation proved problematic.<sup>24</sup> The complex design of the original Business Activity Statement (BAS) emerged as an issue on Cabinet's radar in November, when a 'large and growing number' of requests for assistance from the ATO for advisory visits and calls to the 'Helpline' were noted.<sup>25</sup> 'From the very beginning, the BAS was too complicated,' Howard said later. 'Yet the Treasury resisted change, and at this stage so did the Treasurer. He took the view, mistaken in my opinion, that any change to the BAS connoted a retreat.'<sup>26</sup> The Prime

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<sup>19</sup> NAA: A14370, JH2000/189 – Cabinet Decision JH00/0189/CAB – Telstra – GST-related price increases – Without Submission, 5 June 2000.

<sup>20</sup> NAA: A14370, JH2000/191 – Cabinet Decision JH00/0191/CAB – Goods and Services Tax (GST) Implementation – miscellaneous issues – Without Submission, 5 June 2000.

<sup>21</sup> Peter Costello with Peter Coleman, *The Costello memoirs*, Melbourne University Press, Carlton, Vic., 2008, p 153.

<sup>22</sup> Wayne Errington and Peter van Onselen, *John Winston Howard: the biography*, Melbourne University Press, Carlton, Vic., 2007, p 219.

<sup>23</sup> John Howard, *Lazarus rising*, p 359.

<sup>24</sup> John Howard, *Lazarus rising*, p 360.

<sup>25</sup> NAA: A14370, JH2000/52 – Cabinet Decision JH00/0052/AHG/26 – Australian Taxation Office (ATO) – GST implementation issues – Without Submission, 13 November 2000.

<sup>26</sup> John Howard, *Lazarus rising*, p 361.



Minister's political instincts eventually prevailed, and the BAS was simplified – but not until the following year. Howard's political antenna was slower to pick up on, and sense the intensity of, the storm brewing in late 2000 over petrol prices, which the government had promised would not rise as a result of the GST – an issue evident on the ground to the Nationals but absent from the late 2000 Cabinet papers. Early in 2001 Howard aligned with Peter Costello and Treasury – on grounds similar to those he had earlier rejected when they opposed simplifying the BAS – against Nationals leader John Anderson's argument for a further petrol excise cut to put fulfilment of the government promises beyond doubt. 'John Anderson was right, and Peter Costello and I were wrong,' Howard declared in his memoirs. 'I would fully realise this some weeks later,' at which point Anderson's proposal was adopted.<sup>27</sup> The coalition's success in winning a GST mandate at the 1998 election, and its implementation of the new tax in 2000, brought to a close the long cycle of debate over two decades about how to broaden Australia's tax base. Cabinet papers covering the resolution of the GST implementation's final bedding-down issues await next year's National Archives' release.

## **SHAPING THE NATION**

### ***Environment and resources policy***

Environment policy and resources policy are a key feature of the 2000 Cabinet papers, of immense interest and relevance given their centrality in shaping Australia over the ensuing generation. Environment and Heritage Minister Senator Robert Hill's Cabinet submissions reflect an acceptance of, and a desire to act on, mainstream climate science in a government exploring the feasibility of an emissions trading scheme, and departmental coordination comments on them were largely supportive. The government's commitment to its environment and heritage policies 'has a high public profile and reflects the public's expectations', Hill noted in his budget Cabinet submission that year.<sup>28</sup> Some aspects of this were new to the coalition parties. Hill flagged with his Cabinet colleagues, for example, the apparently novel concept 'known as the Business of Sustainable Development' to 'encourage businesses in Australia to adopt environmentally sensitive processes in their operations'.<sup>29</sup>

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<sup>27</sup> John Howard, *Lazarus rising*, p 361.

<sup>28</sup> NAA: A14370, JH2000/79/1 – Cabinet Submission JH00/0079 – 2000–2001 Budget – Environment and Heritage Portfolio Budget Submission, Decision JH00/0079/ER, JH00/0079/ER/2 and JH00/0079/CAB4, 14 March 2000, p 4.

<sup>29</sup> NAA: A14370, JH2000/79/1, p 5.

Completion of a feasibility study for an emissions trading scheme (ETS) by the government's Australian Greenhouse Office (AGO) was imminent, the Environment Department's budget Cabinet submission stated.<sup>30</sup> This was noted in the Cabinet decision on Environment's budget bid.<sup>31</sup> Here lies the deep roots of the Howard government's policy development process, which would culminate seven years later in the Prime Minister's announcement that a domestic Australian cap-and-trade ETS would be established and operating by 2012.<sup>32</sup> The proposal was consistent with the Howard government's market-oriented economic philosophy and its overall policy approach. The coalition's subsequent switch, under the opposition leadership, then prime ministership, of Tony Abbott, from market solutions such as the ETS to targeted plans, grants and subsidies harked back to a less sophisticated, pre-Howard era of coalition government characterised by sectoral plans and selective assistance.

Cabinet's consideration in May 2000 of two proposed coal-fired projects – Kogan Creek Power (KCP) station and Comalco Alumina Projects (CAP) – provides a fascinating window into the Howard government's thinking on these issues.<sup>33</sup> The Environment Department submission noted KCP's and CAP's combined emissions would take up one-quarter of the future emissions growth Australia was allowed under the 1998 Kyoto Protocol,<sup>34</sup> and that 'approval of these very long life projects could make meeting any target more difficult and costly'.<sup>35</sup> One option Hill put to Cabinet was approval for KCP conditional on 'the difference in greenhouse gas emissions between it and an equivalent gas-fired power station be fully offset by investment in sinks'; another option called for the 'incentive package' for CAP to be conditional on 'full gas cogeneration' with significantly lower emissions than the coal-fired project Comalco

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<sup>30</sup> NAA: A14370, JH2000/79/1 – Cabinet Submission JH00/0079 – 2000–2001 Budget – Environment and Heritage Portfolio Budget Submission, 14 March 2000, p.7 and Attachment E.2.

<sup>31</sup> NAA: A14370, JH2000/79/1 – Cabinet Submission JH00/0079 – 2000–2001 Budget – Environment and Heritage Portfolio Budget Submission – Decisions JH00/0079/ER, JH00/0079/ER/2 and JH00/0079/CAB/4, 10 April 2000, p 3.

<sup>32</sup> John Howard, Address to the Liberal Party Federal Council, Sydney, 3 June 2007, <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:%22media/pressrel/IU9N6%22>, accessed 15 November 2020; ABC News, 'Howard announces emissions trading system', <https://www.abc.net.au/news/2007-07-17/howard-announces-emissions-trading-system/2505080>, accessed 16 November 2020.

<sup>33</sup> NAA: A14370, JH2000/162 – Cabinet Memorandum JH00/0162 – Greenhouse impacts and abatement costs associated with the Kogan Creek Power (KCP) and Comalco Alumina Projects (CAP) – Decision JH00/0162/CAB, 23 May 2000.

