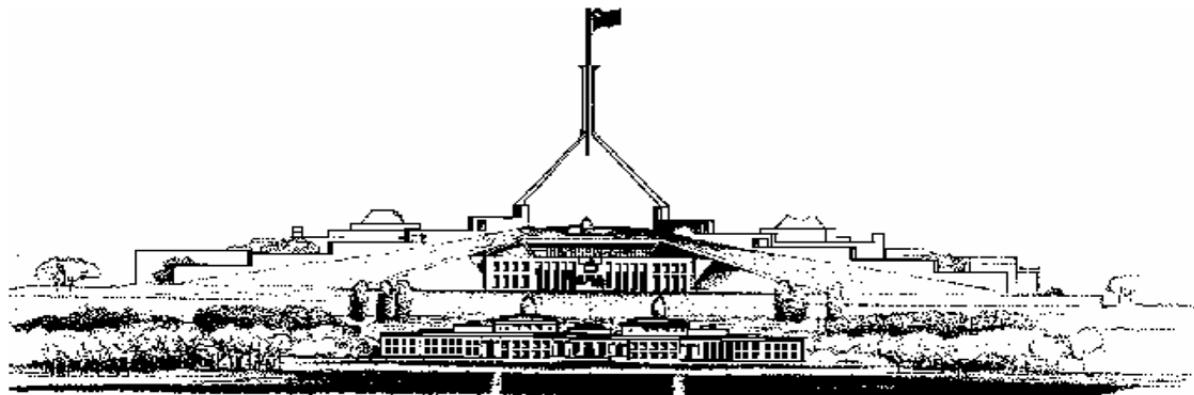




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 211, 1997
Wednesday, 5 February 1997

**THIRTY-EIGHTH PARLIAMENT
FIRST SESSION—THIRD PERIOD**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

THIRTY-EIGHTH PARLIAMENT

FIRST SESSION—THIRD PERIOD

Governor-General

His Excellency the Hon. Sir William Patrick Deane, Companion of the Order of Australia,
Knight of the Order of the British Empire

House of Representatives Officeholders

Speaker—The Hon. Robert George Halverson OBE, MP

Deputy Speaker—Mr Garry Barr Nehl MP

Second Deputy Speaker—Mr Harry Alfred Jenkins MP

Members of the Speaker's Panel—The Hon. Godfrey Harry Adams MP,
Mr John Neil Andrew MP, the Hon. Janice Ann Crosio MBE, MP, Mr Colin Hollis MP, Mr
Frank William Mossfield AM, MP, Mr Harry Vernon Quick MP,
the Hon. Nicholas Bruce Reid MP, Mrs Kathryn Jean Martin Sullivan MP,
Mr Warren Errol Truss MP and Mr Mark Anthony James Vaile MP

Leader of the House—The Hon. Peter Keaston Reith MP

Deputy Leader of the House—The Hon. Peter John McGauran MP

Manager of Opposition Business—The Hon. Simon Findlay Crean MP

Party Leaders and Whips

Liberal Party of Australia

Leader—The Hon. John Winston Howard MP

Deputy Leader—The Hon. Peter Howard Costello MP

Chief Government Whip—Mr Alan Glyndwr Cadman MP

Government Whips—Mr Fergus Stewart McArthur MP and Ms Patricia Mary Worth MP

National Party of Australia

Leader—The Hon. Timothy Andrew Fischer MP

Deputy Leader—The Hon. John Duncan Anderson MP

Whip—Mr Noel Jeffrey Hicks MP

Assistant Whip—Mr Mark Anthony James Vaile MP

Australian Labor Party

Leader—The Hon. Kim Christian Beazley MP

Deputy Leader—The Hon. Gareth John Evans QC, MP

Chief Opposition Whip—The Hon. Leo Boyce McLeay MP

Opposition Whips—Mr Edward Laurence Grace MP and Mr Rodney Weston Sawford MP

Members of the House of Representatives

Member	Division	Party
Abbott, Hon. Anthony John	Warringah, NSW	LP
Adams, Hon. Godfrey Harry	Lyons, Tas	ALP
Albanese, Anthony	Grayndler, NSW	ALP
Anderson, Hon. John Duncan	Gwydir, NSW	NP
Andren, Peter James	Calare, NSW	Ind.
Andrew, John Neil	Wakefield, SA	LP
Andrews, Kevin James	Menzies, Vic	LP
Anthony, Lawrence James	Richmond, NSW	NP
Bailey, Frances Esther	McEwen, Vic	LP
Baldwin, Hon. Peter Jeremy	Sydney, NSW	ALP
Baldwin, Robert Charles	Paterson, NSW	LP
Barresi, Phillip Anthony	Deakin, Vic	LP
Bartlett, Kerry Joseph	Macquarie, NSW	LP
Beazley, Hon. Kim Christian	Brand, WA	ALP
Beddall, Hon. David Peter	Rankin, Qld	ALP
Bevis, Hon. Archibald Ronald	Brisbane, Qld	ALP
Billson, Bruce Fredrick	Dunkley, Vic	LP
Bishop, Hon. Bronwyn Kathleen	Mackellar, NSW	LP
Bradford, John Walter	McPherson, Qld	LP
Brereton, Hon. Laurence John	Kingsford-Smith, NSW	ALP
Broadbent, Russell Evan	McMillan, Vic	LP
Brough, Malcolm Thomas	Longman, Qld	LP
Brown, Hon. Robert James	Charlton, NSW	ALP
Cadman, Alan Glyndwr	Mitchell, NSW	LP
Cameron, Eoin Harrap	Stirling, WA	LP
Cameron, Ross Alexander	Parramatta, NSW	LP
Campbell, Graeme	Kalgoorlie, WA	Ind.
Causley, Hon. Ian Raymond	Page, NSW	NP
Charles, Robert Edwin	LaTrobe, Vic	LP
Cobb, Michael Roy	Parkes, NSW	NP
Costello, Hon. Peter Howard	Higgins, Vic	LP
Crean, Hon. Simon Findlay	Hotham, Vic	ALP
Crosio, Hon. Janice Ann, MBE	Prospect, NSW	ALP
Dargavel, Steven John	Fraser, ACT	ALP
Dondas, Hon. Nicholas Manuel, AM	Northern Territory	CLP
Downer, Hon. Alexander John Gosse	Mayo, SA	LP
Draper, Patricia	Makin, SA	LP
Ellis, Annette Louise	Namadgi, ACT	ALP
Elson, Kay Selma	Forde, Qld	LP
Entsch, Warren George	Leichhardt, Qld	LP
Evans, Hon. Gareth John, QC	Holt, Vic	ALP
Evans, Martyn John	Bonython, SA	ALP
Evans, Richard David Conroy	Cowan, WA	LP
Fahey, Hon. John Joseph	Macarthur, NSW	LP
Ferguson, Laurie Donald Thomas	Reid, NSW	ALP
Ferguson, Martin John, AM	Batman, Vic	ALP
Filing, Paul Anthony	Moore, WA	Ind.
Fischer, Hon. Timothy Andrew	Farrer, NSW	NP
Fitzgibbon, Joel Andrew	Hunter, NSW	ALP
Forrest, John Alexander	Mallee, Vic	NP
Gallus, Christine Ann	Hindmarsh, SA	LP
Gambaro, Teresa	Petrie, Qld	LP
Gash, Joanna	Gilmore, NSW	LP

Members of the House of Representatives—*continued*

Member	Division	Party
Georgiou, Petro	Kooyong, Vic	LP
Grace, Edward Laurence	Fowler, NSW	ALP
Grace, Elizabeth Jane	Lilley, Qld	LP
Griffin, Alan Peter	Bruce, Vic	ALP
Halverson, Hon. Robert George, OBE	Casey, Vic	LP
Hanson, Pauline Lee	Oxley, Qld	Ind.
Hardgrave, Gary Douglas	Moreton, Qld	LP
Hatton, Michael John	Blaxland, NSW	ALP
Hawker, David Peter Maxwell	Wannon, Vic	LP
Hicks, Noel Jeffrey	Riverina, NSW	NP
Hockey, Joseph Benedict	North Sydney, NSW	LP
Holding, Hon. Allan Clyde	Melbourne Ports, Vic	ALP
Hollis, Colin	Throsby, NSW	ALP
Howard, Hon. John Winston	Bennelong, NSW	LP
Jeanes, Susan Barbara	Kingston, SA	LP
Jenkins, Harry Alfred	Scullin, Vic	ALP
Johnston, Ricky	Canning, WA	LP
Jones, Hon. Barry Owen, AO	Lalor, Vic	ALP
Jull, Hon. David Francis	Fadden, Qld	LP
Katter, Hon. Robert Carl	Kennedy, Qld	NP
Kelly, De-Anne Margaret	Dawson, Qld	NP
Kelly, Jackie Marie	Lindsay, NSW	LP
Kemp, Hon. David Alistair	Goldstein, Vic	LP
Kerr, Hon. Duncan James Colquhoun	Denison, Tas	ALP
Latham, Mark William	Werriwa, NSW	ALP
Lawrence, Hon. Carmen Mary	Fremantle, WA	ALP
Lee, Hon. Michael John	Dobell, NSW	ALP
Lieberman, Hon. Louis Stuart	Indi, Vic	LP
Lindsay, Peter John	Herbert, Qld	LP
Lloyd, James Eric	Robertson, NSW	LP
McArthur, Fergus Stewart	Corangamite, Vic	LP
McClelland, Robert Bruce	Barton, NSW	ALP
McDougall, Graeme Robert	Griffith, Qld	LP
McGauran, Hon. Peter John	Gippsland, Vic	NP
McLachlan, Hon. Ian Murray, AO	Barker, SA	LP
McLeay, Hon. Leo Boyce	Watson, NSW	ALP
McMullan, Hon. Robert Francis	Canberra, ACT	ALP
Macklin, Jennifer Louise	Jagajaga, Vic	ALP
Marek, Paul	Capricornia, Qld	NP
Martin, Hon. Stephen Paul	Cunningham, NSW	ALP
Melham, Daryl	Banks, NSW	ALP
Miles, Hon. Christopher Gordon	Braddon, Tas	LP
Moore, Hon. John Colinton	Ryan, Qld	LP
Morris, Allan Agapitos	Newcastle, NSW	ALP
Morris, Hon. Peter Frederick	Shortland, NSW	ALP
Mossfield, Frank William, AM	Greenway, NSW	ALP
Moylan, Hon. Judith Eleanor	Pearce, WA	LP
Mutch, Stephen Bruce	Cook, NSW	LP
Nairn, Gary Roy	Eden-Monaro, NSW	LP
Nehl, Garry Barr	Cowper, NSW	NP
Nelson, Brendan John	Bradfield, NSW	LP
Neville, Paul Christopher	Hinkler, Qld	NP
Nugent, Peter Edward	Aston, Vic	LP

Members of the House of Representatives—*continued*

Member	Division	Party
O'Connor, Gavan Michael	Corio, Vic	ALP
O'Keefe, Hon. Neil Patrick	Burke, Vic	ALP
Price, Hon. Leo Roger Spurway	Chifley, NSW	ALP
Prosser, Hon. Geoffrey Daniel	Forrest, WA	LP
Pyne, Christopher Maurice	Sturt, SA	LP
Quick, Harry Vernon	Franklin, Tas	ALP
Randall, Donald James	Swan, WA	LP
Reid, Hon. Nicholas Bruce	Bendigo, Vic	LP
Reith, Hon. Peter Keaston	Flinders, Vic	LP
Rocher, Allan Charles	Curtin, WA	Ind.
Ronaldson, Michael John Clyde	Ballarat, Vic	LP
Ruddock, Hon. Philip Maxwell	Berowra, NSW	LP
Sawford, Rodney Weston	Port Adelaide, SA	ALP
Scott, Hon. Bruce Craig	Maranoa, Qld	NP
Sercombe, Robert Charles Grant	Maribyrnong, Vic	ALP
Sharp, Hon. John Randall	Hume, NSW	NP
Sinclair, Rt Hon. Ian McCahon	New England, NSW	NP
Slipper, Peter Neil	Fisher, Qld	LP
Smith, Anthony Charles	Dickson, Qld	LP
Smith, Stephen Francis	Perth, WA	ALP
Smith, Hon. Warwick Leslie	Bass, Tas	LP
Somlyay, Alexander Michael	Fairfax, Qld	LP
Southcott, Andrew John	Boothby, SA	LP
Stone, Sharman Nancy	Murray, Vic	LP
Sullivan, Kathryn Jean Martin	Moncrieff, Qld	LP
Tanner, Lindsay James	Melbourne, Vic	ALP
Taylor, William Leonard	Groom, Qld	LP
Theophanous, Hon. Andrew Charles	Calwell, Vic	ALP
Thomson, Hon. Andrew Peter	Wentworth, NSW	LP
Thomson, Kelvin John	Wills, Vic	ALP
Truss, Warren Errol	Wide Bay, Qld	NP
Tuckey, Charles Wilson	O'Connor, WA	LP
Vaile, Mark Anthony James	Lyne, NSW	NP
Vale, Danna Sue	Hughes, NSW	LP
Wakelin, Barry Hugh	Grey, SA	LP
West, Andrea Gail	Bowman, Qld	LP
Williams, Hon. Daryl Robert, AM, QC	Tangney, WA	LP
Willis, Hon. Ralph	Gellibrand, Vic	ALP
Wilton, Gregory Stuart	Isaacs, Vic	ALP
Wooldridge, Hon. Michael Richard Lewis	Chisholm, Vic	LP
Worth, Patricia Mary	Adelaide, SA	LP
Zammit, Paul John	Lowe, NSW	LP

PARTY ABBREVIATIONS

ALP—Australian Labor Party; CLP—Country Liberal Party; LP—Liberal Party of Australia;
NP—National Party of Australia; Ind.—Independent

Heads of Parliamentary Departments

Clerk of the Senate—H. Evans

Clerk of the House of Representatives—L. M. Barlin AM

Parliamentary Librarian—

Principal Parliamentary Reporter—J. W. Templeton

Secretary, Joint House Department—M. W. Bolton

FIRST HOWARD MINISTRY

Prime Minister	The Hon. John Winston Howard MP
Minister for Trade and Deputy Prime Minister	The Hon. Timothy Andrew Fischer MP
Treasurer	The Hon. Peter Howard Costello MP
Minister for Primary Industries and Energy	The Hon. John Duncan Anderson MP
Minister for the Environment and Leader of the Government in the Senate	Senator the Hon. Robert Murray Hill
Minister for Communications and the Arts and Deputy Leader of the Government in the Senate	Senator the Hon. Richard Kenneth Robert Alston
Minister for Industrial Relations, Leader of the House and Minister Assisting the Prime Minister for the Public Service	The Hon. Peter Keaston Reith MP
Minister for Social Security and Minister Assisting the Prime Minister for the Status of Women	Senator the Hon. Jocelyn Margaret Newman
Minister for Foreign Affairs	The Hon. Alexander John Gosse Downer MP
Minister for Industry, Science and Tourism and Vice President of the Executive Council	The Hon. John Colinton Moore MP
Minister for Defence	The Hon. Ian Murray McLachlan AO, MP
Minister for Transport and Regional Development	The Hon. John Randall Sharp MP
Minister for Health and Family Services	The Hon. Michael Richard Lewis Wooldridge MP
Minister for Finance	The Hon. John Joseph Fahey MP
Minister for Employment, Education, Training and Youth Affairs	Senator the Hon. Amanda Eloise Vanstone

(The above ministers constitute the cabinet)

First Howard Ministry—*continued*

Minister for Immigration and Multicultural Affairs	The Hon. Philip Maxwell Ruddock MP
Minister for Science and Technology and Deputy Leader of the House	The Hon. Peter John McGauran MP
Minister for Schools, Vocational Education and Training and Minister Assisting the Minister for Finance for Privatisation	The Hon. David Alistair Kemp, MP
Minister for Resources and Energy	Senator the Hon. Warwick Raymond Parer
Minister for Small Business and Consumer Affairs	The Hon. Geoffrey Daniel Prosser MP
Minister for Family Services	The Hon. Judith Eleanor Moylan MP
Minister for Defence Industry, Science and Personnel	The Hon. Bronwyn Kathleen Bishop MP
Attorney-General and Minister for Justice	The Hon. Daryl Robert Williams AM, QC, MP
Minister for Sport, Territories and Local Government and Minister Assisting the Prime Minister for the Sydney 2000 Games	The Hon. Warwick Leslie Smith MP
Minister for Veterans' Affairs	The Hon. Bruce Craig Scott MP
Minister for Aboriginal and Torres Strait Islander Affairs	Senator the Hon. John Joseph Herron
Minister for Administrative Services	The Hon. David Francis Jull MP
Assistant Treasurer	Senator the Hon. Charles Roderick Kemp
Parliamentary Secretary (Cabinet) to the Prime Minister	The Hon. Christopher Gordon Miles MP
Parliamentary Secretary to the Prime Minister	Senator the Hon. Nicholas Hugh Minchin
Parliamentary Secretary to the Minister for Trade and Parliamentary Secretary to the Minister for Primary Industries and Energy	Senator the Hon. David Gordon Cadell Brownhill
Parliamentary Secretary to the Treasurer and Manager of Government Business in the Senate	Senator the Hon. Ian Gordon Campbell
Parliamentary Secretary to the Minister for Foreign Affairs	The Hon. Andrew Peter Thomson MP
Parliamentary Secretary to the Minister for Social Security	Senator the Hon. Grant Ernest John Tambling
Parliamentary Secretary to the Minister for Health and Family Services and Parliamentary Secretary to the Attorney-General	Senator the Hon. Christopher Ellison
Parliamentary Secretary to the Minister for Employment, Education, Training and Youth Affairs	The Hon. Anthony John Abbott MP
Parliamentary Secretary to the Minister for Transport and Regional Development	The Hon. Michael John Clyde Ronaldson MP
Parliamentary Secretary to the Minister for the Environment	Senator the Hon. Ian Douglas Macdonald

SHADOW MINISTRY

Leader of the Opposition	The Hon. Kim Christian Beazley MP
Deputy Leader of the Opposition and Shadow Treasurer	The Hon. Gareth John Evans QC, MP
Leader of the Opposition in the Senate and Shadow Minister for Social Security	Senator the Hon. John Philip Faulkner
Deputy Leader of the Opposition in the Senate and Shadow Minister for Finance and Superannuation	Senator the Hon. Nicholas John Sherry
Shadow Minister for Industry and Regional Development and Manager of Opposition Business	The Hon. Simon Findlay Crean MP
Shadow Minister for Industrial Relations and Assistant to the Leader of the Opposition on Public Service Matters	The Hon. Robert Francis McMullan MP
Shadow Minister for Health	The Hon. Michael John Lee MP
Shadow Minister for the Environment, Shadow Minister for the Arts and Assistant to the Leader of the Opposition on the Status of Women	The Hon. Carmen Mary Lawrence MP
Shadow Minister for Primary Industries and Northern Australia and Territories	Senator the Hon. Robert Lindsay Collins
Shadow Minister for Foreign Affairs	The Hon. Laurence John Brereton MP
Shadow Minister for Education and Youth Affairs	The Hon. Peter Jeremy Baldwin MP
Shadow Minister for Commerce and Small Business	Senator the Hon. Peter Francis Salmon Cook
Shadow Attorney-General and Minister for Justice	Senator the Hon. Nick Bolkus
Shadow Minister for Employment and Training	Mr Martin John Ferguson MP
Shadow Minister for Defence	The Hon. Archibald Ronald Bevis MP
Shadow Minister for Immigration and Assistant to the Leader of the Opposition on Multicultural Affairs	The Hon. Duncan James Colquhoun Kerr MP
Shadow Minister for Communications	Senator the Hon. Christopher Cleland Schacht
Shadow Minister for Veterans' Affairs and Shadow Minister for Sport and Tourism	The Hon. Stephen Paul Martin MP
Shadow Minister for Transport	Mr Lindsay James Tanner MP
Shadow Minister for Resources and Energy	The Hon. Neil Patrick O'Keefe MP
Shadow Minister for the Aged, Family and Community Services	Ms Jennifer Louise Macklin MP
Shadow Minister for Trade	Mr Stephen Francis Smith MP

Shadow Ministry—*continued*

Shadow Minister for Competition Policy, Assistant to the Shadow Treasurer and Shadow Minister for Local Government	Mr Mark William Latham MP
Shadow Minister for Aboriginal Affairs and Assistant to the Shadow Foreign Minister on Arms Control	Mr Daryl Melham MP
Shadow Minister for Science and Information Technology	Mr Martyn John Evans MP
Shadow Minister for Administrative Services	Mr Laurie Donald Thomas Ferguson MP
Shadow Minister for Consumer Affairs and Assistant to the Shadow Minister for Health	Senator Belinda Jane Neal

THE COMMITTEES OF THE SESSION

FIRST SESSION: THIRD PERIOD

STANDING COMMITTEES

ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS: Mr Lieberman (*Chair*), Mr Albanese, Mr Campbell, Mr Dondas, Mr Entsch, Mr Holding, Mr Katter, Mr Lloyd, Mr Marek, Mr Melham, Dr Nelson, Mr Pyne, Mr Quick, Mr A. C. Smith.

COMMUNICATIONS, TRANSPORT AND MICROECONOMIC REFORM: Mr M. A. J. Vaile (*Chair*), Mr Albanese, Mr R. A. Cameron, Mrs Crosio, Mr Hardgrave, Mr Lindsay, Mr McArthur, Mr McDougall, Mr P. F. Morris, Mr Neville, Mr Randall, Mr Tanner, Mr Wakelin, Mr Willis.

EMPLOYMENT, EDUCATION AND TRAINING: Mr Charles (*Chair*), Mr P. J. Baldwin, Mr Barresi, Mr Bradford, Mr Brough, Mr Dargavel, Mrs Elson, Mr M. J. Ferguson, Mrs Gash, Mr Marek, Mr Mossfield, Mr Neville, Mr Pyne, Mr Sawford.

ENVIRONMENT, RECREATION AND THE ARTS: Mr Truss (*Chair*), Mr Anthony, Mr Billson, Mr Brown, Mr E. H. Cameron, Mrs Crosio, Mr Entsch, Mr Hockey, Mr Jenkins, Miss J. M. Kelly, Dr Lawrence, Mr McDougall, Mr Martin, Dr Southcott.

FAMILY AND COMMUNITY AFFAIRS: Mr Slipper (*Chairman*), Mr R. A. Cameron, Ms Ellis, Mrs Elson, Mr Forrest, Mrs E. J. Grace, Mrs D. M. Kelly, Mr Kerr, Ms Macklin, Mr A. A. Morris, Dr Nelson, Mr Quick, Mrs D. S. Vale, Mrs West.

FINANCIAL INSTITUTIONS AND PUBLIC ADMINISTRATION: Mr Hawker (*Chair*), Mr Albanese, Mr Anthony, Mr Causley, Mrs Gallus, Mr Hockey, Mr Latham, Mr McMullan, Mr Mutch, Dr Nelson, Mr Pyne, Dr Southcott, Mr Willis, Mr Wilton.

HOUSE: The Speaker, Mr Hollis, Mr McLeay, Mr Nehl, Mr Sawford, Mr Somlyay, Mrs Sullivan.

INDUSTRY, SCIENCE AND TECHNOLOGY: Mr Reid (*Chair*), Mrs Bailey, Mr R. C. Baldwin, Mr Beddall, Mr M. J. Evans, Mr R. D. C. Evans, Mr Forrest, Ms Gambaro, Mr Jenkins, Mrs Johnston, Mr A. A. Morris, Mr Nugent, Mr O'Connor, Mr Zammit.

LEGAL AND CONSTITUTIONAL AFFAIRS: Mr K. J. Andrews (*Chair*), Mr J. N. Andrew, Mr Barresi, Mrs E. J. Grace, Mr Hatton, Mr Kerr, Mr McClelland, Mr Melham, Mr Mutch, Mr Randall, Mr Sinclair, Dr Southcott, Mr A. C. Smith, Mr K. J. Thomson.

LIBRARY: The Speaker, Mr Adams, Mr Barresi, Mr Causley, Mr Filing, Mr Jones, Mr Nugent.

MEMBERS' INTERESTS: Mr Reid (*Chair*), Mr K. J. Andrews, Mr E. L. Grace, Mr Jenkins, Mr Martin, Mr Neville, Mr Somlyay.

PRIMARY INDUSTRIES, RESOURCES AND RURAL AND REGIONAL AFFAIRS: Mrs Bailey (*Chair*), Mr Adams, Mr Andren, Mr R. C. Baldwin, Mr Broadbent, Mr Causley, Mr Cobb, Mr Crean, Mr Fitzgibbon, Mrs Gash, Mr McLeay, Mr Nairn, Mrs Stone, Mr Wakelin.

PRIVILEGES: Mr E. H. Cameron (*Chair*), the Leader of the House or his nominee, the Deputy Leader of the Opposition or his nominee, Mr K. J. Andrews, Mr Brown, Mr Holding, Mr McLeay, Mr Sawford, Mr Somlyay, Mrs Sullivan, Mr M. A. J. Vaile.

PROCEDURE: Mrs Sullivan (*Chair*), Mr J. N. Andrew, Mr Cadman, Mr Martin, Mr Mossfield, Mr K. J. Thomson, Mr Reid, Mr Truss.

PUBLICATIONS: Mr Leiberman (*Chair*), Mr Cobb, Ms Ellis, Mr R. D. C. Evans, Mr Griffin, Mr Martin, Mr Mutch.

SELECTION: Mr Nehl (*Chair*), Mr J. N. Andrew, Mr Cadman, Mr Filing, Mr E. L. Grace, Mr Hicks, Mr Hollis, Mr McArthur, Mr McLeay, Mr Sawford, Mr M. A. J. Vaile, Ms Worth.

JOINT STATUTORY COMMITTEES

AUSTRALIAN SECURITY INTELLIGENCE ORGANIZATION: Senator MacGibbon (*Presiding Member*), Mr Hicks, Mr Sercombe, Mr Somlyay, Mr Zammit, Senator J. A. L. Macdonald, Senator Ray.

BROADCASTING OF PARLIAMENTARY PROCEEDINGS: The Speaker (*Chair*), The President, Mr Adams, Mr R. D. C. Evans, Mr Hicks, Mr Lindsay, Mr Martin, Senator Knowles, Senator West.

CORPORATIONS AND SECURITIES: Senator Chapman (*Chair*), Mrs Johnston, Mrs D. M. Kelly, Mr Latham, Mr McLeay, Mr Sinclair, Senator Cook, Senator Cooney, Senator Gibson, Senator Murray.

NATIONAL CRIME AUTHORITY: Mr Bradford (*Chair*), Mr Filing, Mr Sercombe, Mr Truss, Mrs West, Senator Conroy, Senator Ferris, Senator Gibbs, Senator McGauran, Senator Stott Despoja.

NATIVE TITLE AND THE ABORIGINAL AND TORRES STRAIT ISLANDER LAND FUND: Senator Abetz (*Chair*), Mr Causley, Mr Dondas, Mr Entsch, Mr Melham, Mr Quick, Senator Evans, Senator Ferris, Senator Kermot, Senator Reynolds.

PUBLIC ACCOUNTS: Mr Somlyay (*Chair*), Mr Anthony, Mr Beddall, Mr Broadbent, Mr L. D. T. Ferguson, Mr Fitzgibbon, Mr Georgiou, Mr Griffin, Mrs Stone, Mr M. A. J. Vaile, Senator Crowley, Senator Gibson, Senator Hogg, Senator Short, Senator Watson.

PUBLIC WORKS: Mr J. N. Andrew (*Chair*), Mr R. D. C. Evans, Mr Forrest, Mr E. L. Grace, Mr Hatton, Mr Hollis, Senator Calvert, Senator Ferguson, Senator Murphy.

JOINT COMMITTEES

ELECTORAL MATTERS: Mr Cobb (*Chair*), Mr L. D. T. Ferguson, Mr Griffin, Mr McDougall, Mr Nairn, Senator Abetz, Senator Conroy, Senator Minchin, Senator Murray.

FOREIGN AFFAIRS, DEFENCE AND TRADE: Mr Sinclair (*Chair*), Mr R. C. Baldwin, Mr Bevis, Mr Bradford, Mr Brereton, Mr Brough, Mr Dondas, Mrs Gallus, Mr Georgiou, Mr E. L. Grace, Mr Hicks, Mr Hollis, Mr Jones, Mr Lieberman, Mr Nugent, Mr Price, Mr Slipper, Mr S. F. Smith, Mr Taylor, Ms Worth, Senator Bolkus, Senator Bourne, Senator Chapman, Senator Childs, Senator Forshaw, Senator Harradine, Senator J. A. L. Macdonald, Senator MacGibbon, Senator Margetts, Senator Schacht, Senator Short, Senator Troeth.

MIGRATION: Mrs Gallus (*Chair*), Ms Gambaro, Mr Holding, Mr Kerr, Mr Martin, Mr Sinclair, Senator McKiernan, Senator Stott Despoja, Senator Tierney, Senator Troeth.

NATIONAL CAPITAL AND EXTERNAL TERRITORIES: Senator McGauran (*Chair*), Mr Dargavel, Ms Ellis, Mrs Johnston, Mr Nehl, Mr Neville, Dr Southcott, Senator Allison, Senator R. L. Collins, Senator Colston, Senator Ferguson, Senator Lundy.

TREATIES: Mr Taylor (*Chairman*), Mr Adams, Mr Bartlett, Mr L. D. T. Ferguson, Mr Hardgrave, Mr McClelland, Mr A. C. Smith, Mr Truss, Mr Tuckey, Senator Abetz, Senator Bourne, Senator Coonan, Senator Cooney, Senator Murphy, Senator Neal, Senator O'Chee.

PARLIAMENTARY DEPARTMENTS

SENATE

Clerk of the Senate—H. Evans
Deputy Clerk of the Senate—A. Lynch
Clerk-Assistant (Table)—J. Vander Wyk
Clerk-Assistant (Corporate Management)—P. O'Keeffe
Clerk-Assistant (Procedure)—R. Laing
Clerk-Assistant (Committees)—C. J. C. Elliott
Usher of the Black Rod—R. Allison

HOUSE OF REPRESENTATIVES

Clerk of the House—L. M. Barlin
Deputy Clerk of the House—I. C. Harris
First Clerk Assistant—B. C. Wright
Clerk Assistant (Procedure)—I. C. Cochran
Clerk Assistant (Table)—J. W. Pender
Serjeant-at-Arms—D. Elder

PARLIAMENTARY REPORTING STAFF

Principal Parliamentary Reporter—J. W. Templeton
Chief Hansard Reporter—B. A. Harris
Assistant Chief Reporter—V. M. Barrett

LIBRARY

Parliamentary Librarian—

JOINT HOUSE

Secretary—M. W. Bolton

Wednesday, 5 February 1997

Mr SPEAKER (Hon. R. G. Halverson OBE) took the chair at 9.30 a.m., and read prayers.

BUSINESS

Mr REITH (Flinders—Leader of the House) (9.31 a.m.)—I move:

That for the sitting on Thursday, 6 February 1997, so much of the standing and sessional orders be suspended as would prevent the routine of business being as follows, unless otherwise ordered:

1. Members' statements.
2. Grievance debate (at 9.45 a.m.).
3. Notices, government business (at 11.05 a.m.).
4. Notices and orders of the day, government business.
5. Questions without notice (at 2 p.m.).
6. Presentation of papers.
7. Ministerial statements, by leave.
8. Matter of public importance.
9. Notices and orders of the day, government business.

I do not wish to detain the House for any longer than is necessary, but I want to say by way of background that the general process in the House is that, where the House has not sat on a Monday, we attempt to pick up the grievance debate and 90-second statements later in the week. This motion facilitates that for this Thursday.

Generally speaking, where we can do so, the government will do that. This week, as we will find during the session, there will be a fair amount of pressure on the House in terms of the extent of business. Despite that, we think it is important, if we can, to provide this opportunity for members to make their contributions through these two forms available under the standing orders.

Looking to the six weeks out of the next eight that we are sitting, we have a very heavy legislative program. We will of course continue to do our best to ensure that as many members have speaking opportunities as are available, but we certainly seek the cooperation of all members in assisting the passage

of the government's priority legislation through this period. Notice of this motion has been provided informally to the opposition parties, and I seek their support for it. We look forward to the grievance debate tomorrow and the 90-second statements.

Mr CREAN (Hotham) (9.33 a.m.)—We support the procedural motion before the House.

Question resolved in the affirmative.

APPROPRIATION BILL (No. 3) 1996-97

First Reading

Message from the Governor-General transmitting particulars of proposed expenditure and recommending appropriation announced.

Bill presented by **Mr Jull**, and read a first time.

Second Reading

Mr JULL (Fadden—Minister for Administrative Services) (9.34 a.m.)—I move:

That the bill be now read a second time.

Appropriation Bill (No. 3) 1996-97, together with Appropriation Bill (No. 4) and the Appropriation (Parliamentary Departments) Bill (No. 2), which I shall introduce shortly, comprise the Additional Estimates for 1996-97.

In these bills, parliament is asked to appropriate moneys to meet essential and unavoidable expenditures additional to the appropriations made for 1996-97 under Appropriation Act (No. 1), Appropriation Act (No. 2) and the Appropriation (Parliamentary Departments) Act.

The additional appropriations in these three bills total some \$1,402 million; \$930 million is sought in Appropriation Bill (No. 3), \$471 million in Appropriation Bill (No. 4) and less than half a million dollars in the Appropriation (Parliamentary Departments) Bill (No. 2).

These amounts are partly offset by savings in the appropriations made by Appropriation Act (No. 1) 1996-97 and Appropriation Act (No. 2) 1996-97. Reflecting the government's determination to improve the efficiency of continuing programs, these savings, amounting to \$343 million in gross terms, are de-

tailed under the relevant appropriation headings in the document *Statement of Savings Expected in Annual Appropriations*, which has been distributed to honourable members.

After allowing for prospective savings, the total appropriations sought represent a net increase of \$1,059 million in appropriations for 1996-97, an increase of about three per cent on the amounts made available through the annual appropriations at the time of the 1996-97 budget.

I turn now to the main areas for which the government seeks additional provisions in the Appropriation Bill (No. 3) 1996-97 to meet payments for the ordinary annual services of the government.

Running costs appropriations provide for the recurrent and minor capital costs of agencies in providing government services. The total supplementation for running costs for all departments and agencies—including Defence military and civilian personnel—of \$111 million represents an increase of less than one per cent on the funding for running costs included in Appropriation Act (No. 1).

The principal factors contributing to this increase are:

borrowings against the forward estimates and some additional funding for departments associated with workload changes provided for under the running costs arrangements; and

a change in the funding arrangements for the Australian Customs Service as a result of the decision to implement some trade related charges through taxation legislation rather than user charging.

Gross additional estimates of some \$93 million are sought for the defence portfolio in Appropriation Bill (No. 3). This figure includes:

\$29 million for compensation and legal expenses which comprises \$17 million for compensation associated with the Cockatoo Island Dockyard and \$12 million for a range of other claims;

\$40 million for equipment and stores largely related to increased purchases of fuel for joint exercises with the United States. This

increase will be offset by recoveries of costs from the United States; and

\$10 million for facilities operations reflecting an increased provision for repairs and maintenance and minor new works activities.

The increases have been partly offset by reductions elsewhere in the Defence annual appropriations, giving a net increase of some \$76 million. In addition, Appropriation Bill (No. 3) includes provision for:

\$42 million for medical services for veterans, reflecting an increased demand for those services, together with the clearance of a claims backlog associated with the transfer of claims processing to the Health Insurance Commission in December 1995;

\$12 million for pharmaceutical services for veterans attributable to a delay in the introduction of a two, from four, card treatment entitlement system;

\$14 million for increased lump sum and pension payments for former state railways employees;

\$39 million for capital assistance for residential facilities for older people, reflecting an acceleration in building activity in this area and the Commonwealth's obligation to make progressive payments as projects are developed;

\$27 million additional funding for the Health Insurance Commission largely reflecting:

increased funding for the double dipping initiative; and

higher administrative costs associated with changes to the child-care cash rebate payments to higher income families as a result of the decision to reduce the rebate payments for families above the family tax initiative income cut-off; and

\$510 million associated with the assumption of the debt of the Australian National Railways Commission preparatory to its sale.

This payment to the Australian National Railways Commission is classified as an advance, and it will be offset by an equivalent receipt by the Commonwealth in 1996-97 of a debt repayment from the Australian National

Railways Commission. There will, therefore, be no impact on either the headline or underlying deficit as a result of these transactions.

The balance of some \$84 million in the amount included in Appropriation Bill (No. 3) is made up of minor variations across a range of programs in most departments and agencies. These additional appropriations are required to meet undertakings made by the government since the budget as well as economic parameter changes since the budget was prepared. I commend the bill to the House.

Debate (on motion by Mr McMullan) adjourned.

APPROPRIATION BILL (No. 4) 1996-97

First Reading

Message from the Governor-General transmitting particulars of proposed expenditure and recommending appropriation announced.

Bill presented by Mr Jull, and read a first time.

Second Reading

Mr JULL (Fadden—Minister for Administrative Services) (9.20 a.m.)—I move:

That the bill be now read a second time.

In Appropriation Bill (No. 4) 1996-97 appropriations totalling \$471 million, additional to those made by Appropriation Act (No. 2) 1996-97, are sought for capital works and services; payments to or for the states, the Northern Territory and the Australian Capital Territory; advances and loans; and for other services. The proposed appropriations are required to meet essential and unavoidable expenditures for which provision was not made in the budget appropriation measures.

The additions are necessitated by certain cost and price increases which have occurred since the budget, together with other commitments that have been made by the government. Areas where significant increases are sought over amounts provided in Appropriation Act (No. 2) 1996-97 include:

provision of \$49,776 included in a specific appropriation entitled 'legal costs incurred by, or on account of acting for, Dr Carmen Lawrence for or in relation to the Marks

Inquiry'. The amount included in the additional estimates has been assessed as fair and reasonable by the Australian Government Solicitor;

\$12 million for payment to the states and territories for the supported accommodation assistance program to fund the movement in award wages and superannuation guarantee charges;

\$30 million for a package of alternative assistance to Howe Leather, following the agreement reached with the United States to remove automotive leather from eligibility under the TCF import credit scheme and the PMV export facilitation scheme; and

\$347 million attributable to the costs associated with the sale of Australian National comprising \$7 million for the Australian National Railways Commission for the payment of interest bearing advances; \$347 million to the Australian National Railways Commission to meet the costs of restructuring; and \$10.0 million for regional assistance to ameliorate the impact of the Australian National Railways Commission restructuring payment to the Northern Territory for the provision of water and sewerage facilities for indigenous communities.

The remaining \$82 million included in Appropriation Bill (No. 4) comprises minor increases in a number of programs across a range of portfolios. I commend the bill to the House.

Debate (on motion by Mr McMullan) adjourned.

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 1996-97

First Reading

Message from the Governor-General transmitting particulars of proposed expenditure and recommending appropriation announced.

Bill presented by Mr Jull, and read a first time.

Second Reading

Mr JULL (Fadden—Minister for Administrative Services) (9.44 a.m.)—I move:

That the bill be now read a second time.

In Appropriation (Parliamentary Departments) Bill (No. 2) 1996-97 appropriations totalling \$363,000, additional to those made in the Appropriation (Parliamentary Departments) Act 1996-97, are sought for recurrent expenditures of the parliamentary departments.

The increases sought relate primarily to an increase in the Provision for Running Costs Borrowings for each of the departments of the Senate and the House of Representatives from \$50,000 to \$200,000 to enhance their access to the borrowing arrangements under the running cost rules. In addition, the appropriations for the citizenship visits program for both the Senate and the House of Representatives have been supplemented by slightly more than 5 per cent over the provision made when the budget was prepared. I commend the bill to the House.

Debate (on motion by Mr McMullan) adjourned.

CHARTER OF BUDGET HONESTY BILL 1996

Second Reading

Debate resumed from 4 February, on motion by Mr Costello:

That the bill be now read a second time.

Mr GARETH EVANS (Holt—Deputy Leader of the Opposition) (9.45 a.m.)—Since I did not have the opportunity when the Charter of Budget Honesty Bill came on late last night to do much more than make a kind of 90-second statement, let me begin again. It really does take a quite extraordinary degree of cheek—quite an extraordinary degree of chutzpah, if you like—to introduce a Charter of Budget Honesty Bill when you are a government which has been responsible for arguably the most dishonest single budget introduced in this country since Federation.

How can this government talk about budget honesty when in last year's budget it broke, at a minimum, \$17 billion worth of promises, literally scores of solemnly given pre-election undertakings? Let me indicate for the record what some of those broken promises were, what some of that budget dishonesty amounted to.

All these are direct quotes from coalition policy. The promise that the coalition will 'maintain existing levels of Commonwealth funding to the ABC', for example, was broken even before the budget, with a \$209 million cut to be painfully absorbed over four years. The promise that 'the coalition has no plans whatever to change the operational subsidy' to the community based long day care sector was broken by the budget, abolishing operational subsidies for community based long day care, which will increase fees by at least \$14 per child per week.

The promise that none of the coalition's health policy initiatives would entail cuts in funding for public hospitals was broken by the budget, containing extensive reductions in funding to public hospitals through a combination of cuts to the financial assistance grants to the states and cuts to hospital funding grants, totalling around \$800 million over four years.

The promise that the coalition 'will maintain expenditure on labour market programs in real terms' was broken by the budget cutting these programs by \$1.8 billion over four years. The promise to older Australians that 'the coalition will maintain all current Commonwealth concessions' for older Australians was broken outrageously by the Commonwealth dental health program ceasing on 31 December, providing as it did basic and emergency dental care benefits to health card and Commonwealth seniors card holders.

The promise that the coalition 'will maintain support for research and development through the 150 per cent tax concession' was broken, shamefully, by that concession rate being reduced in the budget to 125 per cent. The promise of support for R&D syndication that was widely articulated before the election was broken by that syndication system being abolished before the budget.

The promise that the coalition 'will maintain regional development funding of \$150 million over four years'—of crucial significance right around the country—was broken by that regional development funding, and with it the REDO system, being abolished, cancelled, before the budget. The promise that the coalition 'will provide a fixed share of

Commonwealth revenue to the states and territories in a way which is revenue neutral and which will guarantee current services' was broken at the June Premiers Conference, when financial assistance grants were cut by \$1.5 billion over three years and specific purpose payments were cut by three per cent annually.

The promise, which featured so largely in the election campaign, that 'there will be no new taxes' and 'no increases in existing taxes' under a coalition government was broken by the budget containing first of all a Medicare levy surcharge of one per cent for higher income earners without private health insurance; by a superannuation contribution surcharge of up to 15 per cent for higher income earners; and by an increased tax on out-of-pocket medical expenses.

The promise to 'maintain the level of Commonwealth funding to universities' in terms of operating grants was broken by the cuts—again before the budget—of \$623 million over four years with further reductions in university funding, meaning that the total amount to be cut from universities is going to come to over \$2 billion over four years.

I will not continue this litany of broken promises, I just make the point that, whatever else this bill is about, it is apparently not about this kind of honesty, the good old-fashioned kind of honesty, which says, 'When you make promises, you keep them.' That is the kind of old-fashioned honesty which has gone spectacularly out of fashion so far as this coalition government is concerned.

If the bill is about anything, then it seems to be about some different kind of honesty: the honesty which is involved in having open and transparent fiscal regimes applicable to the presentation of government budgetary decisions and related fiscal matters; the kind of honesty where you open the books and tell the truth, the whole truth and nothing but the truth about the state of the economy at various points in the electoral cycle, about the state of play in meeting budget targets and forecasts at various points in the budget cycle; and the kind of honesty designed to produce at least a better informed parliament and

community when it comes to these fiscal matters.

Against that background, those kinds of aspirations, what have we got in this bill? We have prescriptions for budget documentation and information to outline the government's fiscal and economic strategy, provision for this information being updated with a midyear review process and provision for a final budget outcome statement subsequent to the end of the financial year. We have in addition the bill proposing a five-year intergenerational report which will assess the long-term sustainability of current policies, especially in the context of expected demographic changes; a pre-election fiscal and economic report to be prepared by senior economic bureaucrats; and a regime for the costing of policy commitments by both government and opposition by government agencies doing the costing during an election campaign.

Moreover, we have some exalted provisions in the legislation providing for the fiscal strategy to be followed by the government to be based on principles of sound fiscal management. Stated in outlined terms in this way, who could possibly be opposed to any of that? We are not, and we will vote accordingly—in support of the second reading of this bill.

But, that said, we do have quite a number of objections and reservations relating to the detail of the bill and the way in which the bill has been presented. Let me describe the first of those objections as being an objection to the kind of triumphalism which has surrounded the presentation of this legislation. If the government is to be believed, this is the finest piece of legislative prose since Moses descended from Sinai. What we are told is that this represents a kind of commitment to openness, honesty and transparency which is absolutely unique in the annals of Australian and possibly world history.

The truth is that this is not especially innovative. What the bill is seeking to do is really just build upon the general fiscal disclosure regime which was dramatically developed under Labor and taken forward far further than had ever previously been the case, together with some further reporting

requirements which are partially based on the model now operating in New Zealand.

It does need to be understood that the Labor government did make some spectacular advances in genuine budget honesty. We introduced the publication of three-year forward estimates of outlays and revenue—a huge contribution to transparency and understanding of the fiscal process. We introduced the publication of an annual tax expenditure statement, which was a massive improvement in the quality and content of the budget papers. We introduced, among other things, provision for the publication of financial impact statements contained within all explanatory material for new legislation.

So, despite the rhetoric of the coalition, the truth is that the Labor government has had the best record of actual reform of budgetary processes and fiscal disclosure of any Commonwealth government. It was not only the form of the matter; it was the substance. In a number of respects, I have to say, quite genuinely, our record was substantially better than the standards which have already become apparent in this coalition government's application of its own alleged new principles and was substantially in excess of what is provided for even in this bill.

Let me mention, for example, the question of information about specific purpose payments to the states. Last year's budget omitted significant information previously provided by Labor, including, in particular, the comprehensive report of proposed specific purpose payments to the states, which is normally contained in Budget Paper No. 3. The omission of that information caused enormous difficulties for the states in the preparation of their own budgets and severely disadvantaged members of the public and other stakeholders interested in Commonwealth-state financial issues.

It is also the case that our budgetary papers contained a significant number of overseas comparisons—tabular descriptions of our performance on key indicators as compared with other comparable countries—most of which, if not all of which, were missing from last year's budget papers and which would have told quite a different story about the

condition of the economy under us as compared with the coalition government.

Let me also say a word in this context about our treatment of asset sales. The coalition raised repeatedly the canard of asset sales in their assaults on Labor's integrity, claiming that we fiddled the books with regard to accounting for asset sales. But nothing could be further from the truth in that respect. We always followed the appropriate rules and we disclosed underlying as well as headline results. What we find in last year's budget is the government including a whole number of significant asset sales—including property sales of around \$1 billion and the sale of the telecommunications spectrum—as part of the so-called underlying budget bottom line even though there was vigorous criticism of the Labor government on the issue of asset sales when we had a similar practice.

Of course, all the rules in the world—and this is further on the subject of triumphalism—that you might introduce in this respect are not going to amount to a row of beans unless you get the numbers right in practice. If the numbers in all these documents and forecasting reviews and all the rest of the baggage that is provided for here are wrong—whether deliberately, inadvertently or as a result of incompetence—then, obviously, all of this is worth very little indeed.

When we were in office, we learnt, to our peril, about the problem of relying too much on Treasury forecasts—particularly in our last two years of office, when there were estimates of growth and inflation that proved wildly astray and which did have budgetary consequences. We were told by Mr Costello, by the then opposition, that this was a product of negligence, incompetence or worse—deliberate misleading behaviour by the government.

But now we see in the very first days of this new year Mr Costello, the Treasurer, now learning to his cost that premature ejaculations, if you like, about the budget are as dispiriting as they are in other contexts. He is now sitting at the bottom of his very own new budgetary black hole with egg on his face, with no redeeming strategy in relation to jobs or growth in sight—and it is not a pretty sight to see that conspicuous absence of credibility

from someone who was crowing so triumphantly about his own superior virtue when it came to fiscal management and fiscal honesty with the Australian public.

So much for triumphalism and more general objections to the way in which this whole legislation has been approached by the opposition. Let me come now to some more specific aspects of the legislation itself and its language. Part 3, this exalted section, is on 'Principles of sound fiscal management'. At one level, this can be regarded as a rather bland and meaningless set of motherhood statements. They include, for example, references to the government managing financial risks prudently, achieving adequate national saving, achieving a reasonable degree of stability and predictability in the level of the tax burden and so on. The Joint Committee of Public Accounts, in its report of November 1995, said:

... the Committee does not see a need to formulate binding statutory principles of fiscal responsibility. In any case, such fiscal principles would be so imprecise and so wide open to interpretation that there seems little point prescribing them in legislation. The Committee is also wary of the idea that there are enduring fiscal principles.

So we have had this parliament's own expert financial committee saying that these kinds of principles are essentially meaningless in statutory guise. The least one can say about this set of provisions is that their insertion into the legislation is simply window dressing with no particular practical effect.

At a second level, however, I think it is fair to say that the provisions are meaningless in another way because the government has manifestly no intention of applying them. Certainly there is no legal obligation upon it to do so, the way this bill is constructed. The worst example in this respect is principle (d) which binds the government to maintaining the integrity of the tax system. We know already that this government has no intention whatever of doing that. I think one of the clearest examples of this behaviour by the government is the announcement by the Treasurer by way of press release—in the last budget he gave it no greater attention than that—that the government would not be proceeding with significant anti-avoidance legislation which had, in fact, been foreshadowed

by the Labor government concerning the alienation of personal services income and the avoidance of the PAYE provisions in this respect.

Those provisions were to be aimed squarely at arrangements undermining the integrity of the personal income tax base which the Taxation Office has confirmed, in estimates last year, to be worth literally hundreds of millions of dollars per annum. So we have seen already in at least this one respect, and there are others, the Treasurer breaching his own principles. Of course, it does not matter if they are breached because there are no penalties for non-compliance here as elsewhere with this bill. So supposedly tough new rules or standards have already been broken. There is no penalty for their contravention. One possible way to strengthen these provisions would be for the Taxation Office and the Treasury to make independent annual statements concerning threats to the integrity of the tax system and for the Treasurer to be judged against his action or inaction to deal with those threats. The key issues here are obviously resourcing for the tax office and the adequacy of existing legislation to protect the tax base, both of which are squarely within the responsibility of the Treasurer.

There is another point to be made about the so-called principles of sound fiscal management. In some ways it is rather more serious because the principles, as they are drafted, reflect a view of the world, a view of the nature and purpose of fiscal policy, which is frankly quite out of touch with current community needs and realities. These principles are all about accountancy. None of them goes to the fundamental purpose of this whole enterprise which is to get the economy right for the people who inhabit it. There is no provision in the principles of sound fiscal management for appropriate consideration to be paid to the employment outcomes of the fiscal regime in question. There is no reference in these principles of sound fiscal management for regard to be had to the income distribution implications of a particular fiscal regime that has been introduced. There is no reference to a myriad of other important goals of overall economic policy.

What we have in these fiscal management principles is a dream come true for those who advance a traditional Treasury agenda, a dream come true for the dries, a dream come true for the restrictionists and a dream come true for the so-called economic rationalists—those who approach economic management wholly in terms of numerical aggregates, accountancy numbers and simply do not worry about the people implications of what all these numbers mean. Even the Reserve Bank, in its charter of good housekeeping behaviour in terms of interest rate management, does have an obligation to have regard to the employment implications of its interest rate decision making.

Mr Barry Jones—And always has.

Mr GARETH EVANS—And always has. Well, it has had under Bernie Fraser. I am unsure whether it is having an equal regard under the present regime given today's announcement of no change in interest rate figures, which is really pretty extraordinary given the terribly limping condition of the Australian economy particularly after yesterday's retail figures, and the further news about the anticipated slump in rural commodity prices. It is very obvious that the economy does need a major impetus, a major growth initiative. The Reserve Bank, notwithstanding its charter obligations to have regard to growth and in particular employment, is not doing so but at least—and this is the point that I am making—it is there in the statute. What we have got in these principles of sound fiscal management is nothing of the kind.

Mr Barry Jones—I think it goes back to the Coombs period.

Mr GARETH EVANS—Indeed it does. A third objection to be made to this legislation are the numerous omissions which are evident in the way in which the obligations to articulate new information are simply cast. The bill provides, in some respects, for even less accountability than that which was recommended by the government's own Commission of Audit on the question of the charter. For example, the Commission of Audit recommended making the economic forecasts in the budget, the mid-year review and the pre-election report, the responsibility of

economic bureaucrats directly rather than being at the discretion of the Treasurer. The government, in this legislation, has agreed to this only in respect of the pre-election statement, not the budget itself and not the mid-year review. It is to be noted that by contrast in New Zealand, which is an example which usually captivates this coalition government in these sorts of matters, its legislation requires a certification of the economic forecast by relevant bureaucrats for all parts of the budget cycle.

The question can reasonably be asked: why isn't the Treasurer prepared to submit himself to the same level of honesty in this respect as obtains, at least in the legislative model, in New Zealand? Has he already doctored the forecast as a lot of people suspect in his first test of integrity and honesty in budget presentation, that is to say, in the recently released mid-year review? Did he reject Treasury advice to revise downwards the growth estimates for 1996-97? There is every reason to believe that those figures have been massaged. There is no discipline in the way in which this legislation is couched which would counteract that.

It is all in rather stark contrast to Mr Costello's own performance and demands in opposition when, it will be remembered, he asked that the then Treasurer—with the economic forecasts in the 1995-96 budget—ensure that they were certified by the Secretary to the Treasury as having been prepared without political interference. You can all remember the song and dance that was made about that. That was duly done in writing in response to that request, but there is no equivalent provision in this bill to bind the Treasurer to undertake the practice that he demanded of the Labor government. Why is there that inconsistency? Well, I think the answer speaks for itself.

There is another specific further pre-election promise that has been broken in relation to all of this and that ought to be addressed in this legislation. That was for the Treasurer to seek the release of independent economic forecasts prepared by the Reserve Bank. The very obvious reason for wanting that alternative view on the world, the economic outlook, to

come from the Reserve Bank is so that we—the community and the parliament—can make judgments about the veracity and adequacy of the forecasting, the growth projections and so on that have been made by the Treasurer massaging his own particular department and the bureaucrats under him.

It was a highly desirable suggestion that was made as a pre-election promise. Where is it now that we have had the opportunity to actually implement it? One suspects that the reason for the omission, here as elsewhere, is that the Reserve Bank well knows, and the Treasurer knows that they know, that the 3½ per cent growth forecast that was massaged through the Treasury for this year, both in last year's budget and in the mid-year review, simply cannot and will not be met. Again, I make the point that yesterday's retail figures and the further projections about reduced rural income make it more and more abundantly clear that those growth projections, to put it at its most kindly, are wildly optimistic. In fact, we are looking at something like a zero growth for the December quarter, ending 21 quarters of consecutive growth. That is very bad news in every possible way for the Australian economy.

A further kind of information which the government continues to refuse to provide which is not specifically provided for in this legislation but which could be is forecasts of national savings. That is an important omission because we have been constantly told over and over again that what the budget strategy of this government is all about and what its economic strategy is all about is improving Australia's saving performance—an entirely sensible objective, one that we share and one that we were doing an enormous amount to achieve with our own superannuation strategy, which looks like being cut to pieces by the government in this coming budget.

The key to it is: what are the implications for saving, both public saving and private saving, of all these various measures? A lot of them do work against each other and cancel each other out. It is very important to know with any given fiscal regime what the implications are for the overall savings out-

comes in its individual components, public and private, and in its aggregate. Why won't the Treasurer provide this key information—savings projections—for the Australian people? Why won't he equally provide forecasts which are again conspicuously missing from the mid-term review beyond this year of the rate of unemployment that is likely to occur as a result of the fiscal regime in question?

These are conspicuous omissions. Many of these issues were specifically addressed by the Joint Committee of Public Accounts. Many of them were the sort of thing which should have been contained in this legislation. It is very important to understand that there is a deliberate omission of all of that which might have added real meat and real bones to the mere gristle of this particular legislation, were it to be there.

Finally, there is some real concern in our minds about the last part of the legislation, which goes to the pre-election costing regime. We believe that this needs further examination in a number of respects. What we have got is what, on the face of it, purports here to be something which gives some dignity and substance to what has hitherto, let us frankly acknowledge it, been a bit of a circus in terms of the pre-election assessment by each side of each other's costs of announced policy.

What we have here is a regime which says that the government can, during that caretaker period after an election is announced, get costings of its own policies from its own bureaucrats but not of the opposition's and that the opposition can seek from the bureaucrats costings of its own policies but not the government's. What is the problem with all of this? Let me mention these ones for a start. The costing of opposition policy can only be undertaken at the discretion of the Prime Minister, whereas on the government side it is entirely a matter of in-house discretion for the government party as to whether it wants to go through this process. The opposition has to run the gauntlet not only of the exercise of its own discretion but of relying on the honour, good faith and cooperation of the Prime Minister of the day, who is obviously going to have a very specific political agenda to take into account. This clearly advantages

the incumbent government and it is a very unsatisfactory aspect of this particular legislation.

There is a further problem in that it is only the costing of previously announced policies that is allowed in this legislation. This, of course, is not something that will inhibit the government of the day getting all the assistance it requires from Finance and Treasury and elsewhere within the system for the costing of its policies and doing it over as many months as it likes to get it right. The opposition will not have the luxury of that kind of support. We will be placed, or any future opposition will be placed, in the position of having to make policy decisions on the basis possibly of incomplete information, announcing those decisions and only then being able to get the precise costing from the government agencies, which would add effective weight and credibility to the financial implications analysis of those initiatives.

There is also a problem with the pre-election report requirements which, on the face of it, do represent a useful step forward, requiring a report to be released after the election is announced on the state of play of the financial accounts and current economic projections. That only has to be released, however, within 10 days of the election being announced. That can be a significant way into the election campaign period. If that is held back to the last possible moment, as one can anticipate in many circumstances—it being the motivation of the government of the day, particularly this government, to do—you have a very much less happy and sensible environment for the discussion of these matters than would be the case if that was on the table earlier.

What it all comes down to is this. While we do not oppose this legislation in principle, we are very dubious about its effectiveness in a number of respects and are concerned about the fairness of a number of its provisions. This is legislation which should be carefully considered in its actual detail by the Joint Committee of Public Accounts, which, in its November 1995 report, requested the opportunity to look at any legislation that was brought forward and implementation of its

report before it was finally passed. The government, as I understand it, has not been inclined to accept that recommendation. It is presently not inclined to enable the matter to be referred to the JCPA. I propose to test that at the end of this second reading debate—after the second reading—by moving that the matter be referred to the JCPA for early report. (*Time expired*)

Mr SOMLYAY (Fairfax) (10.14 a.m.)—It gives me great pleasure to speak on the debate on the Charter of Budget Honesty Bill chiefly because it has its origins in a report from the Joint Committee of Public Accounts, of which I am now chairman, and because it fulfils a very important coalition election promise: ensuring the state of the nation's books are presented in an honest way. This is particularly relevant considering the events of 1996 and revelations that Australia's financial situation was disastrous. It came to light after the 2 March election that the previous Labor government had hidden the true extent of that situation—worse than that, they had openly rejected any suggestion that the government was broke.

Far from operating in surplus, as former finance minister Kim Beazley boasted on 1 February, the Treasurer (Mr Costello) revealed just 10 days after we were elected to office that there was an underlying deficit of \$7.6 billion for 1996-97. As more and more deceit was uncovered, the picture just got worse. So the shadow Treasurer, the Deputy Leader of the Opposition (Mr Gareth Evans), has no mandate to talk about honesty in presenting budgets.

Throughout the election Labor maintained that the budget would now be in underlying balance. The truth was more than \$10 billion to the contrary. No Treasurer should be put in that position again and, thanks to the charter of budget honesty, they probably will not; that is, of course, if Treasury can do its job properly and get its forecasting right. It is essential that all Australians have confidence in the economic forecasts of government. At present that confidence is low. Australians want growth and stability. Stability leads to confidence.

The charter of budget honesty requires the government to publish a budget update signed off by the secretaries to the Treasury and the Department of Finance at the start of each federal election campaign. Voters will know the state of the books before they go to the polls. Election promises will be costed by both sides based on the same data so people can make a proper value judgment.

What the coalition government is doing and what desperately needs to be done is the creation of a more open, transparent financial reporting system. If the financial situation of the government of the day was generally understood by the Australian community, there would be increased pressure on politicians and the government. This would in turn, I believe, pressure governments to behave more responsibly when it comes to managing finances.

It is very easy to speak about a charter of budget honesty when in opposition; it is another thing to implement it when in government. I take my hat off to the Treasurer and the government for having the intestinal fortitude to deliver. It is not too much for Australian taxpayers to expect their elected representatives to show honesty when managing the finances of this country, and that is what the charter aims to achieve.

The charter will improve the formulation and reporting of government fiscal policy—a move supported both by the National Commission of Audit and by the Joint Committee of Public Accounts, as mentioned previously. It incorporates many of the recommendations made by the JCPA in report 341 *Financial reporting for the Commonwealth: towards greater transparency and accountability*. Incidentally, that report was tabled under a Labor government and under the chairmanship of Mr Les Scott, the former member for Oxley. That government had the opportunity to adopt many of the recommendations, but it did not respond. It has been up to this government to respond with the introduction of the charter of budget honesty.

In this report the JCPA had gathered information on international and domestic practices, and broken new ground with many of its recommendations. In its inquiry the com-

mittee gave particular attention during its visit to New Zealand to the New Zealand Public Finance Act 1989, which implemented accrual accounting, whole of government reporting and new reporting standards. The Deputy Leader of the Opposition referred to this legislation in the speech he made prior to mine.

The New Zealand Fiscal Responsibility Act 1994 was the first legislation designed to operate in an accrual accounting environment. The fiscal reports now produced in New Zealand and the budget cycle itself are based on whole of government reporting on an accrual basis. New Zealand publishes three forecasts or projections of borrowings and three-year estimates and projections of a wide range of economic variables. The committee believes that, taken together, the New Zealand practice provides better information and analysis, a stable reporting cycle, a greater focus in reporting on strategy, less secrecy about budget planning, more scrutiny by parliament and benchmarking for assessing fiscal policy.

The recommendations in 341 build upon the observations of the New Zealand experience. The JCPA visited New Zealand in 1994. I was part of the team that went to New Zealand, along with Senator Brian Gibson. I mention him particularly. He was parliamentary secretary to the shadow Treasurer at the time. I must commend Senator Gibson for driving this issue and the establishment of the National Commission of Audit.

This new Charter of Budget Honesty Bill, by adopting many of the recommendations made by the JCPA in report 341, will result in the most significant changes to financial reporting for the Commonwealth of Australia since Federation. In its report, the JCPA sought to move the Commonwealth away from its outdated cash accounting system into an accrual accounting culture. Australian business has long operated in the accrual accounting environment.

The JCPA is delighted that the government has increased the momentum towards greater transparency in government reporting by the introduction of this bill. As many members will be aware, accrual accounting recognises

revenue and expenses in the accounting period in which they are incurred irrespective of whether cash is paid or received. Accrual accounts for government departments would include depreciation on assets, employee entitlements such as long service leave, and value of goods and services received from the Commonwealth or other bodies.

Accrual information better reflects the true cost of providing services. There will be greater transparency and accountability. Future generations of Australians will be protected from the reckless incurring of debts by previous generations, which was one of the hallmarks of the last 13 years of Labor government.

In report 341 the committee recommended that budget appropriations, forward estimates and the budget process itself should move into the accrual accounting environment by the year 2000. The Australian Bureau of Statistics had advised the committee that by the turn of the century the International Monetary Fund will be requiring accrual based information from statistically advanced nations. This bill will ensure that Australia is well placed to meet international requirements for accrual information on the financial position of the Commonwealth by the year 2000.

In the committee's view it is important that the parliament plays a key role in determining the form and content of financial reports tabled. After all, such reports are prepared principally for parliament's use. Accordingly, the committee applauds the government for adopting recommendation 16(a), which recommended that a fiscal strategy statement be tabled three calendar months prior to the introduction of the budget into parliament. The recent statement given by the Treasurer did just that. Its honesty was well received by the media, the business community and the general public.

In its inquiry the committee had discussed at length a model for the better disclosure of debt so that at all times a government can be held accountable for its fiscal and economic policies. Recommendation 16(e) in report 341 urged the publication of updated budget papers midway through the financial year.

In adopting these recommendations this new bill will formalise the tabling of budget papers, the Treasurer's mid-year review and the actual budget outcome. The mandatory reporting cycle which this bill will establish will be enhanced by the adoption of an agreed set of indicators against which the Treasurer's fiscal strategy statement may be assessed. Fiscal discipline will be imposed by principles of sound fiscal management. As the Treasurer said in his second reading speech:

Transparency and the accountability of government will be substantially increased through improved disclosure of fiscal policy intentions and the regular reporting of information on fiscal development.

These reports will provide fundamental information that will allow government performance to be assessed against the objectives set out in the fiscal strategy statement. But, more importantly, the new bill would be the vehicle by which parliament could require the budget cycle reports to be prepared as accrual based whole of government reports.

By heeding the recommendations in report 341 the government has ensured that Australia is at the forefront of international trends to accrual reporting for governments. It is encouraging for the JCPA to see so many of its recommendations incorporated in this charter of budget honesty. But this is not the end of the road for budgetary reform. The JCPA has already had discussions with the Secretary to the Department of Finance for redesigning the budget papers, which in all honesty in their present form not many people understand. So this is an exercise which the committee undertakes to have a look at over the course of this parliament, with a view of presenting budget papers in a clear, transparent fashion which can be understood by parliamentarians and the public alike. I commend the bill to the House.

Mr McMULLAN (Canberra) (10.26 a.m.)—I rise to support in principle the Charter of Budget Honesty Bill and to support the remarks made by my colleague the Deputy Leader of the Opposition (Mr Gareth Evans). When you strip away the hyperbole, the excess and the exaggeration from this bill and from the rhetoric around it, what you have is a modest and, if it is properly imple-

mented, welcome increment in the process of opening public administration to scrutiny and, in so doing, increasing the accountability of executive government in some ways to the parliament and in other ways directly to the public.

I was hoping to hear the current Chairman of the Joint Committee of Public Accounts, the honourable member for Fairfax (Mr Somlyay), in his remarks respond to the suggestion, made first by the committee and supported by the Deputy Leader of the Opposition, that this bill should be referred to the committee. It was the committee's recommendation in its 1995 report that any such bill should so be reported.

I understand that the chairman might not have had time to consider it—the deputy leader raising it only just before the chairman rose to speak—but I hope that he and his coalition colleagues from that committee might give that proposal, first recommended by the committee, some consideration and they might raise it within their party room and discuss it with the Treasurer (Mr Costello) in the hope that it might be adopted and implemented. For reasons that I am going to refer to and those outlined by the deputy leader, I think it is very important that this bill gets some further review and scrutiny. There is no challenge to the principle and to the direction in which it is going, but there are some concerns about the way in which it is being implemented.

To come back to my opening theme—that this is an increment in the ongoing process of opening public administration to scrutiny—there is an interesting history to what is really virtually a 25-year process of the opening of public administration in this way. When the Whitlam government came to office in 1972, perhaps with all the enthusiasm for open government engendered by 23 years of opposition, it sought to review various elements of administrative law, administrative review and freedom of information to open the process of government. This was a process pursued to its conclusion by the Fraser government, which implemented many of the reforms which are now a feature of the Australian public policy landscape.

I know some, like my friend and former colleague Peter Walsh, would suggest that we have taken this process of administrative review much too far. Whether he is right or wrong on that, there is no doubt that we have much more accountability, openness and scrutiny.

Building on that basis, the Hawke and Keating governments proceeded in a manner more directly relevant to public access to useful information about the state of public finances. This led to the publication of the three-year forward estimates of outlays and revenues, something strenuously resisted by Mr Howard when he was Treasurer. These were not courses of action which were attractive to him at that stage.

The actions of these governments led to the publication of annual tax expenditure statements and a massive improvement in the budget papers but, I would have to say, one on which I think more work needs to be done. They were also initiatives leading to the publication of financial impact statements as a part of all explanatory material for new legislation. With these three initiatives, the publicly available information was substantially increased, and the quality and potential for professional and public analysis of the budget and the overall fiscal situation was substantially enhanced.

We have here before the parliament today another step in this continuing process. I have to say that, for all the hype and to the extent to which it is a welcome step, it is actually a rather small step. Nevertheless, it is to be welcomed. It is ironic that this initiative should be announced in conjunction with a budget not notable for its honesty. In fact, we have had introduced for the first time into the Australian public discourse the concept of core and non-core promises. This may be one of the few legacies of the Howard government to the Australian public policy debate. If so, it will not, I think, be considered a very healthy contribution.

In qualifying one's enthusiasm for this basically worthwhile step, we need to recognise the notorious unreliability of economic forecasts and projections about the economy and the fiscal situation—those made by the

private sector forecasters and economists and those made by public sector forecasters and economists. I think, over time, Treasury has a pretty good track record compared with private sector forecasters. They all get it wrong sometimes; they all get it right sometimes.

We have seen this vulnerability of such forecasts highlighted most recently with what was reported in the *Australian* as the fiscal or budget bungle which has opened up the so-called Costello crater in the government's 1996-97 and 1997-98 budget prospects. This does not lead me to be opposed to the release of Treasury's best projections, but let us not exaggerate their value.

Firstly, there are many well-informed projections on most of these issues already in the public domain. This will be just one more, although a very good one. Secondly, one thing we can be sure of is that Treasury and Finance will always give extremely conservative advice. They will always manage to make the situation look very bleak in the lead-up to every budget, as they have done again this year. They are a very competent department staffed by competent, committed public servants. The release of their projections and any increased information that can be provided about the basis for these forecasts will enhance public debate. All those things are to be welcomed.

It is very difficult to keep a sense of proportion about the extent to which this will be a valuable contribution. There is no way it can be other than some help. In a way, only hindsight will tell us how valuable. The best assessment we can make is that there is a lot of information available now and, to the extent to which there will be more information available as a result of the release of this documentation, that should enable more debate about economic prospects, the economic situation and where it is leading.

It will not lead to unanimity of view. It will not lead to agreed, simple courses of action which will be self-evident to all concerned because, even if the facts are agreed, we will have to pour our own objectives, priorities and policy preferences into that agreed set of facts to get an outcome of suggested appropri-

ate policy response. So assessment of the facts will vary, assessment of the objectives that should be set from the assessment of factual base will vary and preferences about policy courses to achieve those goals will vary. So we should not have any illusions that we have in some way resolved the great dilemmas of public difference in discussion about economic circumstances or policies. Information is an asset and its disclosure should be welcomed.

There are two other points I wish to make about the economics of this proposal before I turn to those elements that relate particularly to its impact on election arrangements. Firstly, let us talk about what is not in the principles of sound fiscal management, because they are a very limited set of principles. They reflect the very limited imagination of this government. It does not seem to make any reference to employment. Perhaps that is not surprising if we have a Prime Minister who says we should all be content and that we have a very fortuitous conjunction of economic circumstances about which we should all feel pleased at a time when unemployment is stuck at an uncomfortably high level and there is no sign of any strategy or plan that might have any remedial impact on that level of unemployment right through 1997.

Perhaps it is not surprising that a government with that sort of priority does not think that the employment consequences should be part of a statement of principles of sound fiscal management. I certainly think it is an objective that most Australians would share and which I think should be incorporated. Once again, it is putting the desiccated accounting analysis ahead of the people which the economy and the government are supposed to serve. There is no mention in their principles of the impact of fiscal policy on the generation of income and wealth, on productivity, on income distribution and on quality.

While fiscal rigour and economic responsibility are things to be welcomed, we should not allow these virtues to blind us to the fact that, ultimately, we live in a society; we do not live in an economy. Fiscal policy has to fit into that broader framework. It is not an end in itself. It is an instrument for achieving

social goals and, in a democracy, it is a vehicle through which the elected government seeks to use its policy to influence economic outcomes to achieve those social goals.

The other economic point to be made is that I doubt very much that these proposals will actually improve our economic performance at all. Some people claim that they will; some people support them without any claims of economic consequences for other reasons. I obviously fall into the second category. It seems to me there is a tendency to extravagant exaggeration and misunderstanding of the value of this initiative to pretend that in some way it is going to make our economic management better. If the proposals are successfully implemented, then it should enhance democratic debate in our society and make our society healthier. I welcome that as a very worthwhile reason for taking a policy initiative. We should not try to hang off it some imagined economic benefit that will come from the heightening of information in our society.

Perhaps in the long term you would say as there is more information available to the people and, therefore, democratic debate about economic issues is improved, it should lead to greater understanding and a propensity for people to demand that they have put before them better economic policies and that they will support political parties seeking to implement better economic policies. So, in the very long term, if you are talking about it in generational terms, there may be some incremental effect. But that is not the case for this measure. The case for this measure is that it enhances the information available to people and the accountability of the executive to the government. It is designed to achieve some equity in the treatment of government and opposition in the presentation of material to the people, and to enhance the information available to the people to judge their policies at election time.

In the time available, I now turn to the electoral consequences of the changes being made with regard to fiscal reporting at election time. There is one consequence which I think may well be an unintended consequence. I think it is inevitable—perhaps that

is overstating the case—highly probable that these changes will tend to delay detailed policy release in Australian elections. Oppositions of all political persuasions over the years ahead will certainly be constrained—perhaps governments and other parties also—from releasing their detailed policies prior to the release of the Treasury-Finance economic assessment.

As the Deputy Leader of the Opposition said of the bill, it is likely that that assessment by Treasury and Finance will be released 10 days after the issue of the writ. What we are saying here is that, three weeks before the election, that material will come out. It would, in many circumstances, be rash to release detailed specific policies—we will come to the question of the costing of those policies in a moment—well in advance of the receipt of that information.

I understand the concern that people had in putting forward this proposition. I know why they are seeking to ensure that this information is available. But I think one of the reasons the Joint Committee of Public Accounts needs to look at this bill before we let it proceed any further is that some of these unintended consequences which may flow could in fact negate the very enhanced accountability of political parties to the voters. It could work against the empowerment of the voters that this part of the bill is designed to achieve. I am not attributing bad motive here. I am simply saying I think there is an unintended consequence that could have adverse consequences on the proper intention of the government to give greater power to the people in making their judgments at election time. This is because the Treasury-Finance report is going to be seen at least initially and for some elections. How it develops over the medium term will depend upon a series of developments, both in the nature of the reports and in the nature of the response to them. But initially they will serve to, and they are clearly designed to, set the parameters within which and against which all the policy proposals put forward will be assessed. That timing—the three-week period between the release of that document and the election—could lead to much less time to analyse,

assess, compare and contrast the respective policies of government and opposition.

It is not clear on the face of it whether this will favour governments or oppositions on any particular occasion. It will vary from time to time. Quite clearly, other aspects of the proposals will significantly be to the advantage of the governing party. But, in the interests of our democracy, which this measure is designed to enhance, I think we have a potential cause for concern about this delay and this compression of the time period within which information will be available which requires serious consideration and review.

The other proposals in this bill to do with costing of the election proposals certainly do not provide anything like equal access by government and opposition to the resources of Treasury and Finance. Of course, governments have continuing access to Finance costings for policy proposals developed right up to the announcement of the election. Many of these can then become the options which are pursued by the government as election policies. The opposition will only have access to Treasury resources to cost already announced policies, not to examine or cost options being considered—this only at the discretion of the Prime Minister.

There seems to be an uncomfortable juxtaposition between this question of the need for a request to the Prime Minister for costings by Finance of already declared policies and the release of the fiscal context 10 days after the issue of the writ. This is a very awkward and inconvenient juxtaposition. It requires a fair bit of analysis, consideration and review to see how in practice it might be implemented, particularly by any opposition.

This problem is exacerbated by the fact that the opposition's access to Finance resources is not guaranteed by the legislation; it is merely made subject to prime ministerial discretion. One would think that the democratic sanction would make it very difficult for a Prime Minister to refuse such access, as it has in the past, but there is certainly no guarantee.

The Parliamentary Library, in its analysis of this bill, makes further comments on the

manner in which the Charter of Budget Honesty Bill might be amended: firstly, to look at this issue of more equal access to the resources of Treasury and Finance and, secondly, with some specific suggestions for improving the bill. For all these reasons, I believe that the Deputy Leader of the Opposition is correct in his proposal that this bill be referred to the Joint Committee of Public Accounts, first and foremost for a review against the principles which that bipartisan committee developed in their review and report in 1995.

That committee recommended that one measure which should be taken was the reference of any bill such as this to the committee. I hope coalition members of the joint committee, including its chairman, will support that reference. It is appropriate beyond that for reference to the JCPA simply because that is the only body which seems able, with proper advice, to assess the fiscal and public administration principles involved whilst also appreciating the implications of the provision of the Charter of Budget Honesty Bill for the efficient and effective conduct of election campaigns and the capacity of the public to be effectively informed of all the details of the competing parties in the election.

Therefore, whilst supporting the principles underlying the bill, I hope it will be referred to the committee and the issues I have raised and those to be raised throughout the debate will be considered and reviewed, if not by the JCPA—if the government is not prepared to do that—then by some appropriate body to which the matter might be referred by the Senate.

Mr RICHARD EVANS (Cowan) (10.46 a.m.)—I am pleased to join this debate today because I think the Charter of Budget Honesty Bill is one of the most significant bills to reach this parliament in recent times. I am interested in the way the Labor Party has gone about the debate with the shadow Treasurer, the member for Holt (Mr Gareth Evans), and the member for Canberra (Mr McMullan) speaking. They spoke about a lot of technical things. They said that Labor had made huge advances in budget honesty over their period in government and that Labor has

the best record of financial reporting. That may be so—best record and advances being made—but when it came down to a management of these funds a big question mark was put above the Labor Party, not only federally but also in state matters.

I am sure you would agree, Mr Deputy Speaker, that the political scene in Australia has not been very complimentary to our political institutions over the last decade or so. Constituents, in particular ones in Cowan and those we represent, have lost faith in the political process. I think they grew tired of the rhetoric delivered to them during the 1980s and early this decade. They lost faith in those people they had placed their trust in and they became more and more cynical about governments and about the promises they were constantly exposed to, promises by most governments over that period that were often broken.

It is my belief that any government, be they Liberal, National or Labor, should stand on their record and be judged fairly by those who put pencil to paper and mark a ballot paper. But how can voters make a clear decision when they are not told the whole truth—the whole truth about the state of the nation, in particular its economic affairs; the whole truth about whether we can afford to pay for the promises political parties make; and the whole truth about the state of the country's financial books?

The Australian community have lost faith generally over this period and it is up to this parliament to restore credibility to the political process and the institutions of good government. This is why the coalition government is meeting another election commitment—to provide a charter of budget honesty.

Before us today we have a bill that will provide a process of government which will mean the parliament will be more accountable and more responsible to those that we serve—the Australian people. The two previous speakers from the Labor Party did not talk about the Australian people; they talked about the process. Too often in this place we tend to forget that politics is all about human relations. We should be respecting those people that put us here in their trust. They as

Australians have been sadly ignored by governments, particularly Labor governments, in the past.

We have a bill before us today that means the government of the day, no matter which party is in power, will always be financially accountable to the people of Australia. The charter of budget honesty is all about bringing back to the political stage accountability through budget honesty. This will be done by improving fiscal policy so that the Australian people will be able to scrutinise the accounts before they make a decision on which party they will support at election time. What is wrong with that? I think the opposition have agreed that there is nothing particularly wrong with that notion, although they are concerned about some of the technical aspects. What is wrong about being accountable? There is nothing wrong about being accountable, and it is time we were.

This bill will mean that when a government says there is a surplus in the budget we will know whether they are in fact being honest with us. It is only a few short years ago that the then Treasurer, the member for Gellibrand (Mr Willis), who is in the House at the moment, told the Australian people that the federal budget was in surplus to the tune of \$718 million. Was it? Well, sadly, it was not. Although he might argue differently, the so-called Beazley black hole was about to overcome us over the last 12 to 18 months.

You might recall that at the last election the then Minister for Finance promised a balanced budget. However, we were later to find the truth about the real state of the books. It was clear that the then Minister for Finance, Mr Beazley, did not disclose the true nature of the nation's books. History records that the Australian electorate did not believe him or his reassuring words. This is why he is now Leader of the Opposition, faced with the stigma of a fiscal black hole of around \$10 billion as part of his political CV.

No doubt other speakers opposite will try to justify the performance of previous federal Labor governments and, in fact, some state governments. They will read from former briefings. No doubt they will passionately believe that what they are saying is in fact the

truth. But their truth of performance past is like the faith young children have in the myths of our community. For instance, my children believe that the myth of Santa Claus is in fact true. Try and tell them otherwise. They believe in the tooth fairy when they get \$2 for every tooth that falls out of their mouths. They believe in that.

It is just like the current myth that the Australian Labor Party knows how to manage money. The current myth in the Labor Party and also in the community is that the Labor Party knows how to manage money. Probably the only people who would believe that are the children of the revolution back in the 1970s, because evidence far outweighs the myths of the Labor Party. The truth about the Australian Labor Party is that they cannot handle money. They don't know how to make it, other than probably printing it, and they don't quite understand the principles required to create wealth. It is clear from the evidence over the 1980s and the early 1990s that they cannot be trusted with public funds.

The first thing we should do to try to restore some faith and trust in the community about politics and government is to introduce this budget honesty. Hence, the need for this legislation to apply to all governments—not just this government but all future governments, including Labor governments. Unless those opposite really face the truth of the 1996 election, they may be in opposition for a long time. Their denial of what happened 12 months ago is like the denial of the Liberal and National parties back in 1972 when they lost government after a long period. The Labor Party needs to start addressing some of the reasons that they lost government last year.

The Australian people have lost faith in money management matters associated with politicians, and for good reason. I do not make these statements about the Australian Labor Party and their total disregard for fiscal responsibility very lightly. They have a history of poor fiscal management, not only at a federal level but also at state government levels all over Australia. I would like to talk about some of their history as reason enough

for the early introduction of this particular bill.

During the 1980s, Australian financial management all over Australia was dominated by the Australian Labor Party. My own state of Western Australia was sent into virtual bankruptcy by a succession of failed Labor governments. It was a period which saw the imprisonment of a former Premier and Deputy Premier over activities associated with their period in government. The now infamous WA Inc. Labor Party management of public funds resulted in losses of over \$1,500 million. This equates to at least \$3,500 for each family in Western Australia. The Labor Party lost \$139 million in the Government Employees Superannuation Board. They lost \$492 million with the State Government Insurance Commission. They lost \$39 million in Bankwest, and in general government revenue and expenditure they lost \$845 million. It was a period of financial irresponsibility confirming the need for the Howard government to set the national lead for fiscal accountability, giving some faith and trust back to the community of Australia by introducing this charter of budget honesty.

Another example of the Labor Party's irresponsibility with public funds and another reason for this bill is that, in South Australia during the management of Premier John Bannon, the Labor Party lost \$3,500 million when they tried their unique style of fiscal control of the State Bank, money that could have been better used to maintain that particular state.

The Labor Party increased state debt by a staggering \$1.3 million every day in the last 11 years of their government. This equates to a cost of approximately \$22,000 for every average South Australia family. In August 1991, Mr Bannon said in parliament that South Australia Inc. did not exist. He said: This government took great care to make sure it did not exist.

However, we have learnt that the Labor Party lost over \$3 billion in the State Bank, \$350 million in the State Government Insurance Commission, \$200 million on cost overruns on REMM and \$180 million on a cost overrun on ASER. No wonder, Mr Deputy Speak-

er, that the South Australian voters lost confidence in the Labor Party and need honesty back in the political system in that state.

This is why I think the government should be setting a lead in these areas federally, to stop this blatant irresponsibility of management of public funds so that it will not happen again. In Victoria, for instance, in the 1980s, the Labor Party sent the state back to the prehistoric age of fiscal responsibility. After 10 years of Labor Party management, they left a debt the equivalent of almost \$8,900 for every man, woman and child in that state. Despite increasing taxes under Labor in Victoria, debt tripled to around \$60,000 million in their 10 years in office. The Labor Party in Victoria had one financial disaster after another—and who could forget the State Bank, Tricontinental, Pyramid, the Victorian Equity Trust, the VEDC and others? The Labor Party even sold the trams in Melbourne and still could not balance the budget.

Did the people of Victoria know about this fiscal management in Victoria? Would they have continued to vote for the Labor Party? In my view, they would not; and this is the reason that we need to restore trust in the political process of budget management through this bill, acting federally and perhaps leading the way for others to follow both at state and local government level.

In Queensland under the Labor Party management, they too left a black hole of debt. The Labor Party's 1995-96 underlying deficit of \$180 million grew to a staggering \$240 million just 12 months later. The Labor Party's 1995 election promises in that state had \$140 million of unfunded promises. This is why we, as a national parliament, need to lead by example to stop this irresponsibility in other governments, setting a lead for other governments to follow.

Even in New South Wales, the last state where Labor has management and control of the till, there are signs indicating poor financial management. I refer to an *Australian* article written by Fiona Carruthers in January this year, which states:

The New South Wales government had to maintain fiscal discipline and avoid significant unfunded

knee jerk spending or risk undermining its AAA credit rating, the international ratings agency Standard and Poor's said yesterday. The agency's ratings report in New South Wales to be delivered next month will note the government allocated an unbudgeted \$208 million in spending last year.

It went on to say, and was quoting a Mr Shepherd from that particular agency:

I was concerned that there appeared to be a due lack of process. If that starts to happen you can easily lose control of your budget.

This is an example of what I am talking about and the way the Labor Party thinks in relation to financial management. They do not know how to control their financial spending, they have unfunded programs, and they do it to satisfy the political whims and urges at the time. But it is not just the regional Labor Party managers that are not in control of money; the big daddy of all poor financial managers was the Keating Labor government.

In December 1995, the former Treasurer, Mr Willis, the member for Gellibrand, released Labor's mid-term review of the 1995-96 year. In a five-page press release, he predicted a budget surplus. However, as already explained, it was not to be a surplus; in fact, it was a \$10 billion deficit. The former Treasurer made no predictions for future years. However, his budget of that year predicted a \$3.4 billion surplus for the 1996-97 year. However, we have unfortunately found that we are in deficit to the tune of an unbelievable \$10 billion. These predictions by the former Labor government were about as reliable as the l-a-w law tax cuts that they promised but never delivered.

As we have seen, this is the Labor way. This is what they have done to control the management of governments over the last 10 or so years. They have no accountability for fiscal management. They prefer the future to pay for the present, and they do not care because they will not be in parliament when the big crunch comes.

The Labor Party fought the last election on this mid-term review that the member for Gellibrand brought forward, which I remind you, Mr Deputy Speaker, was a comprehensive message from the Australian people that they had had enough of Labor's style of financial irresponsibility—a message I have

yet to hear acceptance of from those opposite, even my friends from Williamstown.

The Australian people chose the coalition and our promise of a charter of budget honesty. The people of Australia are sick to death of poor financial management. They want and demand accountability, and this bill will give it to them. This bill seeks to make it fair for both the government and the opposition. As the Treasurer (Mr Costello) has already stated, it will provide even-handed costing on government and opposition election promises.

As explained by the member for Fairfax (Mr Somlyay) and others, it will go on to provide a financial reporting system which is second to none and which hopefully will lead other governments to follow suit. I think it is time for new politics in Australia. It is time that the human element of politics came forward. All these figures that we quote all over the place are not associated with the human element.

Certainly the electorate of Cowan are telling me that they want more responsibility from their political representatives. It is time we started showing that political responsibility by introducing truth to politics in Australia. It is time for Australia and Australians to have some faith and trust in the system of government, and the only way we can do that is by bringing forward some financial honesty. This particular piece of legislation can do that, and I commend it to the House.

Mr WILLIS (Gellibrand) (11.03 a.m.)—Firstly, I want to reject two charges against the previous government made by the Treasurer (Mr Costello) in his second reading speech on the Charter of Budget Honesty Bill: firstly, that the government deceived the Australian people at the last election and, secondly, that the need for this bill is shown by the rise in the level of government debt.

The basis of the first charge is that we never released to the Australian people in the mid-year review the updated budget outlook for the out years 1996-97 to 1998-99 which, on coming to government, the government found to have deteriorated against the budget time forecast—the so-called black hole. In regard to this, let me say that the amount of information given to the Australian public

was dramatically increased by the Labor government compared with that which was released by its predecessor government, the Fraser government.

They only ever published figures for the budget year. There were no out year figures at all under any previous government before the Labor government. There was no mid-year review. They did not even do it in the budget itself. There was never ever any out year figures, with one exception. That was the 1983 election when the then Treasurer and now Prime Minister (Mr Howard) made up his own estimate for the deficit in the next year and put that to the Australian people as the government estimate.

This was despite the fact that he later admitted that Treasury had provided him with different figures. He confessed after the election that Treasury had given him three figures for the next year's deficit: \$8 billion before the election campaign began, \$9 billion the week before the election and \$9.6 billion the day before the election. None of those figures was ever released by the then Treasurer before the election. Instead, the figure he released—his own figure—was \$6 billion, much less than the Treasury figures, which he later justified by saying that it was a personal estimate which he was entitled to produce having been Treasurer for five years. If you want to talk about pre-election deceit by a government, just try that one for size.

What Labor did in government was to greatly improve the previous government's dismal record of budget reporting. First, we introduced the forward estimate of outlays, which meant that there was a projection of the likely level of outlays on a no-policy change basis not just for the budget year but also for the three years beyond that. That was the first time the nation had the ability to see beyond the budget year. We did not do it for revenue. This was done quite early in our period in office. It was not done for revenue because that was opposed by Treasury. Treasury opposed it because they said that the revenue forecasts were much more volatile than for outlays and that it was therefore much more difficult to get them right. They did not want those projections put in the budget papers. So

we only ever did it for outlays for quite a few years.

In 1993 we introduced the national fiscal outlook, which was produced at the July 1993 Premiers Conference. It provided medium-term projections of the fiscal outlook for both outlays and revenue for both the Commonwealth and the states. That was done on the basis of high and low growth rates to highlight the effects of growth on the budget forecasts.

So from that time on we have had the projection of the total budget outcome. In the 1993 budget we projected the budget outcome on a no-policy change basis and on the basis of measures contained in the budget. So only four budgets ago—just four budgets ago—we had the forward projections of the whole budget outcome at any time of the year. Before that, it was not available at all.

We also introduced the fiscal framework. It was brought in at that time to spell out the basis of the fiscal policy on which the government was proposing to develop the budget. It was released near the start of the budget preparation process so that the parliament and the community were aware of the economic and fiscal framework within which the government was proposing to develop the forthcoming budget.

We also introduced the mid-year review to update the budget estimates for the current year in the light of experience of that year to date. Why have only the current year and not the out years? Because that was the year with which we already had some experience. So there was a very sound basis upon which to make a more accurate projection of what was likely to be the eventual outcome.

Clearly, that was a factor—that is, that year's experience—which could not possibly apply to future years until we actually got there. For that reason—and also because we knew from experience that the no-policy change starting point for the next year's budget danced around considerably, sometimes enormously, in the course of preparing the budget—we believed that it was best just to update for the current year. Bear in mind that until this time a few years ago there had been no mid-year review at all. There was

only the monthly report, the so-called Niemeyer report, which had been published since the 1930s giving you an update month by month. But it did not really give you a picture of the likely outcome of the budget.

So to update the figures for out years in the mid-year review was thought to be inappropriate because they were still only estimates which would almost certainly change considerably by budget time, whereas the update for the current year being based on actual expenditure for that year should have given us a much better fix on the likely outcome. That was the reasoning for the mid-year review being confined to the current year—and that, of course, in the context of us having introduced a swag of additional budget reports which had provided far more budgetary information than had ever been made available by any previous Australian government.

In the light of all that, I find it particularly offensive that we are accused of having deceived the Australian people by not providing even more information. If we deceived the Australian people, what does that say for all the previous governments in this nation who provided no such information at all—no forward estimates, no mid-year reviews, no fiscal frameworks, none of the whole apparatus which has been put in place by the previous government? What does it say for the now Prime Minister, who provided a budget deficit substantially less than he was told by the Treasury to be their estimate of the forthcoming deficit?

I now turn to the second claim, which is that the rise in the Australian government debt indicates the precarious state of Australia's fiscal position. The fact is that we are one of the best placed developed countries in terms of fiscal rectitude. Our budget position in 1996 was one of the best in the Western developed world, as shown by the *OECD Economic Outlook* for December 1996, which produces a table called 'The fiscal outlook' for the 20 most important OECD countries. For calendar year 1996 it shows that, out of these top 20 countries, only four had a lower budget deficit as a percentage of GDP than Australia—only four. Australia's deficit at 1.7 per cent of GDP was just over half the aver-

age for the 20 countries of 3.2 per cent and well under half the average for the European Union countries of 4.6 per cent.

We do not have a disastrous budget situation. It is one of the best in the Western developed world—and was before this government took any action. Similarly with the government debt, which the Treasurer keeps raising as some evidence of fiscal calamity. This same table I referred to has a table on gross financial liabilities for all of these countries. Australia had the second lowest government debt of all 20 countries—the second lowest. Our debt was 43.4 per cent of GDP. Against our 43 per cent, the average for all the 20 OECD countries was 74 per cent. Some were over 100 per cent or more, including Canada, Belgium, Italy and Greece. Apart from Norway at 38 per cent, Australia at 43 per cent and Iceland at 55 per cent, no other country had a level of government debt to GDP below 60 per cent. So, comparatively at least with similar countries, we do not have a high level of government debt. In fact, it is quite low.

These comparisons of budget outcomes and government debt levels used to be included in the budget papers. We had them in the budget papers in 1995. But this government took them out. Why? Because it does not want those comparisons to be made. It does not want comparisons being made with other countries which show us to be in a relatively good position. Why? Because it wants to give the impression that we have a very serious fiscal situation in Australia—which is, in fact, arrant nonsense.

Most of the finance ministers and treasurers in the Western developed world would give their right arm to have our fiscal situation. Certainly almost all the EU countries, struggling to reach the Maastricht treaty criteria of a deficit of no more than three per cent of GDP and government debt of no more than 60 per cent of GDP, would be mightily envious of Australia.

None of this is to say that we therefore can be lax and complacent—of course we always have to try to do better—but the fact remains that our fiscal position, even after the revised

budget figures of last year, was one of the best in the Western world.

Let me refer to changes to budgetary reporting by this government prior to this bill. Firstly, this government has introduced reporting of out year budget forecasts outside the budget context. It did it in March after coming into office and again in the mid-year review just recently, and the bill before the House will do it in future years in mid-year reviews and before elections. The government has sought to make great virtue of this and to capitalise on the changed budget outcome forecasts for the out years from those in the 1995-96 budget, the so-called budget black hole.

But all this reflected, in the main, was changes in economic and budget parameters—some of it good change, like lower inflation. When these changes go against you on both sides of the ledger, they can quickly make a very substantial difference to the fiscal outlook. The Reserve Bank governor noted last year that 90 per cent of this change was due to changed economic parameters.

The same thing can happen with program parameters when outlay or revenue programs do not perform as expected, as this government has just learned with the shortfall of \$1.6 billion in company tax in the current year. Despite carpeting the Secretary to the Treasury and the Commissioner for Taxation in the cabinet, the fact is that it is certain to happen again because these things are only estimates. They are subject to a multitude of variables. Even with the smartest people in the world, you will never get it exactly right, and sometimes you will get it very wrong. Of course, clearly in the past the economic forecasters have got it woefully wrong, as was the case with the recession in the early 1990s which they never anticipated at all.

We should not lose sight of the fact that these out year estimates are only broadly indicative. With each subsequent update, the numbers will vary notably, sometimes very substantially. If the government wants to update the out year figures for the half year, it can certainly do so. But there is no guarantee that the updated figures will be any more accurate than the earlier figures.

However, if the government wants to be on the side of the angels here and let it all hang out, why not do it every quarter? The Joint Economic Forecasting Group revises the forecast of the economy every quarter after the national accounts are available, so why not revise the projected budget outcome as well and let the public and parliament enjoy all the swings and roundabouts of the budget projections as they occur?

Another change to budgetary reporting by this government has been the development of the concept of the underlying budget outcome. Indeed, this has become the government's complete focus, with budget reporting and government comment on the budget focusing on the underlying budget outcome and the so-called headline outcome—the actual outcome—being relegated to a memorandum item. It is a strange concept of headline to have it buried away in the budget and not mentioned in government comment. It is more like a footnote than a headline.

It is important to note that this underlying budget outcome is just a construct; it is not the actual budget outcome. It does not measure the government's financing task, which is really shown by the actual or so-called headline budget outcome. It is the financing task which influences the level of government debt, which the Treasurer says he is so concerned about.

The underlying budget concept is supposed to show the impact of the budget on public and national savings, but the concept is less than perfect. For instance, it excludes equity sales, such as Commonwealth Bank shares, but it does not exclude other sales—one-off sales of physical property, like land, buildings or spectrum. So it continues to include one-off additions to revenue or offsets to outlays within the underlying budget measure.

The real reasons for the government focusing on the underlying budget outcome are the desire to make things seem worse than they are, to blame Labor for an alleged deficit nearly \$6 billion higher than the actual budget deficit and to justify the cuts to outlays the government wants to make for ideological reasons. It needs an alleged fiscal problem to create a supposed fiscal need for these cuts.

There are further changes to budget reporting proposed in the bill now before the House. Firstly, the bill establishes principles of sound fiscal management on which the government's fiscal strategy is required to be based. I do not have time to go through the detail of those.

The overwhelming emphasis of this list is on financial and monetary criteria. Where is the recognition that budgetary policy is the principal means by which a government can influence the conditions of people's lives? Where is the concern for people? Where is the concern for creating jobs and reducing unemployment? Where is the concern for improving living standards and ensuring a fair distribution of income and wealth?

This sterile list of principles represents an abdication of responsibility by this government. Sound fiscal policy is about more than fiscal and financial integrity. Important as they are, it is also about building a decent society. But this government seems to have no concept of that.

Furthermore, in attempting to lay down principles of fiscal management, the government is flying in the face of recommendations by the JCPA and its own Commission of Audit. The JCPA, in its November 1995 report *Financial reporting of the Commonwealth*, recommended the adoption of financial reporting legislation. But it specifically recommended against binding statutory principles of fiscal responsibility.

Likewise, the Commission of Audit, in its chapter on the charter of budget honesty, said that in such a charter Australia should not adopt legislative fiscal principles. But the government has ignored both these reports and has gone ahead with legislating for such principles despite the problems inherent in doing so.

Secondly, the bill requires a fiscal strategy statement to be released at the time of or before the budget as to the first one and, after the first one, at the time of the budget. This fiscal strategy statement presumably takes the place of the previous government's fiscal framework. But, unlike that framework, it does not have to be produced until the budget is announced. This is a far less satisfactory

situation than that which prevailed with Labor's fiscal framework. It was produced at around the commencement of the budget preparation process. To produce it only with the budget denies the opportunity for parliamentary and community comment on the government's proposed fiscal strategy and thus an opportunity to influence the strategy finally adopted.

Also, the JCPA recommended that the fiscal statement be produced three months before the budget. But it says here that it should be introduced with the budget. It goes totally against the JCPA's recommendation, a fact which the member for Fairfax (Mr Somlyay) seemed not to understand.

The budget economic and fiscal outlook report required at budget times seems uncontroversial, except that it is curious that the bill does not require the secretaries to Treasury and Finance to sign off on this report. When it comes to election time the secretaries are required to sign off on the update of the economic and fiscal outlook, so why not on the budget and mid-year review? That is what the Commission of Audit recommended. It is also what the New Zealand legislation requires. Of course, this legislation is very much based on New Zealand legislation. In any case, this is what has been happening in practice.

In 1995, when the then opposition called for an assurance that the budget economic forecast had not been subject to political manipulation, the Secretary to the Treasury gave that assurance to the now Treasurer. Last year he did likewise when we asked for such an assurance. Since such assurances are being sought and given each year, why not require them in this legislation for mid-year reviews and budgets as well as for the pre-election report? The intergenerational report is a worthwhile initiative, and that was supported by the Reserve Bank and Treasury before the JCPA.

The proposed process for the costing of election commitments is patently unfair—as mentioned by previous speakers on this side—because it is left to the discretion of the Prime Minister as to whether he refers the opposition leader's requests for costing of

opposition policy to the responsible secretaries. That is patently unfair. There should be no such discretion.

Finally, what is not in the charter—conspicuously absent—is the requirement that fiscal reports be eventually prepared as whole of government reports on an accrual accounting basis, as recommended by the JCPA and the government's own Commission of Audit. This is also the basis of reporting in the New Zealand legislation on fiscal responsibility.

Government departments under the Labor government were progressively required to report on an accrual basis. So, by the time we left office, as well as reporting on the normal cash basis, they were reporting on the new accrual basis. So most of the work has been done towards budget reporting on an accrual basis. The next step is to move to a whole of government report.

The Treasurer's second reading speech gave no hint of any kind of developments in this area. There is nothing in the legislation which refers to that at all. So the Treasurer—or whoever is going to respond for him—in responding to this debate should give us some idea of what the government's intentions are for accrual accounting. Do they intend to go on with the process? Do they intend to have that incorporated as part of their budget reporting process in the future? Or will they drop the whole idea?

MR BOB BALDWIN (Paterson) (11.22 a.m.)—I rise today to speak on the Charter of Budget Honesty Bill 1996. I am quite surprised to hear any sound of resentment or opposition from those opposing it. If you ask electors what they want, the answer would be: an honest government. Today the broader community is typically cynical of political promises. Who can blame them? Look at what they have had to endure over the disastrous reign of the previous Labor government. Numerous promises were broken because Labor did not understand what financial accountability or management was all about.

It is a shame to see promises broken when, quite simply, if the affordability of promises had been checked prior to the promises being made, or straight after, the electors could have made a conscious decision about whether they

thought the government was being fair din-kum about what it was putting forward.

Today we heard the Deputy Leader of the Opposition (Mr Gareth Evans) say, 'What happened to good old-fashioned honesty, when you made promises and then you kept them?' I think the Deputy Leader of the Opposition might have selective amnesia in addition to relevance deprivation syndrome—selective amnesia because he cannot remember the promises made by his government, the former government, that were broken.

One of these promises goes back to 1990. The then government committed \$1 billion to upgrade the Pacific Highway—which runs through your own electorate, Mr Deputy Speaker Nehl. But, after the promise was made, the funding was pulled back and no money at all was spent on the Pacific Highway. This was yet again a promise made but then withdrawn because Labor did not understand what financial accountability was all about.

Prior to the last election, the current Prime Minister (Mr Howard) and Treasurer (Mr Costello) asked for the books to see what our financial position was and to make sure that we could afford the promises that we made. The Prime Minister gave a commitment that we would deliver what we gave a guarantee to do financially—and we have done that. But all along we were told that either the books could not be prepared or there was going to be a surplus or a slight deficit.

I refer you to an article in the *Age* of 1 February. Mr Willis, as reported by Michelle Grattan and Innes Willox, said that Labor was already aiming to achieve a structural budget surplus over the next few years under its current policy strategy. This was definitely not what they left. Further in that article, Mr Beazley, when asked about whether they had plans to increase taxes, said:

Why would we? We're operating in surplus, and our projections are for surpluses in the future.

In a follow-up article in the *Age* on 2 February Mr Beazley was reported as saying on ABC Radio:

As far as we're concerned, the Treasury estimates . . . in connection with the last Budget . . . stand for good, and we stand by them.

The budget estimates did not point out the \$7.6 billion deficit. At this time, the former Treasurer, the member for Gellibrand (Mr Willis), announced a forecast of a \$718 million budget surplus in 1995-96, which, unfortunately, came down to a \$115 million surplus because of slower economic growth. It was then pointed out that the budget was being saved from a big deficit by a \$1.9 billion debt repayment from the Victorian government.

The Deputy Prime Minister at the time and Minister for Finance, Mr Beazley, when asked about budget predictions—and in a statement he released to answer questions about that—said:

But it is not sensible to keep . . . updating those (budget) figures at points of time when the figures that you get for updating purposes are no great use to you. They are no great use to you when you do your budget. But they are not a great use to you at that point.