<sup>34</sup> NAA: A14370, JH2000/162 – Cabinet Memorandum JH00/0162 – Greenhouse impacts and abatement costs associated with the Kogan Creek Power (KCP) and Comalco Alumina Projects (CAP) – Decision JH00/0162/CAB, 16 May 2000, p 1.

<sup>35</sup> NAA: A14370, JH2000/162, p 4.

planned.<sup>36</sup> Cabinet decided, however, that both projects should proceed without conditions.

From today's vantage point this could easily be ascribed simply to unreconstructed support for coal interests over other considerations. In fact, departmental coordination comments on Hill's submission reveal distinctly different atmospherics around the decision. There was a clear preference for a 'broader greenhouse policy' which would 'avoid the disadvantages of a project-by-project decision making regime' – that, in other words, would be market-based and sector-neutral.<sup>37</sup> Howard's own PM&C said it was 'desirable to clarify future greenhouse policies as soon as possible to reduce the uncertainty faced by investors' so that any given project could itself 'determine the least-cost means of meeting whatever future greenhouse commitments it will face'.<sup>38</sup> At the same time it noted that the latest advice on Australia's prospects for meeting its Kyoto targets 'means that time is available to develop broader greenhouse policy'. The fact the government undertook an ETS feasibility study in 2000, and committed to an ETS in 2007, meant Australia likely would have got one had the Howard government won one more term in office. The distinction between this and the coalition's approach from 2009 onwards under Tony Abbott's leadership is historically significant. The Howard government's success in creating, implementing and marketing a new tax (the GST) as 'tax reform' rather than, as Abbott later characterised the Gillard government's ETS, 'a great big new tax', highlights political skills which could have made an ETS as routine a part of Australia's public finance landscape as the GST quickly became. The 2000 Cabinet papers show what might have been.

Liquefied Natural Gas (LNG) was the focus for particular attention. Industry Science and Resources Minister Senator Nick Minchin was its champion. A way was sought and found to subsidise the North West Shelf Expansion Project without breaching the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures, substituting a crude oil excise rate cut for a cash grant which could have breached WTO rules.<sup>39</sup> While substantial in itself, the assistance paled alongside concessions Minchin sought for the LNG sector, and for energy-intensive

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<sup>36</sup> NAA: A14370, JH2000/162, p 2.

<sup>37</sup> NAA: A14370, JH2000/162, Attachment A, 'Coordination Comments', p 9.

<sup>38</sup> NAA: A14370, JH2000/162, Attachment A, 'Coordination Comments', p 9.

<sup>39</sup> NAA: A14370, JH2000/174 – Cabinet Memorandum JH00/0174 – Investment Incentive for the North West Shelf Expansion Project – Decisions JH00/0174/EI and JH00/0174/CAB/2, 29 May 2000.

industries generally, in relation to the ETS, which the 2000 Cabinet papers show was increasingly being factored in as probable future policy.

An LNG Action Agenda was proposed in a joint submission by Treasurer Peter Costello and Minchin in June 2000.<sup>40</sup> It sought Cabinet endorsement for ‘the **Vision**’ contained in the LNG Action Agenda – a fascinating prism through which internal inflections in attitudes towards an ETS can be observed, even to this day.<sup>41</sup> The joint submission contained six recommendations, four of them (1–4) joint and another two (5 and 6) attributed solely to Minchin. Doffing a cap to the Cabinet sentiment factoring in a likely future ETS, Minchin’s Recommendation 5(d) acknowledged that ‘market based mechanisms are the most efficient and least costly means of achieving Australia’s greenhouse targets and so are preferable to regulatory approaches’.<sup>42</sup> But his Recommendation 5(a) stated that future government greenhouse policies should ensure they ‘do not render Australian industries, including the LNG industry, uncompetitive’.<sup>43</sup> Recommendation 5(e) stated that an ETS should only be established if the Kyoto protocol ‘enters into force, is ratified by Australia and there is an established international emissions trading scheme’.<sup>44</sup> In case Minchin’s Cabinet colleagues missed the message in Recommendation 5(a), Recommendation 5(f) reiterated the point that the government’s ‘greenhouse gas abatement’ policies should ensure that the LNG industry’s commercial viability was not jeopardised.<sup>45</sup> There was no hint of irony in these defences of competitiveness and commercial viability having come in a Cabinet submission whose central purpose was to make large capital-intensive LNG projects eligible for government assistance through the Strategic Investment Incentive process.<sup>46</sup> Attachment J to the submission elaborated on Recommendation 5(a), explaining it entailed ‘a Government commitment to ensure that greenhouse policies and measures do not in themselves render relevant industries uncompetitive’, and stating that an industry competitiveness test ‘would necessarily be applied’.<sup>47</sup> Attachment J included energy intensity estimates for nine industries ‘highly exposed to ... possible new greenhouse measures’. The scene was being set for

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<sup>40</sup> NAA: A14370, JH2000/167 – Cabinet Submission JH00/0167 – LNG Action Agenda, Decision JH00/0167/CAB, 9 June 2000.

<sup>41</sup> NAA: A14370, JH2000/167, p 2. The bolding of ‘**Vision**’, as per the original Cabinet document, is a flourish little seen in Cabinet papers.

<sup>42</sup> NAA: A14370, JH2000/167, p 3.

<sup>43</sup> NAA: A14370, JH2000/167

<sup>44</sup> NAA: A14370, JH2000/167

<sup>45</sup> NAA: A14370, JH2000/167, p 4.

<sup>46</sup> NAA: A14370, JH2000/167, p 2.

<sup>47</sup> NAA: A14370, JH2000/167, Attachment J, p 22.

industry by industry concessions in a way that would have undermined the effectiveness of an ETS by both diminishing and skewing its impact.