Let me tell you that they are of use to an opposition and, more importantly, they are of use to the electors when they are assessing whether the promises that are made can be afforded. Prior to the election, a lot of the private sector, in addition to the then opposition, was out there wandering around challenging the figures and talking about the high level of budget deficit. At that time, Mr Beazley said:

. . . there are always people in the private sector wandering around challenging figures. It's their profession. They are always wandering around—not just in the middle of election campaigns. They are doing it out there. And the answers that we give to them when they do it, which is regarded by all of you with a great ho hum at the time, is that we stick by our figures . . .

The Labor Party cited figures showing a budget surplus and promised that they were going to stick to them. This does not sound like honesty in relation to budgets or to figures.

The Raymond Terrace bypass of the Pacific Highway is currently under construction. Pressure was put on us to match the electoral commitment by the former member for Paterson, Mr Horne, of \$5 million for the duplication of the bypass to take it up to four lanes instead of two. At the time, the now

Minister for Transport and Regional Development (Mr Sharp) said that we could not commit that \$5 million because, quite simply, we could not spend more than we thought we would have in the bank. We suffered a lot of electoral backlash in that area because we would not commit the \$5 million. Mind you, we had just committed \$193 million to do the section from Bulahdelah through to Coolongolook and another \$93 million from Coolongolook to Possums Brush. For them to get an extra \$5 million did at the time seem a little greedy.

But we were committed to the project and through lobbying we were able to achieve the \$5 million. But had there been a charter of budget honesty we could have planned having the accurate figures and gone to the electorate detailing exactly what we could spend knowing that we could afford it and not have missed out on opportunities. Those would be exactly the same opportunities that would now be afforded to the opposition come the next election.

In that process, the Labor apparatchiks and the state Labor member for the seat of Port Stephens have accused this government of hypocrisy and of, before the election, showing an apparent lack of commitment to seeing that roadworks completed. Never mind that year-after-year state Labor and Keating governments promised to commit dollars—promising the work but still failing to complete the road. As I said, the sensible route that we took was that we would be committed to it, but we had to see what was left in the bank before we could afford it.

Honest budgets are about discipline, transparency and accuracy in government fiscal policy. We accept that there are variations and fluctuations for outside influences, but the core elements of a budget must be committed to and must be maintained. That is honesty. The charter of budget honesty is about the bottom line. In this case, the bottom line is: how could the opposition oppose such a bill which is about honesty, about being up front and about restoring the very confidence in political office by being honest? Does the opposition know what honesty is? Well,

honesty as quoted from the *Macquarie Dictionary* is:

1. the quality or fact of being honest; uprightness, probity, or integrity.
2. truthfulness, sincerity, or frankness.
3. freedom from deceit or fraud.

In summing up, I cannot understand what the opposition can say in opposition to honesty. The opposite to honesty is deceit. We saw that during the last election process. They tried to hide the figures. They said, 'The figures are not available,' 'They cannot be delivered,' 'It would take too long,' 'It would be too expensive.' But, indeed, I understand that on Sunday, 3 March, the figures were remarkably made available to the Prime Minister and Treasurer and that is when we found that we had a budget deficit so large that we could not jump over it. It was so large that, because of its direct relationship to this budget deficit, we have had to undertake the budget cuts that the opposition now attack us for, cuts for which they are responsible.

Last night, the member for Namadgi (Ms Ellis) stood up and talked and almost rejoiced that Access Economics had declared last week that Canberra was in recession. Then she turned around, full of hypocrisy, and tried to level that directly at the current Liberal federal government. Again, we have selective amnesia here. Perhaps it relates to the fact that she sits almost directly behind the Deputy Leader of the Opposition. Perhaps she has caught this from him. Quite simply, she has decided to remove from her memory the fact of the previous 13 years of Labor government, 13 years when interest rates hit all-time highs and 13 years when bankruptcies hit all-time highs.

In essence, Canberra was relatively shielded from that because of the high level of public service employment in this town. But now the time has come to pay the piper. Now the time has come to pay up for the spending like drunken sailors that we saw the Labor Party carry on with; and we have had to make cutbacks. Cutbacks are not always nice to have to do but we cannot keep going, spending more than we make, so we have had to make them and now we are decried for them. I put to the member for Namadgi, after her statements last night in the adjournment

debate, that the people directly responsible for the current situation in Canberra—the recession as pointed out by Access Economics—are no other than the then Treasurer, the member for Gellibrand, the then Minister for Finance and Deputy Prime Minister, who is now the Leader of the Opposition (Mr Beazley), and, of course, the former Prime Minister, because they built the financial direction that this country went in. They spent the money, they went out there trying to buy votes and they delivered the fate that has now been handed down not only to the people in Canberra but to many people throughout the community.

I commend this bill because, by commanding this bill to the House, I am seeking to make sure that, come election time, people—the very electors—will be able to understand that governments will be able to afford the very promises that they make to people.

Dr THEOPHANOUS (Calwell) (11.35 a.m.)—The previous speaker, the member for Paterson (Mr Bob Baldwin), claimed that the opposition was opposing the Charter of Budget Honesty Bill. We are not opposing it. We are saying that there are certain things that need to be done in relation to it. One is that the bill should be referred to the Joint Statutory Committee on Public Accounts so that further provisions can be considered and the bill can be tightened up and improved; and some issues which I am going to raise can be taken up in that context. So we are not opposing it, but we are saying that there are some important issues that need to be added in the context of this bill, and we want to see the direction of what has been proposed to be genuine rather than superficial and hypocritical.

Talking about hypocritical, the previous speaker made a lot of comment about the meaning of honesty. Perhaps that is an important place to begin because in a sense this bill is about morality in government. It is about morality in public life and in the political process.

It is interesting that this bill has been brought forward by the Treasurer, Peter Costello. I have had some dealings with Mr Costello in relation to this issue of morality

and government. In fact about 20 years ago, when I was teaching at Monash University, he was one of my students and he was doing a course called morality of power—an interesting course in the context of this bill. We were considering the interrelationships, and sometimes the contradictions, which arise when one tries to take into account the considerations of morality and the exercise of power.

One of the people that you have to study when you are discussing this topic is Machiavelli. More than anyone else, he has written extensively about the difference between the exercise of power and questions of morality. One of the things that Machiavelli put forward was that very often you can get away with the appearance of morality rather than the fact of morality. He thought that if you can do that—if the prince or the sovereign can do that or, in this case, the government can do that—all the better. When we are talking about questions of morality, we have to ask ourselves whether we are seriously talking about genuine issues here or are simply putting up something which can be used as a smokescreen to hide from the real morality of the issues.

We have heard quite a lot from the speakers on the other side about practices under the Labor government. They maintain that there was not sufficient information put forward about budget issues. But in the very short period in which the coalition has been in government we have had breached many issues in relation to budget honesty. We have had a whole range of commitments which have not been met. Let me refer to some of their promises. The coalition said that it ‘will maintain existing levels of Commonwealth funding to the ABC’. This promise was broken before the budget. It is facing a cut of \$209 million over four years. On child care, the coalition said that it had no plans whatsoever to change the operational subsidy to the community based long day care sector. In the last budget—the first coalition budget—the coalition said that it would abolish operational subsidies for community based long day care, which would increase fees by at least \$14 per child per week.

On health, the coalition said that none of its health policy initiatives would entail cuts in the funding for public hospitals. But the budget contains an extensive reduction in funding to public hospitals through a combination of cuts to financial assistance grants to the states and cuts to hospital funding grants, totalling around \$800 million over four years. On labour market programs, the coalition said that it would maintain expenditure on labour market programs in real terms. But the budget cuts these programs by \$1.8 billion over four years and has a dramatic impact on the whole question of employment and on the possibilities of employment for younger Australians, in particular, and the long-term unemployed.

On the question of older Australians, the coalition said that it would maintain all current Commonwealth concessions for older Australians, yet the Commonwealth dental health program ceased on 31 December 1996. This program provided basic and emergency dental care benefits to health card and Commonwealth senior card holders. This is another direct breach, one which many older Australians are very distressed about.

Then on the question of industry development we had this crucial issue of research and development grants. The coalition praised R&D syndication before the election but R&D syndication was abolished before the budget. The coalition said that they would maintain support for R&D through the 150 per cent tax concession. Much to the annoyance of our manufacturing industry and many other industries, we saw a significant reduction to 125 per cent.

The coalition said that it would maintain regional development funding of \$150 million over four years, but this was abolished before the budget. One could go on. For example, on the question of taxation, the coalition said that there would be no new taxes and no increases in existing taxes under a coalition government. Yet the budget contains a Medicare levy surcharge of one per cent for high income earners without private health insurance, a superannuation contribution surcharge of up to 15 per cent for high income earners and increased tax on out-of-pocket medical expenses.

On universities, the coalition said that it would maintain the level of Commonwealth funding to universities of operating grants. Before the budget they were cut by \$623 million over four years. Additionally, universities will suffer reductions in other funding, which will mean that the total amount to be cut from universities will come to over \$2 billion over four years. What does that mean for education and the future possibilities for this country of making this a society of civilised and educated people who are able to participate and compete in the international context?

I just mention those promises because speakers on the other side have tried to pretend that, in these questions of fiscal organisation and budget matters, somehow when changes were made by the previous government, that was dishonesty, but when changes are made by them, that is something that could be understood and allowed for. You cannot have it both ways in this question of honesty. That is not to say that the general idea of attempting a bill of this kind, which allows for more openness and for the public to understand more about what is happening with respect to the budget and other fiscal measures, is not a good idea. What is wrong with it is the way in which it has been put in this bill in the sense that, as I mentioned, it has serious limitations.

For example, we should look at a very important clause in part 3, 'Principles of sound financial management', of the bill. Here we have listed the principles of sound financial management, which need to be looked at in closer detail. The first one, point (a), concerns financial risks, and I will come back to that later. The second one says:

... the government is to:

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- (b) ensure that its fiscal policy contributes:
 - (i) to achieving adequate national saving; and
 - (ii) to moderating cyclical fluctuations in economic activity, as appropriate, taking account of economic risks facing the nation and the impact of those risks on the Government's fiscal position;

This point is the major statement, I suppose, of the way in which this charter and its

principles are to deal with economic policy. From a Labor point of view, we are distressed with this clause because we do not see in it certain key values and issues when it comes to discussing economic matters that are of importance to us—in particular, the impact of changes in fiscal policy on employment, on equity, on equality and on the distribution of wealth, income and resources, in our society.

The government is to talk to the people about whether its fiscal policy achieves adequate national savings and whether in fact it moderates cyclical fluctuations in economic activity—that in itself is an interesting issue—but it is not to talk to the people about values and outcomes in terms of unemployment, the consequences in terms of the provision of services to people and what that would mean with regard to fairness, social justice and equality in our society and so forth.

I think that is a very serious drawback in these principles. I personally would like to see an amendment moved in the Senate. If the bill does go to a committee, we will certainly put to that committee representations about broadening these clauses and making them more inclusive. But if the bill does not go to a committee I would like to see, as I am sure others on our side would, the Senate take up whether something can be done to make these clauses more comprehensive and fairer in dealing with those issues.

People do not want to know just about whether the budget will achieve certain outcomes in terms of adequate national savings and whether it is going to deal with cyclical fluctuations in the economy. They want to know whether the budget will achieve fair outcomes and do something about critical issues such as unemployment which have been affecting our society for a number of years.

Another clause mentions maintaining ‘the integrity of the tax system’. This is an interesting clause. It comes from the government at a time when we have just seen a big hole created in the budget because this government has failed to pay sufficient care to the collection of taxation, especially from companies. We have seen \$1.6 billion lost in terms of the assessments of how much was to be collected

from company taxation and associated business taxation.

We have to ask: how will this clause operate in light of these problems? Will the government own up and say it failed to maintain the integrity of the tax system because it did not put in place sufficient measures to ensure that people paid the taxes they were supposed to pay? I am not sure. Is the government going to give as a basis for this a report of its successes, and its failures in this case, in relation to the collection of taxation? Is it going to talk about areas where loopholes can be closed with respect to taxation? Is this part of the proposals here?

I hope it is, otherwise why is this clause here and what does ‘budget honesty’ mean if we have various parameters set out as the intentions of the government in relation to the budget but then we find ourselves in a situation where insufficient revenue is collected because not enough has been done to ensure that people pay their taxes and, more importantly, that companies do not find ways and means of avoiding paying decent levels of taxation through various schemes which may be dubious in character and contrary to the intentions of both this parliament and the Commissioner of Taxation?

Another clause says ‘ensure that its policy decisions have regard to their financial effects on future generations’. We were puzzled by this clause, so we looked up exactly what the Treasurer said in his second reading speech. He said:

... one of the consequences of governments living beyond their means is racking up obligations which narrow the choices of future citizens whose taxes will go to sustaining debt incurred in this generation rather than paying for their own hospitals, schools, roads and the like. We want to get economic policy to a point where it is fair as between generations. And an intergenerational report produced every five years is very much a part of that process.

Again, the idea of fairness between generations is a good one. But the problem we have is that, whenever we address this question, we will bring to it certain value judgments about how we should deal with these intergenerational issues. In particular, we will bring with it the issue of whether investment in

infrastructure by this generation is a contribution to the welfare of future generations.

It is interesting that the Treasurer mentioned hospitals, schools, roads and the like. These infrastructure investments are very important for future generations. For example, is he saying that a government, by investing in these infrastructures by borrowing and by having a bit more of a budget deficit, or less of a surplus, is somehow taking away something from the future generations? Is that what he is saying? If that is what he is saying, then I totally dispute that value and that premise. Of course we have to be aware of not giving excessive burdens of debt to future generations. I am talking about government debt; I will come back to non-government debt a bit later.

The fundamental point is that if you are going to do something serious for future generations then you have to take care of urgent infrastructure needs now. If that means spending a bit more money now and recovering that later through the growth of the economy and through social and economic benefits which will be achieved, then so be it; that is what you have to do.

One wonders what values and ideas are going to be brought into this intergenerational report. One suspects, given the narrow values which have been put into other clauses here, that it will be exactly what the Treasurer is hinting at here. Rather than paying for their own schools, hospitals, roads and the like, he is suggesting that, unless you have enough money in the budget to pay for these infrastructures now rather than having to borrow for them, you should not proceed with them. If that is what he is suggesting, then we disagree with that.

You have to be in a position to make sensible investments in infrastructures that are affordable, that can be repaid; but that does not mean you do not borrow in order to repay these things later. If we used the same approach, for example, in our housing policy, most Australians who have mortgages for their houses would not proceed with those purchases. They would have to wait until they got all the money for a house before they bought one.

A lot of what we do in economic activity involves borrowing so that we can build and invest in the future. The important thing is to make the right decisions in terms of which hospitals, which schools, which roads and which other infrastructures to put this investment into. (*Time expired*)

Dr SOUTHCOTT (Boothby) (11.55 a.m.)—I was listening with great interest earlier today to the speech by the former Treasurer, the member for Gellibrand (Mr Willis), because I thought he had come in here to give his *mea culpa*, to explain why he left the accounts in the state they were in on 2 March. It is worth reflecting that, when he first came into this parliament in 1972, general government net debt stood at 2½ per cent of GDP. When he left office on 2 March 1996 the Commonwealth general government net debt stood at 19.6 per cent of GDP. So during that period of his parliamentary life he witnessed the blow-out in general government net debt.

The former Treasurer mentioned the fact that when he left office on 2 March Australia's fiscal position would have been the envy of countries in the EU and in the OECD. But what he neglected to point out was that you cannot look at general government net debt purely in isolation. What he left out was the fact that Australia's levels of private savings and household savings are so low by international standards. In fact they have been declining since World War II. So, given that overall, that goes together to make a very low level of national savings.

To improve things like the current account deficit, investment in our future and investment by business and to stop things like the sale of Australian assets to foreign firms and foreign individuals, it is important to raise our levels of national savings. While a government can give incentives to increase private savings and household savings, to lower interest rates to improve the profit share, the most important thing that a government can do is to improve the overall level of public savings.

If you look at the period from when the member for Gellibrand was first Treasurer—he was the 18-day Treasurer back in 1991—to

when he finally finished as Treasurer, you will see that during that period, from 1991 to 1996, general government net debt exploded from four per cent of GDP to 19 per cent of GDP. Australia faces problems like the current account deficit and inflation. Inflation is largely under control. But in relation to the current account deficit, which contributes to racking up our foreign debt, which stood at about \$180 billion when Labor left office, the best thing a government can do is to improve its fiscal position through fiscal consolidation. Labor tried that in the first part of their government in the 1980s. Then, after about 1989-90, they dropped their bundle and that is when we saw the ratchetting up of Commonwealth debt.

It is worth looking back to the events surrounding the election on 2 March. The day after the election, the Prime Minister (Mr Howard), celebrating the change of government along with most of the country, walked from the Intercontinental Hotel to the Commonwealth parliamentary offices in Phillip Street. There he was able to meet the Secretary to the Department of Prime Minister and Cabinet, who handed him the blue book, the book which is prepared for an incoming government. A similar book, the red book, would have been prepared for the ALP had they been returned.

When he received that book it spelt out clearly to him the fiscal reality—the \$8 billion deficit, which has been revised up to a \$10 billion deficit, that the previous government had left. That was available to the Prime Minister the day after the election. Yet when he asked the former Prime Minister, Paul Keating, twice during the first debate if he could release the forward estimates, if he could give any idea of what the updated position was on the budget, he was not able to do that. He was asked to do it during the election campaign and he said that it was just too hard to put those figures together. Yet those figures were available the next day for the incoming Prime Minister.

I am very pleased to speak on the charter of budget honesty. I am very pleased to support it. It does a number of things. One of the most important things it will do is ensure that

what happened on 2 March and the day after should never happen again to another incoming government. No future finance minister will be able to do what Kim Beazley did during the 1996 election campaign: for five weeks he said that he was not able to release those figures. In future, it will mean that oppositions and governments will be competing on a level ground, that promises will be responsible and that they will be based on what the real fiscal position is.

The charter of budget honesty will do a number of things. It will enhance fiscal discipline and it will contribute to what I believe is one of our most important national goals: to try to improve adequate national savings. Fiscal reports will come out annually, associated with the budget, giving the outlook for the next three years and there will also be a mid-year economic and fiscal outlook, as we have just had. Most importantly, within 10 days of the calling of an election, the Secretary to the Department of the Treasury and the Secretary to the Department of Finance will prepare information on all government decisions and will be able to give updated information prior to the election. That means that there will not be any more irresponsibility as we saw in the period of the last election. Every five years we will also have the production of intergenerational reports, which will ensure that the burden is not avoided by current generations and placed on future generations.

I am very happy to support the charter of budget honesty. I think it will avoid what we saw on 3 March—the morning-after scenario—whereby incoming governments receive a totally different fiscal position to the one that the government had claimed.

Mr LATHAM (Werriwa) (12.03 p.m.)—When the member for Boothby (Dr Southcott) concluded by talking about the morning-after problem, I thought he was talking about his colleague Senator Woods—a most ungenerous suggestion to be making at this sensitive time in his parliamentary career.

Mr DEPUTY SPEAKER (Hon. N.B. Reid)—Order! The member for Werriwa will concentrate on the bill.

Mr LATHAM—I am just tidying up a few remarks from the previous speaker, the member for Boothby. The title of this legislation, ironically enough, is at odds with the government's dishonesty on fiscal policy. We had the first bout of so-called budget honesty Costello style last week—the mid-year review. All this did was simply further expose an error prone and clumsy Treasurer (Mr Costello). Of course he did not have a very good 1996. He single-handedly destroyed the Premiers Conference of that year. He also destroyed Australia's reputation on world financial markets by briefing the press about his conversations with Alan Greenspan.

I remember when Paul Keating came back from his first overseas trip he was known as the world's greatest Treasurer. When Peter Costello came back from his first overseas trip he was known as the world's greatest blabbermouth.

Mr DEPUTY SPEAKER—Order! The honourable member shall refer to members by their electorate or their title.

Mr LATHAM—Now we have the \$2.9 billion error that, under the Westminster system of government, the Treasurer must take responsibility for. It is a Costello crater. A Costello crater has opened up in the Commonwealth finances, including a \$1.6 billion tax revenue error.

The hide of the Treasurer to be talking about budget honesty and budget competence when, within a few months of his first budget, there is a gaping \$2.9 billion hole—all of his own making—including a \$1.6 billion tax revenue error. This clumsy, error prone Treasurer has started 1997 very much as he finished 1996: without credit, without competence and without the touch and finesse that are required to competently handle Australia's Commonwealth finances.

With regard to the first Costello budget, never has a strategy unravelled so quickly. To have a \$2.9 billion hole open up within a few months is absolutely astounding. This is in stark contrast to Labor's record on fiscal transparency, because no government in the history of the Commonwealth did as much as the former Labor government to make the

Commonwealth finances transparent, accountable and open to the public.

The former government introduced the publication of three-year forward estimates of outlays and revenue, something that the member for Bennelong (Mr Howard) did not do during his six years as Treasurer. The former government introduced the publication of annual tax expenditure statements, something the member for Bennelong did not do during his six years as Treasurer. The former government introduced the mid-year review itself, something, again, that slipped off Mr Howard's agenda when he had control of the finances for six years in the late 70s and early 80s. The former Labor government introduced the national fiscal outlook, and that has been made far less comprehensive under the new government. Going back to the time under the member for Bennelong, when he was the Treasurer, we had no national fiscal outlook available to the people of Australia. The Labor government also introduced a comprehensive report on specific purpose payments to the states. These have now been gutted in Budget Paper No. 3—less accountability and less transparency under the Howard government.

When we were in office, we also started the move to accrual accounting. John Howard, as Treasurer in the late 70s, early 80s, had six years to start the historic move to accrual accounting but, as in so many matters of public sector reform, he left it to Labor to have the proper standards of accountability and transparency. Overall, during our time in government we generally lifted the standard of reporting and volume of information in the annual budget papers.

It needs to be understood that this legislation, the charter of budget honesty, introduced by the Treasurer, has been criticised not only by those in Australia on the left of the political divide but also by those on the right. We all know that this legislation in many ways is a cheap imitation of the New Zealand Fiscal Responsibility Act.

In New Zealand the high priestess of fiscal responsibility is Ruth Richardson, so one would regard Ruth as a pretty good judge of what makes for a competent charter of budget

honesty, a competent charter of fiscal responsibility. She is not exactly bestowing her blessing upon the Treasurer. The high priestess has some criticisms to make of this charter of budget honesty. It is worth recording them in full at this time during the second reading debate. I quote from the spring 1996 magazine *Policy*, from the Centre for Independent Studies. This is what Ruth Richardson has to say:

Similar criticisms apply to the proposed Australian *Charter of Budget Honesty*, when you compare it with New Zealand's *Fiscal Responsibility Act* which was enshrined in legislation in 1994. One needs to tie politicians' hands by ensuring transparent quality information about the fiscal position. Only quality disclosure and full knowledge about the long-term consequences of fiscal initiatives will discipline government and parliament. From what I have seen to date, I am not sure whether the Australian Charter will meet these requirements. We know what the characteristics of responsible fiscal responsibility are, yet the Charter shies away from such a discipline. Parliament may well dilute clear, binding rules on reporting and auditing of the sort laid down in the New Zealand *Fiscal Responsibility Act*.

It is very clear that the author of the New Zealand legislation is intensely disappointed with the Australian Treasurer's attempt at a charter of budget honesty. So, for all that chest beating, for all that bravado, for all that meaningless guff and rhetoric that the Treasurer engages in, in the true test of a charter of budget honesty, according to the high priestess, Ruth Richardson, he falls well short. He falls well short indeed.

I have noted further criticism of the Treasurer's efforts. An excellent article was contributed by Marc Robinson, Associate Professor of the School of Economics and Finance at the Queensland University of Technology. This is what he had to say about this particular legislation:

According to the Government, the charter will transform fiscal policy making, "ensuring that fiscal policy is formulated in accordance with principles of sound fiscal management". In reality, it will do nothing of the sort. The charter will marginally improve fiscal reporting arrangements. And even in that respect, it is disappointing.

The vagueness of the "principles of sound fiscal management" that the charter will contain makes

it clear that they amount to little more than window-dressing.

... . . .
And there is no mention in the Government's statement of concrete benchmarks or targets for key fiscal variables, even though this is what the Coalition promised in Opposition.

So, from the \$2.9 billion Costello crater to the immense criticism from both the left and right of politics about this charter, the Treasurer comes well short of any international standard for proper budget reporting, responsibility and accountability.

I have seen this myself in answers to some of the questions I have been asking in the parliament on these matters. I have questions on notice asking whether or not the Treasurer is willing to disclose national savings targets and outcomes in his budget reporting. I would have thought that, in a budget where the various papers are six inches high and there are hundreds of pages of documents and reports, the one clear thing that should be reported to the Australian people is the goal on national savings. This has been, according to the Treasurer, the sole objective of his budget policy. He has been walking around Australia for 10 months saying that he has only one purpose in his fiscal policy—to improve Australia's national savings.

If the Treasurer had a proper standard of accountability, surely he would report his goal on national savings and report outcomes as part of his charter of budget honesty. He does neither. He is totally unwilling to report to the Australian people on the accountability for the chief objective of his fiscal policy to improve national savings. I placed a question on notice on 1 May last year:

Will the 1996-97 Budget Statements include specific information on how the budget will affect Australia's national savings.

The Treasurer said:

The 1996-97 Budget Statements will include information on the underlying budget balance. The underlying budget balance estimates the Commonwealth budget sector's direct contribution to the national saving and investment imbalance as measured in the national accounts, which in turn represents the nation's current account deficit.

I went on to ask other questions. It is one thing to report the direct contribution to

national savings. That has been done since Adam was a boy—as long as this parliament has existed and budgets have been produced on an annual basis. What about the indirect impact of the budget on national savings? In answers to the parliament on questions 578 and 633, the Treasurer twice refused in his information to include in this charter of budget honesty the indirect impact of his budget on national savings. The indirect impact, of course, is critical.

The member for Boothby was falling for the old line—the twin deficits theory—that, if you reduce the Commonwealth budget deficit, you automatically reduce the current account deficit. There is no such causal relationship in fiscal policy. It is very clear that an improvement in savings by the Commonwealth could very well be at the expense of savings by the states. It could simply be a transfer, through changes in state grants, from state savings to Commonwealth savings. There can also be an indirect impact in the budget whereby certain decisions are made that transfer private savings to public savings. But in so doing there is no net gain in national savings. This is the fraud in which the Treasurer has engaged to try to convince the people of Australia that the only component of national savings is Commonwealth savings. In fact, state and local government savings, along with private savings, are absolutely critical to the national savings equation.

The Treasurer has a lot to answer for in that regard. Why is he so scared of releasing his forecasts for national savings? Of course, releasing those forecasts would expose the failings of the twin deficits theory. It would expose the way in which, in his first budget, the Treasurer transferred private savings to public savings and state government savings to Commonwealth savings, but produced no net gain in national savings. For instance, university students are being made to pay more. People will still go to university, but the fact that they pay more and the Commonwealth pays less simply transfers savings from those students to the Commonwealth. Families are being made to pay more for their child care, their pharmaceuticals, their dental care.

There are all these harsh cuts in the Commonwealth budget. Australians in a civilised society will still purchase child care, pharmaceuticals, dental care. They will pay more out of their own pockets. All the Treasurer will achieve is a direct transfer from the private savings of Australian citizens to Commonwealth savings with no net gain in national savings. It is this swindle, this fraud, that so worries him that he refuses to release goals and outcomes for national savings in his budgets.

He has been exposed in these matters by not only the shift from private to public savings but the shift from state government to Commonwealth savings. I take as my source—and I am sure it will be respected on the other side—Access Economics. This is what they had to say in their *Commonwealth Budget Monitor* of 4 December 1996 talking about the last budget:

For each dollar saved by the Commonwealth, the states have since spent a dollar. Accordingly, it seems Australia's underlying public sector deficit will be worse in 1996-97 than it was in 1995-96. We kid you not. So much for fiscal consolidation.

What they have reported is that for every dollar of Commonwealth savings, there has been an offset in expenditure of state government finance that has in fact not improved the underlying public sector deficit. Indeed, with the \$2.9 billion Costello crater and its discovery last week, that situation has got worse.

Public sector deficit in Australia has gone backwards under this Treasurer because so much of his savings initiatives simply shift the burden on to the states in grants, in dental care and in all the road funding. In all the responsibilities where he is cutting back at Commonwealth level the states have had to pick up extra responsibilities. Access Economics have nailed him to the wall there as an absolute fraud on these matters of budget honesty and responsibility.

Of course these figures and the report by Access Economics also show that the Treasurer's claim of being responsible for lower real interest rates in Australia is absolutely and totally false because all that has happened is that nominal interest rates—the official interest rate—has followed down

lower inflationary expectations in Australia left by the former government and it has followed the strength of the Australian dollar throughout the course of 1996. The public sector borrowing requirement, the key contribution the Commonwealth could make, is no better off than it was 12 months ago. In fact, with the \$2.9 billion Costello crater it has gone backwards.

There has been no loosening of monetary conditions in Australia. We simply have lower consumption that is hurting small business. Their spending power and business conditions have worsened. This is why so many small businesses are reporting to members on both sides of the House that they are struggling. There has been no net gain to the Australian economy by the management of either fiscal or monetary policy by the Treasurer, Mr Costello.

There has also been the exposure by Access Economics of the false claim to lower spending by this government. In fact, they raised \$2 billion in new revenue measures in their first budget, which a whopping 8.3 per cent increase in PAYE tax collections. So PAYE taxpayers are paying more under this Treasurer, the member for Higgins, but corporate taxpayers are paying less. Corporate taxpayers are contributing to the Costello crater.

It gets worse in the out years. Access Economics had this to report:

What improvement there is in the structural budget balance between 1997-98 is mainly attributable to fiscal drag, which despite low wage growth remains relevant. In 1996-97 the annual bill for returning the rate scales to an indexed version of those introduced in November 1993 would cost \$4 billion. By the year 2000 bracket creep will raise an additional \$11 billion per annum, about one in every eight dollars collected from taxes on individual incomes.

That sets the very clear pattern for this government—taxing PAYE taxpayers much more and allowing corporate Australia not to carry their fair burden and not to carry their fair weight and be the ultimate source of the Costello crater.

Of course it is cant and hypocrisy for this government to talk about budget honesty. What they have hand over fist is budget dishonesty. They had \$17 billion worth of

broken promises in their first budget and \$9 billion of new revenue measures over four years when they said that they would not be raising any new revenue through the course of this parliament. There was an election promise made by the member for Higgins, the Treasurer, to have the Reserve Bank of Australia join the Treasury to produce an independent assessment of the economy. That has not been kept in the mid-year review. That promise has been forgotten and totally broken. It must have been non-core. There is no problem here about the former government. He made this promise after the election in his first budget speech. He said:

The mid-year economic and fiscal outlook is to be published by the end of December in the interests of public accountability.

It barely made January. Another promise to the Australia people discarded by the Treasurer.

The coalition also promised not to include asset sales in the underlying budget bottom line, yet its first budget included property sales to the tune of \$1 billion, the sale of the telecommunications spectrum and a \$350 million DAS fleet sale as part of that underlying budget bottom line. I take as my source on that latter matter concerning the DAS fleet Ross Gittins writing in the *Sydney Morning Herald* not so long ago, in fact straight after the first Costello budget. He said:

One trick often practised by incoming governments is to load some of their expenses into the budget of the outgoing government, thus making their own first budget look better. Mr Costello has achieved this effect by deciding before 30 June not to proceed with Labor's plan to sell and lease back the 18,000 vehicle strong DAS car fleet, but then decided after 30 June to go ahead with it anyway.

You talk about budget honesty. You could not get anything more dishonest than backloading in the first budget to try and fiddle the figures to make them look a bit better.

In that respect the government with its fiscal consolidation program is falsely claiming credit for some of the measures that were introduced by the former government. It needs to be acknowledged moreover that this new government is not contributing to national savings. All the cuts, all the hardship, all the pain for middle Australia are not improving

our national savings. The national savings strategy of the Treasurer has gone off beat. It has gone off track and is heading in the wrong direction and exposed by no less than Access Economics.

It also needs to be understood stood by the parliament that, in terms of the fiscal position of the Commonwealth coming into the next budget, it is the Treasurer who has been digging his own grave, because \$2 billion in his first budget had been left unfunded by coalition election promises. They went into their first budget with \$2 billion of unfunded election promises and had to make up that amount by cutting away at regional Australia in electorates like Dawson and cutting away at middle Australia where average families have lost pharmaceutical benefits, child-care benefits and dental benefits. To make up for their own budget dishonesty before the last election—the \$2 billion of unfunded election promises—the average Australian has had to pay the cost. On top of that \$2 billion, we now have a \$2.9 billion Costello crater. We are getting close to \$5 billion of self-inflicted budget wounds by the Treasurer.

So whenever he stands up in this parliament and claims that he has been fiscally responsible, mark him down. Mark him down for his words of cant and hypocrisy. Remember the figures—the \$5 billion hole that he has dug for himself, the massive Costello crater of his own making—and remember the criticisms from those on the right. The high priestess of fiscal responsibility, Ruth Richardson, regards this particular charter of budget honesty as inadequate. Remember the words of leading academics like Marc Robinson who say that it is nothing more than window dressing, and remember most of all the fine record of the former government in doing all the things in terms of budget responsibility and accountability that John Howard just would not do when he had the job. (*Time expired*)

Mrs DE-ANNE KELLY (Dawson) (12.23 p.m.)—I rise today to speak on the Charter of Budget Honesty Bill 1996. This was another election commitment made by the coalition which we kept. Before I address the bill, I would like to pick up on a few comments

made by the previous speaker, the member for Werriwa (Mr Latham).

Mr DEPUTY SPEAKER (Hon. N.B. Reid)—Order! I think the honourable member should address the bill.

Mrs DE-ANNE KELLY—May I ask you a question, Mr Deputy Speaker?

Mr DEPUTY SPEAKER—Order! I have just said that the honourable member shall address the bill and not the member.

Mrs DE-ANNE KELLY—Very well; I just note, though, that the member for Werriwa mentioned in his address my electorate and a number of disadvantages in that electorate, which allegations are untrue, and he was not called to account. However, I will continue. This bill requires government to adhere to sound fiscal management and to prepare the following: a fiscal strategy statement at the time of the government's first budget and each subsequent budget; a budget economic and fiscal outlook report at the time of each budget; a mid-year economic and fiscal outlook report by the end of January each year or six months after the budget; a final budget outcome report for each financial year, no later than three months after the end of the financial year; an intergenerational report every five years; a pre-election economic and fiscal outlook report prepared by the Secretary to the Department of the Treasury and the Secretary to the Department of Finance which gives the Australian people a clear picture of the economic and fiscal management of their government; and costing of the election commitments of both the government and opposition on request by the departments of Treasury and Finance.

Here we have the first mid-year economic and fiscal outlook 1996-97 put out by the Treasurer (Mr Costello). It covers a range of matters. In fact, I comment on what Michelle Grattan had to say about this. The heading to the article was 'Opinion—there is a price, but honesty will pay off'. Absolutely right; honesty will pay off. She has read through the report and noted policy decisions taken since the budget. I notice one decision of the Attorney-General's Department and the legal costs relating to Dr Lawrence, and a host of

other matters that will be of great interest. Michelle Grattan said:

The government will find it harder to hide the economic dark clouds between elections but the most dramatic impact will be at election time.

There is a barometer on government performance. The government can use the figures for its own purposes to lay the groundwork for tough decisions. They also make it more accountable. There is a wealth of material for the expert critics.

I think Michelle Grattan has taken a very sound overview of the first mid-year economic and fiscal outlook report from our Treasurer. And, as a government which keeps its promises, I would have to say that the ones which give me certainly the greatest amount of hope are the intergenerational accounting reports.

I would just like to mention briefly why we need a Charter of Budget Honesty Bill. The simple answer is: because the previous government deceived the Australian people most repeatedly but most notably at the last election. I would now like to quote another economic journalist, Terry McCrann. He has this to say:

Last year—

and this was obviously written in 1996—

Ralph 'epistles to Jeff' Willis told us the Budget would be in surplus to the tune of \$718 million.

The fine print—and it really was smaller print—told us it was actually . . .

And it went on to say it was \$8.3 billion in the red—a plain reason why we need accountability in government. The previous member mentioned the high priestess of accountability, Ruth Richardson. I just say that the window dressing that we have seen and the curtains that were pulled across the previous government's financial statements to the Australian people frankly would never have received the plaudits of Ruth Richardson.

In fact, it is because the previous government was just so sleazy that we need now to be accountable. They had a lemon of a record; they turned the odometer back on their budget deficit from \$8.23 billion—in fact, \$10 million, as we later found—to a surplus \$718 million. They said that the Australian people would not notice. They got Paul's Polyfilla in

all those rust holes in their promises and they said that the Australian people would not notice. They retreaded their lemon with the vision thing and they said that the Australian people would not notice. The Australian people did notice. They did not vote for a worn out lemon of a government. They have asked for a new government and they have asked for one that is accountable to them that gives a clear indication of the economic and fiscal management of their country.

I would now like to turn to that aspect of the bill which, particularly as the mother of a young child, I find the most significant, and that is the intergenerational report which is to be prepared within five years and then every five years thereafter. I certainly commend the Treasurer and so should every other parent who is concerned about the financial future for their children and grandchildren. What do we think of parents who run up a debt and leave it to their children to pay? What do we think of communities that fail the environment, that use up their resources and leave it to the next generation to fix? We rightly think very poorly of them. We do not approve of mortgaging the future to pay for the present. Selfishness is an unpleasant trait in a human being; in a government it is reprehensible. Yet Labor was happy to leave this debt. In 1983 the net foreign debt was \$23 billion; in the 1990s it had climbed to \$180 billion.

So what exactly is intergenerational reporting, and what sorts of figures should it contain for us? The bill has said that it will assess the long-term sustainability of current policies over the 40 years following the report and must take account of the financial implications of demographic change.

I now want to refer to a paper by Auerbach, Gokhale and Kotlikoff entitled 'Generational accounting: a meaningful way to evaluate fiscal policy'. They define generational accounts as a present day value of net taxes—that is, the taxes that are paid less the benefits received—that each generation can expect to pay now and in the future. They will show how much of our government bills future generations will have to pay if our generation is unable or unwilling to pay our bills. As well as looking at the present value of future

taxes and benefits, generational accounting could enable us to compare the burden of different generations. We could finally know, at least in financial terms, whether it really was harder or better in the old days.

Generational accounts can be very revealing. Regrettably, the only available figures at present are those for the Americans. If we take generational accounts for a base year of 1991, a 30-year-old American male could expect to pay \$258,500 in tax and receive a mere \$53,000 in benefits, making a net taxation payment over his lifetime of \$205,500. By contrast, older Americans can expect to pay less in tax and be a net beneficiary from government.

A male American aged 60 in 1991 could expect to pay \$112,100 in tax and receive benefits of \$135,100, making a net tax payment of minus \$23,000. In other words, he is a beneficiary from government. These figures are similar for females. It is plain that, for young and middle-aged Americans, the future taxes to be paid will far exceed the benefits that they will receive. These calculations can also show the net amount that future generations of American men and women will have to pay to balance the government's budget constraints.

We have to accept that equity and fairness require that our great-grandchildren, our grandchildren and children should not pay more of their lifetime incomes in tax than we pay today. Sadly, for the figures available in America, this is not the case. Depending on the discount rates and productivity—and certainly there are some unknowns in generational accounting—while today's new born children will pay net tax rates over their lifetime of 34 per cent, future generations will not be so fortunate. They can expect to pay a net tax rate over their lifetime of 71 per cent.

If that is the case for America, it will be very interesting to see the generational accounts in Australia. Quite plainly, in other developed countries there is an enormous financial burden for future generations which could well prove to be a similar fiscal albatross for our grandchildren and great-grandchildren.

Properly prepared, the generational accounts for Australia will be very revealing. They will show very clearly whether we have been selfish and have mortgaged the future of our children, our grandchildren and our great-grandchildren for our own benefit or whether we have been mature, financially responsible people. Generational accounting, as I have said, is regularly used in the United States as well as in Japan, Italy and Norway. I certainly welcome and will look forward to, as will many others, the generational accounting report that will be prepared in Australia.

I will now mention very briefly a matter raised by the previous speaker, the member for Werriwa. He referred to it as 'Costello's crater'. I would like to talk a little about that. In fact, I would like to refer to an article in the *Australian* written by Glenn Milne entitled 'Why budget facts play second fiddle'. He referred to the difficulties that arose with the recent shortfall in tax. This is what he had to say about what the previous government would have done:

In previous years, however, the mistake would have been glossed over in the mid-year review, then fixed during the Expenditure Review Committee process, finally appearing as an unremarkable line item in the Budget documents.

In other words, we would have seen more of the obfuscation and deceit that we have become accustomed to from the previous government. That did not happen with the Treasurer. I again quote from Glenn Milne's article:

What must not be forgotten here is that it was an entirely discretionary decision on Costello's part to reveal the company tax shortfall.

In other words, the Treasurer did not have to reveal that. He could have been as deceptive as the previous government had been, but he was not.

A charter of budget honesty is not simply about reports; it is about developing trust between a government and the Australian people. I am very pleased that our Treasurer chose to be perfectly honest and open in what, in financial terms, will amount to a small error. I look forward now to budget honesty, as I am sure do the Australian

people, including my electorate of Dawson. I welcome this bill.

Mr ROCHER (Curtin) (12.36 p.m.)—The Charter of Budget Honesty Bill 1996 is an important bill for the coalition. The coalition was elected to govern by the Australian people on a platform of, amongst other things, choice, relevance and accountability. For many years the Prime Minister (Mr Howard) has talked about the need for reforms in this parliament; reforms which would restore a greater meaning and authority to the parliament in the public eye. This bill will only go part of the way to achieving that and, regrettably, no other worthwhile practices have yet been adopted to improve the parliament's relevance to the executive government.

The Prime Minister in his first headland speech made it clear that the restoration of trust had to start with economic honesty. The coalition's policy launch statement released about 12 months ago stated:

Australians feel uncertain about the future, not because they have lost faith in what their country can offer, but because they have lost faith in the capacity of their national government over recent years, to create the right incentives and unifying national goals to ensure that Australia realises its unique potential.

It is little wonder that the Australian people feel they have been duped by recent past governments when one investigates our fiscal performance over nearly two decades—the past two decades. A combination of declining public and private savings, extraordinarily high foreign debt and an even higher current account deficit than those of most other OECD nations has left our economy in very bad shape.

Taken at face value, this bill is an admirable step on the road to a more transparent and accountable government and is consistent with the undertakings given by the Treasurer (Mr Costello) in his 1996-97 budget speech. However, on closer inspection it becomes apparent that there are too few safeguards in this legislation to prevent it from becoming just another government public relations stunt.

The bill makes it clear that the rights and responsibilities set out in the charter, while desirable, are not legally enforceable. Certain-

ly no government will be able to be taken to task within the judicial system for failing to publish its fiscal strategy. It is incumbent on each of us in this parliament to hold this and future governments to the undertaking to publish their fiscal targets and make regular progress reports against them.

Last August the Treasurer outlined the three key features of the charter. It will require future governments to commit themselves to accountable and responsible fiscal policy, make clear their fiscal strategy and report against it and publish a budget update signed off by the secretaries to the Treasury and the Department of Finance at the start of every federal election campaign. Had we had these safeguards in place and had they been in force before the 1995-96 budget, it is unlikely that the former Labor government would have gotten away with deliberately misleading the public as to the true state of the economy.

The Treasurer was right in remarking in his speech of 20 August last year that 'fiscal dishonesty of that magnitude undermines public confidence in our political system'. He went on to assure the Australian people that the coalition government would make sure that it never happens again under a coalition government. We should all sincerely hope that the Treasurer remains true to his word.

In June last year the National Commission of Audit, the NCOA, released its report into the need for a charter of budget honesty. There were five recommendations that were central to the NCOA's argument for reform. These recommendations made it clear that the government should be bound by legislation to comply with fiscal reporting standards. The National Commission of Audit noted that the Commonwealth has lagged behind several state counterparts by failing to set benchmarks and targets in its fiscal reporting before now. However, there is no point whatsoever in having a charter of budget honesty if it can be disregarded by a government.

This bill, if passed, will only be of consequence if pursued closely by future parliaments and the Australian public. By way of example, I refer to clause 9 of the bill which outlines the detail of fiscal strategy. The National Commission of Audit has stated that,

as a rule, the more specific the target, the more feasible and transparent will be the measurement of performance against that objective. Clause 9 requires a government to make clear their key performance indicators. However, the bill does not identify these measures on the basis that 'some measures will become less relevant, and others more relevant, as the focus of fiscal policy changes with governments'.

An analysis of other OECD nations shows this to be a valid consideration. The explicit objective of the current Danish government's fiscal plan is to reduce its budget deficit, while the Canadian government has established its priorities and is committed to expenditure constraint and a deficit reduction program.

It is critical that parliament demand that executive governments set specific fiscal targets and make transparent progress reports against them. If the government is truly committed to transparency and accountability, why has it not ensured that detailed methods of the calculation of fiscal strategy be included in the charter of budget honesty itself? This bill will establish the framework for the frequency, form and content of fiscal reporting. The responsibility for enforcing fiscal reporting remains with the parliament, but it would have to be a bipartisan parliament in pursuit of such an ideal—and there is no sign of that at present.

An important recommendation to the government by the joint parliamentary committee on financial reporting dealt with the issue of parliamentary scrutiny. It stated:

A joint committee of parliament [should be established] to examine and report on fiscal reports produced pursuant to the legislation. All fiscal reports would automatically stand referred to this committee for inquiry and report.

The government has remained curiously tight-lipped on that particular proposition. The National Commission of Audit made it clear that 'the more Australia's fiscal reporting practices are seen to be independent of the government of the day, the greater will be the public's confidence in those practices'.

The establishment of a joint parliamentary committee would set the foundations for

meaningful and ongoing scrutiny of future fiscal reports. The importance of such a parliamentary committee should not be underestimated, given that the provisions of the charter of budget honesty are not enforceable by law, as already acknowledged. Such a committee would lend a greater level of credibility to the charter of budget honesty. What government intends to do about the proposed joint parliamentary committee remains another unanswered question.

The bill as it stands will require governments to make regular short- and medium-term fiscal reports. Both the National Commission of Audit report and the Joint Committee of Public Accounts paper support such a requirement. The Australian public will be in a better position to take a government to task over its handling of fiscal decisions with the release of a budget report and another update within six months of that budget. There is also the requirement for an annual and five-yearly statement to examine the medium- to long-term consequences of existing fiscal policy. That would allow for the assessment of the long-term sustainability of government policy.

Publication of these reports should not be discretionary. They are a necessary tool that will allow us in this parliament and others outside to judge our economic performance in the global context. The Joint Committee of Public Accounts observed in its 1995 report that very few organisations in Australia had investigated the issue of fiscal reporting. The lack of public reaction to this bill is also very telling and testament to that. One would have expected professional, industry and business groups to have championed this legislation, given that it claims it provides for improved fiscal management and a more stable economy.

On the contrary, there has been at best a muted response. Perhaps industry is suspicious of the gimmicky complexion of parts of this legislation. For example, the WA Chamber of Commerce and Industry has expressed concern about the very subjective nature of clause 29, which deals with the costing of election commitments. The funding of election promises has proved to be a point for

which the coalition has lambasted the opposition over the past 10 months or so, so it is interesting to note the wording of this clause.

The CCI of WA is critical of the provision which allows the Prime Minister to request only the costing of government election promises, while the Leader of the Opposition can request only the costing of opposition election commitments. It is obvious that these restrictions stand to undermine the whole process of scrutiny.

The National Commission of Audit was very specific in its recommendations on the reporting of pre-election estimates. It maintained that tax expenditure should be treated as program expenditure in budget calculations to ensure proper scrutiny of tax concessions.

The NCOA asserted that the secretaries to the Treasury and the Department of Finance should be required to confirm government claims about additional revenue collection arising from new tax measures. This would allow future oppositions to factor additional achievable revenue into their election pledges and would add to the credibility of the government's own promises.

Similarly, subclause 29(4) has been criticised for its lack of objectivity. It requires the Prime Minister to approve costing requests from the Leader of the Opposition before the secretaries to the Treasury and the Department of Finance can act upon such a request. Surely these government departments should remain as impartial as possible when it comes to these costings. The National Commission of Audit was very specific on this point. It argued, quite rightly, for a clear delineation of accountability between the department and its minister. This subclause goes against the very grain of that recommendation.

In its submission on responsible fiscal reporting, Treasury pointed out that:

The adoption of such legislation will not in itself lead to responsible fiscal policy, since responsibility, whether in fiscal policy or other matters, cannot be legislated into existence.

The same might be said about both honesty and accuracy.

The Treasury's statement comes to the crux of the debate. It is no good for this or any

other government to introduce this piece of legislation and think that its commitment to responsible government in general and open and transparent fiscal reporting in particular stops there. The bill does represent a step forward towards a more disciplined, accountable and relevant government. But there is no room for complacency when it comes to getting our fiscal affairs in order.

In its present form, the charter of budget honesty will bring about meaningful changes only if both houses of parliament and the general public remain alert to the very real possibility that the stated objectives are not honoured in the breach by this and future governments. Despite the grand and eloquent claims by the Treasurer, as well as the title of this bill, an old axiom relevant to these measures is that it is nigh on impossible to make laws which will compel a dishonest man to behave honestly. The same might be said of governments.

Even if an executive government is scrupulous in observing the spirit of this legislation, there can be no guarantee that the costings and forecasts will be accurate. Revelations over the past week or so about the midyear review and serious errors in last year's budget attest to that conclusion. If repeated, gross errors in budget estimates will be just as debilitating fiscally as dishonesty on the part of the executive or government agencies.

The blow-out in this and subsequent years headline and underlying deficits could hardly be more damaging. Furthermore, it brings into question all estimates given in explanatory memoranda of the cost or benefit of all legislation. How can such estimates be relied on given the revelations of recent days?

There is no measuring mechanism in place to verify costing information provided when legislation is debated. Figures given could be far wide of the mark and the parliament would never be any the wiser. Perhaps it is something the Public Accounts Committee could examine at some time. The PAC might even encourage the Auditor-General to do some random sample checks to determine the extent of possible deviations between cost impact estimates and actual costs.

One of the effects of this bill will be that oppositions are unlikely to be able to release their policies prior to an election being called. That is not necessarily a bad thing. If they do not have the data but have a reasonable expectation of getting it in due course, it will be a gold-plated excuse for them not to release policies any earlier than the date an election is called.

The bill itself does not match expectations or the coalition's rhetoric when in election mode. The practical effect of it is doubtful—and that is all I can say about the practical effect. Nevertheless, the proposed legislation represents a small start in the right direction. No-one could deny that the spirit of it and the stated intentions of the coalition in this connection are not a worthwhile small step. But the bill will need to be refined and strengthened for the practical effects to be improved from the doubtful stage that, I suggest, they are in. Despite what I hope are constructive criticisms, I support the bill.

Mr RANDALL (Swan) (12.54 p.m.)—I am pleased to speak today on the Charter of Budget Honesty Bill—a bill which has the support of many of my constituents in Swan and, I believe, a great majority of Australians. There is nothing new about telling the electorate about the state of the books. Every caretaker government, once an election has been announced, claims that the books are not too bad; that they have not done too bad a job. Some even go so far as to say that they have done a great job; that the economy is in surplus when, in fact, it is horribly in debt.

There are too many recent examples of Labor governments exaggerating the state of the economy. Sadly, it does not stop with federal Labor governments. State Labor governments in Western Australia, South Australia and Victoria also misled the public about the state of the books.

The electorate, it seems, can only take so much. It is very presumptuous of a government to have responsibility for the electorate's money, manage it in an irresponsible way and then expect the electorate to tolerate it. Eventually the electorate will say enough is enough and they will elect a government which

offers responsible fiscal management and responsible handling of their money.

This happened in the states I mentioned—in my state of Western Australia, in South Australia and in Victoria. Voters rightly suspected that they were being misled and voted those governments out. It also happened in the federal election. The people of Australia asked the then government why the country was in the shape it was if the books were in such good shape. At a time when there was more scepticism and uncertainty in the community than there had been for many years, the electorate was ready for some honest accountability.

I remember in the lead-up to the last election that I had information for the people of Swan, who were not yet my constituents. I told them that, if elected, our government would legislate a charter of budget honesty. The people of Swan were impressed with the straightforward name of this charter. They understood it and understood what it was going to encompass. It was given to them not in terms of economic jargon but in terms of exactly what it would be—legislation that honestly and openly explained the state of the books and that opened the books for public scrutiny.

I recall that my office received a lot of inquiries from people who were interested to know how we proposed to be honest about the books, how they could be sure that we were not going to fiddle the books and paint a better picture for them than was the reality. The electorate was growing increasingly tired of being given promises that were not delivered and commitments that were not honoured and they welcomed a move which would introduce some integrity into the parliamentary process.

The electorate was growing tired and had become cynical of governments using the line that they were sorry to have to review commitments they made before the election because, on opening the books, it appeared that those promises just could not be delivered. The former Labor government had to renege on promises they made because when they opened the books, year after year—with mock surprise—they could not deliver on

what they said. An election commitment simply became code for: wait until after the election when we can dishonour our promises. Remember the l-a-w law tax cuts?

No wonder the Australian public became cynical and unforgiving. This government wants to make sure that this is not the normal practice, that Australians do not automatically dismiss government commitments. We also want to restore faith in the system of government. Miscalculations occur, but they should be the exception and not the norm. This charter has sufficient detail to ensure proper standards are followed.

There is nothing new about declaring the state of the books. But what is the point of declaring a whole lot of fudged numbers, figures that are not representative of what is happening now or what is going to happen in the next few years? What was the point of the Treasurer of the former Labor government predicting a budget surplus of \$3.4 billion for the 1996-97 year when, in fact, there was a huge deficit of billions of dollars?

The 1995-96 budget did not result in a surplus. It culminated in this country having a \$10 billion deficit—or, as it has become known, the \$10 billion Beazley black hole. The people of Australia should have been told the truth at the time. Strangely, the Treasury was able to give the new government the real state of the books just days after the 2 March election.

Earlier in this debate, the shadow Treasurer referred to the transparency of the former government's fiscal regime and total honesty—good old-fashioned honesty he talked about—right through the fiscal cycle. I did not hear him deny, though, that this government inherited a debt which somehow the former government referred to as a surplus.

Less than three months before the 1996 federal election, the former Treasurer was saying that the Australian economy was not too bad. Clearly, they had something to hide. This government has nothing to hide, which is why the Treasurer (Mr Costello) has already told this parliament and the people of Australia what is going on, as he will continue to do throughout the cycle.

This government wants to make sure, by legislating the charter of budget honesty, that governments cannot now or in the future hide anything in the way that Labor hid the debt—the \$10 billion Beazley black hole—from the coalition and, more importantly, from the Australian people. Labor was trying to trick and deceive the people into voting them back for another shot at mismanaging their money.

Then, of course, Labor was the first to complain about the measures we necessarily had to take to try to reduce this inherited deficit to fill that \$10 billion black hole. The debt was not expected—certainly not one of that size—and this government now has to work hard to lower it. Thankfully, a lot of the measures we had to take—which were announced in our first budget—were passed by the Senate. The general public realised that we had to fix the situation and they accepted it. We inherited this debt; we didn't want it as much as they didn't want it, and they understood that.

The people of Australia know that the coalition inherited a problem and they are well aware of our commitment to strive and work hard and of our determination to fix the debt problem. I am sure the people of Australia have already compared the former Treasurer's last mid-year review in December 1995, released just before the federal election, with the one just released by Peter Costello, our current Treasurer. Ralph Willis, the then Treasurer, had a few pages of information—five, I believe—which were supposed to outline the fiscal position of Australia.

Compared with Treasurer Peter Costello's release of a 100-page mid-year review, it is not a simplistic matter of 100 pages compared with five pages. When you are presenting a mid-year review for this country's economic and fiscal outlook, it is not hard to see which government pays more attention to what is really going on and what might possibly impact on our future policy decisions and future budgets.

The detail required by this charter will ensure proper analysis of the economic and fiscal outlook and this detail will give the parliament and the people of Australia more information than they have ever had available

to them before. The Treasurer and the charter of budget honesty have already received widespread praise from the electorate and political commentators, who appreciate that this government intends to improve the amount and type of fiscal information available. They note that the legislation will necessarily keep the pressure on us as a government for an improved policy performance.

The charter of budget honesty will not only let the people of Australia know before the election what the true state of the economy is but also let Australians know whether the things to which a government commits itself—or to which an opposition commits itself—are feasible, viable and realistic commitments.

Treasury and the Department of Finance will report not only on government expenditure and commitments but on opposition commitments—policies which have already been announced—which will be welcomed, I am certain, by my constituents in Swan and elsewhere in Australia when they want to compare policies and get a better and clearer comparison of the fiscal management on offer. The inclusion of fiscal risk and contingencies and consideration of possible Senate rejection of policies will necessarily give more detail and accurate analysis than has been available under previous governments.

This government clearly has nothing to hide. The shadow Treasurer says the opposition supports the charter of budget honesty in principle, and I am glad to see that they can see the benefit of being honest with the people of Australia, no matter how disgruntled they seem to be about accepting it or how cynical they appear to be about the benefits of actually knowing well before the budget or an election what the state of the economy is.

If I may just go back to the state governments to which I referred earlier, as I said, state governments are not exempt from making the same sorts of misleading statements about the books. For example, Carmen Lawrence as Premier of Western Australia said when presenting the 1992-93 state budget that she was 'pleased to present to parliament a

recurrent budget which is in balance'. She said:

We must establish the foundations for sound economic growth while maintaining a balanced and responsible state budget.

She had no credibility as Premier when loan borrowings increased over 250 per cent in the 10 years leading up to 1992 and borrowings increasing by nearly \$1 billion each year. That government was reeling from the stench of the WA Inc. episode and was spending public money to try to fill holes caused by their appalling economic mismanagement. While a certain amount of debt and loans are necessary aspects of economic management, it is irresponsible to constantly prop up the bottom line with loans and use these borrowings to make it look as if the budget is balanced, the way Carmen Lawrence's government did. They were talking about a return to a triple A credit rating for Western Australia but did nothing in terms of policy to return the economy to a proper and acceptable level.

The incoming Court government, on the other hand, took the matter into hand straight-away. As you will be aware, Madam Deputy Speaker, the Western Australian government has a system of fiscal reporting and accountability similar to our proposed charter of budget honesty. I believe this is what, in part, contributed to the return of the triple A credit rating to Western Australia and has contributed to the fact that the longer-term outlook for Western Australia is far brighter than it is for most states.

Business expectations in the mining industry are strong, and planned investment projects are still highly concentrated in Western Australia. Access Economics' investment monitor indicates that approximately 20 per cent of all investment projects under construction are located within Western Australia.

Labor's fiscal management in South Australia was best exemplified by their decision to bail out the State Bank of South Australia with money that should have gone to the wider electorate of South Australia. Labor's fiscal management in Victoria was best exemplified by their excessive public spending, which created a crippling debt—\$42

billion—which is a basket case economy and which the Kennett Liberal government has corrected by almost halving the debt and having a regime of controlled expenditure and revenue raising.

We now have in Australia state and federal governments which are taking their obligations of responsible fiscal management seriously, and the passing of the charter of budget honesty will reflect the coalition's attitude towards disciplined economic management. It will be set in legislation to demonstrate a sincere commitment to accountability.

It would be a dangerous act for any future government to try to dismantle this legislation so that it could return to the shroud of debt, deception and dishonesty. Importantly, the charter of budget honesty will be a lasting reform towards government fiscal management for future governments. I commend this bill to the House.

Mr MARTIN (Cunningham) (1.08 p.m.)—
You have got to laugh occasionally at some of the utterances coming from the other side in talking about this charter of budget honesty. Somewhere along the road to Kirribilli House, John Howard has suddenly been converted to budget honesty. Of course, all his minions behind him have decided to fall into line as well.

The genesis of all of this came in the first headland speech of the Prime Minister (Mr Howard), which he made some 12 months or so out from the last election. Then, as Leader of the Opposition, he spelled out the commitment of a future coalition government to a charter of budget honesty with a view to rebuilding trust in government. He went on to point out what he considered to be inaccuracies and perhaps non-reflections of what was happening within the government in terms of its budget reporting, its budget responsibility and its responsibility to the people of Australia in telling them what was going on.

When the first budget of the new government was delivered on 20 August 1996, our friend the Treasurer (Mr Costello), who likes to speak at high volume every time he comes into this place, talked about the charter of budget honesty and about the fact that there

was supposedly a \$10 billion difference in the underlying domestic budget deficit. He said:

Financial dishonesty of that magnitude undermines public confidence in our political system. We will ensure it never occurs again.

He went on to say:

The Charter will require any future government to set out its fiscal strategy and report against it—just as this Government is doing.

The Charter will entrench this Government's commitment to responsible and accountable fiscal policy.

I know that the now Treasurer was not here back in 1983, but the Prime Minister was. He was Treasurer back in 1983. What did he tell the people of Australia in the lead-up to that election? Did he tell them that the underlying budget deficit was anywhere near what it was? No, he did not. He understated it. In today's dollar terms, there was an inherited budget deficit by the incoming Hawke Labor government of \$25 billion.

We all remember that in the election campaign of the late 1970s it was the now Prime Minister, then Treasurer, promising the 'fist full of dollars' with tax cuts he immediately took back. Yet between then and now, the Prime Minister, his Treasurer and the government seem to have set themselves up as the bastions of virtue, the only honest people in Australia, the only honest government ever to be elected into this place.

The government trots out this charter of budget honesty as in some way meaning that their credentials will certainly be presented to the Australian people with mid-year reviews, at budget times and, more importantly, in a lead-up to an election. We wish them success with that.

But it is interesting that, as a result of even the very first mid-year budget review of the new government, with the new Treasurer, we find they have grievously understated their taxation receipts in the area of company tax. The estimates are varying. Some of the reports I have seen quote it as \$1.6 billion. I notice in Alan Ramsey's column in the *Sydney Morning Herald* of today's date he talks about a \$3 billion hole. He makes a very telling point in this article. He says:

Peter Costello now has his very own Budget black hole.

Dead right. Alan Ramsey got it right on this particular matter. His analysis is quite good. The simple fact is that, if government policies are designed with a certain outcome, then quite clearly there have to be adjustments made around the edge.

I think our new Treasurer is learning very quickly that, with all the bluster and gusto he likes to bring to the dispatch box in this chamber when defending his government's record of almost 12 months now, it really does not stack up in practice. What he has to understand is that adjustments of his own policy are going to bring about a closer reflection of the sorts of issues that are of concern to people in Australia—concerns for their livelihood, whether they can get their children to university, whether they can put people in child-care centres, whether their housing commission rents are going to be pegged at market rents or whether pensioners are going to get their teeth fixed in the future. These are the sorts of things which no charter of budget honesty is going to be able to be a substitute for. Good policy is something which we on this side of the House will be developing in the coming 12 months and putting to the people of Australia at the first opportunity.

I also have to laugh when I see that this charter of budget honesty is in some way supposed to mean that what this government does is going to come about because it is going to tell people what it is going to do. In my areas of responsibility for the Labor Party, I have come in contact with people in the tourism industry that simply cannot believe some of the things that this government has done to them in the 'honest' approach they have taken. I refer, of course, to the release of the now government's policy statement on the tourism industry in Cairns before the last election. The Prime Minister unequivocally said that there would be no taxes or increases in taxes introduced and that the tourism industry, being part of small business, was the sort of area—the engine room of the economy of Australia—which his government, if elected, would look after.

Some six months before that we saw the then shadow minister for industry, John Moore, now Minister for Industry, Science and Tourism—although you would not know it—put out a letter to people in North Queensland, in response to some concerns about the introduction of the reef tax, saying that the Liberal Party was absolutely opposed to it and in government would not do anything about it.

Where is the honesty when we have already seen that in the last budget the government introduced a 500 per cent increase in the reef tax in North Queensland? It has supposedly been softened in its application by a two-stage introduction, but what we have seen is that many tourism operators are smarting from the mistruths that were told to them about how the government—the Liberal-National Party government—would look after their interests. If it just stopped there, with a 500 per cent increase in the reef tax from \$1 to \$6 being introduced in two stages—an increase of \$1 this year and another \$4 next year—the tourism operators would not have minded so much.

A deal is supposedly being stitched up with the gang of five that are in this place and a couple of senators from North Queensland. They were scurrying around saying, 'Look, Prime Minister, we have to do something about our tourism operators. They are getting a bit toey up my way. These people are going to public meetings, writing nasty letters and putting press releases out saying that you, Prime Minister, cannot be trusted and that you had to remove John Moore because he was such a useless tourism minister and did not understand it.' They were getting a bit toey and anxious about this and they expressed those views. The result was, as I said, a split in the reef tax into two halves, not even two halves—a \$1 increase this year and \$4 next time.

Can you imagine their surprise—the gang of five that represent those five marginal seats in North Queensland and the senators—when they get hold of the Great Barrier Reef Marine Park regulations amendment, which was introduced at the last minute in the Senate and in this House on 12 December, the last

sitting day, from memory, last year. This was a regulation to introduce the \$1 increase in the reef tax.

Everyone expected it. I had already indicated from our side of the House that we would be moving to try to disallow that regulation. How do you think the gang of five, the members from North Queensland who represent the National Party and the Liberal Party, are going to feel when they open up this document and suddenly find there are seven existing taxes which have been increased? What was it the government said? They guaranteed no increases in existing taxes and no new taxes.

We have already talked about the 500 per cent increase in the reef tax but I wonder what the member for Leichhardt (Mr Entsch) thinks about pontoon charges being increased from \$45 to \$90? What does he think about floating hotel charges, if there is still one up there, being increased to \$280 a quarter? What does he think about marina charges being increased from \$190 to \$380? What does he think about the underwater observatory charges being increased from \$65 to \$130? What does he think about the discharge of sewerage charges being increased from \$200 to \$400? What does he think about regulation 50 applying to vending operations charges?

This is a beauty. If you own a boat, then for every metre on that boat you are going to be charged \$30 per quarter if you sell goods and services on that boat. If you have a charter operation on the Great Barrier Reef or if you own Quicksilver and you are vending soft drinks—coke and diet coke—ice-creams and everything else, you are now going to be up for another charge. If you are in the pearl industry or other forms of mariculture, that has also been increased from \$250 to \$500.

Were the member for Leichhardt, the member for Dawson (Mrs De-Anne Kelly), the member for Capricornia (Mr Marek) or the member for Herbert (Mr Lindsay) told that their government not only was going to increase the reef tax but also was going to increase all of those other taxes and charges? I bet they were not. This is probably the first time they have heard about it. If they did

know about it, did they tell the tourism industries in North Queensland? The funny thing is that no-one from the tourism industry in North Queensland has raised it with me.

One therefore has to suspect that they have not been told because, in all of the correspondence and the work I was doing with them late last year on the reef tax, there were quite a number of them prepared to tell me about what the government was proposing. I do not think they have heard about this. I think today is probably the first time they know that if they run a boat and they have a vending machine on it or sell ice-creams across the counter or whatever they are going to be hit with more charges.

I think this is the first time they found out that if they run an underwater observatory the charges have been increased 100 per cent and that if they run marinas there is another doubling, another 100 per cent increase, in the charges that are going to be imposed there. If you take people out on registered boats in North Queensland—and I had the opportunity in the break to do this myself with my family—to do some snorkelling on one of the pontoons, the operators are now going to have to pay double what they previously paid.

At the end of the day who do you think is going to be slugged with recouping that? The tourists who go to North Queensland. It is bad enough that the people standing at the end of Trinity Bay wharf, in Mackay or in Townsville, who will be getting on some of these vessels to have a look at the Great Barrier Reef, will have to fork out the extra money, which I am sure the operators will include in the cost of tickets and so on. But now these operators are going to be hit with all these other charges. Suddenly they are going to have to say, 'We cannot pay all this ourselves. We will have to recoup that from someone else.' Who will it be? It will be the tourists of Australia and the international tourists who come here and have to pay, pay, pay.

It is not as if the tourism industry in North Queensland is actually flourishing. It has had boom times, there is no doubt about that, but the simple fact is that in the last short period of time we have been suffering an actual

reduction in the proportion of overseas tourists coming to North Queensland, particularly Japanese. The market seems to be pointing in other directions. We have to redress that situation. We have to look to Korea and China and South-East Asia and also to the Americas and elsewhere to try to encourage people to come to North Queensland.

But could you imagine, having been told that the fare is going to be X, being told, 'We are going to build onto that all these additional charges for you to go to the Barrier Reef, to go out snorkelling or to go out bare boat chartering and all the rest of it—all these increased charges are going to be imposed, plus the reef tax now, plus another \$4 next year when you come, making a grand total of \$6 for every person who goes out'?

We are going to find ourselves in a dreadful situation in encouraging people to come to us rather than to Indonesia or the Philippines, where I am told—I have not been there but I am told—there are absolutely substantial and very impressive reefs where people could dive and snorkel and so on. We must recognise that we are going to be in a competitive situation and we cannot have a disadvantage in that competitive situation.

The most important element in all this goes back to the bill we are debating today, the Charter of Budget Honesty Bill. Where was it in the budget last year that the tourism operators of North Queensland were told of these charges and these increases? Where was the honesty in all of the discussion that went on about the reef tax and the 500 per cent increase that was coming in there? You would have to say, given that everyone was so quiet about it, that they did not know.

I come back to the point I made earlier: what about the gang of five in this House who represent those five marginal seats in Far North Queensland? What are they going to do about this now? As I think the House knows, there is notice of a disallowance motion before the House on this particular matter, and I will be very interested to see how members of the coalition who represent those seats vote. They have said in their local media, 'We will cross the floor. We cannot have this. This is terrible for our tourism

industry. We will cross the floor.' Then they skated around the edges. They obfuscated a little bit and said, 'Maybe we won't have to.' Then last year when I tried to bring this matter on for debate they refused to support us on this side, saying, 'Oh no, that was just a procedural matter. That really was not the vote on the tax at all.' It could have been. You do the procedural stuff first and then you get to the biggie, but they are fairly new and they are a bit slow. I know the Chief Government Whip has given them a bit of instruction since then, so they know what they are supposed to do.

But I will tell you what: I will say to the Chief Government Whip, who is sitting over there and who is not a bad bloke, a bit of a mate, 'Keep an eye on the gang of five, because when they hear about this I am not sure you will be able to keep them over there.' And, if you do, you had better get the Prime Minister and a few others from your side to act. Maybe you could send John Moore, the minister for tourism, up there to explain why they did not support the tourism industry of Queensland, the industry they say is so vital to people in their own electorates.

I will conclude my remarks by saying that this charter of budget honesty, fabulous as it all sounds, is terrific in theory. If everybody for the last 90-odd years that this Australian parliament has been in operation had subscribed to that, perhaps we could have put behind us a lot of the problems of the past, with people hanging out on what were the real figures and all the rest of it. But it is very hard when you have got a long memory in politics and you know what the Prime Minister used to do when he was Treasurer last time he had control of the purse strings and some 13 years down the track when he is back in government, but one slot up, in the Prime Minister's role, suddenly he has this conversion on the road to Kirribilli House about the charter of budget honesty.

In terms of the honesty and integrity of this sneaky deal, though, in respect of the reef tax and in respect of these other seven charges, it is nothing more than a sneaky tax grab. It has been uncovered, and that gang of five in the House of Representatives who represent those

seats in North Queensland, and the senators—and we might even throw in a couple more from the National Party like our friend the member for Kennedy (Mr Katter), who has a bit of an interest in this—had better take a good, long hard look at it. My friend the Chief Government Whip had better keep a very strong arm on them because they will be over here like a flash.

Mr CADMAN (Mitchell) (1.27 p.m.)—The legislation we are debating today, the Charter of Budget Honesty Bill 1996, has been hailed as one of the most significant innovations ever in bringing governments under the control of the people—something the Labor Party was never prepared to do when it was in government. We have had some whinges and we have had some complaints about policies, like the complaints made by the member for Cunningham (Mr Martin), but let me say that the core of this legislation today is not policy differences, it is not matters of detail on delivery of government fiscal measures—it goes to the very crux of the attitude and behaviour of government itself.

I think it is very simple for this House to just look back over the past few years and make a few comparisons, and it is very interesting to hear the Australian Labor Party in the House today talking about every issue but budget honesty, refusing to give an absolute commitment that they themselves, should they ever come to office, would give a strong commitment to the same principles. I think your proposal is that we send this legislation off to the Joint Committee of Public Accounts for them to look at it and then, if they deal with it in a way you like, you might accept it. That is not a policy. You have not got a policy in any area, but certainly in this basic area of government honesty you have not got a policy. You state that you are honest, but you do not do anything about proving you are honest. That is your problem.

I would like to take the House back a few years to 17 April 1989. The member for Cunningham probably suspected I would do something like this. I would like to remind the House of a *Midday* interview that the then Treasurer had with Ray Martin. Ray Martin was running the *Midday* show and the Treas-

urer at the time was the Hon. Paul Keating. It was a short time before an election, I remind the House. The Treasurer of the day said to Ray Martin:

Well, I mean, the proof of the pudding is in the eating, on 1 July. On 1 July, the tax cuts will be there, the change in the tax treatment of pensions, the change in pension indexation, will all be there. And they won't be taken back because the difficulty in the past that people in my job had, they were providing tax cuts while they were borrowing to fund the deficit.

He was describing his own administration as Treasurer but he was blaming other people for it. The public said, ‘Hang on. How are you going to give us a tax cut when you have to borrow the money to pay it?’ Keating was saying at that time that the budget was in balance. He was trying to convince the Australian people that in April 1989 the budget was in balance. A couple of months later, in June 1989, on the *Four Corners* program, the same Treasurer said:

Well, we started off with a budget with a deficit of 5 per cent of GDP, double digit employment, double digit inflation . . . since then we've produced one and a quarter million jobs; we've got the highest participation rate in our history; we've got inflation decelerating; we've wiped the budget deficit out to a surplus; we've created a whole lot of new industries, but the . . .

‘But such as?’ asked Paul Barry. Keating replied:

Well, such as tourism, financial services, and you're seeing service industry develop all over the place, and in manufacturing—areas of manufacturing we just weren't doing three or four years ago. But it simply means . . .

This is Keating speak. It is double gobbledegook. It is incomprehensible stuff. In May 1992, the then Prime Minister, Paul Keating, said of a federal budget blow-out of \$2.5 billion since the One Nation statement, ‘So what?’ In an interview on the *7.30 Report* of 11 May, Paul Lyneham asked the then Prime Minister:

But how come this has only emerged in the last 10 weeks?

The then Prime Minister's reply was:

It's because this is within the time frame that the Australian Taxation Office can make a judgment about receipts at this time of the budgetary cycle.

Lyneham then asked:

And we're not entitled to wonder if your forecasters are really worth feeding, with this sort of performance?

Keating replied:

Well, I mean, it's always better to have the forecasts on receipts obviously bright but not right, but the fact is it's . . .

That is typical Keating talk. He was saying that, in regard to budget honesty, it did not matter what the figures were, it was better to have them bright than right.

This nation experienced a series of decisions from the previous government based on whether it was bright rather than right—explaining things away without too much detail and giving the flick to all sorts of completely unjustified behaviour. Just over a year ago, in an interview on 30 January 1996 with Fran Kelly, Paul Keating said:

Well, as I've indicated to you, we'll announced that. But again, let me remind you, Fran, we have the Budget in surplus. I mean, how many governments around the world have got a Budget in surplus?

This is one year ago. Fran Kelly commented: You've got a Budget slated for surplus, but analysts say that next year you won't be able to deliver that.

Paul Keating replied:

Not slated; in. We had the mid-year review at Christmas, do you recall, and the Budget is in surplus.

That statement was made on 30 January 1996 by the then Prime Minister. That is why this legislation is before the House today. That sort of behaviour cannot be justified by any leader.

The Australian Labor Party will not give its commitment to support this legislation wholeheartedly or to adopt a policy of budget honesty. The Labor Party has refused to commit itself to revealing to the Australian people the facts that it would deal with if it ever came into government again. It is time the Australian Labor Party realised that the nation has changed, that the nation has rejected the attitudes of a person like Keating with his claim during the election campaign which was an obvious and blatant lie.

Despite being asked to do so by the now Prime Minister (Mr Howard) on two occasions during the public debates, Keating

refused to give the facts. John Howard said to the then Prime Minister, 'Paul, open the books now. Show us if we are in surplus or not. Show us how we stand.'

It is interesting that at the same time, on the same day that the then Prime Minister was claiming a budget surplus, the then shadow Treasurer, Peter Costello, was on the same program. In introducing him, Monica Attard said that the shadow Treasurer had released a document entitled, 'After 13 years—How Labor has failed Australia'. She said:

. . . in doing so, the Shadow Treasurer revealed what he sees as the size of the task ahead for a Coalition government, hacking into an underlying budget deficit he says is as big as \$10.7 billion.

That was a guess. Based on the best information that came to him at that time, Peter Costello indicated the size and the scale of the budget deficit, despite the then Prime Minister, in the same program at the same time, saying not that the budget was moving into surplus but that the budget was actually in surplus. He said, 'Not slated for surplus; actually in surplus.' In that interview, Peter Costello said, 'We do not know what the deficit is. We do not believe the Prime Minister. We believe that the deficit could be as high as \$10.7 billion, and we do not believe Ralph Willis when he says that there is an underlying surplus.'

On 13 March 1996, just a few days after the election, it was revealed that there was a real problem with the deficit and that Keating had lied in January. The newly elected Leader of the Opposition (Mr Beazley) tried to defend the situation and to defend the stance taken by Keating. He failed to do so. He had carried the responsibility at that time as Minister for Finance, so he was implicated in the process. On 13 March, on the *PM* program, Monica Attard said:

Mr Beazley says the figures released by the Federal Treasurer today are next to meaningless and will change before the next federal budget as the economy parameters change. He denied keeping secret the projected deficit during the election campaign, saying that the Labor government was unsurpassed in its honesty of its budget figures.

The Leader of the Opposition, Kim Beazley, said in an interview on 13 March 1996:

When we were in office, we were unsurpassed in the honesty that we put forward our Budget figures and the forward estimates associated with them.

That was proved to be absolute rubbish. The Prime Minister and the coalition made a commitment that we would produce this legislation and that it would allow the federal government to do a number of things. This legislation fulfils those promises. It will improve the discipline of government to ensure that their policy is not only accurate but also tries to hit the mark.

It is all right for the Labor Party to say that the Treasurer has said in the last few days that there has been a blow-out in the budget estimates. The Treasurer has revealed that. He has not tried to cover that up. He has not said that we are in surplus when we are not in surplus. He has revealed that the figures show that there have not been the expected collections of company tax and that the Senate has mucked around with our budget.

Budget honesty is about telling people where you are up to; it is not about hiding the facts. Treasury can get it wrong. Maybe it ought to be privatised. It got it wrong for the Labor Party time and again. The difference is that the Labor Party tried to cover up the fact that the figures were wrong by lying. They failed to show that they were honest in their application.

I believe that this bill will enforce an attitude, a discipline, on governments' fiscal policy and their announcements relating to fiscal policy and encourage sound fiscal management. I believe that public scrutiny is significant. It never seemed to occur to the Australian Labor Party that the people of Australia can be your supporters and friends if you level with them. They are sick and tired of being told lies and being misled.

The accountability and honesty of government is pivotal on the change that I believe the Australian people wanted to occur about 1993 because they did not like the direction Australia was going. The quicker the Australian Labor Party picks up on this and says, 'We are going to adopt a new approach too. It is not a hard policy to accept. It is not a hard one to full-bloodedly support. We will do it too and improve on it,' the better. We

should have a competition to see who can actually explain and expose more of the information that the public needs to know.

I believe this legislation will also make comprehensive information available prior to elections. Keating lied about the fact that we were in surplus in January last year. He said, 'We have not slanted for a surplus; we are in surplus.' That has since been proved to be absolutely wrong. He knew it was wrong at that time.

We are going to get out of that. It will hurt us as much as it will hurt the Labor Party if we try to fudge the figures or do the wrong thing by the Australian community. It is a risk we are prepared to take. I would like to see the Australian Labor Party take the same risk and apply the same discipline that the coalition is prepared to apply if it ever gets into government again.

The bill requires that governments provide regular information and reports, a statement each year on their financial strategy, a report each year on the economic and fiscal outlook and an updating of the budget, economic and fiscal outlook with the latest available information approximately six months after the budget has been introduced to see whether the budget is on track. I think it is a good discipline to apply to governments to see whether the estimates of Treasury which, under the Australian Labor Party's, the opposition's, regime, have been proved to be wrong on so many occasions are correct. Treasury will be forced to get it right. They will have to report every five years on the long-term and intergenerational consequences of existing fiscal policy.

I think this is excellent legislation. It is something that the coalition has fought for. We are so pleased to be in government to be able to present a magnificent change in outlook and attitude to the Australian people.

Mr KERR (Denison) (1.42 p.m.)—Might I say by way of introduction that it is extraordinary how virtue in the political process tends to reside entirely on the side of the speaker. I do not wish to do more than point out that in his remarks the honourable member for Mitchell (Mr Cadman) might have reflected on the fact that the way in which the

budget is prepared and submitted and the financial documentation associated with it has much improved over the years. Much of that improvement was in fact the responsibility of Labor administrations over the past 13 years.

When Labor came to office the practice of former governments had been to prepare a single year's financial estimates with no forward projections of consequences of expenditure flowing into out years. In other words, a budget was a simple document of expenditure and revenue projections for the current year, the long-term consequences of decisions that would be made by government were not anticipated in the documentation and there was no framework for mid-term review.

In the course of the 13 years of Labor, the process of determining and putting together budget and financial information for the parliament was made more rigorous. Projections of out-year expenditure were built into the system so that projected savings and expenditure measures were anticipated in terms of their impact not only on the current year but also on the years to come so that a more comprehensive picture of the obligations that the parliament was assuming by increasing expenditure or reducing expenditure in particular areas could be seen.

We also introduced mid-year reviews. This meant that there was a check halfway through each year on whether or not the anticipated outcomes by Treasury and the government in the budget documents were on track. This enabled judgments to be made about whether any supplemental adjustments were necessary by way of review of the economic strategy at that point in time.

The government comes to us and says, 'In addition to those measures, which we intend to maintain, we wish to address some further points.' We have this piece of political triumphalism where the government comes forward and says, 'We're the first government in Australia ever to discover honesty.' Were that so, I suppose it would surprise the Australian community no end. I think they would be extraordinarily surprised if they were asked to endorse the proposition that this government is the first government in Australia's history ever to discover honesty. They would

also be surprised to endorse the view that this government has, in fact, practised since the election what it has preached in an entirely straightforward way without any dishonesty.

I think the facts are plain: at the last election the Prime Minister (Mr Howard) did make pledges to the Australian people which in government he has not committed to and, therefore, has led the majority of the Australian community to judge that he has broken promises. It is straightforward. Those promises were redefined by the government as non-core pledges. In other words, they were commitments given but never intended to be implemented when in government. So the very claim of this government to come forward as an honest purveyor of commitments is soured from the outset. Right across the board, in policy area after policy area, we see example after example of pre-election commitments being dishonoured.

What I think is more disturbing than this triumphalism is a sense in which the government seems to say that in some way it is going to put forward figures through its own judgment and that of Treasury which in fact get things right. It is as if these numbers that have been put forward are in some sense more than projections—the best estimates possible by government and by its advisers—as to the likely outcome over the next 12 months to four years.

The honourable member for Mitchell said in his remarks that Treasury is going to be forced to get it right. I would like to see exactly how you force Treasury to get it right. I do not know whether the honourable member is suggesting that Treasury deliberately contrived in some way to make inaccurate assessments.

The truth is that advisers to government, when they prepare budgets, can do no more than project from known hypotheses or anticipations how the economy may move. Australia's economy is internationally exposed. Changes in the international environment will have unanticipatable impacts on the Australian domestic scene. Even with areas of the Australian economy, which would not themselves seem to be immediately susceptible to those unanticipated consequences, it

is entirely possible that events will occur in the domestic economy in ways which were not capable of being predicted.

If that were not so, surely we would have had the Treasurer (Mr Costello) anticipate the slow retail growth in the December quarter, which probably shows that Australia has moved to zero growth for the December quarter or possibly into negative growth. If there has been negative growth, this government has been able to drive a vibrant, strong economy into a pre-recessionary period in the course of about eight months.

But did Treasury anticipate it? No. Is it dishonest for not anticipating it? No. Does it lack competence for not anticipating it? Yes, because the measures that it has brought in, the reductions in public expenditure, straightforwardly impact on demand and consumer confidence. There is no doubt that, if you withdraw the larger amount of demand that is generated through government expenditure of the nature of the cutbacks that have been implemented by this government, it is an entirely predictable outcome that you will reduce the rate of demand within the Australian economy, you will reduce consumer expenditure and you will have an impact in slowing the economy. It is a basic and straightforward proposition. But do I assert that the government was acting dishonestly in any way? I do not. I simply say they got it wrong.

The degree to which these things could be got wrong can be seen quite clearly in the Costello black hole. In six months or less since the budget, we have discovered a blow-out in the order of \$3 billion from what the government anticipated, from what Mr Costello signed on as his best estimate of where this economy would be.

So we see straightforwardly that, even with best endeavours, these figures move as the economic circumstances of the nation move in ways which were not visible and predictable to those framing the budget documents. To suggest that in some way you can make Treasury 'get it right'—as if economic forecasting were an exact science where accuracy or errors are attributable to honesty or dishon-

esty—seems to be a very flawed and extremely proud concept.

The greatest sin in politics is hubris; that is, pride to assert that you can control things which you cannot. Canute gave us the greatest example of a king seeking to control the tides. I think government speakers who stand up and put forward the idea that they will bring forward estimates which will be dead accurate and dead honest—in a way which contrasts with those of the past Labor administrations—will set themselves up for an enormous fall. They already have, because any allegations that were directed at the former Labor government's forecasting have been, I think, extremely put in perspective by the \$3 billion Costello black hole or Costello crater or whatever one wishes to call it.

There are a couple of specific points about these proposals. A number of them have their merits, but there are some difficulties, particularly in the way in which they clearly seek to give political advantage to the incumbent government during the run-up to the next federal election.

They are designed to put craters on the road to the electoral success of the Labor Party. There is no doubt about that. It is a partisan strategy. Whilst the opposition can ask for its policy proposals to be costed, whether that is permitted is entirely at the discretion of the Prime Minister. He decides whether to allow policies to be costed. The only policies that can be costed are those that are formally announced as part of an election policy of the opposition.

So the opposition is not in a position where it is able to use the expertise of Treasury to model and project various options and to use the resources of government in the same way as government does. It is restricted to announcing that it will do a certain thing and then asking for the costing. And, by its nature, that is asking to be whacked about the ears. Any difference between its own anticipated costings and Treasury costings will of course be used by the government as a spurious basis for saying, 'Look, they haven't been professional or accurate in their costings.'

We have a situation where the government will say that, if the opposition declines to ask

for costings, it is running away. If the opposition does ask for costings, it is at the discretion of the Prime Minister. Assuming that those costings are provided, they will be provided in the immediate context of the election where the government will seize upon any discrepancies between the Treasury evaluation and that of the opposition in terms of its development processes as proof that the opposition lacks financial credibility and expertise.

Those mechanisms are extremely partisan and they are designed to handicap oppositions. They are the sorts of measures that would be done only by a government too confident in its own longevity, too arrogant and too assertive of its own right to govern. We are already moving to the stage where the government is seeking to put roadblocks in the way of the Labor Party's return to office. It is doing it in a way which is superficially designed to say, 'Look, we are about budget honesty. We're about an open process.' But the truth is that the process has been designed in a partisan way.

This is only a partial delivery of what was pledged by the opposition before the last election. For example, the government is refusing to provide forecasts of national savings, notwithstanding that it has made that a central feature of its entire strategy. The government has also declined to proceed to this point with its commitment prior to the election that it would establish an independent auditor, responsible to this parliament, to report on all aspects of government expenditure.

I think that is a very important point because it is tied to the other failure which is the failure to allow the Reserve Bank of Australia to give its own independent assessment of the figures that the government is providing. There are three areas where the government pledged that it would take certain steps to accommodate this so-called charter of budget honesty where it has fallen short of the marks it set for itself.

First, there is nothing on national savings; second, there is no independent auditor responsible to the parliament; and, third, there is no capacity for the Reserve Bank of Aus-

tralia to give an independent assessment against those figures asserted by the Treasury. Mid-year review and budget figures are not those of the independent bureaucrats. They are essentially as put forward by the Treasurer. So we have only a partial delivery of what was promised and that part delivered in a partisan manner.

Our attitude to this bill is that it has been coloured by an assertion by the government that, in some way, it has a monopoly on virtue in developing credible and honest predictions of budget outlooks. That is simply wrong and does discredit to the government. I think it is in the national interest that both sides recognise that the process of developing better forecasting information and better planning data for economic policy setting is one that has evolved and that was strengthened by Labor in government. This process continues to improve the amount of data that is available for the public to see.

At the same time, this bill is flawed in three key areas. Firstly, it sets up the opposition to fail in the run-up to any future election. The bill is undermined by a sense of the government being too assertive of its own right to remain in government, too confident of its legitimacy, and it underrates the democratic need to give to the opposition an equal and proper basis for having its policies reviewed, costed and debated by the Australian community.

Secondly, it is deficient in that these proposals do not require the government to report on a number of key aspects of the economy, which are crucial for any assessment. Those areas include national savings. It is also deficient in that the proposals do not require an independent third party assessment by the Reserve Bank of the figures that are being produced.

Finally, this document does nothing to progress the pledge the government made to have an independent auditor responsible to the parliament. I am certain that that is an issue which members on both side of this House will see as a decisive failure: that is, a failure to have that independent national body responsible to the parliament so that the accountability of the bureaucracy to the cham-

ber is entrenched, as was promised by the coalition before the last election. We will support this measure but subject to the qualifications that I have discussed. We will be seeking to have improvements made so that it is not such a partisan document.

Mr SPEAKER—Order! It being 2 p.m. the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour. The member will have leave to continue speaking when the debate is resumed if that is his wish.

CONDOLENCES

Halbert, Hon. Hugh Victor

Mr SPEAKER—I inform the House of the death on Friday, 31 January 1997 of the Hon. Hugh Victor Halbert, a member of this House for the division of Moore from 1958 to 1961. As a mark of respect to the memory of Mr Halbert, I invite honourable members to rise in their places.

Honourable members having stood in their places—

Mr SPEAKER—I thank the House.

QUESTIONS WITHOUT NOTICE

Savings

Mr BEAZLEY—My question is directed to the Prime Minister. Given the strife that the Treasurer has got you into with his own \$3 billion budgetary crater, will you make it absolutely clear to this House that not one dollar of the \$4.5 billion commitment the government has already earmarked in the next budget for superannuation contributions or related private savings assistance will be raided to fill the Costello crater, knowing that public saving at the expense of private saving is worthless?

Mr HOWARD—In reply to the Leader of the Opposition, can I say that I have nothing to add to what the Treasurer and I have said on this matter already.

Medicare Agencies

Mr MAREK—My question is addressed to the Minister for Health and Family Services. Can the minister inform the House of the status of the trials of Medicare agencies in

pharmacies which are about to commence in Queensland, including my electorate of Capricornia? How will these agencies work? What benefits will they have for the men and women who live in rural and remote parts of Australia and who now do not have easy access to Medicare services because of Labor's previous neglect?

Dr WOOLDRIDGE—I thank the honourable member for his question and I am delighted to be able to answer it, given the representations that he and other members of rural seats have made about the issue of trying to access Medicare claims.

I am delighted to inform honourable members that trials are about to start in five locations in Queensland of claiming for Medicare through pharmacies. We will be trialling a prototype easy claim system in Dysart, Blackwater, Clermont, Tieri and Springsure in the electorates of Capricornia and Maranoa. We expect it to begin in about two weeks time. It will be a self-service machine located in participating pharmacies. People will be able to send their claim for an account on a dedicated line to the Health Insurance Commission. The pharmacies will then forward original copies to the Health Insurance Commission for their record and payment will be made directly to people's bank accounts.

It is a big step in giving people in rural and remote areas access to something that people in cities have taken absolutely for granted. Pharmacies will pay a small fee to have the facilities involved, recognising that there is a substantial potential benefit to them in the form of customers' access across their front door.

These trials will be brief. They will be fully evaluated and we would expect to have 130 such machines located in pharmacies by July this year and 400 in pharmacies across Australia over the next four years. We are using a number of criteria to determine the location in pharmacies, particularly pharmacies in receipt of the isolated and remote pharmacy allowance, Medicare claiming patterns in the area and the enthusiasm of the pharmacies themselves for having the facility. I am delighted that we have been able to get this

up and running. It will be a major advance for people in rural areas in having access to Medicare and it is good to be putting something into rural communities.

Retail Sales

Mr GARETH EVANS—My question is addressed to the Prime Minister. Has the Prime Minister focused on the fact that yesterday's retail figures were the biggest three-month fall in 13 years, since around the time he was last in office, represented the worst sustained decline since the Menzies credit squeeze of the early 1960s and, according to Westpac and others yesterday, are likely to produce zero growth outcome for the December quarter, bringing to an end 21 quarters of consecutive growth? In the view from Kirribilli, is this all part of the 'rare conjunction of positive circumstances' you say that we are enjoying?

Mr HOWARD—Can I say to the Deputy Leader of the Opposition that the retail sales figures, of course, are an indicator—along with a lot of other indicators—of activity and movements in the economy. I draw the deputy leader's attention to the fact that the mid-term review indicated very strongly that amongst the changes had been a greater shift towards business investment and some downward revision in private consumption and, in that sense, those retail sales figures were consistent with that.

I would also make it very clear to the Deputy Leader of the Opposition in regard to the indicators of which I spoke last Friday—when I gave the assessment I did of the Australian economy and which I repeated yesterday and I would repeat again today—that those assumptions and those predictions were based upon the strong evidence contained in the mid-term review that the growth forecasts of the Australian economy contained in the budget continued, in the eyes of the government's advisers, to be valid.

I know that the Deputy Leader of the Opposition is trying to talk the economy down. It is his only stock-in-trade. You really know when you have got an opposition with nothing to say—all they can ever do is talk the Australian economy down. Can I say to

the Deputy Leader of the Opposition: every time you open your mouth and you talk the Australian economy down, you drag your party lower in the esteem of average Australians.

Mr SPEAKER—The honourable member for Parramatta.

Mr Gareth Evans—A supplementary question arising out of that answer?

Mr SPEAKER—I have called the honourable member for Parramatta.

New South Wales Legal System

Mr ROSS CAMERON—My question is addressed to the Attorney-General. Is the Attorney aware of media reports that suggest that the federal government is responsible for a crisis in the New South Wales legal system? Can the Attorney tell the House whether there is any truth in that speculation?

Mr WILLIAMS—I thank the member for Parramatta for his question. Any alleged crisis in relation to legal aid funding for state criminal matters in the New South Wales justice system is entirely a matter for the New South Wales government. The Commonwealth is committed to continue funding legal aid matters arising under Commonwealth law. But the Commonwealth expects the state and territory governments to accept their responsibilities for legal aid matters arising under their law. New South Wales should accept its responsibility.

Any government which exercises the right to make laws should bear the responsibility that goes with that right. Money needed to fund legal aid for Commonwealth responsibilities, such as family law—

Mr Kerr—What about drug dealers?

Mr SPEAKER—The member for Denison!

Mr Kerr—What about drug dealers?

Mr SPEAKER—I warn the member for Denison.

Mr WILLIAMS—Money needed to fund legal aid for Commonwealth responsibilities has been paying for matters which are the responsibility of the states and territories. In the last two years approximately \$10 million of Commonwealth money that should have

been available for Commonwealth matters, such as family law, social security and immigration matters, was used to subsidise New South Wales responsibilities.

The problem in New South Wales was created by the Hawke and Keating governments. Labor was in office for 13 years. Labor negotiated agreements with the states approximately 10 years ago but under Labor those agreements just drifted on, despite major changes in the legal landscape. They became inequitable and outdated. The coalition inherited those agreements. Last June we terminated them with effect from July this year.

The coalition, unfortunately, also inherited a range of serious problems in the legal aid system. Commonwealth and state governments provide the bulk of money for legal aid. Under Labor, governments had no role in fixing the priorities for the use of that legal aid money. Labor allowed state and territory governments to contribute unevenly so that there was more money in some jurisdictions per capita than in others. The legal aid commissions in some jurisdictions were effective in recovering costs and in obtaining client contributions. Under Labor, others were allowed to drift.

There is significant inequity still prevailing in a number of areas. You have a several times better chance of getting legal aid in Victoria for a separate representation of children in family law matters than in other places. In some jurisdictions, funds provided for the same family law matter are three times the funds provided in other jurisdictions.

Under Labor, legal aid commissions were not required to keep compatible financial records or management records, seriously inhibiting planning and assessment of the effectiveness of legal aid. Seventy per cent of funding provided for referrals to private practitioners went to 20 per cent of cases, so we had a Rolls Royce justice system for a few. What we should have had was a jelly bean car justice system for many.

The coalition is committed to maintaining Commonwealth funding in real terms for Commonwealth matters. Any shortfall in

funding for state law matters is a matter for state governments.

Unemployment

Mr MARTIN FERGUSON—My question is directed to the Prime Minister. Are you aware that in the year to last September the retail sector created 53,000 jobs, the one bright spot on the employment front and the largest industry increase? Given that yesterday's figures show the worst retail slump since the Menzies credit squeeze of the 1960s, will you now admit that your revised budget forecast on jobs is unachievable, or is it another dimension from Kirribilli to your 'rare conjunction of positive circumstances'?

Mr HOWARD—The answer to the honourable member for Batman is as follows. The mid-term economic review contained, I think, on the advice available to the Treasury, a proper assessment of where it thought the economy was going to go for the remainder of the current financial year. I believe that the forecasts that have been made have been based on the advice that is available. I think the member for Batman is trying to do what the Deputy Leader of the Opposition is trying to do—that is, to talk down the Australian economy.

I mentioned yesterday that there was nothing quite so impertinent as a group of men and women who have been in charge of the affairs of this country, who drove unemployment to post-Depression highs and who left us with an unemployment rate of 8½ per cent—and have the absolute gall to thump the table and say, 'Why is it that the problem has not been fixed in a period of 11 months?' I do not think the Australian people are paying any attention to a group of people who for 13 years could not solve a problem and yet are hypocritically demanding that we solve it in 11 months.

Taxation

Mr PYNE—My question is addressed to the Treasurer. The Treasurer will be aware of a tax loophole that has allowed banks and other financial institutions to avoid tax on the interest earned from loans to foreign borrowers. What action is the government taking to close this loophole and ensure that all taxpay-

ers, including the corporate sector, pay their fair share?

Mr COSTELLO—I thank the honourable member for his question. The government has become aware that some Australian financial institutions are entering into arrangements with non-resident corporate borrowers which have the effect of converting assessable foreign income into tax exempt foreign dividends. They do that by attaching sufficient voting rights to eligible finance schemes to obtain tax benefits which are afforded to direct equity investments. EFSs are excluded from the controlled foreign companies and the foreign investment funds measures because they are in effect debt and not equity.

After this matter had come to the attention of the government, I announced earlier this week that the government would be taking steps to ensure that this scheme does not continue and that those companies which have entered into it are paying their fair share of tax. We will ensure that dividends which are in effect interest income are subject to tax by denying those dividends the exemption provided for dividends arising from a direct equity investment in a non-resident company and by denying credit for taxes paid by the non-resident company. This is part of a number of measures which the government intends to take to tighten the application of the taxation system, particularly in relation to international measures.

Shortly before Christmas I published a discussion paper which indicated proposals for legislative change which would tighten opportunities which now exist for tax minimisation in relation to international arrangements. That paper has been published, and we are receiving comment on it.

Let me assure the House that this government believes that it is only fair that companies pay their fair share of tax and indeed that all taxpayers, whether they utilise international arrangements or not, are subjected to a fair share of tax in Australia. We see that as important for keeping income tax rates down in respect of taxpayers and for ensuring that there is a fair and just distribution of the taxation burden which is necessary to fund our social security measures.

Exports

Mr STEPHEN SMITH—My question is directed to the Minister for Primary Industries and Energy. In light of yesterday's very bleak ABARE forecasts for primary industries commodity prices, does the minister stand by his proposition reported in the *Weekend Australian* of 11 and 12 January:

Australia should focus more on improving its exports of raw materials rather than developing processing industries.

Does the minister continue to believe that Australia's prospects for jobs and growth are best secured by dependence upon raw materials and commodities exports to the neglect of value added exports?

Mr ANDERSON—I thank the honourable member for his entirely predictable question. It is a misrepresentation of my position. I make it plain now, as I always have, that we must pursue value adding opportunities wherever we can. Many products in this country can and should be value added here. That is a goal we will always pursue, and we are likely to make it much more possible.

Others to which I was referring when that article was written—wheat, for example—face the very real probability that in the future our markets will want high quality, market differentiated but essentially unprocessed grain for their own specialist needs, and that will be the best way to extract the best returns for wheat farmers in particular and the nation in general.

But the point I really want to make is this: value adding makes sense only where Australia has a comparative advantage—and we would have a much greater degree of comparative advantage if you had done something decent in terms of running the economy for 13 years. That is the real point.

Let me come back to the classic example, the best example of the lot: what you were doing with the meat industry in this country was value minusing. Because you would not get on with cutting costs in the processing sector, the returns to producers were very significantly cut. You were value minusing, and you would not do anything about it. And what was the labour movement's response when some people in northern Australia were

fortunate enough to find a way out of it by going for live exports? Slap an export tax on them.

Transport Industry

Mrs JOHNSTON—My question is addressed to the Minister for Industrial Relations. Has the minister seen reports of criticism by employer organisations of the government's decision to intervene in the transport industry 11 per cent pay claim now before the Australian Industrial Relations Commission? Has the minister also seen reports that the government's argument that the claim should be heard under the new industrial relations legislation has failed? How does the minister respond to these reports?

Mr REITH—I thank the member for her question. In answer to the second part of the question, the position is that the government put various submissions to the commission and the commission decided to hear the entirety of the case before it brought down its decision. So the claims that the government submission has failed are obviously wrong. The commission will, in due course, make its decision on all matters before it.

Another aspect of the question related to the claims that we have been hypocritical in intervening in this case. Quite frankly, it would have been hypocritical for us not to have intervened. The fact is that what has happened is that some of the big transport companies have accepted and paid a claim put on them as a result of a TWU claim last year. They are paying that. They are having difficulty in terms of their prices because the fact is that the unions were unable to foist the same claim upon the smaller employers. So the attempt here is basically to use the centralised system to impose the same higher cost structures on other businesses within that industry. The reason it would have been hypocritical for us not to intervene is that our longstanding position has been that wage increases ought to be tied to the productivity of the particular business.

There are some benefits as a result of this 11 per cent claim being part of the trade-off. There may well be for some businesses, but the truth of the matter is that for a lot of

businesses there are no benefits whatsoever for their particular enterprise. That means that they would simply be forced to lay off staff and, in conjunction with that, put up prices. If this claim were passed on it would simply be an inflationary hike imposing additional costs on large sections of the Australian community, in particular regional and rural Australia, where transport is such a significant element of the many things they require for their families and their businesses.

The fact is that we have had an entirely consistent position. If there is any hypocrisy in this issue it is the fact that, if this application had been made in February last year and the Labor Party were in government, they themselves, if they had been true to their policy position, would have taken exactly the same position we are taking, because their claim is, and was at that time, that they support enterprise bargaining.

This application clearly defies the principles of enterprise bargaining. It just demonstrates that it was a very hollow statement when the shadow minister said, of their industrial relations policy, that it would not regress from where it was under Labor when they lost office. This actually is a classic example of where you have fallen back beyond where you were at election time last year and you are doing so, as usual, under the influence of the ACTU. It is no surprise that Bill Kelty is down in the commission today basically announcing your policy for you.