PM&C's coordination comments on the LNG Action Agenda submission show that it supported an ETS concession for LNG because emission targets did not apply to the developing countries with which it competed for markets.<sup>48</sup> Beyond that it opposed the Minchin recommendations: 'Providing greenhouse relief for any sector – particularly those with high emissions – increases the greenhouse compliance and cost burden on other industries and on Australian households. Providing relief to all industries involves shifting the potential burden for remitters that produce around three-quarters of greenhouse gas emissions to households.' The Australian Greenhouse Office (AGO) was devastating in its critique of the industry policy implications of Minchin's proposal. 'Providing government assurances of viability to all industries, including the weakest, is the ultimate anti-reform measure,' it declared, 'as it would have the effect of locking in the existing industry structure regardless of new developments in technology or market demand.' PM&C also objected to the way the Minchin recommendations 'may unduly constrain future greenhouse policy consideration'.<sup>49</sup> Australia, for example, 'may wish to introduce an early, voluntary domestic emissions trading scheme' rather than wait for the Kyoto Protocol's ratification or establishment of an ETS internationally.<sup>50</sup>

AGO's coordination comments on the LNG Action Agenda are a model two-page economic rationalist demolition of the Minchin recommendations. The AGO said they would send a signal to industry that the government was not serious about emissions abatement, thereby undermining industry adjustment and encouraging 'further emissions intensive investments, ultimately making it harder to achieve our commitment'.<sup>51</sup> A joint position was eventually produced, but from within a bigger group which included Foreign Affairs and Trade Minister Alexander Downer, who had carriage of Australia's negotiating position on the Kyoto Protocol compliance system at the sixth Conference of the Parties (COP-6), and the Nationals' Warren Truss, Minister for Agriculture Fisheries and Forestry. They agreed Australia should seek an 'open, market-based, transparent, comprehensive and equitable system which minimises costs' in line with Cabinet's prevailing opinion.<sup>52</sup> Later that month Minchin brought the

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<sup>48</sup> NAA: A14370, JH2000/167, Attachment A, p 12.

<sup>49</sup> NAA: A14370, JH2000/167, pp 12–17.

<sup>50</sup> NAA: A14370, JH2000/167, p 14.

<sup>51</sup> NAA: A14370, JH2000/167, p 17.

<sup>52</sup> NAA: A14370, JH2000/235 - Cabinet Submission JH00/0235 – Climate Change: Australia's position on liability under international emissions trading and protocol compliance – Decision JH00/0235/CAB, 2 August 2000, p 3.

LNG Action Agenda back to Cabinet and succeeded in getting it to agree, over Hill's opposition, that there would only be an ETS if Australia ratified the Kyoto Protocol and an international emissions trading scheme existed.<sup>53</sup> Hill responded with a successful bid for in-principle Cabinet support for 'early greenhouse gas abatement action' credits which business could offset against ETS liabilities should an ETS be established.<sup>54</sup> The duelling between Hill and Minchin continued all year.

### ***Rural and regional policy, infrastructure***

The 2000 papers show the Liberal and National parties working as collaboratively and harmoniously in coalition as at any time in Australia's post-Menzies period – arguably more so. Tall, courteous and authentically rural, Nationals leader and Deputy Prime Minister John Anderson's farming pedigree in his northern New South Wales hometown of Mullaley dated from the 1840s. Anderson's gentlemanly demeanour belied a deep commitment to the market-oriented revolution farm politics underwent in the 1980s under the influence of the Ian McLachlan-led National Farmers Federation (NFF) which, as historian Frank Bongiorno has observed, would 'stand apart from the consensus and reshape the national economic and industrial agenda in a free trade and free market direction'.<sup>55</sup> Anderson, the best-educated Nationals leader since Earle Page, was a bulwark for such policies in Cabinet, and someone Howard, who passionately shared those views, could count on.<sup>56</sup> Howard had been bitten politically by the Nationals in the past, notably in the 'Joh-for-Canberra' push by Queensland Premier Joh Bjelke-Petersen which fatally damaged Howard's bid for the prime ministership at the 1987 election.<sup>57</sup> He would not give the Nationals any reason to create difficulties for him in government and was consistently generous to his coalition partner.

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<sup>53</sup> NAA: A14370, JH2000/256 – Cabinet Submission JH00/0256 – Liquefied Natural GAS (LNG) Action Agenda – greenhouse elements – Decision JH00/0256/CAB, 22 August 2000.

<sup>54</sup> NAA: A14370, JH2000/334 – Cabinet Submission JH00/0334 – Crediting arrangements for early greenhouse gas abatement action – Decision JH00/0334/CAB, 13 November 2000.

<sup>55</sup> Frank Bongiorno, *The eighties: the decade that transformed Australia*, Black Inc., Collingwood, Vic., 2015, p 163.

<sup>56</sup> Anderson was MA (Syd) in Modern History. Earle Page MB ChM (Sydney), Country Party leader from 1921 to 1939, was the only other Nationals leader to have had a postgraduate degree. Carl Bridge, 'Page, Sir Earle Christmas (1880–1961)', *Australian dictionary of biography*, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/page-sir-earle-christmas-7941/text13821>, published first in hardcopy 1988, accessed online 12 November 2020.

<sup>57</sup> Frank Bongiorno, *The eighties*, pp 182–85.

For his part, Anderson was renowned among colleagues for his ability to get sufficient attention and resources for rural and regional areas from Cabinet. The 2000 Cabinet papers attest to this. The attention rural and regional Australians got, and by comparison the paucity of attention that women, young people, urban dwellers and Indigenous Australians received in Cabinet, is striking. Rural impact statements were a regular, routine part of the Cabinet process. The papers contain a panoply of initiatives directed at the Nationals base, including new wool and pork industry arrangements, assistance for the sugar industry, major roads spending, attention to rural telecommunications issues, programs directed to salinity and water quality issues, and drought and flood assistance. The Nationals were cooperative partners in the Howard government, distinct but secure and without the tendency to posture. On issues such as the proposal to strengthen handgun import controls, for example, brought to Cabinet by Senator Amanda Vanstone, then Minister for Justice and Customs in the outer ministry, the Nationals did not demur.<sup>58</sup>

As Transport and Regional Services Minister, Anderson instigated massive infrastructure spending initiatives in the Roads to Recovery Program, which still exists, and the Western Sydney Orbital (WSO) section of the National Highway.<sup>59</sup> Some other issues in the DoTaRS basket at that time remain with us today. On 24 October 2000 Cabinet noted an oral report from him on Sydney's future transport needs and agreed to his exploring the Kurnell oil refinery's land for a possible Sydney Airport expansion; within a week DoTaRS officials reported to Cabinet that this was not a viable option.<sup>60</sup> Anderson brought a substantial paper to Cabinet in December which led to Cabinet decisions to delay development of a second Sydney airport (in favour of demand management and the discouragement of small aircraft traffic at Mascot), privatise Sydney Airports Corporation Limited, upgrade Canberra Airport to international standard and retain the Badgerys Creek site for future possible airport development.<sup>61</sup> It also killed off one Very High Speed Train (VHST) proposal from 'Speedrail', on the

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<sup>58</sup> NAA: A14370, JH2000/257 – Cabinet Submission JH00/0257 – Strengthened handgun import controls – Decision JH00/0257/CAB, 14 August 2000.

<sup>59</sup> NAA: A14370, JH2000/373/1 – Cabinet Submission JH00/0373 – Roads to Recovery Programme – Decision JH00/0373/CAB, 21 November 2000 and [https://investment.infrastructure.gov.au/infrastructure\\_investment/roads\\_to\\_recovery/](https://investment.infrastructure.gov.au/infrastructure_investment/roads_to_recovery/), accessed 17 November 2020; NAA: A14370, JH2000/374 – Cabinet Submission JH00/0374 – Cabinet Submission JH00/0374 – Funding arrangement for the Western Sydney Orbital (WSO) section of the National Highway – Decision JH00/0374/CAB, 21 November 2000.