University Science Enrolments

Mr BEAZLEY—We cannot get enough of that, Mr Speaker. My question is addressed to the Prime Minister. Is the Prime Minister aware that the Victorian government has today announced its intention to consider subsidising university fees for science students as a direct result of the collapse in science and engineering enrolments following the federal government's decision to massively increase charges for those courses? Is the Prime Minister also aware that a factor in its urgent consideration is the refusal by his hapless minister, Senator Vanstone, to consider this crisis until June? Will the Prime Minister act immediately to protect Australia's excellence in science and engineering and

restore education opportunity for thousands of aspiring science students?

Mr HOWARD—I have not been advised of the details of that announcement. I do not propose, until I have acquainted myself with it, to be drawn with a comment. But I take the opportunity of saying that I believe Senator Vanstone has carried out reforms in the higher education sector with very great credibility and very great courage. I defend very strongly the decisions that she has taken.

I particularly compliment her on the announcements that have been made to conduct an inquiry into higher education in Australia. I believe that that inquiry will well and truly focus on some of the elements that are required to provide Australia with a world-class higher education system for the 21st century.

It is a mistake if the Leader of the Opposition imagines that out there a lot of people whom he might like to appear a little more appealing to in an electoral sense imagine that there is justice in low income people subsidising the path to high levels of income by the middle and upper classes of Australia.

Small Business

Mr McDougall—My question is addressed to the Minister for Small Business and Consumer Affairs. Members of the government are well aware that a dynamic small business sector is vital to economic and employment growth in Australia. Can the minister explain to the House how government programs are creating the right conditions for growth in the small business sector?

Mr Leo McLeay—How many regulations do we have!

Mr SPEAKER—The member for Watson!

Mr PROSSER—I thank the honourable member for his question. There is no doubt that this government recognises that small business makes an immense contribution to the Australian economy, particularly as it has with some \$51 billion of borrowings. This government is committed, via responsible fiscal policy, to developing a stable economy with low inflation locked in. Interest rates have already fallen, as the House knows, by 1½ per cent and some small businesses will

benefit to the tune of, on average, \$7,500 a year in their borrowings. The government set up the Small Business Deregulation Task Force, and will announce its response to that task force in the very near future.

In responding, I want to pick up a point on the question that the member for Curtin asked yesterday. I guess it is interesting that the member for Curtin and, I might add, the opposition do not seem to understand that we are committed to reducing by 50 per cent the compliance burden on small business, not the number of regulations. I would like to take the member for Curtin back to the days when he had a dabble at business. As I recall, Allan, it was Trident Homes.

Opposition members interjecting—

Mr SPEAKER—There is too much noise in the chamber.

Mr PROSSER—I would like to remind the member that if he was running a building company in those days he would not have had to worry about the fringe benefits tax, because it was not around.

Mr Leo McLeay—Mr Speaker, I raise a point of order. It is a bit difficult to understand, Mr Speaker: is he answering the question—

Mr SPEAKER—What is your point of order?

Mr Leo McLeay—My point of order is this: is he answering the question of the member for Griffith or—

Mr SPEAKER—Resume your seat; there is no point of order.

Mr Leo McLeay—I have not finished.

Mr SPEAKER—Resume your seat.

Mr Leo McLeay—The rest of my point of order—

Mr SPEAKER—I will not take on a frivolous point of order. Resume your seat.

Mr Leo McLeay—Mr Speaker—

Mr SPEAKER—I warn the honourable member for Watson.

Mr Leo McLeay—Mr Speaker, I have the rest of my point of order.

Mr SPEAKER—I name the honourable member for Watson.

Motion (by Mr Reith) put:

That the member for Watson be suspended from the service of the House.

A division having been called and the bells being rung—

Mr Reith—Mr Speaker, as the member has accepted your ruling and has indicated to the Leader of the House that he wishes to depart, is it open to the Leader of the Opposition to call off the division?

Mr Leo McLeay—You persist with your stupid joke.

Mr SPEAKER—I think the minister has his response.

The House divided. [2.34 p.m.]

(**Mr Speaker**—Hon. R. G. Halverson OBE)

Ayes 90

Noes 47

Majority 43

AYES

Abbott, A. J.	Anderson, J. D.
Andrew, J. N.	Andrews, K. J.
Anthony, L. J.	Bailey, F. E.
Baldwin, R. C.	Barresi, P. A.
Bartlett, K. J.	Billson, B. F.
Bishop, B. K.	Bradford, J. W.
Broadbent, R. E.	Brough, M. T.
Cadman, A. G.	Cameron, E. H.
Cameron, R. A.	Causley, I. R.
Charles, R. E.	Costello, P. H.
Dondas, N. M.	Draper, P.
Elson, K. S.	Entsch, W. G.
Evans, R. D. C.	Filing, P. A.
Fischer, T. A.	Gallus, C. A.
Gambaro, T.	Gash, J.
Georgiou, P.	Grace, E. J.
Hanson, P. L.	Hardgrave, G. D.
Hawker, D. P. M.	Hicks, N. J. *
Hockey, J. B.	Howard, J. W.
Jeanes, S. B.	Johnston, R.
Jull, D. F.	Katter, R. C.
Kelly, D. M.	Kemp, D. A.
Lieberman, L. S.	Lindsay, P. J.
Lloyd, J. E.	Marek, P.
McArthur, F. S. *	McDougall, G. R.
McGauran, P. J.	McLachlan, I. M.
Miles, C. G.	Moore, J. C.
Moylan, J. E.	Mutch, S. B.
Nairn, G. R.	Nehl, G. B.
Nelson, B. J.	Neville, P. C.
Nugent, P. E.	Prosser, G. D.
Pyne, C. M.	Randall, D. J.

AYES

Reid, N. B.	Reith, P. K.
Rocher, A. C.	Ronaldson, M. J. C.
Ruddock, P. M.	Scott, B. C.
Sharp, J. R.	Sinclair, I. McC.
Slipper, P. N.	Smith, A. C.
Smith, W. L.	Somlyay, A. M.
Southcott, A. J.	Stone, S. N.
Sullivan, K. J.	Taylor, W. L.
Thomson, A. P.	Truss, W. E.
Tuckey, C. W.	Vaile, M. A. J.
Vale, D. S.	Wakelin, B. H.
Williams, D. R.	Wooldridge, M. R. L.
Worth, P. M.	Zammit, P. J.

NOES

Adams, D. G. H.	Albanese, A.
Baldwin, P. J.	Beazley, K. C.
Beddall, D. P.	Bevis, A. R.
Brereton, L. J.	Brown, R. J.
Crean, S. F.	Crosio, J. A.
Ellis, A. L.	Evans, G. J.
Evans, M. J.	Ferguson, L. D. T.
Ferguson, M. J.	Fitzgibbon, J. A.
Grace, E. L. *	Griffin, A. P.
Hatton, M.	Holding, A. C.
Hollis, C.	Jenkins, H. A.
Jones, B. O.	Kerr, D. J. C.
Latham, M. W.	Lawrence, C. M.
Lee, M. J.	Macklin, J. L.
Martin, S. P.	McClelland, R. B.
McLeay, L. B.	McMullan, R. F.
Melham, D.	Morris, A. A.
Morris, P. F.	Mossfield, F. W.
O'Connor, G. M.	O'Keefe, N. P.
Price, L. R.	Sawford, R. W. *
Sercombe, R. C. G.	Smith, S. F.
Tanner, L. J.	Theophanous, A. C.
Thomson, K. J.	Willis, R.
Wilton, G. S.	

PAIRS

Forrest, J. A. Quick, H. V.

* denotes teller

Question so resolved in the affirmative.

Mr SPEAKER—Order! The honourable member for Watson is suspended from the service of the House for 24 hours.

The honourable member for Watson thereupon withdrew from the chamber.

Mr PROSSER—In referring to the question that the member for Curtin raised yesterday, the point that I was making—

Mr Beddall—Mr Speaker, my point of order is that there are provisions in the standing orders of the House for a minister to add to an answer. The Prime Minister takes that opportunity often. If the minister wishes to

add to the answer he gave to the member for Curtin yesterday, surely there are forms of the House to do that. He should answer the question asked by the member for Griffith.

Mr SPEAKER—There is no point of order. The question asked by the honourable member for Griffith is being answered. It is a wide-ranging answer, and he is drawing on material that may have been relevant yesterday as well.

Mr PROSSER—The point that the opposition seems to have missed, like the member for Curtin, is that it is not necessarily the number; we are committed to tackling the compliance burden that has the greatest impact on small business first so that we can reduce those regulations that are the most onerous to comply with.

In the last four years of the previous government, they introduced more than 600 acts. In fact, they introduced 200 acts that affect business and small business, plus a flood of subordinate legislation. In addition to the Small Business Deregulation Task Force, we are committed to taking away that compliance burden. As well as the initiative of the capital gains tax rollover provision, there is the uplift factor and importantly, of course, the industrial relations legislation put forward by my colleague the Minister for Industrial Relations.

The point I was making in using the member for Curtin as an example is that—if he can recall those days—if he were in business today, he would be worried about capital gains tax that he did not used to have. He would be worried about fringe benefits tax, occupational health and safety and a whole range of other compliance costs that the previous government imposed on small business and that we are going to strip away. I would have thought that the opposition and the member for Curtin would have gone out and sold to small business that very positive message that this government is doing something for small business.

Family Tax Package

Mrs CROSIO—My question is addressed to the Prime Minister. Is the Prime Minister aware that a single income family with a child

under five living in Wollstonecraft and earning \$62,000 per year is entitled to part B of the government's family tax package, but a family from Fairfield in my electorate also with a child under five on as little as \$17,000 per year and receiving close to the maximum parenting allowance does not qualify for part B? Is it the view from Kirribilli that causes you to punish approximately 140,000 battling families whilst giving free kicks to those who live on the North Shore?

Mr HOWARD—We are getting some good old Labor Party class politics back into the chamber. Let me say in answer to the member that the family tax package does not punish anyone. In fact what the family tax package does is to provide for every eligible family under a certain level of income—and the level of income is in the order of \$70,000 a year with increments according to the number of children—to be better off.

The fundamental mistake of the honourable member's question is that nobody is punished. A large number of Australian families—indeed, two million Australians—are in fact enhanced under our family tax initiative. I am delighted to see, from a political point of view, that the member opposite regards a measure that adds to the situation of families as punishing families. Of course, what the member has obviously forgotten is that every eligible family, whether it is a single income family or double income family, is entitled to a tax reduction in respect of every child over and above that.

It is something for which my government makes no apology at all, whether people live in Wollstonecraft, Fairfield, Parramatta, Burwood, Strathfield, Malvern, Claremont or wherever they might live—wherever you like. I make absolutely no apology for the fact that what our family tax measure has done has been to redress some of the imbalance against single income families within the system that we inherited. I am very proud of that. It punishes nobody. It benefits two million Australian.

Immigration: Impact on Regional Australia

Mr ENTSCH—My question is addressed to the Minister for Immigration and Multicultural Affairs. Given the government's commitment to small business and creating jobs, can the minister outline the immigration initiatives in his portfolio that impact on regional Australia, particularly in my electorate of Leichhardt?

Mr RUDDOCK—I thank the honourable member for Leichhardt for his question because small business is obviously very important in regional Australia. One of the ways in which we can help small business in regional Australia is to ensure that they are able to fill highly skilled vacancies when they occur when they cannot be filled in the Australian job market. One of the key responses for being able to do that is through the regional sponsored migration scheme. That scheme requires an approved regional body to certify a skill shortage so that we are not taking jobs away from other Australians.

I can inform the House that I have just approved additional regional authorities under the scheme. Of particular interest to the member for Leichhardt will be that I have approved the Cairns Chamber of Commerce. I have also approved the Winton Shire Council in the electorate of Kennedy and the Queensland Department of Economic Development and Trade. These add to a number of other impressive bodies in North Queensland who are involved in the scheme, such as the Gulf Local Authorities Development Association, the Cape York Peninsula Development Association and the Mount Isa/Townsville Economic Zone.

I thank the honourable member and also the honourable member for Kennedy, who has been an enthusiastic supporter of this scheme for Queensland in particular. They have been encouraging bodies to be involved in this work and I am very much appreciative of that. There are now 15 approved regional bodies which cover a significant part of regional Australia. They cover all of South Australia, Tasmania, the Northern Territory, much of regional Queensland and significant parts of Western Australia, New South Wales

and Victoria. I welcome other members to be associated with this important initiative in getting a better dispersed outcome in relation to our migration program.

Indonesia: Immigration Policy

Mr CAMPBELL—In the absence of the Minister for Defence, I address my question to the Prime Minister.

Mr SPEAKER—Order! The Minister for Defence is in the chamber.

Mr CAMPBELL—I did not mean the Minister for Health! I meant the Minister for Foreign Affairs. In 1991 at a strategic defence studies conference in Canberra the head of Indonesia's equivalent organisation, Dr Josef Wannandi—

Honourable members interjecting—

Mr SPEAKER—Order! Would you begin your question again?

Mr CAMPBELL—With pleasure, Mr Speaker.

A government member—Who is it directed to?

Mr CAMPBELL—It is to the Prime Minister. In 1991 at a strategic defence studies conference in Canberra the head of Indonesia's equivalent organisation, Dr Josef Wannandi, foreshadowed a continuation of the present Indonesian policy and said that, if and when a mass movement of people in Asia occurs for any reason, the ensuing chaos may well manifest itself to the entire region in the form of continuing waves of boat people. Dr Wannandi said that Indonesian policy would be to instruct these people to pass through and not stop at the archipelago. There was no response from Australia at the time. I ask the Prime Minister: do we have a response now? If so, what is it? If not, why not?

Mr HOWARD—I do not mean in any way to be offensive to the honourable member. I understand that the question—and the honourable member will correct me—invites a response now in February of 1997 to something that was said at a conference in 1991 by a person from Indonesia. I do not think it is appropriate for me to give a response in relation to a comment that was made something like 6½ to seven years ago while an-

other government was in power. But I will take the opportunity of saying that we have a well-established attitude to the arrival of people in this country.

We do not take the view, nor, as I understood it, did the former government take the view, that people have the right to arrive willy-nilly in this country without normal processes. I think there is very strong support in the Australian community for a regime that says that, if people arrive here except in a regular fashion, they ought, with no undue delay, to be returned, unless they can establish an entitlement on proper criteria to asylum or refugee status. That is a fair international principle. It is one that my government will certainly adhere to very strongly, and I want to take the opportunity of giving that assurance to the Australian people. I do not think it is appropriate for me to say anything more.

Sydney Airport: Aircraft Noise

Mr HOCKEY—My question is addressed to the Minister for Transport and Regional Development. Can the minister advise the House what steps the government is taking to fulfil its election commitments to more equitably share the burden of aircraft noise around Sydney airport?

Mr SHARP—I thank the honourable member for North Sydney for his question. He has taken a particular personal interest in this and has done a lot of work to try to ensure that there is a more equitable distribution of aircraft noise over Sydney and to ensure that a sense of fairness prevails in Sydney following the years of neglect and mismanagement by the former Labor government during their time when the aircraft noise problem became an enormous issue in Sydney and led to enormous distress amongst people who were affected by it, to disruptions, to demonstrations and to the loss of property values as a consequence of the former Labor government's mismanagement of the aircraft noise problem in Sydney.

When this government came to power in March last year, we had a philosophy, a policy, of equitably sharing the aircraft noise problem. We also said that we wished to

reduce the number of aircraft movements to the north, which was where the bulk of aircraft movements were focused, by half. We also said that we wanted to maximise aircraft movements over water and non-residential land and we also wanted to reopen the east-west runway.

Within eight working days of being sworn into office, we reopened the east-west runway. We have changed a number of the operations at the airport to ensure that aircraft movements in the early hours of the morning, weather permitting, are mostly over water rather than over the suburbs. We have recently allowed take-offs to the north on the new third runway—an opportunity which was denied the airport operators under the management of the previous government.

As part of our plan, we have also instituted a major review of all of the flight paths for the Sydney Basin. That review was presented to me on 16 December. It was undertaken by Airservices Australia. Also involved in the working group are a number of people who represented the anti-aircraft noise people throughout Sydney. The Coalition of Airport Action Groups was the peak body of anti-aircraft noise protesters. Two of their representatives formed the working group and made a very positive and welcome contribution to that review that was presented to me on 16 December.

I released the review in its full detail earlier today. I am pleased to say that the review recommends changes which will see aircraft movements to the north of Mascot airport drop from 50 per cent of the total to 16.75 per cent. It will see aircraft movements to the east of Mascot airport at around 13 per cent of the total and to the west of Mascot airport at 15 per cent of the total. It will see the majority of aircraft movements in Sydney taking place over water and non-residential land to the south of Mascot airport—some 55 per cent of the total will operate to the south of the airport.

This achieves our policy position that we enunciated in the run-up to the election. It achieves the goal of reducing the aircraft noise that affects so many people. In the process, if these recommendations are imple-

mented, it will see the numbers of people who are the worst affected by aircraft noise, the ANEF factor of 30, reduced in number from some 11,000 people to 4,000. This means that some 7,000 people who were very seriously affected by aircraft noise will have that problem taken away from them.

The big winners in all of this will be, of course, people who live directly to the north of the airport in suburbs such as Marrickville, Petersham, Leichhardt, Sydenham—those areas that are strong Labor areas and that have been supporting the Labor Party for as long as there has been an election for a federal government. These people could have had these changes which would have reduced the number of aircraft over their heads from one in every two down to less than one in every five. These changes could have been made by the former Labor government, but they did not have the initiative, the drive or the determination to make those changes. It took a coalition government and the fulfilment of its policies to deliver these sorts of changes and these sorts of benefits.

I was very pleased to be able to launch these recommendations in Parliament House this morning and I am sure that, with the implementation of this following further public comment—and I invite further public comment on these recommendations for the next four weeks—we will, under a coalition government, achieve the goal that we set out to achieve some time ago, that is, an equitable distribution of aircraft noise over Sydney and the maximisation of aircraft movements over water and non-residential land. The only question in my mind is: why did it not happen before? Perhaps it was because the former Minister for Transport was enjoying the view from his house in Palm Beach.

Child Care

Ms MACKLIN—My question is addressed to the Minister for Family Services, and it concerns the failure by the minister to answer my question yesterday. Is the minister aware of a report which says, in part:

Miss Mulcahy—

a parent in Townsville—

does not concur that her child care costs will only go up by 56 cents per week. Indeed, her new calculations show the cost will increase by \$38.03 per week.

Will the minister table any additional advice provided by her office to Miss Mulcahy about her child-care fees? Will the minister also now confirm that the additional cost of child care for this Townsville family as a result of this year's budget will be \$38.03c a week extra? Does the minister stand by her claim in this House that that family will not now pay an additional 56c a week but \$38 a week?

Mrs MOYLAN—Last week it was \$56 a week extra; this week it is \$38 a week extra. What is the truth? In relation to that specific case referred to, and on the information that has been provided, my department assures me that those calculations are correct. I have already given that answer to the House. A person with a work-related claim, including some time for travel, for more than 50 hours of care will continue to receive child-care assistance for those additional hours worked. This measure is fair; it is equitable, and the taxpayers should not be expected to subsidise services that are not being provided but being paid for by this government.

Mr Lee—Do you stand by 56c?

Ms Macklin—Yes, she does.

Mr SPEAKER—Order! The question has been asked and answered.

Sport and Recreation

Mr CAUSLEY—My question is addressed to the Minister for Sport, Territories and Local Government. Minister, have any statistics been released recently to show how many people are employed in the sport and recreation industry throughout Australia? What is the government doing to encourage sport and recreation activities?

Mr WARWICK SMITH—I thank the member for his question. I have seen some statistics that were released just recently by the Australian Bureau of Statistics indicating the level of expenditure in sport in Australia. Interestingly, there is an employment level of some 80,000 people directly in some 7,000 businesses and organisations right around

Australia. That does not include the additional numbers that run into many thousands that are involved in the multiplier effect of industries and employment opportunities that are associated with those industries. But that number itself is very significant.

The total value according to the Australian Bureau of Statistics is somewhere in the vicinity of \$2.5 billion, which certainly is a very large amount. One area that we do know is expanding and which is an area of growth is that of the recreation industries. Many of the people involved in those industries are employed in small businesses.

It should be known by members that more than \$7 billion is spent on recreation by Australians from their household budgets. The statistics show that it is the fourth highest spending area of a household budget behind food, transport and housing. A very significant number of Australians spend their money on those particular areas.

The money is spent on areas in small businesses such as gyms, swimming pools, bowling centres, indoor cricket facilities and so on. These are the businesses that are targeted by the government to ensure that these small businesses can take advantage of this very large expenditure by Australian households.

My colleague the Minister for Small Business and Consumer Affairs will be responding shortly on behalf of the government on the excellent work done by the small business task force. I am sure that that will be eagerly awaited by many Australians. We have also undertaken to appoint a special representative to promote sport export development—Mr Kevin Gosper, who will be well known to many in this place.

I, in conjunction with my colleague the Minister for Health and Family Services, also announced just prior to Christmas the launch of the program Active Australia. Active Australia is a program designed to encourage Australians to be involved in a wide range of recreational and sporting activities.

In answer to the member's question, this side of the House recognises the importance of sport and recreation as an industry in its

own right. Some \$7 billion-plus is spent by Australians in these activities. We also see it as a job generator and a growth industry which we will be doing everything we can to support and encourage.

Household Income

Dr LAWRENCE—My question is directed to the Minister for Family Services. Is the minister aware of a recent study conducted by the Melbourne Institute of Applied Economic and Social Research and the National Institute of Economic and Industry Research which shows that, when fully implemented, the government's budget measures will leave most Australian households worse off? Is she also aware that the study shows that unemployed households stand to lose \$38 per week; that households whose main income is a disability or wives pension stand to lose \$21.50 per week; and that sole parent families will lose \$10.70 per week? Given her responsibility for families, what is the minister going to do to protect these struggling families from the effects of the Howard-Costello budget?

Mrs MOYLAN—An independent analysis done by the National Centre for Social and Economic Modelling has shown that the family tax initiative will achieve its objective of ensuring families with children, especially single income families, will have very adequate levels of income. In all of the measures that we have taken in relation to families and children, we have ensured that we have given the maximum protection to those in the low and medium income brackets. We have delivered fair and just policies.

The Prime Minister answered the question on the benefits of the family tax initiative very well in this place earlier. But just to add a point to that, I think there are real cash benefits being delivered to Australian families from that measure. More importantly, it has signalled to Australian families that this government puts Australian families first and makes them central to policy decision making. Families are clearly a very important part of our community; that has been recognised by this government. We further strengthen that by our strengthening of families policy as well. So these measures together are particularly beneficial to families.

Franchising Code Council

Mr TONY SMITH—My question is addressed to the Minister for Small Business and Consumer Affairs. Is the minister aware of the decision by the Franchising Code Council to cease trading with effect from 31 December 1996? Having regard to the importance of this matter to many of my constituents and to Australians engaging or proposing to engage in these businesses, can the minister explain why the code council has decided to cease trading and what effect this decision will have on the growing franchising sector?

Mr PROSSER—I thank the honourable member for his question, a matter that he has written to me on as well. I regret that I have to inform members of the House that the Franchising Code Council has been unable to solve its internal problems and has chosen to cease trading. I understand that an administrator has been appointed, and a decision will be made by the end of this month as to what to do with the code council in that respect.

The government allocated \$648,000 to the council this financial year. I met with the council in October to discuss the need to modify their strategic plan which they had developed under the former government and to prioritise their activities to achieve self-funding status by 1997-98 and onwards. At a subsequent meeting of the council, it was clear that most members were willing to do this. I understand that the draft strategic plan along these lines was, in fact, prepared.

Based on discussions with the council I myself had, and my officials, I agreed to seek an increase in the subsidy by another \$152,000 to be paid in the 1997-98 financial year. This brought the subsidy to \$800,000 over two years, which should have been more than enough to achieve the transition to self-sufficiency. In spite of this, there were some council members who were unprepared to modify their position to meet the new financial circumstances.

In November and December I understand that the council twice considered a resolution to wind up on the basis that they did not have the funds to implement the old strategic plan. Both these resolutions were defeated. The then chairman of the council, Mr Bob

Gardini, resigned. Mr Michael Delaney, a representative of franchisee interests on the council, wrote to me in December to indicate that, notwithstanding the council's decision to continue, he had convened another meeting to consider winding up. I note that the press release issued by the council when it ceased trading indicated that it was unable to carry on because of threats of legal action against the company, its directors and officers. In effect, the council seems to have been destroyed by dissension from within the industry.

Self-regulation can only be effective if all members of the self-regulatory body can work together and have the support of the industry as a whole. A fresh start will enable that to happen. I am discussing with industry interests whether alternative self-regulatory mechanisms can be put into place. Of course, the issue of fair trading practices in relation to franchising is being considered by the fair trading inquiry. The government looks forward to the committee's report due in May.

Wage Increases

Mr McMULLAN—My question is addressed to the Minister for Industrial Relations. I ask: given the recent figures on inflation and wage growth, why is the government persisting with what must be the lowest wage offer it thinks it can get away with—a mere \$8 per week—rather than a larger increase, when the figures make it clear that an increase of at least \$14 per week would be consistent with the Reserve Bank of Australia's wage and inflation targets? Won't your failure to respond in this way to protect the interests of low paid workers, most of whom do not have mortgages, mean they will miss out on about \$1,000 per year because of your policy?

Mr REITH—I do thank the honourable member for his question. I suppose if you wanted to find a sort of point of sensitivity on the Labor side about their last 13 years, it would be the fact that you never delivered real wage increases for the low paid. The fact is that you, the party that claims to be interested in the battlers, delivered for them declining real wages and high unemployment—and then you had the incredible gall to

say that the success of your policy was that you were reducing the wages of the low paid. It must mark you incredibly to see us down there before the commission with a package which provides real wage increases for the low paid. And then, just to inflame your anxiety, it must have been a shock to you when the latest CPI figures came out and revealed the significance of the benefit which will flow to the low income earners of this country as a result of that \$8 wage increase.

So, Mr Speaker, thank you very much to the shadow minister for the question. I am very interested in his interest in this subject matter, because the truth of the matter is that your record in government was one of the significant factors which led to your well-deserved loss last March.

Tourism

Mrs BAILEY—I direct my question to the Minister for Sport, Territories and Local Government. Is it a fact that in the lead-up to the Olympics many sports men and women and their families will be looking to see various parts of Australia, such as, for example, the Yarra Valley, the wonderful Lake Eildon and the historic central highlands in the magnificent electorate of McEwen? Further, Minister, given the fact that Tasmania has special access problems for tourists, what action is the government taking to ensure that overseas sporting figures can visit the island state? And are there any early indications that the government's decisions are already showing early signs of success in the key job creating area of tourism?

Mr WARWICK SMITH—I thank the member for McEwen for her very well constructed question. The member raises two points. The first is the opportunities that the Olympics will provide for Australia, particularly the opportunities that arise in advance of the Olympics with visiting sporting teams, their coaches and their families. Indeed, we believe many thousands will be visiting Australia over the next couple of years, up to the games in 2000.

To provide information to national sporting organisations and people involved in sport internationally, the government has released

a directory covering all sporting venues right around Australia. I commend it to members. Many communities are trying to entice sporting groups and sporting bodies to come to Australia, and in doing so they will need to understand the level of facilities available. All states and New Zealand are covered in this directory.

The second point the member raised relates to Tasmania. I thank the member for raising that particular matter. There are difficulties that have been demonstrated because of the neglect of some 13 years by the former government to address the needs of Tasmania and to try to underpin a long-term growth industry for tourism.

On 1 December the government, through the good work of the Minister for Transport and Regional Development, Mr Sharp, announced the Bass Strait passenger vehicle equalisation scheme, which built on a decision that this government made some 20 years ago—when the Prime Minister was Treasurer—relating to the Bass Strait equalisation scheme underpinning the viability of Tasmanian industry.

That scheme has seen a dramatic increase in the visitation of tourists to Tasmania. Indeed, I am advised that the figures show a 17 per cent increase in passengers and a 30 per cent increase in cars up until 31 December last year. That dramatic increase benefits all of the small businesses that are involved in tourism. It provides an opportunity for visiting sporting teams to get to Tasmania and take advantage of its excellent facilities.

More importantly, members and Prime Minister, the forward bookings figures show a 23 per cent increase in passengers and a 40 per cent increase in cars to June 1997. This dramatic turnaround has happened because of this scheme and the assistance that has been given to Tasmania in developing tourism and the opportunities for sporting bodies and, indeed, all members of the House and their families to visit Tasmania.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL RESPONSES

University Science Enrolments

Mr HOWARD—Mr Speaker, could I have your indulgence to add to an answer.

Mr SPEAKER—Indulgence granted.

Mr HOWARD—During question time, the Leader of the Opposition asked me a question about HECS places:

Is the Prime Minister aware that the Victorian government has today announced its intention to consider subsidising university fees for science students as a direct result of the collapse in science and engineering enrolments following the federal government's decision to massively increase charges for those courses?

Since answering that question, I have had the opportunity of obtaining a copy of the press release issued by Mr Phil Honeywood, the Victorian minister. I have gone through the press statement, and there is absolutely no reference to the fees either in the body of the press statement or in the terms of reference that have been included in the press statement. Of course, if there is other material, the Leader of the Opposition will no doubt draw my attention to it.

Mr BEAZLEY—Mr Speaker, on indulgence: the Prime Minister invited me to draw his attention to the material. I seek leave to table the transcript of a conversation between Mr Honeywood, the Victorian minister for tertiary education, and ABC radio's the *World Today*, which details all the points I made in my remarks.

Leave granted.

PAPERS

Mr REITH (Flinders—Leader of the House)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the *Votes and Proceedings* and *Hansard*.

The schedule read as follows—

Civil Aviation Safety Authority—Equity and diversity program July 1994 to June 1997—Progress report 1995-1996.

Equal Employment Opportunity (Commonwealth Authorities) Act—Equal employment opportunity program—Commonwealth Bank of Australia—Report for 1995-96.

Trade outcomes and objective statement, February 1997

United Nations General Assembly—50th session, 1995—Report of the Australian Delegation.

MINISTERIAL STATEMENTS

Trade Outcomes and Objectives Statement

Mr TIM FISCHER (Farrer—Minister for Trade) (3.20 p.m.)—by leave—I am pleased to say that the presentation of this statement today represents the fulfilment of yet another of the government's core election commitments, and it is a key part of our trade strategy. The government's trade strategy aims to create jobs by increasing the sustainable rate of economic growth in Australia. The government aims to secure the best possible conditions and opportunities for Australian businesses trading and investing overseas. With better market access and more opportunities for export, the benefits will be directly felt here at home through growth and more jobs in export industries. There will be flow-on benefits to those domestic businesses that support export activity.

The *Trade Outcomes and Objectives Statement* sets out Australia's trade achievements in the past year, and it provides for the first time benchmarks for the government's trade activities. It illustrates this government's commitment to openness and transparency. We are not afraid to have our performance scrutinised. We see this as an important incentive to improve government efforts in strengthening Australia's trade and investment performance. We see it as a way of improving communication between government and the business community—the traders of Australia.

On election to government, we realised that what was essential for Australia's future growth and prosperity was a more strategic approach to trade policy and performance.

As a result, Australia's first ever white paper on foreign affairs and trade is nearing completion and will provide a broad framework to guide our trade efforts over the next 10 to 15 years.

I have also established the market development task force to give priority and focus to bilateral trade efforts, a key part of our trade

strategy. Prior to 1996 the bilateral component of trade policy was underutilised. This resulted in Australian business missing out on potential market access gains. The government has given priority to bilateral efforts, with the task force coordinating market access, market development and promotion efforts. The priorities identified by the task force will continue to be fed into the statement each year.

The *Trade Outcomes and Objectives Statement*, in turn, is an important document against which to measure our trade progress. Each year it will focus on key and potential bilateral markets, identifying opportunities and barriers to trade and our priorities and achievements.

This year we have chosen to focus on important markets in our region. In all of these markets, Australian business still faces significant market access impediments. In all of these markets, too, there are exciting opportunities. Next year the markets chosen will be different, so progressively over a two-year rolling period all our major markets will be scrutinised.

Industry consultation is a critical part of this process, and through this statement we hope to get feedback from business on their major market access concerns and where assistance from government will be of most use. This feedback will then be incorporated in our day-to-day efforts and reflected in next year's statement.

Each year we will report back to the Australian people on our progress against the priorities identified in the previous year. By achieving our objectives, it will become even clearer that trade with the world means jobs and a better standard of living.

Trade and the Australian economy

International trade and investment is now much more important to Australia's well-being. In 1995, our exports of goods and services amounted to 15 per cent of GDP. In 1985, it was only 10 per cent. The government will work to increase net exports with consequent benefits both in terms of jobs and national income.

International trade is not the sole domain of large firms. There are increasing numbers of small and medium sized businesses participating in overseas markets, particularly in the services sector. More than 4,500 small and medium sized Australian enterprises are actively engaged in export markets. They generate about \$6.5 billion a year in international turnover. Their pivotal role in job creation makes the further improvement of their international competitiveness imperative.

Trade is more important, too, for sectors which, in days gone by, were sheltered and could not venture beyond domestic borders. This is shown in our exports of elaborately transformed goods. In fact, they have been the fastest growing component of our exports to the extent that they now account for 24 per cent of total merchandise exports.

Australia's place in the world economy

World markets have never been more competitive or more exciting, and our strategy for operating in this environment recognises that Australia has unique interests. We are unique in being a developed country with a strong comparative advantage in the rural and mining industries, but with manufactures and, in particular, the services sector, we are rapidly becoming more competitive.

Our economic integration with Asia is continuing apace. Twelve of our top 20 export markets are in that region. Together these 12 account for 62 per cent of our merchandise exports. This also sets us apart from other economies. The export growth rates to these markets are pleasing. For example, in 1995-96, our merchandise exports to China grew by 28 per cent, those to Korea by 26 per cent and those to Indonesia by 32 per cent. The picture for services exports is equally encouraging. In 1994-95, they grew by 32 per cent to Indonesia, by 31 per cent to Thailand and by 23 per cent to Singapore. Through our more targeted trade policy, we will be able to build on these results.

Many of our top export markets also have high economic growth rates. This will in itself lead to further opportunities for Australian firms, but other suppliers are working hard to achieve sales in these markets.

I am pleased that Australian businesses have been particularly active in successfully penetrating the region's highly competitive markets—markets which, collectively, are around twice the size of the rest of the world's markets. But, as I have said previously, while Asia is an important market for Australia, we are a global trader and, consequently, should not lose sight of market opportunities elsewhere. In 1996, for example, South Africa was one of our fastest growing markets, with exports increasing by 37 per cent.

We have designated 1997 as the Year of South Asia because of the exciting developments now occurring in that market. As elsewhere, continuing deregulation is opening up opportunities for Australian exporters. It is up to Australian traders to grasp these opportunities, but the government will do its share to help them identify and access new markets.

An example of this is the Australia-India New Horizons promotion. It has the core objective of building stronger trade and commercial ties with India. We will be examining closely the results of this campaign in terms of increased exports.

Trade performance highlights

Even though we were confronted with a number of challenges during 1996, the government was successful in gaining a range of market access opportunities for Australian business that I would like to highlight.

Bilateral achievements

The global markets for agricultural products are particularly difficult. I am conscious that some industry sectors, such as citrus, are facing increasing levels of competition from imports. There is a need to take up their market access concerns to ensure that they have the best possible access to export markets. But despite these concerns we can point to some important achievements in agriculture:

- Mexico has decided to eliminate its 10 per cent tariff on scoured wool and wool tops from Australia
- Malaysia has reduced its tariff on liquid milk to zero. A new trade agreement with Malaysia has also been initialled

- Thailand, where Australia is a key supplier of powdered milk, now applies a zero tariff up to a quota of 88,000 tonnes of this product
- The progressive increase in the United States global tariff quota for sugar has allowed Australia to raise sugar exports to that market by almost 33,000 tonnes
- Australia has been able to preserve its 42,000 tonne country-specific share of the Canadian beef market
- Australians can now export kangaroo meat to France
- Korea has agreed to extend the official shelf life of frozen sheepmeat, frozen beef, frozen chicken and other processed foods and beverages
- Fresh Australian milk is now available daily in Hong Kong
- We have secured improved market access to the European Community for several agricultural products.

As part of Taiwan's prospective accession to the WTO, Australia has won a package of improved market access worth more than \$30 million:

- We will be able to export 2,000 Australian-built cars to Taiwan from this year. This will increase to 6,000 when Taiwan joins the WTO. From then on it will grow by another 10 per cent a year
- Taiwan will cut its applied tariff on Australian beef by 10 per cent, and it will progressively make further cuts thus removing the discrimination our product faces
- Australia's quota access for apples has doubled to 2,400 tonnes
- We now have first-time quota access for stone fruits of 1,000 tonnes and citrus fruits of 600 tonnes.

When Taiwan joins the WTO, even more dramatic improvements in market access will become available.

Multilateral trade liberalisation

The first WTO Singapore ministerial conference held in December last year has also delivered on two core issues: progress towards further market access for our exporters and a

commitment to prepare for another global trade round by the end of the decade. The new WTO market programs cover all of Australia's market access and trade priorities. Among these are:

- a start in 1997 of the preparatory analytical work for the new round of agriculture negotiations in 1999
- agreement to prepare for another round of services liberalisation across all sectors from 2000
- agreement to a work program on industrial tariffs to equip the WTO better for further liberalisation negotiations
- agreement to negotiate a rules-based Information Technology Agreement, ITA, by April 1997 which will cover at least 90 per cent of world information technology trade. Already, 27 economies, including our key major regional trading partners, have agreed to reduce tariffs to zero on a wide range of information technology and telecommunications products by 2000.

We have continuing opportunities to gain further market access as other economies seek to join the WTO. The government will exercise vigorously the leverage it has to secure direct benefits to Australian industry during these accession processes.

The regional level

The Manila action plan for APEC marks the beginning of the action phase of APEC's free trade and investment agenda. The individual action plans are promising considerable trade benefits for Australia:

- import restrictions on coal will be eliminated in the Philippines by 2000
- Hong Kong will relax import controls on rice by 1997 and meat and poultry by 2000
- Thailand will increase the number of licences for joint ventures in the insurance sectors
- China will increase the number of licences for foreign banks, insurance firms and security organisations

The set of APEC trade facilitation initiatives will be of practical value to business in the region. And we have taken steps to ensure a

more effective engagement of business in the APEC process.

The CER-AFTA work program on trade facilitation also remains promising. Its focus on standards as possible impediments to trade flows is likely to yield concrete trade benefits to industry and consumers in both of these free trade areas.

The benefits of trade liberalisation

As I have said, Australian exporters are already capitalising on the expanding opportunities throughout the world. But we can do better—through actively taking up existing opportunities and through further trade liberalisation. And of course the benefits of liberalisation are maximised when we all participate.

Australia's tariff reform has played a major role in promoting the restructuring of Australian industry, promoting world best practice and competitiveness, and encouraging Australian firms to pursue export markets.

We remain committed to trade liberalisation within the region and throughout the world. We believe it will sustain economic growth which is essential to improved living standards and the creation of jobs both within Australia and the rest of the world.

Market access priorities

In addition to highlighting the trade achievements of the previous year, the statement outlines our market access priorities in the Asia-Pacific region: China, Indonesia, Japan, the Republic of Korea, Malaysia, Taiwan, Thailand, the United States, and also India.

Each year's statement will also examine emerging markets: this year Vietnam, the Gulf states, Chile, the Mercosur countries and South Africa have been selected. Today's emerging markets will be tomorrow's established markets. The ones we have identified are particularly exciting new openings. At the moment, they account for a small share of Australia's exports, but all of them have significant potential.

The statement brings out very clearly where many of our future trade opportunities will lie. But we will benefit only if businesses

pursue them aggressively, if we are able to secure better market access for them and their export products, and if our international competitiveness continues to improve through micro-economic reform. Australia has many competitive strengths and our market access priorities reflect these.

I encourage you to examine the document carefully, where our full list of priorities is spelt out, but let me take this opportunity to highlight a few of our priorities for the next two years :

- gaining better access to China's markets for wool and other agricultural products and financial services
- securing tariff reductions by India for steaming coal and wool, as well as better access for insurance services
- pursuing opportunities in Indonesia for foodstuffs, mining equipment, technology and professional services
- in Japan, gaining expanded quota access and removal of discriminatory tariffs in agricultural and industrial sectors, as well as better market access for housing and construction exports
- in Malaysia, liberalisation of foreign equity limitations in financial services
- in Korea we will aim to increase our market share in agricultural markets, fast ferries, food and beverages, building materials and consumer products
- in Taiwan, better access to the coal market in addition to building on the 1996 access package
- in Thailand we will be seeking increased access for Australian mineral and agricultural commodities, automotive components and financial services; and
- our aims for the United States include better access for dairy products, sugar, meat, citrus, wool, cotton and fast ferries.

Special reports

The statement contains four special reports on sectors offering scope for expanding the value-added components of our exports:

- the Supermarket to Asia Council initiative will result in a strategy aimed at achieving

substantial increases in Australia's food exports to Asia

- the report on the Australian health industry highlights growing export opportunities, particularly in Asian markets, and it draws attention to market access impediments in the health sector
- the information technology agreement when concluded will deliver significant new market access opportunities, especially in the markets of East Asia
- Australia is at the leading edge of the information and technological revolution which is transforming the way business is done at home and internationally. The report on the role of intellectual property in trade stresses the role of intellectual property as a tool for firms to maintain their competitive advantage.

The 1998 Statement

Because this is a dynamic process, we are committed to producing a statement but each year the markets examined will change. In next year's statement we will look in detail at Europe. Its markets remain of considerable importance to us, and we value them. On the other hand, the Common Agricultural Policy of the European Community is still one of the main factors causing low returns to our agricultural producers. We will also look at a number of significant emerging markets.

In 1998, we will also report on Australia's trade performance for 1997 judged against the benchmarks in the *Trade Outcomes and Objectives Statement*. This is an important way in which the government can be more open and honest with the Australian people. It also illustrates our commitment to continue to improve our performance to bring the greatest benefits to the Australian economy.

Conclusion

The *Trade Outcomes and Objectives Statement* is an initial stocktake of the challenges facing Australia. It identifies significant trade opportunities. Among these are:

- the opportunities created by Japan's deregulation initiative
- the changing demand for health care in regional countries, and

- moves towards a more liberal trade and investment regime in Malaysia.

The statement also outlines the impediments facing competitive Australian exporters. It explains clearly the government's vision for an enhanced trade performance, and it offers tangible approaches for ensuring the success of this aim. It delivers on the coalition's undertaking before the election to make the formulation of trade policy more open, and to make the process more accountable.

I have much pleasure in commending the statement to the House and tabling the statement in the House. I present the following paper:

Trade Outcomes and Objectives Statement—Ministerial Statement, 5 February 1997.

Mr STEPHEN SMITH (Perth) (3.38 p.m.)—by leave—Whatever the Minister for Trade (Mr Tim Fischer) says about the trade outlook, the outlook for jobs is bad. Whatever Tim says about the trade outlook, the unemployment outlook is bad. That is the first thing that needs to be said about this trade statement.

The second thing that needs to be said about this statement is that it is a collection of grandiose motherhood. It is breathtakingly banal in its content. It is much more notable for what it leaves out than for what it includes. I am surprised, Tim. You are normally so polite, so courteous and so sticking to the forms, but nowhere can I see a paragraph that refers to the good work of Bob McMullan or the previous administration, much of which you are simply continuing. But the key point is that, whatever you say about the trade outlook, the unemployment outlook is bad.

The minister makes great play of satisfying an election commitment. He refers to it as a core commitment. He does not refer to any of the 'non-core commitments' that the government has broken in the trade area since it came to office. He makes great play that this is somehow new and accountable and open trade making policy. It is, of course, the case that the previous minister and ministers before him, including Bob McMullan, produced material of similar descriptions but just did not wrap it up with the grandiose format of a

ministerial statement. The last time Bob McMullan—

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Canberra.

Mr STEPHEN SMITH—The last time the member for Canberra, then a senator, Bob McMullan, released a trade outlook statement, he made the following point in his foreword: Importantly, this outcome represents a fundamental achievement in securing the Government's commitment to reducing unemployment to 5 per cent of the labour force by the year 2000.

In the first of the foreword of the statement he has just tabled, the minister refers to 'our capacity to create new jobs'. In the executive summary on page 1 he says:

Australia's trade policy aims to create jobs by increasing the sustainable rate of economic growth.

Nowhere do we find the commitment to a target or the commitment to reducing unemployment, which this government has assiduously refused to attach itself to since it came to office. The opening paragraph of chapter 1 of the report that the minister has tabled says:

Australia's net export performance is continuing to make a strong contribution to the overall level of growth in the Australian economy.

It is more notable by what is left out than by what is left in. What he does not tell us is that last year's budget papers forecast that the net export contribution to growth in GDP for 1996-97 would be negative three-quarters of a per cent. In the *Mid-year economic and fiscal outlook 1996-97*, released last week by the Treasurer (Mr Costello), we find that that forecast has been revised to a negative one-quarter per cent as a result of the impact of imports, not exports.

The opening line of chapter 1 of the report that the minister has just tabled says that Australia's net export performance is continuing to make a strong contribution. He does not say that that contribution is negative. So far as the labour market and employment are concerned, in table 4 on page 6 of the fiscal outlook document released by the Treasurer in the last few days, we find that the revised forecast for employment—on the labour force survey basis—was unchanged at 1½ per cent. We find that the participation rate was un-

changed at 63½ per cent, but we find that the unemployment rate increased from the budget forecast of 8½ to 8½ per cent. We also find in the same table that the budget forecast for a contribution of net exports to growth in GDP is minus three-quarters of a per cent with a revised forecast of minus one-quarter per cent. In accompanying text, we find variously at pages 4 and 5 the following comments:

The labour market is expected to improve but only at a pace sufficient to generate a gradual decline in the unemployment rate. Achieving faster reductions in unemployment will be dependent upon opportunities taken to adopt more flexible arrangements in the labour market.

That is their only suggested solution to unemployment. But when we come to the contribution that net exports make to GDP, on page 4 we find a reference to the financial years 1996-97 and 1997-98 and the comment:

Net exports are expected to detract slightly from growth in both years . . .

So not only do we find under this regime net export contribution to growth in GDP, a budget forecast for 1996-97 of minus three-quarters of a per cent, down a positive one per cent under the previous budget papers, revised to minus one-quarter per cent for 1996-97, we also find the mid-year fiscal report saying that exports are expected to detract slightly from growth, not just in 1996-97 but in 1997-98 as well.

The first line of the report that the minister has tabled is absolutely notable by what it does not tell you. It says that Australia's so-called net export performance is continuing to make a strong contribution to the overall level of growth in the Australian economy. That is negative and it is forecast to be negative under the Treasurer's own work for 1996-97 and 1997-98.

In that context, what has this government done in the trade area since it came to office? Let us have a look at its performance and the litany of sins. Firstly, we have seen—this is not referred to in any way other than by code in the report—the gutting of trade and export enhancement measures, most of them in breach of election commitments. We have seen the slashing of EMDG by \$426 million

over four years, capped at \$150 million per year, but that capping including the cost of administration. So the real amount available to Australian exporters is about \$142½ million.

We have also seen Austrade slashed, again in breach of an election commitment. In the documents tabled by the then shadow Treasurer in the run-up to the last election campaign, the commitment on the part of the coalition, then in opposition, was to cut no more than \$58.6 million out of EMDG and Austrade combined. They have taken \$426 million out of EMDG over four years and \$90 million recurrent out of Austrade.

In addition, the government gave an absolute commitment to continue such programs as ITES, the international trade enhancement scheme. That has been abolished. What have we seen in the industry area? We have seen the Prime Minister (Mr Howard) refer to industry policy as quite peripheral and minimal. In the industry support and enhancement measures since the government came to office, we have seen the gutting of research and development by \$2 billion, the effective abolition of things such as the shipbuilding bounty, shipbuilding now being an exclusive export industry in Australia, the effective abolition of the book bounty and now worry about factor F.

In addition we have seen the litany of foreign affairs, trade and industry debacles. This is not an administration that can walk and chew gum at the same time. A range of things have adversely affected our economic performance, our social standing and our trade and industry performance. We have seen the DIFF debacle—no mention of it here. There has been a deafening silence from the Prime Minister on the issue of race and the adverse consequences that that has had for our standing internationally and our future trade performance.

We have seen the involvement of the Minister for Foreign Affairs (Mr Downer) in the European Union debacle over human rights. No wonder Europe is one of the trade areas that the minister has put off until next year. We have also had a deafening silence from the Minister for Trade in the run-up to

APEC and the World Trade Organisation meetings. We have seen the effective blowing up of his so-called aggressive bilateralism, none of which we see here, through the Howe Leather debacle. We have also seen the combined consequences of the activities of the Minister for Foreign Affairs, the Minister for Primary Industries and Energy (Mr Anderson) and the Minister for Trade so far as our relations with China are concerned.

In addition, what we have seen from the minister for primary industries was made breathtakingly apparent by the release yesterday of ABARE commodity prices. In January we heard the minister for primary industries say that we need to go back to an area of exports that this country left behind over 10 years ago. An article headed 'Anderson backs focus on raw material exports' states:

Australia should focus more on improving its exports of raw materials than developing processing industries, according to the Minister for Primary Industries, Mr Anderson.

Minister Anderson, in his lame answer to the House today, effectively refused to say that that was not his position. Why is that juxtaposition of events important? When one looks at some of the detail of the paper that the minister has tabled, one finds at page 25 a section headed 'The Composition of World and Australian Trade' together with a table, figure 4.8, and the following summation:

The importance of manufactures and services in international trade is increasing. Australia's export composition has changed in line with this global trend . . . Indeed, Australia's move towards manufactures and services exports has been more rapid than that in the rest of the world.

When we look at the composition of Australia's trade and international trade, we see what has happened during the period from 1980 to 1995. There has been a reduced level of international trade in agriculture and a substantially increased level of manufactures.

So what does that mean? It means that, if Australia is to take the maximum benefit from trade liberalisation, we need to ensure that we are in there with the value added, the elaborately transformed, manufactures. It is not sufficient for the minister for primary industries to try to take us back to a complete dependency on primary commodities and

place us at risk, as we have been historically, from the effect of commodity prices.

Mr Tanner—Back to the 1850s.

Mr STEPHEN SMITH—That is right. If you want to proceed along those lines, then you do so at your own peril. Yesterday's ABARE outlook brings home the importance of Australia improving its production of elaborately transformed manufactures and value added items in order to keep Australian exports growing. If you want to do that, you need a good dose of support for Australian industry, a good dose of support for Australian research and development, and a good dose of support for Australian exporters—none of which we see in this document and none of which we have seen from the government since it came to office. Indeed, we have seen quite the reverse.

I chided the Minister for Trade for not giving the member for Canberra due credit for the work that he has done. We find in the executive summary on page 1 of the report some of the highlights. It states:

Over the past year some notable wins for Australian business have been scored on the trade front. These will contribute to creating jobs in Australia and raising living standards, now and in the future. Highlights include: a substantial bilateral market access package with Taiwan as part of its accession to the World Trade Organisation (WTO)—

started by Bob McMullan—

a big cut in Mexican tariffs on wool—

effectively started and concluded by Bob McMullan—

. . . the development of a first package of Individual Action Plans by all APEC economies—

thank you very much previous government—

. . . the conclusion of the recent WTO Ministerial Conference in Singapore—

thank you very much previous government for taking the lead in APEC and WTO.

I would like to briefly speak about the big cut in Mexican tariffs on wool, because I think this very nicely demonstrates the juxtaposition between the attitude of the minister for primary industries in his attempt to drag us back to commodities and the failure of the Minister for Trade to fess up to the fact that very much of what we find in the statement

was done by or was a continuation of the work done by the previous government.

On 15 January the Minister for Trade and the Minister for Primary Industries and Energy issued a joint press release headed 'Australia welcomes cut in Mexican wool tariffs'. It stated:

Mexico's decision to eliminate wool tops, noils, and waste demonstrates the effectiveness of the Australian Government's strategy of carefully targeted bilateral trade representations, the Deputy Prime Minister and Minister for Trade, Tim Fischer, said today.

I go back to a joint press release issued on 10 January 1996, just over a year ago, by Senator Bob McMullan, then the Minister for Trade, and Senator Bob Collins, then the Minister for Primary Industries and Energy. They said:

The Australian Government's strategy to increase the value added to Australia's primary products before they are exported received a major boost today with Mexico's decision to eliminate tariffs on processed wool, the Minister for Trade, Senator Bob McMullan, and the Minister for Primary Industries and Energy, Senator Bob Collins, said today.

Australian wool growers and processors stand to benefit greatly from Mexico's decision to remove tariffs on wool tops and scoured and carbonised wool, the Ministers said.

"This breakthrough is yet another successful outcome of the Government's program of carefully researched and targeted bilateral trade activities on behalf of Australian exporters.

Two points should be made here. The Minister for Trade's joint press release with the Minister for Primary Industries and Energy of a month ago referred to 'carefully targeted bilateral trade representations'. They cannot even change the press releases. More importantly, any reference to 'value added' has been deleted. Why? Because, as we know, the minister for primary industries is not handcuffed to valued adding. He is handcuffed to the days where Australia was left to the risks of commodity prices.

Today we see headlines such as 'Bleak outlook for rural industry' and 'Low prices kill rural recovery'. Even Black Jack McEwen in his own way believed that it was possible to have commodity exports in primary and mineral resources while at the same time having a manufacturing capacity. He had

different ways of sustaining a manufacturing capacity, but he actually believed that you could do the two things at the same time. That is not what the Minister for Primary Industries and Energy said to the *Weekend Australian*.

I want to very quickly touch upon a couple of other items in the report which the minister has tabled. On page 41 we find some glorious code. Under the headings 'Trade Promotion' and 'Austrade's role' it says:

Specific initiatives included:

- refocusing and simplifying the Export Market Development Grants scheme and providing the tourism industry with full rate access to grants . . .

'Refocusing and simplifying the EMDG' is code for gutting it by \$426 million over four years. It goes on to say:

- the requirement that Austrade more actively promote an export culture in Australia.

They do not tell you that Austrade is expected to do that with \$90 million less per year. There is a final point that I want to make in relation to Australia being an aggressive multilateral trading country. If we are to take the full benefit of trade liberalisation, we need to do a couple of things. Firstly, we need to be aggressive multilateralists so far as the obligations on our trading partners are concerned. Secondly, we need to absolutely maximise our industrial development capacity to take advantage of the market that is there and growing for elaborately transformed manufactures.

So far as being an aggressive multilateral country is concerned, I complimented the Minister for Trade in recent days when he announced that he was proposing to commence WTO dispute resolution procedures against Hungary. I said, by way of press release, that I hoped this was the start of an equivalent to the American approach of a coherent enforcement trade strategy articulated by acting trade representative Barshefsky. Unfortunately, when we look at these documents, it appears to be the case that Hungary, rather than being the tip, is the iceberg.

So if we want to maximise our position, we have to do all the things that are not contained in this particular statement. We have to

see a good dose of support for Australian industry, a good dose of support for research and development, a good dose of support for Australian exporters and a good dose of aggressive multilateralism—none of which we have seen from this government to date and none of which we see in this particular statement.

MATTERS OF PUBLIC IMPORTANCE

Retail Sales

Mr DEPUTY SPEAKER (Mr Nehl)—Mr Speaker has received a letter from the Deputy Leader of the Opposition (Mr Gareth Evans) proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The alarming implications for growth and jobs of the collapse in retail sales.

I call upon those members who approve of the proposed discussion to rise in their places.

More than the number of members required by the standing orders having risen in their places—

Mr GARETH EVANS (Holt—Deputy Leader of the Opposition) (3.55 p.m.)—Retail sales have always been one of the very best indicators we have of the overall state of the economy. If that is so, the latest figures released yesterday, which we have been discussing these last 24 hours, are cause for very real alarm. They show that the economy is in real strife and they show that the government that created this situation ought itself to be in real strife.

In the year to last December, as my distinguished colleague the member for Batman (Mr Martin Ferguson) said today, the retail sector added 53,000 new jobs—the largest increase of any industry sector, of any industry group, in the country. Since then that retail sector job growth has fallen right away—and it is not surprising, because retail sales themselves have fallen away even more dramatically. That, in turn, has reflected the dramatic decline since the June quarter last year of personal consumption expenditure.

It is almost impossible to overstate just how tough the going now is for thousands of Australian retail businesses, a very great many

of whom are of course small businesses. In the December quarter retail spending went backwards in real terms by 1.3 per cent. That is the biggest fall in real retail sales in 13 years, since the tail end of the recession in the early 1980s when this government was last in office. Trend retail sales have now declined for five consecutive months since August. That is a downward trend completely without precedence since these figures were first collected around the time of the Menzies credit squeeze.

From 1962, when the retail sales series commenced with the ABS, trend retail sales have declined only twice in all that time—August 1992 and April 1976. Now we have had trend retail sales falling last year in August, September, October, November and December. That trend is absolutely widespread. Food sales are in decline; clothing and soft goods are in decline; household good sales are in decline; hospitality and services are in decline. The news is absolutely disastrous for retailers, and for small business retailers in particular.

What are the implications of all this for growth and jobs? Let us start with growth. It has huge implications because private consumption expenditure, which of course is reflected very directly in retail sales, constitutes 60 per cent of all the expenditure that takes place in the economy. Business investment, by contrast, accounts for only 11 per cent of all the expenditure going on in the economy.

So it is all very well for the Prime Minister (Mr Howard) to get up here—as he did today—and say that, whatever might be the situation with retail sales and private consumption, there is a bit of action still going on in investment. So what when it is only 11 per cent of the total size of the economy, the total expenditure that is going on, and private consumption is 60 per cent. That is the key point to understand: private consumption expenditure, as reflected in retail sales, is one of the really key engines of growth and of course job creation in the economy.

This decline in retail sales will put a very big dent in economic growth in the December quarter. Private sector economists are now

estimating that that 1.3 per cent decline in sales in December will take about a third of a per cent off growth in the expenditure measure of GDP. According to Westpac and some others yesterday, these retail figures will in fact mean that there will be a zero growth outcome for the December quarter—a zero growth outcome. The significance of that is that it brings to an end, if it is zero growth, 21 consecutive quarters—five years and three months—of growth in this country.

What it also means is that there is a very big question mark, necessarily as a result, put over the government's growth forecast of 3½ per cent as the outcome for this whole 1996-97 year. If growth is in fact zero, if it is flat in the December quarter, the only way the government will meet its budget forecast of 3½ per cent growth is if the economy grows for the first six months of this year at an annual rate of five per cent or better.

Frankly, it is hard to see how that kind of a pick-up could be possible when the largest part of the economy, as I have said, private consumption, is stagnating, when retailing is actually going backwards. It is also very hard to see that kind of pick-up when the Minister for Primary Industries and Energy (Mr Anderson) says that the immediate outlook for agriculture is not bright—as he has to—on the basis of the ABARE statistics released yesterday indicating that, in fact, rural commodity prices are going to go backwards over the next couple of years. That is the picture so far as overall growth is concerned.

The real significance for people of course is that growth translates so directly into jobs and into the situation so far as unemployment is concerned. We are talking here not about just numbers, we are not talking about numerical abstractions and we are not talking about some mysterious accounting entities. We are talking about people. We should be talking about people. We are. The government is not.

The truth of the matter is that anything less than four per cent plus growth in the economy is very bad news for those out of work and those, of course, who also fear they might be out of work. Three and a half per cent growth of the kind that is now predicted for this year

is bad enough. Three per cent minus growth, which, frankly, we are now looking at in the light of this retail sales figure, is absolutely disastrous from that human point of view. Whatever the view may be from Kirribilli, the situation is already disastrous so far as 800,000 Australians are concerned.

Unemployment is our No. 1 economic problem at the moment, and it has not been getting any better. It has been getting worse under the coalition government. When we left office, the trend rate of unemployment was 8½ per cent. It now stands at 8.7 per cent nearly a year later. In trend terms, the number of unemployed people has risen by 25,600 since March last year. Over the same period, the number of long-term unemployed has risen by 16,200.

Youth unemployment, which the Prime Minister keeps saying will be one of the touchstones of his career—a hopefully limited career—as Prime Minister is also up, seriously and alarmingly, from 27.4 per cent in March 1996 to 30.1 per cent. Youth unemployment is now at its highest level since June 1994. Constantly, we have to remind ourselves, and remind this government, that we are not talking here just about numbers; we are talking about people. Even the number 800,000 is almost too big a number, I think, for people to relate to and grasp.

We have to think of it in local terms as it affects each of us in our own communities. I think of it because it affects my electorate, the city of Dandenong, for example, right in the centre of my electorate, where our contribution to that 800,000 figure is currently, on the last figures available, 3,672 individuals. I can see the faces of those individuals, I can see the kids in the mall and I can see those people in their 40s and 50s, who fear that they will never now get another job, walking disconsolately up and down Lonsdale Street wondering what the hell life has to offer them. That is the truth of the matter.

We are talking about real people with real faces suffering real despair. We are talking about the 3,610 people in Townsville in that situation. In Ballarat, we are talking about 5,499 people. In Launceston, we are talking about 4,325 people. Even in the electorate of

the Treasurer (Mr Costello), we are talking about 1,398 people in Prahran and 1,027 in Malvern, although I am sure he is not aware that they exist, let alone having any sense of their plight, of the distress they are feeling. If he did understand, if he did know they existed, if he could picture their faces, presumably he would not tolerate it and there would be an entirely different strategy.

There has not been a different strategy. We have got ourselves into this situation because of deliberate government policy. It is the work of this new coalition government. They came to office saying that the priority problem was not employment creation, it was not unemployment reduction, it was not maintaining growth. No. The priority problem was national savings, the current account deficit, foreign debt and getting the budget deficit down at all costs. They wanted to get the budget deficit down and hang the consequences.

Forget about balancing the budget over a reasonable period of time by a balanced and moderate low cut program of fiscal consolidation of the kind that we had been advocating. Get there fast. Get there brutally by reducing the size of government, by reducing government services, by reducing government employment and by reducing the amount of public money that is flowing around the economy.

They came into office. They talked the economy down. They put the fear of God into consumers, who stopped spending, with the results that we are now seeing in these particular figures. They took the big stick to business confidence. They introduced a ruthless contractionary budget, squeezing money, squeezing growth, squeezing jobs right out of the economy. We are now seeing the price, and the retail sales figures before us now are the centrepiece of that performance.

The irony of it all of course is that budget policy has been so incompetently advanced and implemented by the Treasurer—who, I am glad to see, has now come into the chamber—that we now have the worst of all possible worlds. We have had a budget policy knocking about growth and jobs, throwing the economy into decline, but at the same time

the Treasurer has made an absolute mess of his calculations and his forecasts. We now have a \$3 billion black hole that is absolutely and unequivocally the Treasurer's own work.

The only answer now we are getting from the Treasurer and the only answer we are getting from the government is more of the same—another round of budget cuts, more pain, more contraction, less growth, fewer jobs, more unemployment. There is no commitment to jobs and growth, no strategy to produce jobs and growth. Of course, by failing to produce more jobs and more growth, he is opening up the prospect of even bigger budgetary holes in the future.

What is the government's answer to all of this? What are its defences when it is confronted with the conspicuous absence of any growth targets, job targets, unemployment reduction targets in its repertoire—when it is confronted with the reality that it has absolutely no identifiable articulated strategy for jobs and growth? What do we get?

First of all, we get, 'Well, inflation is very low.' So it is. It is good for the economy but you cannot brag about it. That is our achievement, not yours. We have been there, done that. Moreover, we had one per cent inflation back in 1992. But that is not much good, achieving low inflation, if you have stagnation elsewhere in the economy. You are not getting the growth, you are not getting the job creation that goes with economic activity.

We have got the suggestion of course that investment is holding up. Well, it has not been too bad, that is for sure. It is not nearly as good as it looked as if it was going to be when he left office when there were expectations of a 26 per cent increase in investment over this period and when most of the investment decisions that you are now bragging about were in fact locked in. We have now got 17 per cent investment growth identified as the likely outcome for this year. By reference, the 26 per cent we were looking at last March is not a particularly impressive achievement.

Moreover, as I have made clear, investment in any event accounts for only 11 per cent of the total expenditure in the economy. Private consumption expenditure is 60 per cent and,

if you are going backwards in the way you are in private consumption expenditure—retail sales is an indicator of that—then you are not making a dint where you have to make it in growth.

Interest rates, you say, are low. That is the last remaining element of the defence. So they are—as a result of Reserve Bank action, not yours. But those interest rates are not as low as they could and should be. Real interest rates in Australia are still the highest or very close to the highest in the world. The low inflation environment outlook we have at the moment makes a further reduction in those rates much less of a worry than would otherwise be the case. The truth of the matter is that the Reserve Bank is the only game in town. The government has abdicated responsibility in this respect. It is very disappointing that the Reserve did not act accordingly today. I hope very much that they do go down the path of further reduction sooner rather later.

It is not a matter, either, of the interest rate cuts that have already been incurred necessarily representing money in the pocket of the battling families of this country. It needs to be understood that, so far as mortgages are concerned, only one in four Australian households are purchasing property. Of low income households—those below average weekly household income—only one in six households is actually in the business of purchasing and, therefore, is likely to have a mortgage. Moreover, for those people who do have mortgages, the truth of the matter is that the way the world works—this has not been entirely discouraged by the banks—for most people, interest rate reductions in fact translate not into increases in disposal income but simply into reduced terms for the mortgage in question. That is encouraged by many of the banks, including some which, for example, make provision for repayment adjustments only once a year and are perfectly content that the money continues to flow and there is simply movement up and down in the terms.

What we need from this government is a lot less concern about numbers and abstract accounting entities; a lot more concern is needed about people. What we need from Prime Minister Howard is a lot less of the

smug complacency, the view from Kirribilli that leads him to talk about the ‘rare conjunction of positive economic circumstances’ evident in the economy at the moment, at a time when 800,000 people are bleeding. What we need from the Treasurer over there is a lot less of that smug triumphalism that seems his stock-in-trade. Certainly there is no reason for him to be pleased with himself when he looks back over his now nearly 12 months in office. He lost the confidence of the states with the debacle of his tax threats at the Premiers Conference last year. He lost the confidence of the international community with the debacle of his outrageous leak of a private conversation with a Federal Reserve chairman. He lost the confidence of his own Prime Minister with his misplaced macho performance over the double dissolution issue last year. He lost the confidence of his cabinet colleagues just a few days ago with the debacle of his very own \$3 billion budget black hole—the Costello crater. With these retail figures, we are now well on the way to seeing him losing totally whatever is left of the confidence in him in the Australian community. (*Time expired*)

Mr COSTELLO (Higgins—Treasurer) (4.11 p.m.)—We have had two arguments advanced today—one intellectually bankrupt and the other morally bankrupt. The first argument is intellectually bankrupt, and it went a bit like this. Investment is high, so Labor must have done that. Inflation is low, Labor must have done that. Interest rates have declined, the RBA must have done that. But retail sales have been flat, so the coalition must have done that. Absolutely intellectually bankrupt. In other words, let us take every success and claim it. If we can find something that cannot be claimed as a success by us, let us claim it as a weakness of the government. Absolutely intellectually bankrupt. The second argument is morally bankrupt. How does the shadow treasurer’s speech finish up? The usual diatribe of abuse slung together in meaningless ways—and supported most gracefully by his assistant, as I said, the crown prince of the silly season.

How did it end up? A verbal barrage of abuse of the Prime Minister (Mr Howard) on what? The Kirribilli view. That is your great

complaint against the Prime Minister. Is that right? Did you have one complaint about the view from Kirribilli during 13 years of Labor government—during 13 years of Prime Minister Keating living in the house? Not one complaint about Kirribilli—stout defence of the Prime Minister's entitlement to his homes at the Lodge and Kirribilli. He has suddenly discovered the Kirribilli view, and he goes into this barrage of hopeless, bankrupt, moral verbiage against the Prime Minister. I suppose you prefer your view from overseas, given the number of trips that you have taken since becoming the shadow treasurer. If you do ever get around to asking me a question in question time—there were none asked today—I might actually document the views of other people, which might be found to be very interesting in this House.

We had this extraordinary verbal barrage at the end of the speech with all sorts of real or imagined abusive terms which the shadow treasurer tried to apply and substitute for argument. What is his argument? His argument is he is worried about retail sales, apparently—that is his argument. The retail sales figures were released yesterday. There was no mention of it in yesterday's matter of public importance. It was of such concern the Labor Party did not even believe it was worthy of a debate yesterday when the figures were released. Never before will you have seen an argument in this chamber where, so obviously, a group of people sat around this morning saying, 'Well, what can we discuss today? Yesterday's issue was the retail trade. We thought it was less important than petrol pricing, so let's get out there and discuss it today.' Well may the honourable member for Calwell (Dr Theophanous) smile. He has been a victim of some of the machinations of other forces down in the Victorian ALP in which the shadow treasurer, no doubt, has played a rather large part.

Having disposed of both the intellectual bankruptcy and the moral bankruptcy, I suppose we can address some serious points in relation to the economy and our prospects. The shadow treasurer finished by saying, 'Well, 800,000 people are unemployed—that is a terrible thing. You can't just dismiss that

in numbers.' And of course you cannot just dismiss that in numbers. The unemployment rate is high in Australia, which is why this government is working so hard in order to improve our economic fortunes.

But did you hear any of that talk when the Labor Party had unemployment at 11 per cent? Was the shadow Treasurer out saying, 'Oh, you can't just look at these things as statistics,' when Labor took the unemployment rate to an Australian record? Was there any concern about unemployment? When did this concern about unemployment develop? It developed pretty shortly after the Labor Party went into opposition. That is why we talk about moral bankruptcy. All of these things, which they did nothing to address during 13 years of government, suddenly became major issues the day they went into opposition. They rediscovered them all.

When the unemployment rate was at 11.2 per cent, we were being told by the Labor Party what a good job they had done and how they were on track. They did not evince any interest whatsoever and suddenly, once in opposition after spending 13 years of a bankrupt government, they are worried about the employment situation.

The unemployment situation is too high. The Labor government took it to 11.2 per cent and it has come back to only 8.6 per cent. What that means is that we have a very big task. There has been good jobs growth in the Australian economy since March 1996. I think 120,000 jobs have been created since March 1996. We know that it is important to keep on creating more jobs. That is why this is a government which has changed conditions in relation to the economy and has had the courage to sit down and take the decisions which will put the Australian economy on a growth path that can deliver better outcomes for the Australian people.

The Labor Party, over the last five budgets, accumulated deficits of \$70 billion. The unemployment rate was—what?—11, 10 or nine per cent. There was a deficit of \$70 billion. That \$70 billion did not disappear upon our election. That \$70 billion has to be serviced. The interest bill on that has to be serviced year after year.

It was the policy of ultimate selfishness. They were politicians who were prepared to try to spend the money of future generations. That is what they were doing. They were trying to spend the money of future generations to look after their own political prospects. Those future generations did not get the \$70 billion spent on them, but they will have to pay for it. When we came into government, we discovered that over the next three years there is a prospective \$33 billion deficit, which future Australians will have to pay back. They did not receive any of it, but another \$33 billion has to be paid back.

So we find that over eight years there is \$100 billion of Commonwealth debt. That was the management. There was \$100 billion worth of Commonwealth debt in five past and three prospective budgets. This government has managed to cut that forecast \$33 billion in accumulated deficits over the next three years by \$16 billion already. By \$16 billion we have managed to carve that back to relieve future generations of that obligation, to give them a go. It was the most selfish economic policy in Australian history, and it was the Labor Party that was running it.

As a result of our fiscal consolidation package, we can now make sure that Australia will not be on the path of Labor of deficit and debt into the next century, which is where it would have been. You listen to the shadow Treasurer say, 'We had a wonderful growing economy under the Labor Party. We were just running deficits of \$11 billion, \$12 billion and \$13 billion.' That makes your crime even worse, if you were in a growth economy and you were still running deficits of that order. What it says is that at a time of growth you were plundering the future of future Australians and their opportunities.

So where do we come today? Today we find a renewed interest in the retail trade figures for the December quarter. Were the retail trade figures for the December quarter unexpected? No. Had I not announced that consumption would be weak in the mid-year review? Yes. As I indicated yesterday in the House, had I not said that the government had changed the composition of growth from consumption to investment? Yes. Was there

any surprise? No. Was there any interest in taking this issue up yesterday? No. Was there anything interesting said in the MPI today? No. Were there any new points made by the Labor Party in relation to the debate? No. Has anything been added to the economic debate? No. Has the shadow Treasurer put forward any prescription? No—except to say that he believes that the best strategy for the Australian economy was the 'do nothing' strategy.

I do not know what the member for Gellibrand (Mr Willis) would think about this, but the economic prescription of the member for Holt (Mr Gareth Evans) is all that should have been done was nothing. That is all you had to do—nothing. All you had to do was sit back and do nothing and somehow an \$11 billion deficit would either disappear or, if it did not disappear, just be added to Commonwealth debt. Somehow the Australian economy would be able to sustain an unsustainable debt position if all you were required to do was nothing. He mouths the goal of a balanced budget and opposes every measure to get there.

Doesn't that strike you as strange that you could actually get rid of an \$11 billion deficit without cutting any outlays? Would any Australian household, which is spending more than it is earning, believe that the way to get rid of its deficits was to do nothing? Would they say, 'The way to balance our household account is to keep on spending money we do not have'? Would anybody believe that? That is the line which the shadow Treasurer is trying to run. I do not know if it is endorsed by his party—I do not know if the shadow cabinet has ever thought about getting a credible line on this—but his proposition is that the best way to attack deficits is to do nothing and, even better, to spend more than you are bringing in in revenue. It only has to be stated in order to be perceived for the silly proposal that it is.

The Australian economy is in a prospect—a conjunction of events and opportunities which we have not seen in this country for a very long time. We have a CPI inflation rate of 1.5 per cent. As one of the newspapers said, Australia has been re-admitted to the club of low inflation nations from which we were

expelled in the 1970s. Obviously, the work in relation to inflation owes a bit to work which has been done over a number of years, and I have always made that clear. But we are in a low inflation climate, which this government wants to make sure is not squandered, and it will not be squandered.

In order to lock that low inflation in over the long-term, this government did a few things which had never been done before in Australia. We set an inflation target, and we put it into an agreement between the government and the Governor of the Reserve Bank. It has never been done before.

We put monetary policy on an independent basis which the Labor Party opposed. The Labor Party, if you recall, threatened to sue the government over that agreement. And now it has the hide to stand up and say, 'Yes, that has resulted in reductions in interest rates, but the government can take no credit. It is all the Reserve Bank.' Who put the agreement in place? We did. Who set the targets? We did. Who put it on that basis? We did. Where have the shavings in the margins on the long-term bond rates come from? They have come from an expectation that Australia is going to run a proper and decent monetary policy. What have we seen in relation to monetary policy? Three cuts in official interest rates coming off an increase in interest rates in 1994, presided over by whom? Presided over by a Labor government. How can the shadow Treasurer stand up and say that he was part of a government which increased interest rates—this is a government which has decreased them—and somehow it all relates to his responsibility? How can he explain it? How can you explain home mortgage rates—the lowest since June 1974? How can you explain no frills mortgages for start up years—the lowest since the 1960s? These are the benefits of lower interest rates.

What do we see in relation to investment? We see an investment forecast at 14 per cent being revised up. What are we seeing in the Australian economy? Low inflation, high investment. What has been our problem in the Australian economy? Lack of savings; overconsumption. We are seeing the opportunities for long-term investment and long-

term savings being put in place—goals that Labor, even in government, subscribed to.

I suppose the tragic thing is that, going into opposition without any of the constraints of economic ministers who had been through that process and understood those objections, we find a completely opportunistic opposition which is not prepared to make any contribution to the issues which Australia really needs to deal with—completely opportunistic, not prepared to make any contribution to dealing with the savings issues, which have been behind our problems in relation to the current account deficit, not prepared to make any contribution to reining in the debt which is becoming an overhang for future generations; completely opportunistic, looking for the easy path, looking for the easy points but making no contribution to the kind of decision making which will improve prospects.

In relation to employment, nobody would sneer at 120,000 jobs, but nobody would say that we can sit back and say that unemployment is defeated. Unemployment will take a great deal of hard work. Do not think it is done by easy decisions. Do not think you can tell everybody everything they want to hear and address fundamental problems. You address those problems by taking the right decisions, you address them by taking the necessary decisions, you address them by taking on all of the issues which this government is doing. (*Time expired*)

Mr MARTIN FERGUSON (Batman) (4.25 p.m.)—We have again heard today of the lack of concern of the Treasurer (Mr Costello) for the No. 1 priority confronting Australia at the moment: the question of jobs. We know that the Treasurer himself is consumed with one job and one job alone: assuming the job of the Prime Minister (Mr Howard) and gaining access to the keys to Kirribilli House.

The problem is that the Treasurer has again, in using his rhetoric today, confirmed to the Australian public that not only is his 'no jobs' budget not going to produce results on the employment front, if anything, it is going to worsen the plight of many Australian families. I note that he likes to refer in passing to the performance of the government on the employment front. I would just like to remind

the Treasurer of the performance of this government—his government—with respect to the very important issue of youth unemployment.

It is interesting to note that, in just under 12 months since assuming office in March 1996, the Treasurer has sat idly on his hands as he has watched youth unemployment rise by 12,600 to just under the ton, a figure of 99,900—a rise of youth unemployment of no less than 14 per cent. That is what it represents. But the problem is that this government lacks a policy for the purpose of trying to reduce unemployment.

It is interesting to note that earlier this week we had the Prime Minister walking around Ballarat glowing in the glory of the fact that his long-held desire—his life's wish that his bust be placed on a pedestal in the gallery of Prime Ministers—was finally realised. During that walk, he had cause to make a wish. He fulfilled his life-long wish: he had got the key to Kirribilli House but, as he was there, glowing in the glory of having his bust placed in the gallery of Prime Ministers, he thought he ought to be a little concerned about the issues that worry ordinary Australians at the moment. So he threw a coin in the wishing well. He decided, for the purposes of the media in tow, that he had better be a little concerned in the eyes of the media about the issue of unemployment.

I will tell you what: the problem for the Prime Minister is that great con, that budget strategy, which really lacks any focus on the issue of jobs, is now commencing to be seen through. Like the Prime Minister, I also had cause to make a wish over the last week. I refer to the Australia Day wish I spoke about to the local citizens of Batman. In speaking to them, I raised the fact that nearly 800,000 Australians are now out there looking for that all important job opportunity. But I was like a lot of Australians on Australia Day this year. We were thinking about what type of nation we wanted as we approached the 21st century. As a Labor person, as far as I am concerned—and I know it is the view of my colleagues—the key issue has always been the right to a job and the right to be secure in a

job. That is what it is about: job opportunity and security of employment.

I believe this great nation of ours cannot grow in greatness unless we can provide access to work for every person. I consider that, if we do not continue to provide opportunities to work and to provide for our families, we will diminish Australian society. I am concerned that those who are forced out of the paid work force for long periods of time or who never get an opportunity to join the work force will be marginalised, which is what has occurred in the UK and the USA. What will we be creating? Not a great nation and one which we have all been proud of to date: we will be responsible as a nation for creating social ghettos which threaten to create massive social disharmony in Australia.

I consider that that is un-Australian. That is not only my view but also the view of more and more Australian citizens. I refer to the headline in the *Sydney Morning Herald* of last Saturday. It talks about the Howard government's approach to the issue of unemployment. The headline concludes that the Howard government approach is: no jobs, no solutions. There it is for everyone to see—the Howard way: no willingness to come to terms with unemployment. What does it say? No jobs, no solutions.

I think there is now a realisation amongst employers—because they are also parents with boys and girls who want to get into the work force and who are just about to hit the ton—that jobs is the No. 1 issue. We talk about the question of retail trade today. What did Phil Naylor, the Chief Executive of the Retail Traders Association, brutally say yesterday in a very honest fashion to the Australian community? He said, 'The growing queue of unemployment in Australia has to be faced up to by the Howard government.' He also said, 'The government has to look more seriously at unemployment, as it seems that it has been put on the backburner'.

I know and the Australian community knows that unemployment is not a priority in the mind of the Prime Minister as he sits in Kirribilli House. More importantly, it is emerging that this government is starting to panic. The Minister for Employment, Education,

Training and Youth Affairs (Senator Vanstone), a well-known number cruncher from South Australia—and you need only ask Senator Minchin about that—stumbles from studio to studio around TV world telling anyone prepared to listen—despite the endeavours by the General Secretary of the Liberal Party, Mr Andrew Robb, to put her down publicly—‘They won’t re-elect us if we don’t get unemployment down.’

I do not often agree with Senator Vanstone, but on that point she is spot on. The issue out there in the Australian community is that of reducing unemployment. The Howard government conned the Australian public in the lead-up to the election last March. It went out there talking about the issue of unemployment. If anything, it misused time and time again the issue of youth unemployment. We were clearly on the way to reducing unemployment in Australia. We confronted many challenges over our period of 13 years in government. The record speaks for itself.

People should not forget that just under 12 months ago unemployment in Australia was on the way down. Youth unemployment has increased dramatically—by 14 per cent since March last year. The MPs on the other side of the House are now starting to press the panic buttons. Earlier this week we had Peter Reith, the Minister for Industrial Relations, talking about his evolutionary process of workplace reform. We know what that is about. That is about squirming out of any responsibility to Australia’s unemployed. It is about blaming the victim yet again; blaming those people who are doing it pretty tough at the moment—the people referred to by Carmen Lawrence in question time today who are denied access to family assistance because of the approach of the Howard government to the question of so-called taxation reform.

What does Peter Reith want to do to Australian working people? He wants to deny, for example, the hospitality worker with the most common classification earning a gross wage of \$391.20 a week and the child-care worker on level 2 earning a gross wage of \$378.70 per week access to a decent safety net—including a reasonable increase in wages—at this time of great need. That is very important

to child-care workers, because there are over 70,000 people employed in the child-care industry at the moment. They are out there doing a very important job for the future of this nation.

The problem for Australia is that John Howard has no jobs policy. The coalition have crossed their fingers, closed their eyes, thrown coins into the wishing wells in Ballarat and mumbled mantras. Now they hope that pay cuts will allow the market—without any help from their government—to mop up the mess. Labor recognise their role, and that is to involve themselves in job creation and job security. We believe that job security is a core issue as we move towards the 21st century.

Job security will deliver family security. Job security will help families now struggling to make ends meet. We identify with those families. So far as we are concerned, it is about time that the Howard government face up to the fact that they have no solutions and that the number of unemployed is continuing to rise, as the *Sydney Morning Herald* concluded last week. Labor believes in giving a helping hand; in intervening and assisting industry, the regions and the long-term unemployed to get back to work; and in investing in the future of this nation. (*Time expired*)

Mr TRUSS (Wide Bay) (4.35 p.m.)—It is clear that the opposition do not have their heart in this matter that they have brought before the parliament today. The performance of the beleaguered Deputy Leader of the Opposition (Mr Gareth Evans) certainly did nothing to fend off the challenges. He said that he was introducing a matter of public importance dealing with retail sales, but the honourable member for Batman (Mr Martin Ferguson) was so unimpressed with his contribution that he gave us a speech on unemployment which did not even mention retail sales. So it is quite clear that the opposition have no idea where they are heading, and they should be embarrassed to bring a matter like this before the House.

It is Labor who have their sticky fingers all over the economic difficulties of our country. I am amazed that the honourable member for Batman could come into this House and seek to blame the government for the current

unemployment problems. This is the Labor Party that delivered us 11.2 per cent unemployment—the highest rate since the depression. It is the Labor Party that delivered in 32 consecutive months unemployment rates higher than any number experienced since World War II. It is the Labor Party that in six years created only 35,000 new full-time jobs. It is the Labor Party that in the three years between 1993 and 1996 barely made up for the 420,000 jobs that were destroyed during the recession it created and which it said we had to have.

The coalition in the short time that it has been in office has created four times as many full-time jobs as Labor created in its last five years. Indeed, as far as unemployment is concerned, Labor had given up years before it was turfed out of office. In fact, its strategy over recent years was merely to try to entertain the unemployed on artificial job schemes, sending them off to meaningless and endless training programs in the hope that they would just forget about their misery and that someone might come along and fix the problem for it.

That is the inheritance that we were granted when we came to office. That is why Labor should come into this kind of matter of public importance with shame. Its dismal record in office is responsible for the difficulties that the economy now will no doubt confront for quite some time. Labor's dismal record involved the trebling of tax receipts. It was the great taxer of all times. Every budget set new records of tax receipts and tax collections. Personal tax went up, company tax went up, sales taxes went up and fuel tax was increased seven-fold.

All of these sorts of things were not enough for Labor. It showed incredible intellectual dexterity in inventing new taxes. The administrative horror of the fringe benefits tax was a Labor invention. The capital gains tax—a tax that we were told we would never have under Labor—was introduced at the very next budget. There has certainly been an enormous record on Labor's part of increasing taxes.

But in spite of those huge and massive revenue increases—huge revenue increases which have weighed heavily on Australian

taxpayers, businesses, families and workers—they delivered record budget deficits and a government debt of close to \$100 billion by the time they left office. This is indeed a record of shame. The incoming government cannot just ignore that \$100 billion debt and say that it has gone away. In fact, future generations of taxpayers will have to pay off the excess spending of previous regimes. The debt of \$100 billion has to be paid. Indeed, every taxpayer today is paying perhaps 15 to 20 per cent more in tax than they ought to pay because we have to meet the debts of previous governments.

Under Labor, current account deficits reached \$27 billion in a single year; the national debt stood at \$180 billion or more; there were over one million unemployed at the 1990 recession's peak; business bankruptcies trebled. The 1990 recession—which Keating told us he would not allow to happen, which later he admitted he was pulling the levers to create and which later still he said 'we had to have'—destroyed over 400,000 jobs. The social despair, the rise in crime is the legacy left behind by Labor.

But that was not bad enough. When we came to office, after the taxpayers of Australia said finally that they had had enough, there was a budget deficit there of \$10.3 billion which had been dishonestly concealed from the Australian people. However, it was not just a budget deficit, not just a debt that had to be confronted which had been left to us, but it was an uncompetitive industrial sector, an economy where the trade union bosses made the rules, where minority groups set the agendas, where there was no community confidence to allow our country to hold its head up with pride on the international stage.

Was it any surprise therefore that in March people voted for a change in the Labor way? They wanted our country to stop buying what we could not afford, to stop spending what we had not earned. There is an old Chinese proverb that Labor obviously has never heard: the only way someone can get something they do not earn is for someone to earn something they do not get.

The Australian people voted for a government with a commitment to balance its own

budget, restore incentive and reward, support families, restore wholesome community values and rebuild our national pride. In making the decision to turf out the soft options that Labor had been trying to implement over the years, they knew that there would be some pain, that the recovery would require all Australians to work together for the national good. Australians were prepared to say, 'We're ready to do our bit to help restore our country, to get our debt under control and to start looking more confidently to the future.'

But the coalition government cannot be expected to undo in 13 days, or even 13 months, the damage that the ALP took 13 years to create. Everyone knows that it will be a long, tough slog. Labor should be ashamed of its contribution over those years and not now seek to talk down the achievements of its successor, not seek to undo the real turnaround that has already occurred. We know there is a very long way yet to go. We know that creating 120,000 jobs is a credible performance but not enough. We know that it is good to have inflation down but we must keep it there. We know that it is great for Australian business to have lower interest rates, but we must work to ensure that those interest rates are passed on to those who need them.

There have been some real landmark achievements by the incoming government. There has been a strategy for a balanced budget. It cannot be achieved overnight, but the community knows that the strategy is in place and that we are working towards achieving that objective. The industrial relations reform is in place. The unfair dismissal laws are gone. There is a plan of action for small business; the task force has reported and the government will respond in more detail soon. But already there has been action on provisional tax, the paperwork burden and capital gains tax—and the capital gains tax reforms have been described recently as 'the most important tax advance in 30 years'.

There have been improvements in training and an increased emphasis on traineeships and apprenticeships which have created real long-term productive jobs at last, not just artificial

schemes to entertain the unemployed in the hope their misery will go away. The family tax cuts have been delivered—up to \$50 a fortnight for a family with two children where one is under five. Low inflation and interest rate relief are providing real benefits to families, particularly home buyers.

Of course, massive increases in business investment have followed. That is the great news from the mid-term review—17 per cent growth in business investment. The Minister for Trade (Mr Tim Fischer) reported earlier today on the new trade openings which this government has created around the world. There has been a real positive program for improvement. We know that a lot more needs to be done.

There has never been a better time to invest, and Australia is without doubt poised to enter a new era of prosperity. That is an era that we could not possibly have had under a Labor government. It is appropriate that Labor's performance on this matter of public importance is so lacklustre. They have so little to talk about because they achieved so little in their time in government.

HEARING SERVICES ADMINISTRATION BILL 1997

First Reading

Bill presented by **Mrs Moylan**, and read a first time.

Second Reading

Mrs MOYLAN (Pearce—Minister for Family Services) (4.46 p.m.)—I move:

That the bill be now read a second time.

The bill before the House provides for the establishment of a voucher system for the delivery of government funded hearing services from 1 July 1997. This bill, together with the Hearing Services and AGHS Reform Bill 1997, gives effect to the government's 1996 budget decision to reform the delivery of government funded hearing services. Together, these bills are an important step forward in the bringing of sound commercial practices into the health and family services portfolio.

In this instance, the proposed reforms will achieve more efficient and effective ways of

delivering government funded hearing services to more than 200,000 existing beneficiaries and to the almost 50,000 new entrants to the program each year.

Under the arrangements that will be in place from 1 July 1997, pensioners and veterans will be eligible to participate in a voucher scheme that will allow them to choose to receive hearing services from Australian Hearing Services, as the government service provider, or from an accredited private sector provider. With these changes, Australian Hearing Services and private sector providers will compete on an equal footing to provide the best services for their customers. People will receive the same high quality hearing rehabilitation service they have come to expect, one that fully addresses their clinical needs and ensures real hearing outcomes suited to the individual's needs and situation.

To ensure that this happens, a new Office of Hearing Services will be established and have responsibility for the new arrangements. As well as managing the issuing of vouchers and accreditation of service providers, the office will, in cooperation with the hearing services industry, set service standards and qualifications for those dispensing government services. It will also monitor adherence to an obligatory code of professional conduct for participating service providers.

Most importantly, the Office of Hearing Services will monitor the overall operation of the voucher scheme, check any instances of over or under servicing and receive and resolve any complaints. Its powers will allow it to take appropriate action if satisfactory services are not being provided. The office will also serve as a source of information and impartial advice for consumers and help them to make their best choices within the scheme.

The high quality of hearing services currently provided to consumers will be maintained under the new system. They will include assessment of any hearing loss and the design of an appropriate hearing rehabilitation program. Where needed, rehabilitation will include the supply and fitting of a hearing device—for example, a hearing aid or

listening device and/or aural rehabilitation training.

The level and complexity of each rehabilitation program will depend on individuals' needs, as assessed by a properly qualified service provider and agreed by the client. Each program will include ongoing rehabilitation support. To the extent that this might involve a hearing device, support would include information and assistance to ensure the proper use of the device, maintenance and a supply of replacement batteries.

The existing annual contribution of \$25 for hearing device maintenance and batteries will continue to apply. This is essential to making sure that clients receive the maximum benefit from their rehabilitation program. The amount of this contribution has not changed.

As well as all this, people will be able if they wish to purchase additional levels of service to go beyond those they receive free of charge from the government. Unlike previous arrangements when people had to choose either the free government service with no extension or a totally private sector service at your own expense, people with a hearing loss will now be able to build one onto the other. The government is empowering people to take control of their hearing needs by allowing them not only to choose their service provider but also to choose from a range of suitable hearing products.

As part of the new arrangements, the Office of Hearing Services will ensure that the participants in the voucher scheme have access to high quality hearing devices. The establishment of common-use contracts with suppliers of hearing devices will ensure that consumers have access to devices that meet the full range of clinical needs, ensure that these are provided at a reasonable cost to the taxpayer and ensure that technical and performance standards are maintained.

The bill explicitly provides that the only hearing devices that can be provided through the voucher system are those that meet specifications set by the minister. The bill also provides for ministerial guidance of the scheme and full transparency in decision making. All key characteristics of the scheme will be spelled out in determinations which

are to be tabled in the parliament as disallowable instruments. These will include the arrangements for the accreditation of service providers, the rules of conduct that must be followed by every service provider and rules governing the nature, extent and use of vouchers.

The benefits arising from these reforms are not restricted to new entrants to the hearing services program. When the existing 200,000 program beneficiaries return for services—for example, a reassessment of their hearing as it changes—they will enter the same voucher system and have access to its options and the range and standards of services it will provide. A transition strategy will be put in place by the Office of Hearing Services to ensure that the pensioners and veterans who are already a part of the program are able to avail themselves of the additional features of the new arrangements in due course.

The voucher system will have benefits beyond those directly experienced by participants. The introduction of competition between public and commercial service providers and a more competitive environment within the private sector will result in greater economic activity within this industry sector. The same factors are expected to result in longer term savings to the taxpayer through a reduction in the direct cost to government of this program.

The new voucher arrangements will affect the current operations of Australian Hearing Services, which in the future will not have exclusive rights to provide government funded services but which will have to compete for voucher holders. The establishment of the Office of Hearing Services will allow the separation of the purchasing and regulatory functions that formerly had to be provided by Australian Hearing Services and free it to compete on an equal footing.

In addition to providing quality services to voucher holders, Australian Hearing Services will focus on services to children and designated groups of people with complex or special needs—all of whom, for the moment, will remain outside of the voucher arrangements described above.

Services to children can be a very specialised area, and the undoubted expertise of Australian Hearing Services will continue to be provided to this group in the immediate future. Other people who need specialist intervention include those with high hearing rehabilitation needs and people living in rural and remote areas—such as in Aboriginal and Torres Strait Islander communities. The important and well-respected work of Australian Hearing Services in areas of research, hearing loss prevention and industry development will continue in parallel with these reforms. To the extent that changes are required to the statutory charter of Australian Hearing Services, provisions have been made in the accompanying Hearing Services and AGHS Reform Bill 1997. I commend the bill to the House. I present the explanatory memorandum to this bill.

Debate (on motion by Mr O'Connor) adjourned.

HEARING SERVICES AND AGHS REFORM BILL 1997

First Reading

Bill presented by Mrs Moylan, and read a first time.

Second Reading

Mrs MOYLAN (Pearce—Minister for Family Services) (4.55 p.m.)—I move:

That the bill be now read a second time.

The bill before the House provides for amendments to the Hearing Services Act 1991 and for transitional arrangements relating to the corporatisation of the Australian Government Health Service. This bill, together with the Hearing Services Administration Bill 1997, gives effect to matters relating to the government's 1996 budget decision to reform the hearing services program and to provide greater contestability in the provision of government services in the health and family services portfolio.

These initiatives serve as an example of the government's commitment to wide-ranging competition policy reforms and to achieving more efficient and effective ways of delivering government services. As a result of the new arrangements, pensioners and eligible

veterans will have greater choice over services; true contestability in service provision will be introduced; and purchasing and regulatory functions will be separated from service provision.

I will deal with changes to the Australian Government Health Service first. The 1996 budget announced that the Australian Government Health Service would be corporatised. In a competitive environment that is subject to full market pressures, the organisation will achieve greater flexibility and efficiency in its operation. This action is an example of the priority being given by the government to ongoing micro-economic reform.

The Australian Government Health Service currently operates as a business unit within the Department of Health and Family Services and provides mainly health assessment services for Commonwealth clients. It has operated off-budget on a full cost recovery basis since 1994 and through modest profits has accumulated cash reserves in its own trust account. To achieve the government's reform objective for the service, it will, on or before 30 June 1997, be established as a government business enterprise in the form of a wholly Commonwealth owned company under Corporations Law.

All staff employed in the service will be transferred to the employ of the new company under section 81C of the Public Service Act 1922 and will be covered by a new industrial agreement to be negotiated over the coming months. One of the two purposes of this bill is to provide transitional measures that will facilitate the establishment of the company. These include powers to enable the transfer of assets, contracts, liabilities and records of the service to the new company. To provide the company with sufficient funds to cover its liabilities in respect to accumulated leave entitlements for the staff transferring and working capital, the bill provides for an appropriation equivalent to the balance of the trust account which will then be closed.

The Australian Government Health Service is currently exempt from state and territory taxes and this arrangement will continue after the establishment of the company. To ensure a competitive neutrality between the company

and its private sector competitor companies, the company will pay directly to the Commonwealth amounts equivalent to commercial taxes.

Next I will deal with hearing service arrangements. Future hearing service arrangements are defined by the provisions of the Hearing Services Administration Bill 1997, which is being introduced in this same sitting. That bill looks to establish a hearing services voucher scheme under which eligible people will be able to choose to receive hearing services from Australian Hearing Services as the government service provider or from an accredited private sector provider.

As a part of these arrangements, Australian Hearing Services—the government service provider—will compete to provide services to voucher holders on an equal footing with commercial providers. In the future, service provision and purchasing roles will be dealt with by different arms of government. The new hearing services voucher arrangements will be the responsibility of a new Office of Hearing Services, which will administer all aspects of the voucher scheme, including contract arrangements, with accredited private service providers.

It is anticipated that the new voucher arrangements and the changes in operations for Australian Hearing Services will be implemented without additional costs to the taxpayer. The effects of competition between service providers—that is, between Australian Hearing Services and private providers and between private providers—and between manufacturers of hearing devices are expected to result in significant improvements in the cost efficiencies of this program.

The proposed provisions contained in part 2 of schedule 2 of this bill will amend the Hearing Services Act 1991 to the extent necessary for Australian Hearing Services to make the transition to its role as a competitor for government business. For the moment, Australian Hearing Services will continue as a statutory authority but will adopt full commercial practices. It will experience the actual cost of services to voucher holders, including provision for depreciation and taxation. This will provide for fair competition with private

providers. At the same time, it will set a commercial pricing regime for the services that government purchases directly: for example, services to children and community service obligations.

Under the proposed reforms, the staff of Australian Hearing Services will be employed directly by the authority under arrangements that are equivalent to a private sector enterprise rather than through the Australian Public Service, allowing more flexibility for it to operate in the market place for government funded services, to adopt competitive service practices and to attract and retain the staff it requires. The transition in employment arrangements will be achieved without disadvantaging current staff, who will retain the right of return provided by the Public Service Act.

In addition to providing quality services to voucher holders who choose it, Australian Hearing Services will be the sole government provider of services to children and designated groups of people with complex or special needs. Services to children can be a very specialised area, and the undoubted expertise of Australian Hearing Services will continue to be provided to them. Other people who need this specialist intervention include those with high hearing rehabilitation needs and people living in rural and remote areas, such as in Aboriginal and Torres Strait Islander communities. The authority's important and well-respected work in areas of research, hearing loss prevention and industry collaboration will also continue and will not be jeopardised in any way by the reforms.

It is the government's intention, however, that Australian Hearing Services will move to become a government business enterprise on or before 30 June 1998. The government will consider whether Australian Hearing Services will compete for non-eligible consumers in two years. This will be done in the context of reviewing responsibility for services for children and the prospect of privatising the authority.

Part 1 of schedule 2 of the bill gives effect to 1996-97 budget measures involving changes to program entitlements for hearing concessions. As a result of these measures,

people who hold a Commonwealth 'seniors health care card' will no longer be eligible for the full range of free hearing services. Similarly, people over the age of 18 who are not pensioners or eligible for some other reason will no longer receive the full range of hearing services. People who become ineligible following these changes will still be able to obtain free maintenance services for their hearing aids for a further five years. The government regards both of these changes as fair, given the limited resources that it has available to it. I commend this bill to the House and I present the explanatory memorandum to this bill.

Debate (on motion by Mr O'Connor) adjourned.

SEX DISCRIMINATION AMENDMENT BILL 1996

Main Committee Report

Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

Bill (on motion by Mr Ronaldson)—by leave—read a third time.

FINANCIAL LAWS AMENDMENT BILL 1996

Main Committee Report

Bill returned from Main Committee with a proposed amendment and an unresolved question; certified copy of bill and schedule of the unresolved question presented.

Ordered that the bill be taken into consideration forthwith.

Proposed amendment—

That all words after "That" be omitted with a view to substituting the following words:

- (1) The House condemns the Government for not instructing the Australian Competition and Consumer Commission to formally monitor bank fees and calls on the Government to ensure that a fair basic banking product is provided by the banks to consumers; and

- (2) Given the detailed matters raised in the Bill, it be referred to the House of Representative Standing Committee on Financial Institutions and Public Administration for detailed consideration.

Unresolved question—

That the words proposed to be omitted stand part of the question.

Mr LATHAM (Werriwa) (5.05 p.m.)—I would like to express my disappointment that the government, quite unreasonably, is refusing to refer the Financial Laws Amendment Bill to the House of Representatives Standing Committee on Financial Institutions and Public Administration. What is the point in having a standing committee if it is not going to deal with complex legislation where the House has not had sufficient time to deal with the issues? This Financial Laws Amendment Bill has five technical questions. Three of them concern the insurance sector, one concerns foreign banks and taxation arrangements and the fifth concerns financial conglomerates. It is very disappointing that the government rolls so many diverse matters into one piece of legislation and then expects the parliament to give proper scrutiny within a few moments without the sort of detail, public hearings and evidence that could be provided by the House committee.

The government talks about its respect for the parliament. If it had respect for this parliament, it would happily refer this particular matter to the House committee. This was something that the Parliamentary Secretary (Cabinet) to the Prime Minister, Mr Miles, refused to do in the Main Committee. It is very unreasonable not to have a standing committee of the House look at legislation such as this. The second thing that I seek to do, by way of the amendment, is for the House to condemn the government for not instructing the Australian Competition and Consumer Commission to formally monitor bank fees and call on the government to ensure that a fair, basic banking product is provided by the banks to consumers.

This is an area where the government is asleep at the wheel. The government is asleep at the wheel in bringing effective regulation to the petrol industry in Australia and benefits for consumers. It is asleep at the wheel in

making sure that the major banks provide a basic product to consumers.

In our break, the parliamentary recess, ANZ announced that its flexible access account customers will have a maximum of 10 free withdrawals a month, just four of which can take place at a branch. So many people in my electorate, and I am sure all members of this House have similar constituents, feel very unsafe about carrying large amounts of money in this period when law and order is such a concern. They do not carry hundreds of dollars in their wallets. People very often require more than four across-the-counter banking transactions per month. But now, under the ANZ regime permitted by this government, they are going to have pay on their fifth and every other withdrawal per month for accessing their own money.

It is a very bad standard when pensioners, low and middle income earners and the needy in Australia have to pay for accessing their own money in a bank—banks that are making record profits at this time. I believe that the ANZ, along with the other major banks, have been sniffing the breeze since March 1996. They were under pressure by the former government to have these basic banking products in place—to have across-the-counter banking without fees and charges. They have sniffed the breeze. They have the indication from the laissez-faire Treasurer (Mr Costello) that user pays for across-the-counter banking would be okay. So ANZ have moved.

Then we had a meeting of the National Australia Bank not long ago, where they announced record profits. The hide of them—they have shown a lack of social responsibility when they have record profits—to then foreshadow that they too would move to user charges on pensioners, the needy and the disabled, people who do not necessarily feel comfortable with new forms of electronic banking.

A survey which I believe was released last week showed that a large number of bank customers do not feel physically safe using ATMs. They want the security of in the branch banking—across-the-counter transactions. If people do not feel safe—women with small children and the elderly—at automatic

teller machines, they should not be penalised financially because of that safety concern. So too with the disabled. The government is penalising people who are disabled—people who cannot necessarily use the ATMs—every time they go to the ANZ and draw on their accounts more than four times a month. This is cold-hearted and so unnecessary. The former government said to the banks, 'Have the basic product in place. Respect the disabled, the needy, the elderly and the law and order concern and make sure that people around Australia can have fair access to their own money.'

The banks have done nothing in this area—this is what is even more damning—to try to educate their customers about how they can make effective use of electronic banking. It is no surprise that the elderly, in particular, not familiar with electronic banking and much more comfortable with across-the-counter transactions, are very concerned about the penalties they now face with the type of banking they grew up with and the sort of banking that they are most comfortable with in the 1990s and beyond.