<sup>60</sup> NAA: A14370, JH2000/338 – Cabinet Decisions JH00/0338/CAB and JH00/0338/CAB/2 – Progress report on Sydney Airport issues – Without Submission, 24 and 30 October 2000.

<sup>61</sup> NAA: A14370, JH2000/405 – Cabinet Submission JH00/0405 – Sydney's future airport needs and the establishment of the Australian Transport and Infrastructure Fund – Decision JH00/0405/CAB, 12 December 2000.

grounds that it did not meet the Commonwealth's 'No Net Cost' test, and authorised a VHST scoping study of its own 'for the diversion of air travellers to a fast train on routes between Melbourne, Canberra, Sydney, and Brisbane, as well as the regional centres along the New South Wales coast' – a dream for east coast Australians yet to be realised.<sup>62</sup> Decisions were made to sell off the National Rail Corporation and Freightcorp, and to corporatise the Snowy Mountains Hydro-Electric Authority.<sup>63</sup>

### ***A fast-growing but aging population***

Philip Ruddock twice in 2000 drew Cabinet's attention to the dynamics of an Australian population that was aging and experiencing declining fertility. His recommendation for a 76,000-place non-humanitarian migration program for 2000–01, with 52.6 per cent of places being 'Skill Stream', was accepted by Cabinet in May.<sup>64</sup> So too was a proposal to shift financial responsibility for parents migrating here under the Family Stream so that more of it would be borne by the families themselves. In his submission, Ruddock referred to the polarised debate in Australia about its population future and raised broader issues. At around 1.2 per cent, he said, Australia's population growth was among the fastest in the world, but fertility was falling and Ruddock forecast that by 2030 immigration would be the only contributor to population growth.<sup>65</sup> In November he set out for Cabinet 'possible population futures' for Australia, and canvassed alternative population policy approaches, from passive to actively interventionist, along with the flexible place in between that he judged the Howard government then occupied.<sup>66</sup> Cabinet did not consider Ruddock's paper until early 2001, and so our knowledge of the decision it made on Ruddock's lengthy submission awaits the 2001 Cabinet papers release.

Residential aged care, in which more and more of Australia's aging population were increasingly living, attracted intense public scrutiny in early 2000 when it emerged that residents at Riverside Home in Melbourne were being subjected to kerosene

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<sup>62</sup> NAA: A14370, JH2000/405 and NAA: A14370, JH2000/404 – Cabinet Submission JH00/0404 – Sydney–Canberra Very High Speed Train (VHST) Project – Decision JH00/0404/CAB, 12 December 2000.

<sup>63</sup> NAA: A14370, JH2000/406 – Cabinet Decision JH00/0406/CAB – Sale of National Rail Corporation and Freightcorp – Without Submission, 12 December 2000; NAA: A14370, JH2000/384 – Cabinet Submission JH00/0384 – Corporatisation of the Snowy Mountains Hydro-Electric Authority – Decision JH00/0384/CAB, 4 December 2000.

<sup>64</sup> NAA: A14370, JH2000/111 – Cabinet Submission JH00/0111 First Amended – 2000–2001 Migration (Non-Humanitarian) Program – Decision JH00/0111/CAB, 3 April 2000.

<sup>65</sup> NAA: A14370, JH2000/111 – Cabinet Submission JH00/0111 First Amended – 2000–2001 Migration (Non-Humanitarian) Program, 29 March 2000, p 4.

<sup>66</sup> NAA: A14370, JH2000/375 – Cabinet Memorandum JH00/0375 – Population Issues – Decision JH00/0375/CAB, 21 November 2000.



baths, with lethal consequences.<sup>67</sup> Other stories of maltreatment at residential care homes quickly emerged. Aged Care Minister Bronwyn Bishop's submission in response was considered by Cabinet in August.<sup>68</sup> On the one hand, it trumpeted the Howard government's *Aged Care Act 1997* as 'the basis for a sound and sustainable aged care system' and 'the most significant change for the industry in its history'.<sup>69</sup> Its Aged Care Complaints Resolution Scheme, which, according to the submission, had received 4,000 complaints since its establishment in 1997, had proven inadequate.<sup>70</sup> Bishop grudgingly conceded the Commonwealth Ombudsman's criticisms that the scheme lacked clarity and timeliness.<sup>71</sup> The submission proposed that the scheme's national chairperson be replaced by a 'Commissioner for Complaints (who) would be the public face of the Scheme and (ensure) that all complaints are dealt with in an effective, efficient and coordinated way'.<sup>72</sup> It continued that, with the prime minister's agreement, a Commissioner for Complaints had already been appointed.<sup>73</sup> 'There are good reasons not to return to nursing ratios,' Bishop said in the submission, in an argument of significant interest given continuing issues concerning the way residential care homes have operated since. '[A] return to ratios would return the industry to detailed input regulation and reduce its efficiency.'<sup>74</sup> Cabinet's decision did not demur on this.<sup>75</sup>

### ***Immigration developments***

'A boat carrying 52 Christians from Maluku province, Indonesia was intercepted on 22 January 2000.'<sup>76</sup> This opening sentence from Immigration and Multicultural Affairs Minister Philip Ruddock's Cabinet submission to Cabinet's National Security Committee quietly foreshadowed a new era of Australian politics which would explode

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<sup>67</sup> Fiona Reynolds, 'Parliament hears kerosene bath led to death', *PM*, ABC Radio, 8 March 2000, <https://www.abc.net.au/pm/stories/s108761.htm>, accessed 18 November 2020.

<sup>68</sup> NAA: A14370, JH2000/210 – Cabinet Submission JH00/0210 – First Amended – Residential aged care – Government response – Decision JH00/0210/CAB, 8 August 2000.

<sup>69</sup> NAA: A14370, JH2000/210 – Cabinet Submission JH00/0210 – First Amended – Residential aged care – Government response, 1 August 2000, p 3.

<sup>70</sup> NAA: A14370, JH2000/210, p 5.

<sup>71</sup> NAA: A14370, JH2000/210, pp 6–7.

<sup>72</sup> NAA: A14370, JH2000/210, p 6.

<sup>73</sup> NAA: A14370, JH2000/210.

<sup>74</sup> NAA: A14370, JH2000/210, pp 8–9.

<sup>75</sup> NAA: A14370, JH2000/210 – Cabinet Submission JH00/0210 First Amended – Residential aged care – Government response – Decision JH00/0210/CAB, 8 August 2000.

<sup>76</sup> NAA: A14370, JH2000/37 – Cabinet Submission JH00/0037 – Undocumented Unauthorised Boat Arrivals, undated (February–March) 2000.

the following year in the Tampa crisis. In contrast to Ruddock's submission, the National Security Committee decision made no reference to the Indonesians' religion, referring to them simply as '52 people from Maluku province, Indonesia'.<sup>77</sup> The Indonesians were held at the Port Hedland Immigration Reception and Processing Centre pending a decision on how to handle the situation. The routine tenor of Ruddock's submission, which canvassed whether to offer protection visas or temporary safe haven visas to those who wished to stay, and in passing considered each option's 'pull factor' for similar arrivals, is fascinating preliminary reading in view of the further Cabinet papers to come on unauthorised, undocumented arrivals in 2001. A series of mass escapes from the Woomera, Curtin and Port Hedland Immigration Reception and Processing Centres were considered by Cabinet in the middle of 2000, triggering establishment of an interdepartmental committee to review, report on and immediately upgrade physical perimeter security at most of them.<sup>78</sup> The 'Pacific Solution' offshore detention concept lay in the future, but the pressures and line of thinking building up to it are discernible, as were departmental concerns about them.

Cabinet considered advice from Ruddock on character-checking requirements for unauthorised boat arrivals on 28 August 2000.<sup>79</sup> The fragility of cooperation arrangements with Indonesia to 'combat people smuggling and illegal immigration' was also canvassed at the same meeting.<sup>80</sup> Government moves, including cooperation with Indonesia, had in recent months 'had some effect in reducing unauthorised arrivals'. Cabinet agreed that when Indonesia presented a firm proposal to the International Organization for Migration (IOM) for a processing and holding centre there, Australia would negotiate a contribution to the centre via IOM. This was an 'on balance' decision, with Cabinet noting that 'a number of risks (human rights, accountability, costs and negative impact on the bilateral relationship)' would have to be taken into account, and that any financial commitment would need to be reviewed after one year.<sup>81</sup> The risk that might result from not supporting the initiative was judged to be greater than that from doing so since 'a failure by Australia to support the proposed processing and

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<sup>77</sup> NAA: A14370, JH2000/37 – Cabinet Submission JH00/0037 – Reference copy of Undocumented unauthorised boat arrivals – Decision JH00/0037/NS, 14 March 2000.

<sup>78</sup> NAA: A14370, JH2000/197 – Cabinet Decisions JH00/0197/CAB, JH00/0197/CAB/2 and JH00/0197/CAB/3 – Escapees from immigration detention facilities – Without Submission, 28 August 2000.

<sup>79</sup> NAA: A14370, JH2000/290 – Cabinet Decision JH00/0290/CAB – Cabinet checking requirements for unauthorised boat arrivals – Without Submission, 28 August 2000.

<sup>80</sup> NAA: A14370, JH2000/275 – Cabinet Submission JH00/0275 – Indonesia – Cooperation to combat people smuggling and illegal immigration – processing and holding centre – Decision JH00/0275/CAB, 28 August 2000.

<sup>81</sup> NAA: A14370, JH2000/275, p 2.

holding centre in Indonesia may cause the current interception and detention arrangements in Indonesia to unravel, resulting in an increased level of unauthorised boat arrivals in Australia’.

Ruddock’s cabinet submission underpinning this decision is a key document in the Howard government’s march towards an absolute offshore, extraterritorial approach to the management of unauthorised arrivals by sea.<sup>82</sup> ‘The possibility of human rights abuses in an Australian-funded processing and holding centre cannot be ruled out, although they would be minimised with the direct involvement of IOM,’ said Ruddock. ‘The public presentation sensitivities can be minimised by ensuring Australia’s involvement in a proposed centre is at arm’s length, by providing financial support through IOM as part of a coordinated international response to combat people smuggling.’<sup>83</sup>

The integrity of the centre’s operation was questionable, the submission makes clear. ‘Corruption in Indonesia is endemic,’ said Ruddock. IOM would have to closely monitor the centre and its funding to ensure ‘detainees were not being released prematurely and Indonesian officials were not inflating costs for their own benefit’ or using it for other purposes ‘such as the detention of Indonesia criminals’.<sup>84</sup> Departmental coordination comments are brief but telling. PM&C supported ‘the general thrust’ but noted difficulties for Australia and Indonesia in finding avenues to return non-refugees to source and transit countries, such as Iraq, Iran, Afghanistan and Pakistan.<sup>85</sup> There was ‘some risk that any processing and holding centre funded by Australia will also fill with non-refugees for whom there is little prospect of removal’. The Attorney-General’s Department (AGD) supported Ruddock’s recommendations, noting the risk Australia would run with human rights breaches by association with such a centre, and also from any Indonesian breaches of its ‘non-refoulement obligations’.<sup>86</sup> The Department of Foreign Affairs and Trade (DFAT) also supported the recommendations, but noted the ‘significant risks which would need to be carefully managed’, including Australia ‘being associated with serious human rights violations’.<sup>87</sup>

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<sup>82</sup> NAA: A14370, JH2000/275 – Cabinet Submission JH00/0275 – Indonesia – Cooperation to combat people smuggling and illegal immigration – processing and holding centre, 22 August 2000.

<sup>83</sup> NAA: A14370, JH2000/275, p 9.

<sup>84</sup> NAA: A14370, JH2000/275, p 9.

<sup>85</sup> NAA: A14370, JH2000/275, p 11.

<sup>86</sup> NAA: A14370, JH2000/275, p 12; Office of the High Commissioner, United Nations Human Rights, ‘The principal of *non-refoulement* under international human rights law’, <https://www.ohchr.org/Documents/Issues/Migration/GlobalCompactMigration/ThePrincipleNon-RefoulementUnderInternationalHumanRightsLaw.pdf>, accessed 22 November 2000.

<sup>87</sup> NAA: A14370, JH2000/275, pp 12–13.

In 1999–2000 unauthorised arrivals rose by 450 per cent to 4,175 people, and detention capacity had to expand rapidly.<sup>88</sup> An analysis of detention centre breakouts in June, considered by Cabinet in November, suggested that ‘frustration over the perceived delay in issuing protection visas’ was to blame: ‘Detainees had false expectations from people smugglers, and actual processing times had increased because of the enormous increase in unauthorised arrivals.’<sup>89</sup> By November Cabinet faced ‘an increasingly non-compliant population, and an increasing number of detainees being refused temporary protection visas’.<sup>90</sup> Unauthorised boat arrivals between January and October 2000 were lower than for the same period in 1999. However, intelligence reports pointed to a surge in the coming summer (as had also occurred the previous year).<sup>91</sup> Unrest was such that ‘it is conceivable that matters could go beyond the capacity’ of Australasian Correctional Management (ACM), the private sector firm to which the government had contracted out detention centre management, and other civilian agencies to manage; use of Australian Defence Force (ADF) personnel as a last resort was countenanced.<sup>92</sup> Cabinet considered Ruddock’s submission in tandem with another on sanctions on immigration detainees who engaged in ‘inappropriate behaviour’.<sup>93</sup> These included a new ‘non-warrant strip search power’ which Ruddock’s submission said was likely to be considered an ‘over-reaction’ by those opposed to the ‘detention of asylum seekers’.<sup>94</sup> PM&C and AGD had concerns about the proposed non-warrant strip search power in their coordination comments on the submission.<sup>95</sup> DFAT opposed it outright and reminded Cabinet of its own recognition that Australia’s mandatory detention and temporary protection visa regimes had already ‘taken us close to the minimum standards of treatment the Refugee Convention, international and domestic law, and human rights standards will

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<sup>88</sup> NAA: A14370, JH2000/355 - Cabinet Memorandum JH00/0355 – Report on the review of security arrangements at immigration detention centres, 7 November 2000, p 3.