The government really should be doing something about this. They should be doing what the former government had in place to monitor fees and report to the government instances such as the ANZ, where the customers are being penalised. If that does not work, they should move to formal price surveillance where the ACCC would actually be required to give approval for any changes in the fees and charges on these basic products. If that does not work, there should be legislation before the parliament to make the banks do it.

I believe that, morally, stomachs turn around Australia to hear the NAB and other banks announcing big profits and then saying, 'We are going to slug you more; we are going to slug the public more,' when in a competitive market some of the big profits should be going back into more competitive products that attract more customers to their particular bank.

I believe in stakeholder capitalism. I believe in stakeholders being treated with social responsibilities. If you are a shareholder or a customer of a big corporation, you have rights

that should be enshrined in the laws and regulations of the parliament. If those rights are not respected by the banks, the parliament and the government of the day need to act.

How heartless is this government, which said so much about looking after battlers, the elderly, the disabled and the needy, to restrict them to just four across-the-counter transactions per month and after that they have to pay to access their own money? Morally that is wrong. In terms of social responsibility by these big corporations, that is wrong. The government needs to act.

We all know—I suppose we have seen the donors list—just how close this government is to the big financial institutions in Collins Street, Melbourne. The member for Braddon deals in a smaller scale of finance, more at the parish level. I can assure him that Collins Street, Melbourne, has a grip on the Treasurer when it comes to these matters. The people who are losing out in Australia are those who can least afford it. That is a bad thing.

On this legislation, the government should recognise the need to act decisively. It should recognise the need for monitoring fees, if not formal surveillance or parliamentary legislation. Most importantly, we so typically got a sermon from the member for Braddon in the Main Committee about how reasonable the government was. I was being reasonable in the Main Committee by saying that the Labor Party had not necessarily been prepared for a debate in the Main Committee. I was willing to waive the debate and have it here and the Deputy Speaker said that I could not make a speech in the main chamber. Now that turns out to be incorrect advice. The government really mishandled this matter earlier today in the Main Committee. The fair thing was to have it in the House—a substantial debate about substantial issues.

The government got itself in trouble on a big tax bill last year. The hide of the government! The Treasurer is up there sitting in his office with his feet on the desk. They send in a parliamentary secretary who knows nothing about tax and provisions like this. They are treating this parliament with absolute contempt. The parliamentary secretary has no responsibility for any of these matters. He

shoe-horned into the place. I suppose on financial laws, they have seen some of his recent windfalls at the expense of the local school in his electorate. Maybe they think he is an expert on financial laws. Maybe he will prove me correct in that assessment when he speaks in just a moment.

The fair thing to do is to recognise that there are complex provisions such as this. The tax thing that the parliamentary secretary had last year involved eight diverse matters. Four of them got through the Senate. The government was embarrassed on the last day of sitting when they came back. The fair thing to do is to break up the legislation into its discrete components. If you are not willing to do that, send these omnibus provisions off to the Standing Committee on Financial Institutions and Public Administration. How about having a bit of respect for the parliament?

Mr MILES (Braddon—Parliamentary Secretary (Cabinet) to the Prime Minister) (5.14 p.m.)—I want to state again that we are opposed to this amendment, quite clearly. It is interesting that the member for Werriwa (Mr Latham) is talking about respect for parliamentary conventions and all that. Up in the Main Committee he said that we could have gone around and got his amendment, which he was writing out. We rang his office. Do you know what his office told my office? ‘We haven’t got anything here; he’s doing it himself up there in his own writing.’

Mr Latham—I didn’t say that in the Main Committee. You are misrepresenting me.

Mr MILES—No, I am not.

Mr Latham—And the *Hansard* will show that.

Mr MILES—That’s all right. Of course, after the member for Werriwa brought this amendment into the Main Committee after the opposition and the government had agreed that this would be discussed and debated in the Main Committee, he then does this. He is not a team player in a parliamentary sense. He interrupts so many people. He wants to take up the time of the House. He likes his own voice. Noting his arrogance already in the way in which he operates, I just wonder what he will be like when he becomes Leader of the Labor Party.

This had all been agreed, and after we had finished a little bit of discussion in the Main Committee, the member for Werriwa hotfoots it down to his whip and apologises because he had done this without being part of a team.

Mr Latham—No, no, no.

Mr MILES—That is exactly what happened. The opposition whip then came straight across to us to apologise for the behaviour of the member for Werriwa in the Main Committee. This member is jeopardising the role and the function of the Main Committee, even though it was brought in by the previous government. It has a good function. It gives people an opportunity to talk. For him to come in here and talk about failure in regard to parliamentary procedures is about the limit for this guy, especially when all he wants to do is interrupt the procedures of the parliament and hear his own voice. That is what he is all about.

The member for Werriwa had already given in the Main Committee the speech he has just given in here. He is not a team player within the opposition. He had to apologise to his whip for pulling rank in the Main Committee. A lot of his colleagues say to us that this guy is a law unto himself.

Mr Ronaldson—We are getting used to that.

Mr MILES—We are getting used to it, though. But he has started up again. In 1997 we are seeing the same old member for Werriwa that we saw in 1996. We know he is prankster, and we look forward to his pranks—the way in which he interrupts business and upsets his own colleagues—during the rest of the year. We oppose entirely this proposed amendment.

Question put:

That the words proposed to be omitted stand part of the question.

The House divided. [5.22 p.m.]

(Mr Deputy Speaker—Mr G.B. Nehl)

Ayes	82
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Noes	41
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Majority	41
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AYES

Abbott, A. J.
 Andrew, J. N.
 Anthony, L. J.
 Baldwin, R. C.
 Bartlett, K. J.
 Bishop, B. K.
 Broadbent, R. E.
 Cadman, A. G.
 Cameron, R. A.
 Charles, R. E.
 Draper, P.
 Entsch, W. G.
 Filing, P. A.
 Gallus, C. A.
 Gash, J.
 Grace, E. J.
 Hawker, D. P. M.
 Hockey, J. B.
 Johnston, R.
 Katter, R. C.
 Lieberman, L. S.
 Lloyd, J. E.
 McArthur, F. S. *
 McGauran, P. J.
 Miles, C. G.
 Moylan, J. E.
 Baird, G. R.
 Neville, P. C.
 Prosser, G. D.
 Randall, D. J.
 Reith, P. K.
 Ruddock, P. M.
 Sharp, J. R.
 Slipper, P. N.
 Smith, W. L.
 Southcott, A. J.
 Taylor, W. L.
 Truss, W. E.
 Vaile, M. A. J.
 Wakelin, B. H.
 Worth, P. M.

NOES

Adams, D. G. H.
 Beddall, D. P.
 Brereton, L. J.
 Crean, S. F.
 Ellis, A. L.
 Ferguson, M. J.
 Grace, E. L. *
 Hatton, M.
 Hollis, C.
 Jones, B. O.
 Latham, M. W.
 Lee, M. J.
 Martin, S. P.
 McMullan, R. F.
 Morris, P. F.
 O'Connor, G. M.
 Price, L. R.

Albanese, A.
 Bevis, A. R.
 Brown, R. J.
 Crosio, J. A.
 Ferguson, L. D. T.
 Fitzgibbon, J. A.
 Griffin, A. P.
 Holding, A. C.
 Jenkins, H. A.
 Kerr, D. J. C.
 Lawrence, C. M.
 Macklin, J. L.
 McClelland, R. B.
 Morris, A. A.
 Mossfield, F. W.
 O'Keefe, N. P.
 Sawford, R. W. *

NOES

Sercombe, R. C. G.
 Andrews, K. J.
 Bailey, F. E.
 Barresi, P. A.
 Billson, B. F.
 Bradford, J. W.
 Brough, M. T.
 Cameron, E. H.
 Causley, I. R.
 Dondas, N. M.
 Elson, K. S.
 Evans, R. D. C.
 Fischer, T. A.
 Gambaro, T.
 Georgiou, P.
 Hardgrave, G. D.
 Hicks, N. J. *
 Jeanes, S. B.
 Jull, D. F.
 Kelly, D. M.
 Lindsay, P. J.
 Marek, P.
 McDougall, G. R.
 McLachlan, I. M.
 Moore, J. C.
 Mutch, S. B.
 Nelson, B. J.
 Nugent, P. E.
 Pyne, C. M.
 Reid, N. B.
 Ronaldson, M. J. C.
 Scott, B. C.
 Sinclair, I. McC.
 Smith, A. C.
 Somlyay, A. M.
 Stone, S. N.
 Thomson, A. P.
 Tuckey, C. W.
 Vale, D. S.
 Williams, D. R.
 Zammit, P. J.

PAIRS

Downer, A. J. G.
 Fahey, J. J.
 Forrest, J. A.
 Howard, J. W.
 West, A. G.

Evans, M. J.
 Melham, D.
 Quick, H. V.
 Beazley, K. C.
 Baldwin, P. J.

* denotes teller

Question so resolved in the affirmative.

Bill read a second time.

Third Reading

Leave granted for third reading to be moved forthwith.

Bill (on motion by Mr Miles) read a third time.

**GENERAL INSURANCE
SUPERVISORY LEVY AMENDMENT
BILL 1996**

Main Committee Report

Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

Bill (on motion by Mr Ronaldson)—by leave—read a third time.

**DEFENCE LEGISLATION
AMENDMENT BILL (No. 2) 1996**

Main Committee Report

Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

Bill (on motion by Mr Ronaldson)—by leave—read a third time.

House adjourned at 5.31 p.m.

NOTICES

The following notices was given:

Mr Reith to move:

That the following amendments to the standing orders be made:

- (1) Omit standing order 226 and substitute the following standing order:

Order in considering bill

226. The following order shall be observed in considering a bill in detail:

1. Clauses as printed and new clauses, in their numerical order.
2. Schedules as printed and new schedules, in their numerical order.
3. Postponed clauses (not having been specially postponed until after certain other clauses).
4. Preamble.
5. Title.

Provided that—

- (a) in considering an Appropriation or Supply Bill, any schedule expressing the services for which the appropriation is to be made shall be considered before the clauses and, unless the House otherwise orders, that schedule shall be considered by proposed expenditures in the order in which they are shown;
- (b) in considering a bill to impose taxation, any schedule shall be considered before the clauses; and
- (c) in considering an amending bill, the schedules shall be considered in their numerical order before the clauses. When such a schedule is considered, items within the schedule shall be considered in their numerical order. Consecutive items

which amend the same section of an Act shall, unless the House otherwise orders, be considered together. For the purpose of this paragraph an amending bill is one whose principal purpose is to amend an existing Act or Acts.

In reconsidering any bill the order set out above shall be followed.

- (2) Standing order 65 (Member not to speak twice):

Add at the end: "or consideration of amendments to a bill made or requested by the Senate."

- (3) Standing order 68 (reply closes debate):

Add at the end: "or consideration of amendments to a bill made or requested by the Senate."

- (4) Standing order 86 (matters not open to debate):

Omit paragraph (j).

- (5) Standing order 232 (motions need not be seconded):

After "detail" insert ", or during consideration of amendments to a bill made or requested by the Senate,".

PAPERS

The following papers were deemed to have been presented on 5 February:

Fisheries Management Act—

Determinations 1996 SBT Final TAC, 1997 SBT Provisional TAC.

Plan of management amendment No. SBT 03.

Public Service Act—Determinations—

1996 Nos. 240, LES 48.

1997 Nos. 1, 2, 3.

Taxation Administration Act—Determination 1997 No. TD 97/5.

Veterans' Entitlements Act—Instrument under section 90—1997 No. 2.

Wednesday, 5 February 1997

Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 10 a.m.

SEX DISCRIMINATION AMENDMENT BILL 1996

Second Reading

Debate resumed from 6 November 1996, on motion by **Mr Williams**:

That the bill be now read a second time.

Mr MELHAM (Banks) (10.00 a.m.)—The bill is designed to implement the recommendations of a review conducted by the Attorney-General (Mr Williams), pursuant to section 40A of the Sex Discrimination Act 1984, of the operation of subsections 40(2) and 40(3) of the act. The review was completed by the Attorney on 31 May 1996. The requirement to conduct a review pursuant to section 40A of the act was inserted by way of Democrat amendment to the Sex Discrimination Bill 1991, and that amendment received cross-party support.

Subsections 40(2) and (3) contain exemptions to the act. This bill narrows the scope of a number of those exemptions. Consistent with the Labor Party's support for the procedure requiring the conduct of a review, pursuant to section 40A of the act, and in terms of the substance of the recommendations, the Labor Party will be supporting this bill before the House. However, it is worth noting that, at the same time this bill has been introduced into the parliament, the parliament is considering the Migration Legislation Amendment Bill (No. 3) 1996. The Human Rights Commissioner, Chris Sidoti, has set out HREOC's concerns in relation to that bill, as they relate to sex discrimination.

Whilst we support this particular bill, we think there is a bit of hypocrisy and inconsistency in what the government is doing in the Migration Legislation Amendment Bill, and the principles of this act and what we are doing in relation to this bill. Mr Sidoti made the following comments during the Senate Legal and Constitutional Legislation Committee's consideration of the Migration Legislation Amendment Bill on 28 November 1996. This is a long quote but I think it is worth putting on the record to show how it is inconsistent with what the government is doing in relation to the bill now before the House. At page 47 of the transcript, Mr Sidoti says:

The first part of schedule 3 would propose the insertion of a section 507(a) into the Migration Act. The insertion of this paragraph (a) would permit differentiation between applicants for immigration on the basis of de facto or de jure marital status. The commission is most concerned that the introduction of this kind of discrimination represents a significant retreat from the commitment made in the enactment of the Sex Discrimination Act that there should be no discrimination on the basis of marital status.

Australian law has dealt for some time with the criteria for the acceptance of the existence of a genuine de facto relationship. That criteria has been spelt out most particularly in social security law, but it has also been enacted in the past and developed in the past in relation to immigration law.

The introduction of a period of relationship test, as proposed in paragraph (a) of the proposed section 507, is a significant retreat from the banning of discrimination on the basis of marital status and introduces a much harsher test for those claiming on the basis of a de facto relationship than those claiming on the basis of a de jure relationship. The commission recommends strongly to the committee that the introduction of that new test and this form of discrimination be removed from the amending bill, and that the existing forms of testing of the genuineness of a de facto relationship be continued.

The commission is also gravely concerned by the proposal to enact paragraph (b) of section 507. Paragraph (b) would have the effect of introducing a much wider exemption into the Migration Act than paragraph (a) would introduce. It represents, for the first time since the enactment of the Sex Discrimination Act in 1984, the provision of an exemption relating to the implementation and administration of Commonwealth laws and programs. The banning of that form of discrimination is found in section 26 of the Sex Discrimination Act. As I have indicated, there has not in the past been any exemption or exception whatsoever from the unlawful nature of conduct covered by section 26 of the Sex Discrimination Act.

Paragraph (b) of the proposed section 507 would allow any form of discrimination in the administration of programs, so long as the program itself is within the law. It would mean, for example, on our reading of the paragraph, that immigration officials, in seeking to apply regulations concerning marital status, could discriminate generally against people on the basis of their de facto relationship, whether or not that discrimination was required by section 507(a) or by the regulations. It has the potential to provide a very sweeping exemption for the immigration department's officials and one which we consider unacceptable. Even if 507(a) were enacted, which we have recommended against, 507(b) remains unnecessary and particularly undesirable because of the greater breadth of exemption that it would provide.

I and the Labor Party would certainly call on the Attorney-General to draw to his colleague's attention the inconsistency of the Migration Legislation Amendment Bill (No. 3) 1996 with the Sex Discrimination Act. We do support the bill currently before the parliament. We think that is the way to go and we commend the Attorney for the review and for the way that he has brought the recommendations of that review basically into legislation before the parliament. But it is important to point out the inconsistency of legislation that one of his colleagues has introduced into the parliament, because on the one hand we are going forward and on the other hand we are taking a couple of steps back; and we think that is a bit inconsistent. With that, I repeat that the opposition is very supportive of the bill before the parliament. Hopefully, it will receive cross-party support and will go through.

Mr TONY SMITH (Dickson) (10.07 a.m.)—The Sex Discrimination Amendment Bill 1996 is designed to narrow or remove what is said to be unjustifiable sex discrimination in various legislation which to date has been exempt from the operation of the parent act itself. A sample of the legislation affected by the bill is the Gift Duty Assessment Act 1941, the Income Tax Assessment Act 1936, the Sales Tax (Exemptions and Classifications) Act 1935 and the Papua New Guinea (Members of the Forces) Benefits Act 1957, amongst others.

In May of last year, as has already been mentioned, the Attorney-General (Mr Williams) determined that the acts in question contained certain discriminatory concepts which were inconsistent with the spirit and objectives of the parent act. The Attorney-General's broad recommendation was that exemptions to the Sex Discrimination Act 1984 should be strictly limited. This bill is a product of that review, as has been mentioned by my honourable and learned friend previously, and will primarily have a formal effect.

The history of the Sex Discrimination Act, which in fact commenced on 1 August 1984, is to be found, I suppose, in the key objectives, which are to give effect to certain provisions of the United Nations Convention on the Elimination of All Forms of Discrimination Against Women, and to make discrimination unlawful on the grounds of sex, marital status, pregnancy, potential pregnancy, education and so on. The act originally contained a two-year exemption which was designed to give all tiers of government an opportunity to review and amend legislation and regulations and, where possible, to bring the prevailing law into line with the act. This aim has clearly taken much longer to achieve than the original two years, but the Sex Discrimination Amendment Bill will further this process.

When I reflect on the number of women whom I have met throughout the course of my life, and in particular during my period as a member, who have succeeded without the benefit of such legislation, I look at the number of women in the House of Representatives on the coalition side who are all there without quotas and without any benefit of any positive discrimination. I contrast that with the Labor Party with their quotas.

Notwithstanding those quotas, there have been opportunities in very recent times—since the election, in fact—where two safe seats have come up and the Labor Party did not avail themselves of the opportunity to respect their own policy, because they selected men. I really see a contrast between myth and reality. Indeed, I sometimes ask myself whether anti-discrimination legislation at all is really necessary.

English is a living language—unlike Latin, for instance—and it is constantly evolving. I get pretty offended, I suppose, by what has been done to what I think is great Australian language, unique Australian language. For example, let us take the term ‘blokes’. That is a term that more and more is falling into desuetude for whatever reason. I suspect it is the influence of American television more than anything else, as well as the music videos that seem to afflict our screens from time to time. I regret this tendency.

We seem now to be moving into an interesting phase where the word ‘guys’—which is an American term, I suspect—is becoming the norm. It is interesting to reflect on where that term itself is proceeding to in terms of what I am about to say about linguistic consciousness and so forth. I deprecate the movement away from Australianisms to Americanisms but, in the context of this debate, it also has some amusing sidelines.

Our linguistic consciousness changes also, so that what is considered appropriate today may not be appropriate tomorrow. Sometimes a legislature deems that it is necessary to intervene in matters of language. I do not think that is necessarily the correct way to do it but, having said that, I accept that that is the way society seems to be proceeding.

As an example, let us look at the history of the very simple word ‘he’. Back in the 14th century, ‘he’ meant simply the male of the species. It did not mean ‘and her too’. In other words, the generic sense did not apply. How interesting that is in the context of the current debate when looking at the word ‘guys’, because now we have ‘Come on, you guys,’ referring generically to men and women. Are we going to have another piece of legislation to say that it is sexist to use that sort of term and we should not use that sort of term? It really is a bit silly at times when you think about it.

Between the 15th century and the 19th century, a number of male grammarians adopted the notion of the generic ‘he’—that is, ‘he’ that meant ‘he and she’, and ‘man’ that stood for ‘man and woman’ collectively. They succeeded in changing linguistic consciousness. By 1850 the English parliament decided that the generic ‘he’ was such a good idea that it passed legislation to entrench it. The generic ‘he’ enjoyed a place in our language for over a century, but a decade or two ago there was another shift in our linguistic consciousness, if I can sometimes refer to that in a euphemistic sense. Suddenly, generic ‘he’ was not popular, acceptable or appropriate any more. The movement against generic ‘he’ and the words ‘sexist language’ gained momentum. The Labor government in Queensland joined the fray and conceived the ‘style manual’, which a member of the CWA dubbed the ‘style personal’. An object of pity, she said, was any man who has to go through a ‘personopause’.

But it is fair to say that the female of the species has suffered as a result of those male grammarians who held the floor for five centuries. And you can see it in language. In the

English language, for example, there are something like 300 words which can be used to describe a promiscuous woman, but fewer than 40 to describe her male counterpart.

Let us look at semantic derogation for a moment. No man wants to be called an 'old woman', any more than he wants to be called a 'girl'. Women are generally uncomfortable with the label 'spinster', but it is great to be a 'bachelor'. I suspect, funny enough, that the word 'spinster' sounds quite an ugly word and it is more in the notion of it sounding ugly—much more ugly than 'bachelor'. 'Bachelor' sounds good; it rolls off well; it looks good. 'Spinster' sounds awful. Of course, it is one thing to be a bachelor, as long as you are not a gay blade—although once upon a time that was acceptable, too. It is funny how the language changes. 'Gay' no longer means cheerful, convivial, jovial, joyous, or even frolicsome. 'Gay' has a whole new meaning. More than anything else, it means 'homosexual' and I do not think the word 'gay', certainly not in my lifetime, will ever recover from this particular shift in linguistic consciousness.

On a more serious note, I do believe that what is essential for legislators to bear in mind in these sorts of areas is the notion of justice. We have heard a lot about industries that have arisen over the years. It is not true to say—as often is said—that the Prime Minister invented the words 'Aboriginal industry'. In fact, the term was used by the Ngarrindjeri women themselves in the Hindmarsh Island case to describe what occurred on that occasion.

But there is also a feminist industry out there, and there are also victim industries out there. It was no better put than by the poet Mark O'Connor—I think he is a Canberra poet—in a dissertation that he gave on this very subject. These industries have become entrenched and have very long standing positions to support. I think that this was touched on recently in a letter to the *Courier-Mail* by Mr John Waugh who was responding to an article by Dale Spender. He said in his letter:

Like many educated men (and women) of my age (35), I have ceased recently to count myself as a supporter of what currently passes as feminism. Spender is no longer a feminist, she is simply a misanthropist. As an academic feminist she has a vested interest in conflict and will use whatever means to create the much-discussed backlash against feminism so critical to her academic and philosophical credibility in the future.

And speaking of her article, he says:

Men should not react strongly to Spender's inflammatory article. We should ignore her ranting generalisations and pursue equality through mutual respect. Perhaps the time has come to shut out misogynists and misanthropists from serious mainstream debate about sexism.

The importance I place on that article, again, is the pursuit at an individual level of equality rather than an imposed level because impositions never seem to work the right justice. There is always going to be conflict when there is statutory imposition in social areas. I eschew in my own political philosophy the notion of imposed social norms by way of legislation. I think that it is not necessarily a good thing and that it is about time we examined this notion as a Liberal Party. It is the Labor Party view of life that we impose morality from above, rather than creating it in people's hearts and minds.

I am very conscious of the injustices that have been perpetrated through the misuse of some sex discrimination legislation, particularly in Queensland. If I had the time I would mention an actual case, but I will just say for now that I am fully aware of a substantial injustice. This legislation should not be used as an instrument of terror and injustice. There can never be a perfect solution to some of these problems, but we have to know where to draw the line in a state sense.

It is interesting to look at what has happened recently in Queensland. The commissioner of the state body has made a decision about what she refers to as the rights of a woman to have a baby. This is the celebrated lesbian case of a woman who went to a fertility clinic to be impregnated. Roslyn Atkinson, the commissioner, is confused when she speaks of a 'right'. It is not really a right at all. She is incorrectly equating one's body with ownership of what is capable of growing inside that body. Women do not own children. They do not own the foetus. The foetus has an independent right of itself.

I highlight the point that this sort of legislation ultimately can cause a lot of social dislocation. That point was made very well by Dr David Van Gend in his letter published in the *Australian* yesterday. He said:

LESBIANS should be treated with kindness and pity for their emotional disorder, but disorder should be named for what it is.

No tribunal has the authority . . . to subject a developing child to an upbringing in a perversely disordered household. If a child looks up and he has no father, that is a tragedy, if he looks up and sees two erotically involved women playing mummies and daddies, that is a nightmare.

Damn the Queensland Anti-Discrimination Tribunal for permitting such experimentation on a child's emotional development, all to satisfy the demands of sexually disturbed adults for "equal rights" to a child under the in-vitro fertilisation program.

The child's rights are less equal—he has no choice, no escape and no second chance at childhood.

Let lesbians find whatever consolation they can among themselves, given their strange and sad affliction, but they must not be allowed to impose their perverse dynamic on an innocent child, denying him even the possibility of calling someone dad.

That would be no less than developmental child abuse, a prolonged psychological experiment on someone who has given no consent. All power to Deputy Prime Minister Fischer and State Health Minister Mr Horan in blocking the effects of this tribunal's vile judgment.

There is a particular woman in my electorate for whom I have the utmost respect. She has risen to the top without using discrimination legislation. I am referring to the Mayor of Pine Rivers, Yvonne Chapman. She is a woman for whom I have the utmost respect when it comes to my day-to-day contact with her. She is more in touch with the community and with society than many of those women who go around grandstanding about what women really need.

Yvonne has four children and four grandchildren. She was the first woman minister in the Queensland state parliament. Recently, she was nominated for the office of Governor of Queensland. She has declined to accept that nomination because she wishes to stay on as the Mayor of Pine Rivers. Here is a woman whom I suspect—although I have never canvassed the issue with her—would laugh at the idea that she needed to be promoted by way of some artificial quota or something else to get where she wanted to go.

How did she do it? She did it by hard work. She did it because she was in touch with people. She did it because she was able to do it because of her immense ability and capacity. She is a woman who is proud to be called a woman in Queensland, and she is probably more in touch with those sorts of issues than many others.

In conclusion, let me say that we must always be careful with this sort of legislation. I think the time has come to question it. I think the time has come to examine the real need for such legislation, particularly in the context of our political side of things, and to reflect on whether or not, having regard to what has occurred, it is far better to examine how we can change people's hearts and minds rather than having a big stick telling them that they should act, sound and behave in a particular fashion.

Mr DEPUTY SPEAKER (Mr Nehl)—In passing, I might say to the honourable member for Dickson that I was most interested to hear him use so many words that have become desuetudinous, particularly desuetude.

Ms WORTH (Adelaide) (10.26 a.m.)—I rise to speak on the Sex Discrimination Amendment Bill 1996. It is now 12 years since the Sex Discrimination Act first came into effect. Section 40 of this act provided for exemptions and a two-year review period to allow all levels of government to consider legislation which was inconsistent with the act. From 1986 to 1989 there were a number of exemptions granted under these provisions. Among growing concern that the volume of exemptions was jeopardising the spirit of the act, however, the Senate Standing Committee on Regulations and Ordinances concluded in 1991 that the provisions enabling exemptions to certain discriminating statutes should cease.

The result was the Sexual Discrimination Amendment Act 1991. Part of the amending act's provisions supported by all parties was a statutory obligation on the Attorney-General to review permanent exemptions under the act by mid-1996. The findings of this review were tabled by the Attorney-General in late June last year. One of the review's conclusions was to continue discriminatory provisions for specific taxation laws containing certain terminology relating to marital status. This is to allay concerns over the possible abuse of tax concessions. The review also supported the inclusion of a sunset clause into the exemption granted to the National Health Act 1953 for the definition 'pensioner'. The exemption will expire in 2014, in keeping with the phasing out of sex differentiated age pensions.

As I have said, the number of exemptions from the principal act has been of some concern since 1986. The amendments before the Main Committee today are therefore a welcome response by the parliament to remove or further limit exemptions for unjustifiable sex discrimination. Laws and policies of this nature are an integral part of social reform and in this particular case the objective of reaching equality between the sexes in both the public and private sectors.

Although I would argue that we have still some way to go and that we are yet to see the benefits of this type of reform flowing on to average weekly earnings and poverty levels, Australians do have much to be proud of in the area of anti-discrimination law. In comparison with the United States and Europe, for example, Australia's legislation in this area is based upon a strategy designed to eliminate discrimination by employers, as distinct from prescribing equal opportunity. This means that it is far more proactive than in comparable Western countries and encourages positive human resource management rather than reverse discrimination, which raises a host of difficult legal and social dilemmas. It also maintains a focus on individuals rather than trying to generalise about, and legislate for, certain sections of the community.

This ethos is enshrined in the four legislative guarantors of anti-discrimination in Australia, which include the Disability Discrimination Act 1992, the Human Rights and Equal Opportunity Commission Act 1986, the Racial Discrimination Act 1975 and the principal act which today's amendments seek to strengthen, the Sex Discrimination Act 1984.

With its emphasis on anti-discrimination, Australia has managed to avoid the difficult questions now being raised, for example, by the European Court of Justice's decision in late 1995 to overturn a Bremen law which gave preference to females with similar qualifications to male employees. This decision has ignited a worldwide debate on race and gender based equal opportunity policy.

We do, however, have to remain vigilant. During the 1980s, more than one commentator observed that the spirit of the sex discrimination legislation often fell prey to the vagaries of the economy and employment opportunities. However, today's amendments help to cement the original act. This is another small step in making anti-discrimination a more fundamental building block of our society and something that should not be questioned. Times of economic recession and downturn have become a seemingly inevitable part of the Western international economy since the early 1970s, but we cannot afford to jeopardise the anti-discrimination advances we have made for women and other groups whenever the economy applies pressure on employment patterns and social policy.

I listened to my colleague the member for Dickson (Mr Tony Smith) with interest and I confess that I have used words like 'blokes' and 'chaps'. I think we need to keep a sense of humour and a sense of proportion in these matters. As progress has been made, it is all too easy to forget the struggle that very ordinary women have had to make in the workplace and in society in general. The greatest thing we should hope for is that our daughters should take it all very much for granted, but at the same time respect those who went before them who had to fight for their own justice and equal treatment. Anti-discrimination should be a part of our culture and should remain impervious to the comings and goings of governments and economic fortune. Therefore, Madam Deputy Speaker, I commend the bill to the committee.

Mr WILLIAMS (Tangney—Attorney-General and Minister for Justice) (10.32 a.m.)—in reply—I welcome the contributions which have been made by the three contributors to the debate. They have raised some very interesting issues which do not necessarily go to the detailed provisions of the Sex Discrimination Amendment Bill but go, in broader terms, to the notion of legislation dealing with sex discrimination.

Let me just remind the Main Committee about the purpose of the bill. The bill, if passed, will make the law fairer by removing or limiting protection for unjustified discrimination. It does this by taking a further step towards reducing the scope of exemptions contained in the Sex Discrimination Act for acts done in direct compliance with specified legislation.

The bill implements the outcomes of the review required under section 40A of the Sex Discrimination Act. The review document, which was tabled in both Houses on 26 June 1996, clearly sets out the basis for the changes proposed by the bill and the reasons why, in some cases, it is not possible to remove these exemptions in their entirety.

In summary, the bill proposes, first, that the exemption by reference to the taxation legislation referred to in subsection 40(2) of the act will be amended so that it is limited to an exemption from marital status discrimination only. The exemption currently applies to all grounds of discrimination covered by the Sex Discrimination Act—that is, sex, marital status, pregnancy and potential pregnancy. Retention of the exemption by reference to marital status is justified for the reasons set out in the review document; for example, it would be unfair to expose people to the retrospective operation of the legislation.

Secondly, after consultations with the Norfolk Island government, it has been agreed that there is no need for a continuation of the existing wide exemption provided for in the Social Services Act 1980 of Norfolk Island. It will be narrowed to apply only where it is necessary—differential access to age pension based on sex, and marital status discrimination in relation to matters such as rates of payment for benefits and application of different income thresholds depending on marital status.

Thirdly, extensive work has been done on the extent to which federal social security legislation and practice is consistent with the principles underpinning the Sex Discrimination Act. This work is continuing and will be the subject of a joint report to parliament before 26 June this year by myself and my colleague, Minister Newman.

Fourthly, the bill proposes amending the existing exemption relating to definitions in the National Health Act by providing for it to expire concurrently with implementation of the phasing out of differential access to age pension—that is, the exemption will have no effect on or after 1 January 2014. Finally, the bill proposes repeal of the existing exemption by reference to the Papua New Guinea (Members of the Forces Benefits) Act as the exemption is no longer considered necessary.

In thanking the members who have contributed to the debate, I will offer some brief comments on what they have offered. The member for Banks (Mr Melham) referred to proposed amendments to migration legislation in the Migration Law Amendment Bill (No. 3) 1996. I only wish to say in respect of that that this is not the occasion for debating that legislation. The appropriate place would be when that bill is before the House.

The member for Dickson (Mr Tony Smith) gave us an interesting exposition of his views in relation to antidiscrimination laws generally. He emphasised the significance of language, its capacity by its very terms to discriminate but also its dynamism, its capacity to change. Meanings change as the use to which words are put change. This is of significance in the context of discrimination but, as the member for Adelaide (Ms Worth) suggested, these issues ought to be kept in proportion.

The member for Dickson also suggested that, in effect, legislation for antidiscrimination purposes, as an imposition, does not work and that we really need to focus on education and other methods of changing social norms. I have to say in response that there has been bipartisan support over a long period for antidiscrimination legislation as a means of changing community views. I cannot see that changing for some time but I respect his view to the extent that I think it would be much more desirable if views were changed other than by legislative mechanisms.

The member for Dickson also referred to a case recently in the news, before the Queensland antidiscrimination board, where a lesbian sought access to in-vitro fertilisation services. In respect of that, I simply say that that was a case under Queensland antidiscrimination law: it was not a case under the Sex Discrimination Act and the merits or otherwise of that particular case therefore have little or nothing to do with this particular bill. The member for Adelaide, I think, was the only contributor who addressed the provisions of the bill, and I welcome her support for the bill.

The upshot is that there is bipartisan support for this bill. I commend the bill to the Main Committee as a clear indication of the commitment on both sides of the House to the view that exemptions in the Sex Discrimination Act should be limited and that, where possible, all federal legislation should be consistent with the objectives of that act.

Question resolved in the affirmative.

Bill read a second time.

Bill—by leave—reported to the House without amendment.

FINANCIAL LAWS AMENDMENT BILL 1996

Second Reading

Debate resumed from 21 November 1996, on motion by **Mr Miles**:

That the bill be now read a second time.

Madam DEPUTY SPEAKER (Mrs Sullivan)—I understand that it is the wish of the committee to debate this order of the day concurrently with the General Insurance Supervisory Levy Amendment Bill 1996.

Mr MARTIN (Cunningham) (10.39 a.m.)—Madam Deputy Speaker, there has been a slight change of plans: there is an objection to that cognate debate. It is not going to lengthen the overall time taken but my friend and colleague the honourable member for Werriwa (Mr Latham) wishes to move a substantial amendment in respect of the first of those two bills, and he will speak second.

Madam DEPUTY SPEAKER (Mrs Sullivan)—It has been pointed out to me that it is possible for the member for Werriwa to do what he intends to do under cognate debate but we accept the objection. The first bill listed for debate therefore is the Financial Laws Amendment Bill 1996.

Mr MARTIN (Cunningham) (10.40 a.m.)—I will not take a lot of the time of the Main Committee this morning in talking about this particular legislation but I did want to point out a couple of the major issues contained within it. It endeavours to strengthen the prudential regulation of financial conglomerates regulated by the Reserve Bank and the Insurance and Superannuation Commission by liberalising the information exchange rules between the regulators and between domestic and international regulatory agencies. Secondly, it is designed to extend the deadline by two years for taxation concessions applying to foreign bank subsidiaries that convert to branch status to allow the Wallis inquiry to report and for the government to respond to the report.

In respect of those two matters I will make one or two comments. Firstly, the issue of financial conglomerates and the role that is played by supervising agents in Australia has been the subject of examination in the past. If you look at the process whereby financial deregulation occurred in this country, starting as it did with the Campbell committee inquiry, with the Martin review group and subsequently, of course, with the adoption by government of different aspects of recommendations that flowed from each of those inquiry reports, it included the review that was done by the House of Representatives Standing Committee on Finance and Public Administration in 1990-91 which I had the honour to chair, and more recently the decision by the government to ask Mr Stan Wallis to conduct an inquiry into the financial industry. Each of those different inquiries made reference to prudential supervision. They made reference also to the role that foreign banks play within this country and made recommendations about how that role could be expanded.

Suffice to say at the present time, in terms of the regulation element, that, prior to the government adopting recommendations which flowed from the House of Representatives committee inquiry in 1990-91, there was very little exchange of information that actually took place between the regulators. The government decided to put in place a council of financial supervisors which brought together the prudential supervisors in various areas of the finance industry in this country, so that on a regular basis they could sit down and talk. They could actually see how areas of that industry were interacting with each other. There was no doubt

that banks had an interest in insurance; there was no doubt that major insurance companies had an interest in banks. We saw that the percentages by which they held shares in each of those cross-ownership arrangements seemed to vary quite substantially. We saw that other players in the marketplace—those that were in credit unions, building societies as well—clearly had an interest in this and the council of financial supervisors therefore provided that mechanism for discussion. The need to exchange information was brought home—I think fairly clearly—back in the late 1980s when we saw some of the major upheavals in the Australian financial system. We saw the collapse of a number of building societies in Victoria. We saw decisions taken by government as a result of the operations of subsidiaries of banks in that state and, indeed, subsequently, the operations of banks in South Australia, or the State Bank of South Australia, which had quite significant impacts in the financial industry in this country.

We have seen, for example, the Commonwealth Bank firstly acquire the State Bank of Victoria, then itself be subsequently partially sold and now, of course, to be fully sold as a result of changing government initiatives in this respect. But it all had its genesis in the question of how financial institutions and financial intermediaries from time to time look after their most basic asset, and that most basic asset, of course, is the money of their customers. What we saw back in the late 1980s, whether it was as the result of the greed of some substantial entrepreneurs or mismanagement that came about because of the way in which some of the subsidiaries of these financial institutions tried to compete with the big end of town by having branch offices in New York and trying to take out loans throughout the Caribbean or whatever it might be, simply indicated that there was a need for improved supervision. The simple fact was that the Reserve Bank of Australia had an informal arrangement with state banks that needed to be tightened and, of course, the government subsequently did so.

The simple fact was that the exchange of information about what was happening in financial intermediaries, and the effect that that was having throughout the banking system, needed some clarification and some more formal arrangements put in place. As a consequence, as I said, not only did we see the Council of Financial Supervisors emerge but we also saw the way in which information could be exchanged between those various organisations that were put in place to supervise the financial industry. What we are seeing now is a further liberalisation of that, and that is quite appropriate.

In terms of foreign banking operations in this country, foreign banks have a reasonably long history. Before the Banking Act came into effect in 1945 there were three banks operated by—from memory—the governments of China, France and one other country; and, as a consequence, their operations were more as money market operations for those governments. When the issue of foreign bank entry was examined by the Campbell committee, it was not surprising that, under the guise of increasing competition in the marketplace, Campbell came out and recommended that there be an increased number of foreign banks allowed to operate in this country.

The most basic argument which operated at the time—and it was still around all through the 1980s in respect of foreign bank entry into this country—was whether, if it was going to increase competition, those banks should be able to operate in this country as subsidiaries or as branches. Until that time, they were operating as subsidiaries. As a result of the Campbell committee's report and as a result of the Martin review committee's recommendations, it was the Labor government with Treasurer Paul Keating which decided to issue something like 16 foreign bank licences for new foreign banks to enter Australia and operate.

At the time, the deal was that they were supposed to come in and operate in the same way as domestic banks did: they were to have a branch network and look after customers. Of course, it did not quite happen that way. Only 15 of the 16 licences that were proposed to be issued were taken up, in any case, but that also raised a question as to whether there should be a restriction on the number of foreign banks that were coming here. The vexed question of subsidiaries versus branches was also raised, because each of the licences issued required the foreign bank to operate in this country as a subsidiary of their foreign parent bank. In that respect, they had to establish an entire network throughout Australia, in terms of prudential supervision and so on under Australian standards.

However, it was as a result of the House of Representatives committee inquiry in 1991—where recommendations were made that the numerical restriction on foreign banks be removed and that the subsidiary status be removed in favour of branches—that we actually saw the government of the day finally move on that issue. That came down in the One Nation statement, which was delivered by Paul Keating—who had gone from being Treasurer to Prime Minister—and in which he agreed that it was time to liberalise a little more there. As part of that liberalisation process there was a concessional tax arrangement put in, in an interest withholding tax, and the rates which were applied were slightly less than would normally apply. That was again an opportunity for foreign banks operating in this country to not be disadvantaged by taxation regimes.

The simple fact is that the Wallis inquiry at the minute is also examining these sorts of issues. We know that that inquiry brought down a discussion paper towards the end of last year and that its final report is due to come down at the end of next month. Those of us who have an interest in the operations of the Australian financial industry wait to see the results of those recommendations. Clearly, financial deregulation in this country has been about improving competition. We hear, as we heard in the previous government, treasurers of the day trumpet loudly that competition for Australians has been markedly improved by deregulation in the financial industry and that benefits have flowed through to consumers.

What we have heard, as late as yesterday, is the present Treasurer (Mr Costello) talking about the falls in home loan interest rates and the benefits that have come from that. In a deregulated market of course there are going to be benefits for all consumers. Thinking back to pre-deregulation, in the case of home loan mortgages in the main only the very wealthy were able to access loans to buy homes. If you went in and sat down with the bank manager, they went right through all your financial accounts and they did not take into consideration that you might have had a spouse who was working. You had to be pretty well off in order to access the money that was around. By regulation of the Reserve Bank, only a certain proportion of the book of the banks could be loaned for home mortgages, and so they were restricted in any case.

With deregulation all of that went and so single people, women and others could access mortgages, financial services and the whole range of opportunities that the banks started to develop. And we saw a range of products come forward. Many of those have improved our lot. With the changes have gone the arguments about user pays and fees and charges and whether banks have the right to impose many of those things up-front. Decisions are taken as we get into electronic banking as to whether consumers should more properly access their financial arrangements by using holes in the wall, or telephone banking, or Internet, or whatever it might be. They are the things of the future.

But at the end of the day, deregulation has always promised to deliver improvements in competition and efficiency, and foreign bank entry was to be part of that scene. I believe that it has delivered. On the Labor Party's side, that is not a view that is easy to arrive at, I must say. If you look at the history of the way in which financial deregulation was approached over the 13 years of the Labor government from 1983, it did not come without some cost and without some pain. It certainly did not come without some argument within the Labor Party. But nevertheless, we have arrived at that position where we generally now believe that the benefits that were promised in many cases have been delivered. The most recent issue about fees and charges, however, is going to be very much a vexed question. Nobody likes to pay for having services provided for them.

At the other end of the spectrum there always has to be something like a basic banking product which consumers can access, particularly those on low incomes. Whether foreign banks or existing commercial banks in Australia have the responsibility for providing those types of accounts will always be open to debate.

Interestingly, while I mention the Wallis inquiry, there is some speculation that Mr Wallis is going to make recommendations to the government that will remove the ability of some of the Australian majors to merge, and remove some of the merger tests that are there. That is going to be an interesting test of will and of ideologies within the political system in this country if that recommendation does come down. The dogs have been barking for quite some time about a Melbourne bank wanting to buy a Sydney bank, or vice versa. We have seen mergers take place within the Australian banking industry between regional banks to make them stronger—the St George and Advance merger is one that comes to mind immediately. In Queensland, we have seen the merger of three distinct elements of its financial system to provide a strong regional bank.

All of this is aimed at trying to fend off the majors. But at the end of the day, that is part of the competition process that we have here. However, I would issue a note of caution to any government that considers the whole issue of whether we can have amalgamations, or takeovers, of some of the majors in Australia, and what effect that will have on consumers and on competition. That needs to be carefully considered.

With Australia's population still around only 18 million, I take the view that Australia is probably one of the most banked countries in the world. In fact, it could possibly be slightly over-banked with the numbers that are there. Nevertheless, simply having more banks does not necessarily mean that Australians are going to have access, through the competitive nature of the marketplace, to a better service. Similarly, having fewer banks is not necessarily going to improve that, and any recommendations that Mr Wallis and his committee bring down would need to be carefully looked at. I know that the Treasurer will do so. I will take great interest in what Mr Wallis does bring down when his report comes down at the end of next month.

But with respect to that particular issue, and to the way in which prudential supervision standards are applied, I do not think we should ever get away from the notion that we are concerned about ensuring that financial calamities, which have been part of the landscape of Australian banking since the 1800s, should be carefully controlled and, of course, that we should try and ensure that they do not happen.

The factors associated with the Tricontinental problems in Victoria, and with the State Bank of Victoria and the State Bank of South Australia, need to be carefully supervised through

prudential standards which the Reserve Bank of Australia works up and which they continue to monitor very carefully. The fact that the legislation which is before us today is going to liberalise the exchange of information about some of these matters can, hopefully, assist in the process of ensuring that appropriate standards are there.

I would issue a caution, however, about some of the discussion I have seen, and about which I understand some submissions have been made to the Wallis committee, in respect of deposit insurance, because it goes to this issue of prudential supervision. Interestingly, people have suggested that what we need to have in this country is a form of deposit protection insurance, such as they have in the United States.

During the course of the House of Representatives committee inquiry, the deputy chairman and I, with some advisers, took the opportunity to go to the United States. We spoke with the prudential supervisors there and with the people from the deposit insurance corporation that operates in the United States. I came away absolutely convinced that that would be the worst thing we could ever do in this country. Unfortunately, the deputy chairman—the former Liberal member for Sturt, Mr Wilson, who is no longer in the parliament—came away with exactly the opposite impression and thought it was a great thing to have. In fact, from memory, the only very small dissenting report in our report was on that issue, where he argued that there should be some form of deposit insurance.

It is interesting that, some six years later, the issue of deposit insurance is on the agenda again as part of the discussion that is taking place in the Wallis inquiry. I still have the view that we have to be careful about that. It goes to the issue of government guarantees and protection of depositors, and so on. I am not necessarily sure that banks having to recoup any deposit insurance they pay by imposing increased fees and charges on people who bank with them is going to send the right sort of signal. On the other hand, I can see an argument that people want to be sure that the banks are in fact as safe as houses and that, if they invest, they know their money is safe and is not going to be in any way endangered. Fortunately, we have a very substantial, very correct and very well-managed financial system in this country and I am not sure that those sorts of concerns are well-placed.

I am sorry I have taken a little longer than I intended in making my remarks, but this is an issue which I am quite interested in and I believe these sorts of matters probably need a little more examination. My colleague and friend the member for Werriwa (Mr Latham) shares that belief and, in his contribution to this debate, will be making some particular recommendations and I think will be moving a resolution that we should look at this a little more thoroughly. There is a real case for the parliament, as distinct from a committee of inquiry that has been established by a government of the day, to take an interest in these matters. I have always believed that, as a parliament, there is a real opportunity for parliamentarians to examine significant matters.

To again go back to the committee report that we did in 1991 on financial deregulation and an assessment of it after five years, the interesting thing is that as a committee, with the exception I mentioned of that one very small dissenting report about deposit insurance, we were unanimous on both sides of this parliament in presenting a report that made something like 108 recommendations, 105 of which the government of the day subsequently adopted in one form or another, with slight modifications or whatever. What that says is that, on very complex issues such as financial deregulation, prudential supervision and rules that apply to foreign banks, parliamentarians should be given an opportunity to have an input.

It is well and good for the government of the day to have a major inquiry on the finance industry—and I think the Wallis inquiry is doing a pretty reasonable job—but I see no reason why we should not have an opportunity to do that as well, and the member for Werriwa will be moving something with respect to that. More generally, the proposals that are contained in the bill are worthy, but they do need some examination by this parliament.

Mr LATHAM (Werriwa) (11.00 a.m.)—As the member for Cunningham (Mr Martin) foreshadowed, I move:

That the committee recommend to the House—

Mr Lieberman—Point of order. I am not sure whether I heard the member correctly, but he appears to be moving an amendment. Is that right?

Mr LATHAM—I have only just started.

Mr Lieberman—Is that what you are proposing to do? I take a point of order if that is what he is doing. He has not submitted those amendments in writing and they should be available to members in that form, I think. Madam Deputy Speaker, would you guide me on that?

Madam DEPUTY SPEAKER—It is normal practice to at least inform the chair in advance of the content of an amendment so that the member can be advised of whether the amendment is in order and whether the chair will accept it. It is also normal practice to have amendments circulated, but I am not aware that members may not move amendments that have not been circulated. That has been confirmed to me by the Clerk. So far, what the member for Werriwa (Mr Latham) is doing is in order. It will depend on the wording of his amendment whether the amendment is in order. But the procedure is in order.

Mr LATHAM—Thank you, Madam Deputy Speaker. If the case shows this, I apologise for the fact that this amendment had not been submitted in writing. I suppose if people on this side had had their time over again, the legislation itself would have been in the main chamber, but I understand that the program for the week was set last week, before consideration of this particular legislation by the Labor Party caucus and shadow ministry. As a consequence of the beginning of the parliamentary year, we did not have the opportunity to have this debated in the House, where there would have been a full opportunity to circulate the amendment and have it considered. I apologise on those terms to the member for Indi (Mr Lieberman) and anyone else who feels inconvenienced by this and this includes yourself, Madam Deputy Speaker.

Madam DEPUTY SPEAKER—The question before the House is that the bill be read a second time, so it is an amendment to that motion?

Mr LATHAM—Yes. I move:

That the committee recommend to the House:

1. condemnation of the government for not instructing the ACCC to formally monitor bank fees and calls on the government to ensure that a fair basic banking product is provided by the banks to consumers; and

2. given—

Mr Lieberman—Point of order.

Mr LATHAM—You cannot take a point of order until I finish reading out my amendment. That is in the standing orders. I let him go the first time.

Mr Lieberman—It is not so.

Mr Sawford—You have to let him finish.

Mr Lieberman—I do not. He is already moving an amendment which I say is out of order. He has no right to move it and I ask Madam Deputy Speaker to take that point, in the circumstances.

Madam DEPUTY SPEAKER—I thank the member for Indi. Your amendment as presently worded is actually out of order. But you can fix it. The motion before the chair is that the bill be read a second time. If you are moving an amendment to that motion, then you will need to change the wording of your amendment a little to be preceded by the words, 'that all words after "that" be omitted and the following words inserted', if that is your intention.

Mr LATHAM—I understood the procedure in this committee was to make recommendations and reports to the House—

Mr Lieberman—I was going to say the report comes after the—

Mr LATHAM—I appreciate that. I know the procedure from the House. I just assumed that the process here was to actually make a recommendation to the House, then the House would act on that recommendation with further motions that would include the formal second reading or whatever. But I am happy to be guided by the Deputy Speaker.

Madam DEPUTY SPEAKER—It is the same procedure as in the House. What will happen is that when we have finished debate on the second reading, your amendment will be put. If there is not agreement on the amendment, then it will go back to the House for determination.

Mr LATHAM—Sure. I think, in fairness, members should be allowed to read out the full text of their amendment before there is a judgment made on its legality or illegality according to the standing orders. I move:

That all words after "That" be deleted, with a view to substituting the following words: "The committee recommends to the House:

1. condemnation of the government for not instructing the ACCC to formally monitor bank fees and calls on the government to ensure that a fair basic banking product is provided by the banks to consumers; and
2. given the detailed matters raised in the bill, the committee recommends its referral to the House of Representatives Standing Committee on Financial Institutions and Public Administration for detailed consideration."

That has been seconded by the member for Port Adelaide (Mr Sawford).

Mr Lieberman—On a point of order—

Madam DEPUTY SPEAKER—The member for Indi, please resume your seat. The member for Werriwa has moved his amendment. Is the amendment seconded?

Mr Sawford—It is in writing.

Madam DEPUTY SPEAKER—Could I please ask the member for Werriwa, if he has it in writing, to give it to the Clerk so that we can all have the advantage of knowing what the question is. The member for Indi, on a point of order.

Mr Lieberman—The problem is that members have not had the opportunity to consider the amendment, and that is quite clearly a requirement. As I understand it, the amendment must be submitted in writing and be available to other members in that form. As it has not been submitted to members, and it is obviously a very serious and substantial proposal in the amendment, it should be submitted to members to enable members from both sides of the House to consider it.