<sup>89</sup> NAA: A14370, JH2000/355, p 4.

<sup>90</sup> NAA: A14370, JH2000/355 – Cabinet Memorandum JH00/0355 – Report on the review of security arrangements at immigration detention centres – Decision JH00/0355/CAB, 13 November 2000.

<sup>91</sup> NAA: A14370, JH2000/355, p 1.

<sup>92</sup> NAA: A14370, JH2000/355, p 2. ACM was the Australian arm of Wackenhut, an American security firm to which the Howard government had contracted out the management of its detention centres.

<sup>93</sup> NAA: A14370, JH2000/353 – Cabinet Submission JH00/0353 – Sanctions on immigration detainees who engage in inappropriate behaviour – Decision JH00/0353/CAB, 13 November 2000.

<sup>94</sup> NAA: A14370, JH2000/353 – Cabinet Submission JH00/0353 – Sanctions on immigration detainees who engage in inappropriate behaviour, 7 November 2000, p 9.

<sup>95</sup> NAA: A14370, JH2000/353, pp 12–15.

bear'.<sup>96</sup> AGD noted that, in any case, the proposed wider search powers 'may actually operate to undermine the Government's intention by leaving open scope for abuses of power and exacerbate the security situation'.<sup>97</sup> In the event, Cabinet endorsed Ruddock's suite of sanctions recommendations, including non-warrant strip search powers, with the proviso that a protocol for undertaking searches and examinations be developed jointly by Ruddock and Attorney-General Daryl Williams.<sup>98</sup> This appears to have been a key moment when Cabinet might have paused, reflected upon and improved the implementation of its deterrent strategy.

### ***Indigenous affairs, education, social policy***

On 8 May 2000 Cabinet considered the *Document Towards Reconciliation* drafted by the Council for Aboriginal Reconciliation (CAR), ahead of Corroboree 2000 at the Sydney Opera House on 27 May where CAR's *Roadmap for Reconciliation* would be launched. Cabinet had 'issues' with it and drafted its own 'preferred' version for public release.<sup>99</sup> Not reflected in the 2000 papers is the division in Cabinet over whether or not Howard and/or other ministers should participate in the public show of support for reconciliation planned for the day after Corroboree 2000 in a walk over Sydney Harbour Bridge. The bridge walk 'captured the public imagination', noted Peter Costello, who wanted to participate but did not in the face of Cabinet consternation; however, in December he would take part in a reconciliation walk in Melbourne.<sup>100</sup>

The Aboriginal and Torres Strait Islander Affairs Minister, Senator John Herron, in an expression of the government's 'practical reconciliation' push, proposed a 6,000-place expansion in Community Development Employment Projects (CDEP) opportunities for Indigenous Australians in the portfolio budget bid Cabinet considered in April.<sup>101</sup> It approved just 1,000 extra CDEP places. This was despite the submission detailing the truly dire Indigenous unemployment situation. 'The Indigenous working age population is growing at twice the rate of that for other Australians,' the submission noted. 'Indigenous unemployment is estimated at 23% compared to less than 7% for

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<sup>96</sup> NAA: A14370, JH2000/353, p 15.

<sup>97</sup> NAA: A14370, JH2000/353, p 13.

<sup>98</sup> NAA: A14370, JH2000/353 – Cabinet Submission JH00/0353 – Sanctions on immigration detainees who engage in inappropriate behaviour – Decision JH00/0353/CAB, 13 November 2000.

<sup>99</sup> NAA: A14370, JH2000/152 – Cabinet Decisions JH00/0152/CAB and JH00/0152/CAB/2 – Draft Declaration on Aboriginal Reconciliation – Without Submission, 8 May 2000.

<sup>100</sup> Peter Costello with Peter Coleman, *The Costello memoirs*, pp 216–17.

<sup>101</sup> NAA: A14370, JH2000/46 – Cabinet Submission JH00/0046 – 2000–2001 Budget – Aboriginal and Torres Strait Islander Affairs Portfolio Budget Submission, Decision JH00/0046/ER and JH00/0046/CAB/2, 2 March 2000.

the rest of the community. In some parts of regional Australia Indigenous unemployment exceeds 60%.' With employment growth slower than Indigenous population growth, it forecast that 'the unemployment rate will increase significantly for Indigenous Australia'.

An international spotlight was shone on the situation of Indigenous Australians as a result of mandatory sentencing laws affecting minors in the Northern Territory and Western Australia. On 22 February 2000 Cabinet noted 'a disposition not to use constitutional powers to ... override mandatory sentencing laws' in the Northern Territory and Western Australia; instead, it tasked Attorney-General Daryl Williams with writing to his counterparts there to outline the government's concerns.<sup>102</sup> A week later correspondence of another kind was instigated. Foreign Affairs Minister Alexander Downer was charged with writing to the United Nations 'expressing the concern of the Australian Government' about a UN investigation into its compliance with international human rights obligations, without consultation.<sup>103</sup> Cabinet initiated a whole-of-government review of Australia's participation in the UN human rights committee system in response to the UN investigation, which concluded that the system needed a 'complete overhaul'.<sup>104</sup> The mandatory sentencing furore also prompted John Howard and Northern Territory Chief Minister Denis Burke to negotiate changes the territory's government would make in relation to its operation, including \$5 million a year in extra federal funding to expand diversionary options on offer.<sup>105</sup>

Women barely appear in the 2000 Cabinet papers. Even when Cabinet considered the issue of women on Commonwealth boards, noting 'the importance of continued emphasis on the appointment of appropriate women to Commonwealth boards and bodies', it was by oral report and without submission.<sup>106</sup> Australians with disabilities received more attention. Family and Community Services Minister Senator Jocelyn Newman presented a refreshed Commonwealth Disability Strategy upon completion of

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<sup>102</sup> NAA: A14370, JH2000/34 – Cabinet Decision – JH00/0034/CAB – Cabinet Minute – Mandatory Sentencing, Without Submission, 22 February 2000.

<sup>103</sup> NAA: A14370, JH2000/34 – Cabinet Decision – JH00/0034/CAB2 – Mandatory sentencing in the Northern Territory – Without Submission 29 February 2000.

<sup>104</sup> NAA: A14370, JH2000/284 – Cabinet Submission JH00/0284 – Review of the United Nations Committee System as it affects Australia, Decision JH00/00284/CAB, 28 August 2000.

<sup>105</sup> NAA: A14370, JH2000/34 – Cabinet Decisions JH00/0034/CAB, JH00/0034/CAB/2, JH00/0034/CAB/3 and JH00/0034/CAB/4 – Mandatory sentencing in the Northern Territory – Without Submission, 10 April 2000.

<sup>106</sup> NAA: A14370, JH2000/47 – Cabinet Decisions JH00/0047/CAB, JH00/0047/CAB/2 and JH00/0047/CAB/3 – Women on Commonwealth Boards – Without Submission, 12 September 2000.

the 10-year framework laid down by the Keating government in 1994.<sup>107</sup> Cabinet also approved new disability standards for accessible public transport after strong representations from both the disability community and transport providers.<sup>108</sup>

Cabinet considered few aspects of education policy in 2000. Work began on the reservation of bonded medical school places for students willing to practise for prescribed periods in rural Australia upon graduation.<sup>109</sup> The regulatory framework around overseas students, their visas, the behaviour of education agents and the role of education providers servicing them was tightened in March in response to multiple concerns, of which fraud was one.<sup>110</sup> The negotiation of a new Australian National Training Authority (ANTA) agreement with the states was foreshadowed given the imminent expiry of the existing one, and difficulties were anticipated given the government's intention to 'sharpen State accountabilities and seek a broad commitment to the objective of ongoing efficiency improvement'.<sup>111</sup>

## **SECURING THE NATION**

### ***Foreign affairs, trade and security***

The passage of East Timor to independent statehood had formally begun in 1999 when the United Nations took over the territory's administration from Indonesia. Independent elections were held in 2001. In between, in 2000, Cabinet considered submissions on the security situation of an independent East Timor and Australia's position in relation to it. Foreign Minister Alexander Downer outlined post-independence security scenarios in an AUSTEO (Australian Eyes Only) submission considered by Cabinet's National Security Committee in August 2000.<sup>112</sup> Heavily redacted in places, Downer's submission nevertheless provides a good picture of Australian thinking on East Timor during that sensitive transition period. Cabinet endorsed Downer's view that Australia wanted a secure and stable East Timor, but not one requiring an ADF presence; and

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<sup>107</sup> NAA: A14370, JH2000/265 – Cabinet Submission JH00/0265 – Commonwealth Disability Strategy – Decision JH00/0265/CAB, 22 August 2000.

<sup>108</sup> NAA: A14370, JH2000/311/1 – Cabinet Submission JH00/0311 – Disability Standards for Accessible Public Transport – Decision JH00/0311/CAB, 26 September 2000.

<sup>109</sup> NAA: A14370, JH2000/132/2 – Cabinet Decision JH00/0132/CAB/2 – Quota for Rural Student Places in medical courses – Without Submission, 18 April 2000.

<sup>110</sup> NAA: A14370, JH2000/58 – Cabinet Submission JH00/0058 – Future Directions of the Student Visa Program – Decision JH00/0058/CAB, 21 March 2000; NAA: A14370, JH2000/62 – Cabinet Submission JH00/0062 – Education services for overseas students – strengthening the regulatory framework – Decision JH00/0062/CAB, 21 March 2000.

<sup>111</sup> NAA: A14370, JH2000/144 – Cabinet Submission JH00/0144 – A New National Training Agreement, Decision JH00/0144/CAB, 12 April 2000, p 4.

<sup>112</sup> NAA: A14370, JH2000/253 – Cabinet Submission JH00/0253 – Reference copy of East Timor – Post-Independence scenarios – Decision JH00/0253/NS, 29 August 2000.

that should one prove necessary, it should only happen with other international participation. Defence Minister John Moore recommended, and Cabinet agreed, that 300 M16 rifles with ammunition be supplied to enable the East Timor Defence Force to begin basic training.<sup>113</sup>

Free trade agreements (FTA) – the commonly used term for preferential trade agreements usually between two, though sometimes more, countries – became the keynote of Howard government trade policy in a pivot away from the multilateral approach overwhelmingly favoured by previous Australian governments in the postwar period. Trade Minister Mark Vaile and Foreign Minister Alexander Downer recommended to Cabinet the negotiation of FTAs, first between the ASEAN countries and Australia and New Zealand, building on the Closer Economic Relations (CER) FTA already in place,<sup>114</sup> and then with the United States.<sup>115</sup>

In the lead-up to the Sydney Olympic Games, scheduled for September 2000, Cabinet adopted a formal counter-terrorism policy,<sup>116</sup> and considered lessons gained from training exercises conducted with the Olympics in mind.<sup>117</sup> This was the last year before the term ‘War on Terror’ would become pervasively entwined with considerations of such policies as a result of the 11 September Al-Qaeda attacks on the United States. These and related considerations are likely to be the dominant feature of the 2001 Cabinet papers release.

A number of Cabinet papers from 2000 concerning foreign affairs remain closed on the grounds that they contain information which could affect relations with the current government of a foreign country. The closed papers include decisions on the review of Australian policy towards Papua New Guinea (PNG);<sup>118</sup> on increased assistance to stabilise and reform the PNG Defence Force;<sup>119</sup> on Australia’s possible

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<sup>113</sup> NAA: A14370, JH2000/407 – Cabinet Submission JH00/0407 – Reference copy of Provision of weapons for the East Timor Defence Force – Decision JH00/0407/NS, 11 December 2000.

<sup>114</sup> NAA: A14370, JH2000/236 – Cabinet Submission JH00/0236 – Outlook and options for a Free Trade Agreement between ASEAN, Australia and New Zealand – Decision JH00/0236/CAB, 14 August 2000.

<sup>115</sup> NAA: A14370, JH2000/370 – Cabinet Submission JH00/0370 – A Free Trade Agreement with the United States – Decision JH00/0370/CAB, 21 November 2000.

<sup>116</sup> NAA: A14370, JH2000/113 – Cabinet Submission JH00/0113 – Reference copy of Commonwealth counter-terrorism policies – Decision JH00/0113/NS, 13 April 2000.

<sup>117</sup> NAA: A14370, JH2000/114 – Cabinet Submission JH00/0114 – Reference copy of Counter-terrorism – major lessons learnt from national exercises in the lead-up to the Sydney 2000 Games – Decision JH00/0114/NS, 13 April 2000.

<sup>118</sup> NAA: A14370, JH2000/29 – Cabinet Submission JH00/0029 – Review of Australian policy towards Papua New Guinea – Decision JH00/0029/CAB.

<sup>119</sup> NAA: A14370, JH2000/321 – Cabinet Submission JH00/0321 – Reference copy of Papua New Guinea – increased Australian assistance to stabilise and reform the Papua New Guinea Defence Force – Decision JH000321/NS.



extension of participation in the Bougainville Peace Monitoring Group and ‘proposals for an exit strategy’;<sup>120</sup> on the review of Australia’s policy towards the South Pacific;<sup>121</sup> and on the Timor Gap negotiations.<sup>122</sup>

## CONCLUSION

In John Howard’s view, 2000 was ‘a year of consolidation’ politically.<sup>123</sup> The broadening of Australia’s tax base through successful implementation of the GST was a huge fillip to the government’s confidence. It had survived a near loss at the 1998 election and by 2000 was reaping the benefits of having enjoyed enough time in government for experienced ministers to hit their stride. Howard’s sympathetic relationship with Nationals leader John Anderson, with whom he shared common philosophical territory on policy and whose rural constituency needs Cabinet constantly tended to, made for a united government. The 2000 Cabinet papers showcase a government at work, managing internal differences without adverse political consequences, moving decisions along.

Anglosphere politics had begun to make a particular kind of shift to the right, and the Howard government was in the vanguard. It was still relatively early days in that shift as the fact the government had a cabinet position which still included ‘multicultural affairs’ in its title attests.<sup>124</sup> To put this shift in an international context, media mogul Rupert Murdoch would not appoint Roger Ailes CEO of his Fox News channel in the United States until the following year. Australia’s insurgency of explicitly nativist politics was marked by the arrival in Canberra in 1996 of One Nation’s Pauline Hanson as the Member for Oxley. Internationally, this wave may have peaked in the election of another nativist redhead, US President Donald J Trump, 20 years later. The fierce conduct of the ‘History Wars’ in Australia from the 1990s, the prominent role of conservative thinktanks in that debate and the early challenge and ongoing political consequences of unauthorised boat arrivals in Australia – this latter development only relatively recently emerging as an issue in Europe – make Australia an early example of a phenomenon which saw mainstream conservative politics shift to a distinctly

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<sup>120</sup> NAA: A14370, JH2000/112 – Cabinet Submission JH00/0112 – Reference copy of Bougainville – Peace Monitoring Group – extension of Australian participation and proposals for an exit strategy – Decision JH00/0112/NS.

<sup>121</sup> NAA: A14370, JH2000/237 – Cabinet Submission JH00/0237 – Reference copy of Review of Australia’s policy towards the South Pacific – Decision JH00/0237/NS.

<sup>122</sup> NAA: A14370, JH2000/293 – Cabinet Submission JH00/0293 – Timor Gap Negotiations – Decision JH00/0293/CAB.

<sup>123</sup> John Howard, *Lazarus rising*, p 359.

<sup>124</sup> Philip Ruddock was Minister for Immigration and Multicultural Affairs.

different place from that occupied before. In 2000 elements of it were evident but not yet fully activated. The following year, from 11 September, they would be supercharged.

What the 2000 Cabinet papers reveal concerning the growing issue of unauthorised boat arrivals in Australia is historically significant. They show a government under increasing pressure moving quickly down a particular path, which coordination comments show rang increasingly loud alarm bells in the major federal departments even as they broadly supported the 'deterrent' approach. There are, and likely always will be, different opinions about the deterrent strategy, and public discussion usually turns on the binary question of whether it was right or wrong. The 2000 papers are important, not least because they open up critical additional questions, even for its supporters, about whether this strategy could have been implemented differently and better.

The 2000 Cabinet papers are foundationally important to understanding the roots of climate policy as it has unfolded over the last generation in Australia, and as it stands today. They show a broad view within the Howard Cabinet that the market-based nature and sector-neutrality of an emissions trading scheme (ETS) made it the quality, and likely, policy choice to enable Australia to fulfil its international environmental obligations. The sectoral interest advocated by Industry Minister Nick Minchin, who was playing the long game, eventually prevailed and continues to dominate federal coalition thinking to this day. The 2000 Cabinet papers show an ETS proposal under development during Robert Hill's tenure as Environment Minister. Treasurer Peter Costello later, in 2003, took an ETS to Cabinet without success.<sup>125</sup> It would take Howard's personal imprimatur in 2007 for an ETS to become government policy, with an undertaking that it would be in operation by 2012. It took Minchin another two years, after the Howard government fell and after Hill, Howard and Costello had left parliament, to drive a stake through its heart when he helped install Tony Abbott as Opposition Leader in 2009. Two of the great contemporary political history counterfactuals worth pondering on climate policy in Australia are these. What if Howard had won the 2007 election? What if Costello had succeeded Howard prior to the 2007 election and gone on to win it? Both had committed to an ETS. Both were practised in initiating, marketing and implementing a new tax, as they showed so capably with the GST. Had either of these counterfactual scenarios actually come about, an ETS might already have been operating in Australia for years, an accepted,

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<sup>125</sup> Peter Costello with Peter Coleman, *The Costello memoirs*, p 315.

unremarked upon aspect of public finance in Australia, just like the once controversial GST.

## ABOUT THE AUTHOR

Associate Professor Christine (Chris) Wallace from the Faculty of Business, Government and Law, University of Canberra is the National Archives Cabinet Historian for 2020–21. Dr Wallace works in modern and contemporary political, international and global history with special reference to leadership, transnational lives, and transformational change and the information strategies underlying it.

Dr Wallace's book documenting the Australian Labor Party's shock 2019 federal election loss, *How to Win an Election*, was published by NewSouth Books in 2020. It will be followed by a book based on her ARC Fellowship project, *Diplomatic Triangle: The Caseys in Washington*, in 2021.

She is the author of several books including a biography of Australian feminist *Germaine Greer, Greer, Untamed Shrew* (1997, 1999); a biography of John Hewson during his Opposition leadership in the early 1990s, *Hewson: A Portrait* (1993); an exploration of the 30-year relationship between Don Bradman and his confidante, journalist Rohan Rivett, *The Private Don* (2004); and on the Canberra poster collective, Megalo, *Megalomania: 33 years of posters made at Megalo Print Studio 1980–2013* (2013). Dr Wallace is an associate of the ANU Centre for Digital Humanities Research.

Dr Wallace's doctoral thesis on political biography as political intervention is currently in preparation as a book titled *The Silken Cord: Australia's Twentieth Century Prime Ministers and Their Biographers*. It examines the identity and motivations of those who wrote biographies of 20th-century prime ministers in Australia in the run up to, and during, these prime ministers' terms of office.

A first career as an economic and political journalist in the Canberra Press Gallery has contributed to Dr Wallace's success in public-facing scholarly communications, including through *The Conversation*, which has twice named her one of Australia's 'Top Thinkers' (2017 and 2019).

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