Madam DEPUTY SPEAKER—If the member for Indi will bear with me, I will answer his question in a minute. There is a matter of clarification I need on the amendment first. Could the member for Werriwa just clarify something for the benefit of the conduct of the committee. Originally we were going to have a cognate debate on two bills. Objection was raised to that on the grounds that the member for Werriwa wanted to move an amendment, as I understood it from the chair, to the second bill listed.

Mr LATHAM—No, it is this one, the Financial Laws Amendment Bill.

Madam DEPUTY SPEAKER—It is still the first bill. Fine. The original question was that the Financial Laws Amendment Bill 1996 be read a second time. The question now is:

That the words proposed to be omitted by the amendment moved by the member for Werriwa stand as printed.

Before inviting the member for Werriwa to continue his speech, could I say to the member for Indi that we are going to attempt to get these words into a form that can be circulated quickly. If he is not satisfied with that, it is always open to him to move a motion to adjourn the debate at the end of the speech by the member for Werriwa.

Mr LATHAM—If it so aggrieves the member for Indi and other government members that they cannot function without a piece of paper in front of them, then I will move that the debate be adjourned and we will have the full debate in the House.

Madam DEPUTY SPEAKER—You cannot move that the debate be adjourned once you have commenced your speech.

Mr LATHAM—How about putting the question? He has made the fuss.

Madam DEPUTY SPEAKER—I suggest to the member for Werriwa—

Mr LATHAM—I was happy to make my points here and not have too much fuss in the House but if the member for Indi is so worked up about this, I will reconsider. He did not do much on petrol prices so maybe he is excited about bank fees and charges and wants to make a fuller contribution in the House. I am happy to accommodate him.

Madam DEPUTY SPEAKER—Order! Before you get a rush of blood to the head, if you move a motion then you will no longer have an opportunity to speak on it, you will have used your opportunity to speak. If you are going to move a gag to move this back to the House then you will not be able to speak.

Mr LATHAM—In the House?

Madam DEPUTY SPEAKER—That is right.

Mr LATHAM—Are you sure?

Madam DEPUTY SPEAKER—Yes, because the House will then vote on the gag that you have moved.

Mr LATHAM—Does not the House consider a report, as it did on the euthanasia matter, and have a full debate?

Madam DEPUTY SPEAKER—It will vote on the motion you have moved. I suggest you proceed.

Mr LATHAM—The Labor Party wants to refer this to the Standing Committee on Financial Institutions and Public Administration. There are five complex matters here changing the

financial laws of the Commonwealth. I raise my objection to the way in which the government is rolling so many diverse provisions into single pieces of legislation.

There was an experience in the parliament in December when the Treasurer (Mr Costello), or his parliamentary secretary, had brought forward eight unrelated taxation measures and put them into an omnibus bill. It went up to the Senate where they deleted or wanted to change four of those eight provisions. It then came back to the House. It was like a tennis match, bouncing backward and forward, and the matter was not dealt with satisfactorily. In the end, the government was dissatisfied with its handling of that matter because it had to agree to Senate amendments that it would not otherwise agree to, according to its declared policy in the budget.

Here we have another such piece of legislation, this time rolling five unrelated matters into a single bill. The Financial Laws Amendment Bill concerns changing the prudential regulation of financial conglomerates, extending by two years the deadline for taxation concessions applying to foreign bank subsidiaries who convert to bank status, changing the supervisory arrangements that apply in the insurance industry, changing insurance policy holders' security by disallowing the review of some regulations and providing legislative backing to industry codes for general insurance industry and insurance brokers. The five matters cover financial conglomerates and taxation concessions for foreign banks, plus three provisions on the insurance industry.

These are matters that require much greater scrutiny than can be provided in the Main Committee. The parliament has a Standing Committee on Financial Institutions and Public Administration to address these matters. It has not had a useful reference on the financial sector for quite some time. I am a member of that committee and I am sure I would even be speaking for government members in saying that we would welcome consideration of many of the matters that are contained in this bill. I believe it is respectful of the parliament to require more extensive examination of these provisions, to note that they are diverse, to note that they are technical and to note that they can properly be referred to the standing committee of the parliament that has been set up exactly for that process. So that covers the second part of my proposition.

The first part calls on the government to take stronger action with regard to bank fees and charges. I think it is no secret that for 10 months, at least, the big banks in Australia have been sniffing the breeze as to the new government's attitude to bank fees and charges. The former Treasurer, Mr Willis, had pressured the banks into producing basic products without fees and charges for across-the-counter transactions. The big banks had been sniffing the breeze to find out the new government's attitude. I think they have been accommodated by the Treasurer, Mr Costello, and that is why ANZ, just last month, moved so aggressively to a user-pays regime for across-the-counter banking, which I believe is wrong. I believe it is fundamentally wrong for the major banks to be using pricing policies to push the customers away from across-the-counter traditional forms of banking towards electronic banking—ATMs and the like—with which many citizens in Australia are just not comfortable.

There was a report a few weeks ago that a huge number of bank customers do not feel physically safe using the ATMs, particularly at night and particularly in deserted streets, as they can become in some of our central business districts. People do not feel safe. I know that the experience of many elderly people in my electorate has led to a view that is shared right across the country—elderly people not feeling comfortable with some of the new electronic

forms of banking, particularly when the banks have made so little effort to educate the public. They will not even set up special booths or instruction areas in their branches to let people know how these new forms of electronic banking work—the ATMs, the EFTPOS and on it goes.

ANZ is moving unfairly in this direction and the government is doing nothing about it. Not just on petrol prices but also on bank fees and charges, people like the member for Indi are just sitting on their hands watching the big corporations act in a socially irresponsible fashion. On ANZ's flexible access account, customers will have a maximum of 10 free withdrawals a month, only four of which can take place across the counter at a branch. Many Australians, with a concern about law and order, do not like carrying big amounts of money on them. As a consequence, they often use their bank more than four times a month, and now they will be paying to access their own money. That goes against basic principles of fairness, particularly for lower income earners, for women who do not feel safe at the ATM machines and for the elderly not accustomed to or educated in the new technology.

ANZ has also introduced a 50c fee for every non-branch transaction and a \$2 fee for every extra branch transaction—previously a maximum of 15 free withdrawals a month was allowed and \$1.25 was charged for each branch or non-branch transaction over the 15 threshold—and a \$4 a month service fee for accounts with a balance less than \$500, up from \$300. So the threshold for the service fee has been raised from \$300 to \$500. This is an aggressive move to user pays that the federal government should be doing something about. That is the purpose of my motion and why these matters should be debated in the main chamber.

The price hike by the ANZ will undoubtedly spark higher charges by all of the major banks unless the Treasurer orders the ACCC to begin formal price monitoring immediately. It is already clear that the other three major banks are ready to follow the ANZ lead and raise their fees as well. I think I echo the public view from right around Australia when I speak of my disappointment, and disgust, really, with the announcement by NAB at its recent meeting that it had recorded record profits. They said to the people of Australia that, on the back of those record profits, they were going to move towards user pays for across-the-counter banking.

I think that Australians want big corporations, such as NAB, ANZ and the big petrol companies, to discharge more social responsibility. I believe in stakeholder capitalism, which means that big corporations are required, if not morally then certainly by statute, to exercise social responsibilities to their major stakeholders—their shareholders and their customers. We have had too little of that in Australia in recent times. In a moral sense, many stomachs turn at the idea of well-paid executives at NAB meetings announcing record profits on the backs of ordinary Australians and then saying, 'We are going to slug you further.' I would have thought the appropriate socially responsible attitude is to recognise that record profits, in a truly competitive environment, actually lead to some price cutting on fees and charges—benefits for customers that would increase the volume of clientele passing through the NAB. But we do not get that at all. So either the competition is not there or these corporations are acting in a totally socially irresponsible fashion.

If the government has any understanding of the needs of ordinary bank customers, it will direct the ACCC to begin formal monitoring of bank fees before they spiral out of control. If formal monitoring does not work, the government must be prepared to put bank fees under prices surveillance. Labor in government was committed to formal monitoring of bank fees and charges by the new ACCC but that monitoring has been abandoned by the Treasurer. He

has no formal process to keep the banks in line. It is a bit like the petrol sector where he just writes letters away, hoping that they will do the right thing. He is really calling on the goodwill of these major corporations when time after time they are not acting in a socially responsible fashion.

If the ANZ fee rises are a foretaste of the post-Wallis banking regime, Australians will face ever higher bank fees and the elimination of hundreds of bank branches and thousands of regional jobs as the banks force customers to rely on electronic banking. User pays will reign supreme. It was unreasonable for the banks to use increased fees and charges to force customers to use new technology simply because it was cheaper for the ANZ. The Treasurer has turned his back on the most disadvantaged customers by allowing the banks to push up fees to record levels. The new fees imposed by the ANZ—and we have an indication that the other banks will follow suit—will hit poorer and disadvantaged customers, particularly the elderly, disabled and pensioners, who find electronic transactions difficult and who need over the counter help. Many customers must now keep \$1,000 in their passbooks to avoid incurring fees, an amount of savings beyond the reach of many. All the signs are that the banks will continue to take advantage of the Treasurer's laissez-faire attitude to fees and charges. He is not taking action and the parliament should require him to do so.

Indeed, the Treasurer is unravelling all the hard work of the previous government in protecting consumers against unfair bank practices. The Labor government had successfully pressured the banks to provide a basic banking product with a minimum number of free transactions each week, a reasonable number of free transactions. I know that the member for Braddon (Mr Miles) has had some experience in recent financial transactions so I look forward to his contribution to the debate.

If the Treasurer does not act decisively, customers will lose all those hard-fought products, they will be the fall guys for the new deregulated banking regime. I think there should be public policy accepted in a bipartisan sense on the essentials of public life, such as banking, petrol and communications. Customers need special protection against the market power of major corporations. In particular, in small towns, the elderly, disabled and people concerned about their safety at ATMs need free access to basic across-the-counter banking services. If market forces or the ACCC cannot deliver these services, then the government must regulate to give Australians a fairer set of bank fees. It is a very important amendment that I have moved. The parliament should be sending a very strong message to the Treasurer that the practices of ANZ with likely fee increases, and the user-pays regime of NAB and the like, are totally unacceptable.

Australians expect basic access to free across-the-counter transactions. That is a socially responsible thing for the banks to do, particularly with concerns about law and order, the safety of electronic banking forms, such as ATMs, and the lack of comfort that many Australians have with the new forms of technology. Many Australians are not familiar with them and they should not be subject to user-pays amounts by banks pushing them towards cheaper banking. Certainly, this form of banking has a social cost that needs to be recognised by the parliament. We should be protecting those consumers and that is the purpose of my amendment.

Mr MILES (Braddon—Parliamentary Secretary (Cabinet) to the Prime Minister) (11.20 a.m.)—in reply—We do not accept the amendment and I just wanted to make that quite clear. I want to make a few comments about the sort of process that the member for Werriwa (Mr Latham) is using in regard to this.

The main chamber was set up when the member for Werriwa was part of the government and it was set up to help government proceed and make sure that people had an opportunity to debate issues. We are getting used to the pranks of the member for Werriwa. I must say that we find the way in which you have gone about this process this morning of bringing in this amendment very discourteous. I know that some of the officers in the departments were wanting to get this amendment about 15 minutes ago when we were aware of it and it did not come through. I would have thought that that sort of courtesy could have been provided. You are just trying to delay the debates and create problems without any real purpose.

Mr Latham—There is no purpose to bank fees and charges.

Mr MILES—The way you go about this debate and the rambling sorts of comments which you are making do not add to the debate at all in the public arena. You got done over yesterday in question time for your nonsense during the break in the parliament. What we are seeing here today is more ramblings by the member for Werriwa. You are just using a prank which has not been agreed to behind the scenes and organised with the whips. You just come in here and you want to ride roughshod over procedures for your own ego. That is what it is all about. We can see through all of that. We reject entirely this amendment which is brought up.

Madam DEPUTY SPEAKER—Order! The debate has been closed by the Parliamentary Secretary. The original question was that the Financial Laws Amendment Bill 1996 be read a second time. The question for the House now is:

That the words proposed to be omitted by the amendment moved by the honourable member for Werriwa stand part of the question.

There is a dispute. It is necessary to resolve this question to enable further questions to be considered in relation to this bill. In accordance with Standing Order No. 277 this bill will be returned to the House for further consideration.

GENERAL INSURANCE SUPERVISORY LEVY AMENDMENT BILL 1996

Second Reading

Debate resumed from 21 November 1996, on motion by **Mr Miles**:

That the bill be now read a second time.

Mr LATHAM (Werriwa) (11.25 a.m.)—The bill proposes to increase the maximum amount of levy payable by general insurance companies from \$17,500 to \$35,000. This increase reflects the fact that current level of cost recovery under the levy which was introduced by the former government does not recover overhead costs in supervising the general insurance industry. The bill does not actually increase the level of the levy, it merely increases the maximum level to which the levy can be set. Any change to the actual rate of levy must be achieved by regulation which is disallowable by either House of parliament. So the opposition has no formal opposition to this measure. This is something that is not a large matter and, accordingly, can pass through the Main Committee without opposition.

It is totally unlike the previous provision which, in terms of bank fees and charges and the technical matters involved, obviously required more scrutiny. So I am disappointed to hear the way in which the member for Braddon (Mr Miles) wrapped up his comments. The idea that the parliament should run by behind-the-scenes agreements, as he put it, is contrary to democracy. Members have the right to stand up and move amendments in the parliament as they see fit. I moved an amendment that was consistent with resolutions moved by the Federal

Parliamentary Labor Party and the shadow ministry in the last 24 hours and it was my responsibility to move those motions here.

I am disappointed that the government does not understand the way in which the Main Committee can be used to proceed with matters such as this general insurance bill that are non-controversial, but that members also have the right as they examine legislation in detail and controversies arise, which they did in the previous provision, to move substantive motions and refer those back to the House. So the member for Braddon can have as many personal shots at me as he likes, but one thing that I do not do is send local schools broke.

Mr BEVIS (Brisbane) (11.27 a.m.)—I wish to make a couple of brief comments in relation to the procedural matters before us. Before I get into that—

Madam DEPUTY SPEAKER—There is no procedural matter before us.

Mr BEVIS—I mean the questions of procedure that have already been raised in debate earlier today—that is, the role of the Main Committee and the way in which business has been conducted here this morning. Those matters have been raised in debate.

Madam DEPUTY SPEAKER—I hope you are going to make clear that it is a matter of private procedure between government and the opposition, not procedure within the Main Committee.

Mr BEVIS—Yes, thank you. I will be brief and I hope I get the opportunity to actually complete the comments, rather than have a point of order taken on me to tell me that I am not speaking to the bill before the chamber.

In the course of the debate, the member for Werriwa (Mr Latham) did make it clear that the decisions in relation to the amendment he moved were taken very recently. In fact, as I understand it, the decision for these matters to come to this committee was made last week before either party, I imagine, had their meeting to consider their attitude towards these matters. That was done in good faith.

There was a decision taken in the last 24 hours or so to seek an amendment to that bill. The first speaker on our side in that debate, the member for Cunningham (Mr Martin), made it plain at the outset that we would be seeking to have the two bills taken separately, not as a cognate debate, and that there would be an amendment moved. He spoke for some time—about 20 or 30 minutes. There was 20 or 30 minutes notice of an amendment being moved. We certainly had no intention of trying to deceive or do anything untoward. I noticed that during that 20 or 30 minutes there was no request from government members for details of the amendment, even though it was clearly given notice of by Steve Martin at the outset of that debate.

Mr Miles—We were trying to get it.

Mr BEVIS—A simple question would have resolved that.

Madam DEPUTY SPEAKER—Order! Would the member for Brisbane resume his seat for a moment, please? First of all, I want to point out to him that the question of relevance does not depend on a point of order being raised. It is always open to the chair to raise the issue of relevance. I made a decision to let him go on in the hope that it was going to be brief, but it does not look as though this question is going to be brief. I want to point out that you can raise the matter that you are in the process of raising, and you can speak on it when the question that has just been referred back to the House goes back to the House. I suggest you do it there, because it looks as though we are going to derail the program on a procedural

matter that really is not a procedure of the Main Committee; it is a matter of dispute between government and opposition on private arrangements that are made between them for the conduct of business.

Mr BEVIS—Madam Deputy Speaker, I seek your indulgence to speak for no more than two minutes.

Madam DEPUTY SPEAKER—Indulgence granted—for two minutes.

Mr BEVIS—Madam Deputy Speaker, I considered doing exactly what you said, but thought it better to deal with the matter here as soon as it had been raised. The decisions that were taken and the procedures that we followed here were not intended to generate offence. In fact, the member for Werriwa made that plain when concerns were raised by the member for Indi (Mr Lieberman) on points of order and he apologised if there were some difficulty arising from it.

In the context of the comments that the member for Werriwa made, and the fact that it was openly stated by the member for Cunningham at the opening of his address, we were not aware that it was causing you any consternation. You certainly did not seek from us the terms of the amendment. We would have gladly given it to you. In that context, I think it is regrettable that the member for Braddon (Mr Miles) chose to enter the debate in the manner in which he did.

Question resolved in the affirmative.

Bill read a second time.

Bill—by leave—reported to the House without amendment.

DEFENCE LEGISLATION AMENDMENT BILL (No. 2) 1996

Second Reading

Debate resumed from 21 August 1996, on motion by **Mr McLachlan**:

That the bill be now read a second time.

Mr BEVIS (Brisbane) (11.31 a.m.)—The Defence Legislation Amendment Bill (No. 2) 1996 is a good bill. There are no amendments and, I suspect, little controversy. This bill gives effect to changes that were actually announced in January 1996, prior to the last election. That is why it is a good bill. It enacts changes that were announced by the previous Labor government. Of course, we are supporting those changes. I must say that I am pleased that the government has decided to pursue the administrative and structural changes that we announced in January 1996.

The bill makes a number of organisational changes, some of which I suspect could be characterised as symbolic but which I think do have a deeper significance, and a number of other changes which I think, whilst on the surface appear minor, do have some import.

The chiefs of the services are to receive new titles as a result of this bill. The Chief of Naval Staff is to become the Chief of Navy, the Chief of Air Staff will now be the Chief of Air Force and, possibly the most significant change in terms of history and culture, the Chief of the General Staff becomes the Chief of Army. Those three changes bring into line a common nomenclature which is appropriate and fits with the other changes that seek to bring together the three services more closely in an operational sense. The opposition supports those changes.

Importantly, the changed names do come with a change in office arrangements and also in some organisational structural arrangements. There will be a relocation of the chiefs of services and their key staff to the same building. I understand that they are moving into the new premises at Russell, which will also accommodate the Chief of the Defence Force and the secretary to the department. I think that is a wise move which will more easily facilitate both a formal and informal exchange amongst the most senior personnel in all three services, the office of the CDF and the secretary to the department. There is to be a new command structure with a Headquarters Australian Defence Force, which will combine elements of the three services.

Over a period of some years now there has been a growing trend towards closer ties and commonality between the three services. That is a very helpful thing. In times of conflict, of course, the three services have to work in a very closely integrated way. It is appropriate that in times of peace and in times of training, and in relation to their general administration and physical location, that closeness is also evident. The alterations facilitated by this bill will give effect to that closer arrangement.

The Headquarters Australian Defence Force will be a significant addition to the structure of the Australian defence forces. It will be staffed with its own joint intelligence service. I will be interested to see the way in which that functions, the way in which the three services together in that headquarters operate, particularly the way in which the joint intelligence service meets their needs and also how it relates to the other intelligence services that would continue after these changes are put in place.

There no doubt will be some areas of overlap. One of the challenges for all involved will be to ensure not just that the headquarters of the joint services operate efficiently in itself but that as part of the total defence organisation it operates efficiently with other units performing similar, and possibly in some cases very similar, functions.

The appointment of a Commander Australian Theatre at a two-star level which occurred last year is welcomed. That is an important position. The relationship Commander Australian Theatre will have with commanders in the three services is also important to see unfold. I would certainly welcome the opportunity for information and feedback from the services and reports from the minister from time to time as to the way in which that is being put in place.

I welcome the fact that the minister is in the Main Committee for this debate. I would invite the minister to make some comment about the operations of the Commander Australian Theatre position, if he is able to today. I would also invite his comment about the question of the location of the Headquarters Australian Theatre. There has, of course, been a good deal of speculation about where it should go. But I would remind the minister that in January 1996, when we in government committed to these new arrangements, the statement that was issued at that time said:

The construction on a site, yet to be selected, of an operational level headquarters, incorporating the present Maritime, Land and Air Headquarters as component headquarters of Headquarters Australian Theatre [HQAST].

There are two things embodied in that. One, of course, is the physical collocation of those involved—and I have no doubt that would occur because it seems to me any alternative would be a nonsense. But I would seek from the minister some advice concerning whether he intends to pursue what we in government intended to do—and that was to ensure a dedicated construction of a building which is purpose designed.

I am concerned that shortage of funds may well result in corners being cut in looking at that question. Whether or not there will be a new construction, whether there will be a purpose designed building are important matters. The extent to which these changes are able to improve Australia's defence capability very much rests on physical circumstances, the physical facilities being, I think, purpose designed. We are talking about the need for state of the art secure communications across a wide range of tasks and across a number of systems. That does require, I think, a purpose built facility. That should not be the subject of budget cuts in my view.

The other amendments included in this bill improve the ease with which personnel can transfer from one service to another. On the surface this may appear to be of no great moment. I happen to think it is one of the most significant things in the bill. The opportunity for people to be able to transfer more freely within the services has been long overdue, I think. There has been a recognition of the need for this for some time now.

Mr Slipper—Why was it not done before?

Mr BEVIS—Do you want to score cheap political shots, Peter, because I am happy to reply if you do?

Mr DEPUTY SPEAKER (Mr Hollis)—Order! The honourable member for Brisbane has the floor. Other members will have an opportunity to speak if they want. In the meantime, they should remain silent and listen to the honourable member for Brisbane.

Mr BEVIS—The simple fact is that during our period in office we did break down a number of pre-existing barriers between the services. We went down that road as far as most other nations. We did not go as far as the Canadians did. You might want to advocate that we should have, because if you do include that in your response I will be very happy to pick it up.

The simple fact is that the Labor government did recognise the point that I just made and we did take initiatives to ensure that the movement between services was facilitated. You could say that in all big organisations, and particularly in those strongly steeped in culture and history, there is also a bit of inertia against change of that sort; but we were not daunted by that. In fact, prior to the January 1996 statement, there were a number of other initiatives that the Labor government took that led us down this road. The fact that this bill is before us, I might remind the member for Fisher (Mr Slipper), is a result of the decision of the Labor government in January of last year. So yes, we did do some things about it, and I am delighted that you have given me the opportunity to draw attention to that.

The need for people to be able to transfer from one service to the other is going to grow over time, as will the need for people to transfer from part time to full time. To the extent that we can free up the barriers to enable that to occur, the more flexible will be the work force, and the more flexible will be the opportunities for the services at an organisational level and at the individual service personnel level. The opportunity for people to have alternative career paths to those which are now available will be enhanced by this measure. Although it is not in this bill, the related question of improving the extent to which people can move from full time to part time and vice versa throughout their service needs to be addressed.

Those things are not easy to address, and anyone who has been involved in seeking to deal with these matters would know that; but the change which this bill provides for service chiefs to be able to authorise transfer from one service to another without requiring personnel to resign their position is certainly a sensible one. The fact that some of these authorisations can be delegated to brigadier level is also a welcome decision. I can recall looking a few years

ago at some decisions that were being taken at that time in relation to reserves in army, and decisions that I regarded as a fairly routine matter could only be taken at a two-star or three-star level, which I found quite amazing. With the decisions that were announced in January last year, this bill allows the powers to be delegated to brigadier level, which is sensible.

The third set of amendments that are contained in this bill place an obligation on certain officers to remain in the service for 12 months after they have been promoted. There are existing provisions for that to be so, for colonel and above. The new bill extends those requirements to major level. That is a very reasonable imposition to place upon people on promotion. It does not affect just the person on promotion. Very often, if not always, when a promotion occurs at that level, there are costs involved in relocation, there are significant personnel changes, there are organisational changes and, of course, there are the consequential changes arising from promotional appointment. It is not a reasonable thing for people to accept appointment to what are quite senior positions in the Australian Defence Force and then decide less than 12 months later that they no longer wish to serve. A 12-month requirement to serve in the higher position is a fair and reasonable one. Extending it to major level is not unreasonable, and it is a measure which I support.

The final matter contained in amendment bill No. 2 deals with the appointment of people on a limited tenure basis. The new provisions provided for will allow the Governor-General to delegate that power to chiefs. The Governor-General can at present delegate appointments for permanent positions and it is something of an anomaly that limited tenure positions are not able to be so delegated. The bill tidies up this anomaly.

I should add, though, that limited tenure appointments have been, and should remain, not a widespread thing. It is a necessary facility that allows people with special expertise to be appointed to particular tasks. It allows people who might otherwise be facing or anticipating retirement to remain in the services where they have built up an expertise or experience that Defence requires, and it also provides the opportunity for appropriate short-term appointments or promotions, even for some overseas appointments. It is not something that should be indulged in as a common activity, but nonetheless it is necessary; and the changes that this bill makes to those appointment procedures are sensible and, as I said, bring it into line with what exists now for permanent positions.

Mr Deputy Speaker, as I said, the opposition happily supports these amendments. They are sensible, they improve flexibility in the services and they provide better opportunities for service personnel with career paths. Importantly, they bring the services one step closer together along a continuing path that the previous government established. That is a wise course, and one which we will support.

Mr SINCLAIR (New England) (11.46 a.m.)—The Defence Legislation Amendment Bill (No. 2) in itself is relatively routine, and it comes forward, obviously, with the support of members of the government. I am also glad to see that it is a bill that the opposition endorses.

I want to talk about a few facets of the change. This all comes out at a time when the efficiency review is looking at the structure of the Defence Force. No doubt there will be further legislative change arising from that but, because there are a number of aspects regarding where we are in the Defence Force, I think it is appropriate that we have a parliamentary debate today about some aspects—not necessarily specifically of the legislation, but of the flow-on.

For example, the opposition spokesman referred to the extent to which the defence chiefs—as they are now titled—are to be stationed in the one building. I can see that one of the challenges will be trying to work out what are the roles of the individual defence chiefs, whatever they are called. There is a difficulty in that they know what they used to be but they do not know what they are going to be. While I accept that under the necessary financial pressures and the structures that have applied over what, fortunately, in a broad sense has been a protracted peace—for all that we have had, in recent years, peacekeeping movements and specific commitments, of course, most recently in Vietnam—I think we need to be very careful, in the rush to change, that we know that the changes are going to enable us, if there should be some type of a military requirement, to be able to face that requirement.

I am still a little uncertain as to how the roles of the newly titled Chief of Navy, Chief of Army and Chief of Air Force are in fact going to relate within the training and functioning structures of their individual services. I know they are evolving, but this is one of the important issues. I am not against them all going into the one building, but I did notice that Mr Bevis referred to the extent to which there should be a new building within which the Commander Australian Theatre should be housed. We have got too much money in bricks and mortar, so we ought to be very careful about building new structures.

At the same time, and as a rider to that, I should say that I have always felt there has to be to a maximum joint command, so we need to find a way by which, in practice, the joint command structure works. In implementation, we need to be careful that we do not destroy the efficiency of what is in quite good hands at the moment within the individual services.

The other problem is that I think for too long the committee system within the services, certainly on the civilian side, seems to have been a vehicle through which the Defence Force has avoided taking decisions. It strikes me that, as we move into joint command, we should not prejudice the capacity to command. By putting people together so that you know what the other person thinks, you do not want to develop yet another device whereby people can say, 'Well, I have got to go to a committee in order to get a decision.' In peacetime it is expensive; I do not think it allows the most effective delivery of military response and, in some sort of a defence contingency, I think it would destroy the capacity of the Defence Force to have that flexibility that is so essential. I have certainly felt for many years that we need to review the way in which the committee system functions.

In a way it is a product of the Tange review because it is there you had this shared authority. While we are specifically looking at the military side in this bill we are really bound, because of the relationship between the uniform and the civilians, to think of the two. No doubt in the efficiency review we will be looking at some of the parallel consequences for those who are the civilian counterparts but I still have reservations about the way in which that relationship is working. I think there are aspects therefore in the management of people generally that need to be addressed. It is not just the titles of people, but the functions of people that are critical.

As for housing, I am critical about building a new building just to house the Commander Australian Theatre. I think it is far better to try and look at existing facilities. I think as far as the interaction between the services is concerned, it is very important that we still have a clear command structure. Certainly there is to the Chief of the Defence Force but it is also important that we do know where we are going in the structure of implementing decisions and taking into account the civilians as well as the uniformed personnel.

The other area that I think is worth commenting on is that there always has been a problem in the nature of the uniformed involvement in policy decisions. Part of it relates to the time of posting. Postings are a major subject. It is not just a matter of how long they are posted to operate within the joint function of the Defence Force but also a matter of how long they are posted and where. There are obviously, in the two- to three-year normal cycle of promotions, real difficulties in the uniformed people having the same background and experience as their civilian counterparts. It seems to me that when you essentially train somebody in uniform to be a highly qualified specialist, as they all are in their own particular discipline, it is a bit hard then simply on the basis of their future promotion to suddenly require them to drive a desk. All that very essential experience is diverted. This is another one of the problems of jointery that I know comes out in trying to work the best way to ensure the military to civilian interface. It is part of the task I trust the efficiency review looks at but it is an area which I know has already been examined and one at which I will be looking to see just what progress can be made.

It is not just a matter of the change of title; it is a matter of how people in those positions function. I think we will all be interested to see the outcome and how in essence the new chiefs of navy and the chiefs of the individual services function in their relationship, in their new responsibilities within the headquarters of the Australian Defence Force and under the command of the Chief of the Defence Force.

The other modifications to the bill I certainly support but I wanted to make a few other comments with respect to the extent to which in the application of these changes there seems to me to be a few other flow-on consequences. I noted when I was looking through the bill the reference to the role of the defence chief and the Defence (Parliamentary Candidates) Act. This is because the chief of the individual service under his titular name in each instance has certain powers with effect to parliamentary candidates. I remain very concerned at the consequences, implied although not finally dissolved by the courts in the Jackie Kelly, member for Lindsay, affair. It seems to me to be quite unsatisfactory, although I know the constitution essentially in its present interpretation applies it that way—that a member of parliament on that interpretation cannot be a continuing reserve member of the defence forces.

I have not personally seen—although I intend to one of these days, if I ever get time—what the devil happened during the war. I know that there is a large number of members who served, from all sides, in the defence forces. I do not know whether they forgo their military pay or in what way they avoid this conflict of not having two offices of profit under the crown. In the present instance it becomes more relevant because there are increasingly few members of parliament with military experience.

Mr Price—They don't get paid, though. They get allowances.

Mr SINCLAIR—I know it is a device, but if that is what they get, then I am concerned that there is a device. There are quite a number of members of this place who in the past have had a service connection and I see absolutely no reason why members of the parliament should not be allowed to maintain that service connection. It might be, as the honourable gentleman said, that they can have an allowance but not pay. But I do not think you can.

I have not really gone to the extent of writing an opinion on the Lindsay affair, but there is a problem because the perception was that in that instance the member was a member of the legal corps of the Royal Australian Air Force and, as a result, she was going to have two offices of profit under the crown because she had not resigned within the particular period.

It is the implication that a member cannot serve in the Defence Force that worries me. We have a reserve force which is supposed to embrace people from all walks of life. If there is a constitutional bar, then we need to examine that constitutional provision. If it is a matter of finding a way around that constitutional bar, I would hope that we can do so.

For example, it might well be—I am referring to the individual only because it is relevant—that if the honourable member for Lindsay were to have said, 'I am going to remain a reservist and I will forgo all allowances and all salary,' then that ought to have been sufficient to enable her to continue to serve. Although it is not specifically within this section, the fact that the Defence (Parliamentary Candidates) Act is referred to in each of the provisions of the change of name I think means that it is an area—

Mr Price—We've lost our audience, Ian.

Mr SINCLAIR—I didn't retain their interest for too long, did I? Perhaps they just did not want parliamentarians to serve in the Defence Force. They might think we do enough damage as we are.

Mr Price—That was my crowd.

Mr SINCLAIR—No wonder they left, if they were your crowd. That is another aspect I think we need to look at. We do have to look at it at some stage because I do not think we can just pass it by. I think it is something we need to be concerned about.

I have two other brief points that do not specifically relate to the legislation but that concern me. The member for Brisbane (Mr Bevis) referred to the new building for the Commander Australian Theatre. I am worried about some aspects of the disposal of service assets. I am one of those who is most concerned at our handing them over to state and local governments to the degree, for example, that we have pristine foreshores still around Sydney Harbour. Nobody wants to forget: the reason we have them is that the Defence Force has held them. I know you cannot justify it on defence grounds, but the government needs to have in mind that as soon as you hand assets over to state governments, or certainly to local government, financial pressures are going to dictate that at some stage the developers will come in and you are going to lose that particular asset.

I think it is important that we find ways in which we can maintain, if need be by special financial arrangement, the capacity of the Defence Force to hold some of those lands which state governments from time to time suggest should be transferred. I think it would be a great pity for future generations if, for example in Sydney Harbour, we did not have Middle Head or some of those wonderful foreshores on North Head and South Head. Without really wishing to identify any particular government—it does not matter who it is at the state level—I know that financial pressures are going to mean they will be developed. It is not just in Sydney Harbour; it is in other places.

Mr Price—Jervis Bay.

Mr SINCLAIR—Jervis Bay perhaps even more so. I think it is very important that we understand that there is a national interest which at the moment is being exercised by the Defence Force. In a matter of putting in some special pleading, I think we need to recognise that the nation as a whole perhaps should pay, rather than just the Defence Force, if the disposal of some of those assets from time to time emerges as a possibility.

My other point really has nothing whatsoever to do with the bill, but I am concerned—because the minister is here, I mention it—about the role of industry in procurement. I think

we do have to look very closely at how we can have industry involved in a wider way, but I will raise that at another time and in another place. I have been looking at a few aspects of procurement in recent times and I am just concerned that we take decisions in defence.

I do not think the new tender process is working particularly well. I say that in part because the author of the Price report is sitting opposite me. There are real problems, I think, in the way in which the procurement and tender and contract system is working. I think we are imposing undue costs on those who are tendering for Australian defence contracts. I think the nature of the present preferred tenderers means that they tender twice. It adds to the financial pressures upon them.

I am most concerned that when we are looking, as we do, at a long-term acquisition program, industry and a spokesman should be involved. I do not know that the Defence Industry Committee is necessarily the best body to ensure this. I think we ought to look at a lower level than that. But, as I suggested, that is not specifically within this legislation. I support the bill and certainly recognise that the changes are very much part of making the Defence Force far more efficient, as it should be in this day and age.

Mr PRICE (Chifley) (12.01 p.m.)—I, too, want to speak in support of the Defence Legislation Amendment Bill (No. 2) 1996. It is always a pleasure to follow the right honourable member for New England (Mr Sinclair) in the debate. I also would like to thank the Minister for Defence (Mr McLachlan) for his courtesy in being here in the chamber during the debate.

I think the opposition shadow minister, the honourable member for Brisbane (Mr Bevis), made the point that the new command and control arrangements were announced during the life of the old government. I think it is appropriate that I thank the new government for continuing those command arrangements. We have changed the Chief of Naval Staff, the Chief of Air Staff and the Chief of General Staff to their new titles. More particularly, a new position is created of Commander Australian Theatre.

I ought to say that in the defence forces there is a real tension between wishing to preserve the single service arrangements and the absolute necessity for joint operations when operations come. I think this is a very welcome move. It is very logical that the CDF should not be the person that oversees the land, air and sea commanders, but we have a new Commander Australian Theatre.

When we were looking at training, you can see that there are some obvious areas for improvement, in terms of jointery, which were very bitterly resisted, I might say, at the time by the ADF. But this is an example of jointery making progress. I would think that as we go further down the track we are never going to get to a one uniform type arrangement as with Canada, but I think we are going to see more and more of joint operations.

One of the other features of the legislation we are debating is the facilitating of mobility between the services so that you do not have to be necessarily locked into the air force, or locked into the army, or locked into the navy. I think that is a good thing. Probably people would say, ‘Well, that’s pretty ho hum. What’s all the excitement about?’ But there were the rigidities there.

I think this bill is interesting because of what it has not tackled, if you like. I think the real dilemma for the future of the ADF is looking at mobility between full time, part time and people opting out of the service. I am sure the minister has this on his agenda, and I am sure

the parliament will be privileged to be able to look at and comment on moves in this area. But I think mobility between the services is very, very good. We need to have it.

But for the future we are not going to see people signing up for a 20- or 30-year full-time career in any of the services. They are going to want flexibility for a whole variety of reasons. For example, it might be for their spouse or their ability to get work that they may want to opt for part-time service for a period of time.

As I have said before, why should we presume that, amongst all the specialities that the member for New England referred to, the ADF will always be the repository of that training and expertise and able to pass it on? I am sure there will be situations where it will be in the best interests of the services to perhaps place someone with a private firm for a period of time. They may have completely opted out of the armed services for that period of time, but they have the flexibility to draw them back in, either on a part-time or full-time basis.

That leads me to another matter that I wanted to comment on, which I thought was a pretty serious point. I have spoken to the minister and I have certainly spoken to Mr Sinclair about Army 21. I know there has been a statement and I have looked at the literature that is around on Army 21, which is just a booklet. I have to say that it does not give me a great inkling about what I thought Army 21 was all about. I think the original reason for looking at Army 21—forgetting all the threat scenarios and what have you—was really to see the structure of the army that you need to defend the north, rather than what structure you need to fight some continental battle, as we have done, or whether you need to send a whole raft of troops to serve overseas. What is the structure, and is it the most appropriate structure?

Other people have commented—including the minister, quite rightly—that Australia has obligations as a corporate citizen. If we are called upon and if the government of the day agrees, we would want to send, as we did to Somalia, a battalion group sized force. I think the one thing Somalia demonstrated was that our ability to send a battalion overseas for a long time and rotate it was very difficult. A battalion is, I think, quite a modest force.

If the minister, through the efficiency review, is going to get his hands on a whole grab of new money to fund an expansion of the army, well and good. I must say that I think the defence committee at the time made the wrong suggestion in its peacekeeping review about a fifth battalion.

When I look back on it, I think it was really bandaging. My belief is—and perhaps I am wrong—that we have to re-appraise the role of the reserves. The minister has talked about the hollowing out of some of the existing regular battalions. I would agree with him. Let us have real numbers and real people. I think the only way in this day, whether for the government or for the opposition, that you are going to be able to make those sorts of deployments in the future is by really re-evaluating your views about full-time and part-time service. I for one recommended, and I think the committee recommended, that the minister and the government of the day ought to be able to call out the reserves for service, particularly in peacekeeping overseas. That is something that they cannot do. We wanted to see more reservists there.

When we have debates on defence, whether we are in government or not, I think the opposition of the day always tries to bring a bipartisan approach to the deliberations. I know the deputy chairman of the defence subcommittee, Mr Grace, strongly holds that view. I think it is right and proper that we do so. We cannot do it in ignorance.

I say again to the minister: I am disappointed that I have not been able to understand what happened with the process of Army 21 and why you have made the decisions. Maybe one can

be critical in ignorance but I confess to you that I am in ignorance. I want to understand what it was that the Army 21 task force arrived at and what it is that we are looking at implementing on a trial basis, or to get a sense of how they will go.

I hope in this year of the parliament that other parliamentarians, even if they are only on the opposition side—but I suspect that they may be on the government side as well—will have the opportunity to genuinely be briefed, understand, question and try to make sure that we all have a solid grounding on what it was that the ADF recommended to the minister and why the decisions were taken. In that way we can report that yes, this is something that is in the best interests of the ADF and that it is critically important to the Australian nation.

I should have mentioned also—the shadow minister also mentioned it, and it is a bit embarrassing to me—the merging of the three operational headquarters of land, maritime and air. We certainly had that in train and I too would be interested to know where that is going. I say it is embarrassing because I notice that we have a couple of people from the RAAF and I have yet to visit the closest command centre at Glenbrook, which is operated by the air commander. I hope that in 1997 I can visit Glenbrook and see the good work that goes on there.

There is one other thing I want to comment on. It relates to schedule 3 where we are imposing a return of service obligation on people of the rank of major, or its equivalent, when they are promoted to lieutenant colonel and their resignations, in effect, are then able to be rejected. I understand why we start putting on return of service obligations but I must say I have some reservations. I just say to the minister that perhaps this is an area that he should review in 12 months or two years time.

If you have a senior officer who is being forced to stay at lieutenant colonel or colonel level in the services for 12 months when it is his intention and wish to resign, I find it hard to believe that we are getting the best value for money. It is hard to get motivated and inspired service from them. That is not a reflection on them; it would apply to people in any similar circumstance. A return of service obligation has usually been associated with people on whom Defence has spent an enormous amount of money, as it does for the training of officers particularly. For example, it costs about \$308,000 just to get one officer out of ADFA, and that does not include their further training in the services and further skill training if that is appropriate.

People have come to accept that at that level it is appropriate to put a return of service obligation at the initial training. However, at senior levels, trying to force people to stay there for 12 months I do not think is really clever. It is said that this gives the services some stability. I am not sure I would agree with that argument. If there is a two-year posting cycle, you are copping a resignation in the middle of a posting cycle. I would have thought, and maybe I will be corrected on this, that if you have a resignation at the beginning of a posting cycle rather than in the middle of it, it is much easier to accommodate.

As I said before, I am not trying to make a song and dance about it. I suggest to the minister that two years down the track he should probably have another look at that and see whether or not it has been a successful measure or whether, with hindsight, it has not been successful.

The Defence Legislation Amendment Bill represents announcements made in January 1996. The world has moved on quite a bit since then, but we have the legislation and the opposition is supporting it. There is nothing particularly contentious in the legislation. I notice that the

right honourable member for New England (Mr Sinclair) has raised the issue of industry policy. I will not get on to that—I will spare people from that!

The shadow minister has raised the issue of combining the single-service command centres. That is a reasonable thing to raise. For my part, in talking about the mobility between the three services, I am looking forward to that. The harder nut to crack is the issue of mobility between full-time and part-time work and opting out. How do we get the best out of young people? In today's environment, how do we make the ADF an attractive and flexible service which is able to accommodate the increasing demands made on families, where there are choices for the partners as to whose career should predominate at what particular time? I am looking forward to that. I have also raised the issue of Army 21. I support the bill.

Mr ZAMMIT (Lowe) (12.17 p.m.)—I rise to speak in support of the Defence Legislation Amendment Bill (No. 2). This is a very straightforward bill. It has the support of the opposition. It is very much a housekeeping bill. I want to make some general comments on it.

Prior to the May budget, all the members of the House of Representatives have been approached by constituents, associations and organisations who feel that some changes have occurred to their funding. One of the first things they noticed was that the defence budget was virtually untouched. They seemed to home in on that. They said, 'We're not under threat as a nation. No-one has demonstrated in any way, shape or form that we are under threat, either in the short term or the medium term. Why not cut the defence budget and assist us in continuing to provide the services that we believe our supporters and our friends are entitled to?'

I feel very strongly that the defence budget should not be touched. In fact, I think it should be enhanced. We are a nation that is surrounded by water. We have a huge coastline. In many respects, the external problems we have in Australia come not through the general ports—not through the airports or the seaports—but through the coastline that is not protected sufficiently, and it cannot be with the limited budget that we have.

For instance, illegal immigrants come into this country. Who knows how many have come in? Who knows where they are? Who knows what they get up to? Illegal drugs do not come into Australia through the seaports; the largest amounts come through the unprotected coastline areas. The cost of a very large defence force is astronomical, but it has to be. It is part of the price that we pay to be, and to remain, a free nation.

Reading the bill, I was astounded to discover that personnel who want to transfer from one service to another actually have to resign. I could not believe that that was occurring. Mobility between the services is absolutely vital, especially now that knowledge of high technology is also vital to interchange between the services. It is a very important change that is being proposed in the bill.

I cannot quite understand why it is necessary to have the consent of a member of the service to transfer from one service to the other if it is requested by his or her superior officers. I do not see why the consent should be required. However, if that is something that is requested for the smoother operation of the services, then I suppose that has to be, but it is not something that I am too fussed about.

I note that a service chief can delegate authority to someone holding a rank above that of a brigadier or equivalent. I suppose that is to ensure that the highest authority is in place when providing for these transfers. I also note that the third set of amendments is a provision that

will ensure that someone who has been promoted will continue to serve the defence forces for a period of 12 months or more. That will stop them from moving on to other pastures.

I would like to commend the Minister for Defence (Mr McLachlan) for ensuring that, at the very least, we have the most efficiently run service with a very large budget and that it is not left, as it was in the past, to the service chiefs to do what they think is the appropriate thing to do. I think it is important that we bring in new management techniques as the cost of running the defence budget gets higher and higher because of the increase in technology. So I am very pleased to be here to support the bill and I commend the minister for putting forward something that I think is long overdue.

Mr DONDAS (Northern Territory)(12.21 p.m.)—I am happy to rise in support of the Defence Legislation Amendment Bill (No. 2) as I have pleasure in hosting many defence facilities in the Northern Territory, as you would be aware, Mr Deputy Speaker. At the same time, I have had the opportunity of meeting many of the defence personnel. My particular interest, of course, is my constituents. Hopefully, I will be much better informed after speaking to them, and I will bring some of their concerns to the attention of the Minister for Defence (Mr McLachlan).

It is very important to take note of the intention of the bill, which is to provide for direct personnel transfers between the three arms of the Defence Force, to change the titles of the service chiefs of staff for each arm of the Defence Force, to necessitate newly promoted officers in the major and equivalent rank to serve not less than 12 months in that position, and to give the Governor-General the power to delegate to service chiefs the authority to make limited tenure promotions.

There are almost 4,500 Australians currently serving in the defence forces in the Northern Territory. This includes about 3,200 uniformed staff, 900 reservists and 390 civilians. I believe the number of personnel stationed in the Northern Territory will keep increasing until the year 2000. They are stationed in places like the RAAF base at Tindal, the Larrakeyah and Robertson army barracks, the home of Norforce at HMAS *Coonawarra*, and the Darwin naval base.

The coalition has always supported the Australian defence forces and is committed to the continuing improvement of our defence forces and the conditions under which its personnel serve. This commitment is reflected in the provisions of the bill.

Firstly, the command structure of the Defence Force is being modernised to reflect the military's role in Australia into the 21st century. These changes are being introduced in stages and, when complete, will see a structure identical in peacetime to that in times of war. This includes changing the title of chief of staff to chief of navy, chief of army and chief of air force.

Secondly, and importantly for my electorate, this bill will allow for the transfer of personnel between the different services. At the moment, there is no legislative framework for this process, and I have found that to attempt to transfer is depressing and dispiriting for many members of our defence forces.

I have often seen many personnel who want to transfer, for whatever reason, and who discover that the process they have to endure is so involved and painstakingly slow that they often end up staying where they are and being unhappy or they leave the service altogether, depriving the force of their talent and training. To transfer from one force to another requires the person to formally resign from one service and re-enlist in another service, occasionally

at a loss of rank or benefit. Not only is it a slow and difficult process for the service members, as I have mentioned, but it is a very costly administrative process.

As a result of these problems, this bill will allow for the direct transfer of personnel between the services. This is welcome news to many of our service men and women and it gives them more flexibility in their careers and a wider scope for training and advancement. Provisions in this amendment include ensuring that any return of service obligation of a transferring member will apply after transfer in the new service. Leave entitlements also flow over into the next service.

The chiefs of staff will have the power to delegate the authority to approve transfers to an officer of brigadier, commodore or air commodore rank, as appropriate. This bill also provides for the requirement of 12 months service by certain officers after they have been promoted. These provisions have been designed to increase efficiency and personnel management. Finally, on an administrative level, these amendments allow the Governor-General to delegate to service chiefs the power to appoint limited tenure promotions. The Governor-General has already delegated his power to promote officers in the ADF, but not of a limited tenure.

The direction of our defence forces in the next century is a matter in which I take great interest. This bill is another election promise delivered. The coalition policy in this area at the last election was quite clear. It said:

“The Coalition believes that it is the efforts of our highly dedicated Defence men and women which underpin the defence of our national interest. We value that effort and would place the highest priority on ensuring that a fair, satisfying and valued career is available to all who volunteer to serve their country.”

That statement is on page 22 of the Liberal Party defence policy.

Another policy which is good news to service men and women in my electorate—and I suppose it is because of the climate—is the option of back-to-back postings, where appropriate and not at the expense of career advancement, in order to reduce the number of times a family must relocate from one base to another. This bill is another sign of the coalition’s commitment to our defence forces and their personnel, and I take pleasure in commanding it to the House.

Mr SLIPPER (Fisher) (12.28 p.m.)—I thank the honourable member for Groom (Mr Taylor) for deferring to me in this debate as I have a luncheon guest; his generosity is greatly appreciated. This is one of those bills which enjoys the support of both sides of the parliament and it is often not recognised in the Australian community how many pieces of legislation come to this place supported by representatives of the people elected from both sides of politics.

Happily, the area of defence has in many respects been a bipartisan one, and oppositions and governments often work together to ensure the best policy outcomes for the defence of our nation. The coalition has come to government as a result of the March election with a commitment to improving the management of our defence. Of course, we must continue to look at the structure of the defence forces and we ought to ensure that that structure best meets the needs of the defence forces for the future.

When I interjected on the honourable member for Brisbane (Mr Bevis) he asked me if I was interested in seeing the defence forces go down the path of the Canadian defence force. I want to place on the record that I am very strongly opposed to that and I believe that the proposition contained in this bill will give Australia the best of both possible worlds. We retain the single service arrangement, whereby we have the Royal Australian Navy, the Royal Australian Air

Force and the Australian Army. Yet we are finding, as a result of this legislation and earlier legislation, that increasingly we are now having a streamlined order of command to make sure that our three services work together, that the community gets the benefit of efficiencies and that we have in peacetime, as in time of war, the same level of command.

Other speakers have drawn our attention to how important it is in this day and age to permit ease of transfer among the services. As the honourable member for Lowe (Mr Zammit) indicated, it is absolutely crazy that, until now, a person who wanted to switch from one force to another had to resign and then rejoin.

The reforms contained in this bill are certainly very positive. Other members have highlighted various aspects of the bill and I do not intend to go over those. However, I want to briefly refer to one aspect that concerns me. I am told that this concern has been apparent in legislation of this parliament since 1976. I am worried by the fact that the correct titles of the Royal Australian Navy and the Royal Australian Air Force do not appear. Indeed, these forces are referred to as the Australian Navy and the Australian Air Force. In others words, the AN and the AAF rather than the RAN and the RAAF. Yet everyone in Australia knows these very fine services by their official titles.

I am told that the correct titles of the Royal Australian Navy and the Royal Australian Air Force have not been used in legislation since 1976. I think that is a mistake. This country is having a debate on its constitutional future and, as I look around the room, I dare say that all sides of that debate are represented in this chamber. But, in my view, it is a mistake to preempt the outcome of the constitutional debate. The former government was responsible for that when it changed the citizenship pledge, and scrapped the crown on many of the insignia of the nation and replaced it with the federal star.

I believe that the constitution and our constitutional future are the property of the Australian people. We are going to have a people's convention and, ultimately, the Australian people will vote on whether to retain our present system—which has delivered freedom, stability and a way of life which is the envy of people throughout the world—or whether we want to change. I think it is important that governments recognise that until a change is made the pre-existing system should be honoured. I believe the former government got right out of sync as far as this is concerned when it was in office.

I was concerned when I saw that the wording of the particular legislation we are debating was drawn up by the same people who drew up legislation for the former government and that we had not picked it up. However, I am assured that this failure to refer to the Royal Australian Navy and the Royal Australian Air Force by their correct titles has been a practice since 1976. I do not think it is a good practice and I would ask that the Minister for Defence (Mr McLachlan) look at this with the drafting of further legislation. I think important national institutions are entitled to be known publicly and in legislation of this parliament by their correct titles. If one can be correct, why not be correct? Why be incorrect by choice?

Having said that, that is a relatively minor matter. This is an important piece of legislation that is supported by both sides of the parliament. The minister is to be commended for continuing with this legislation. After its implementation and carriage, we will see an even more efficient Australian Defence Force. I think the minister ought to be congratulated and I would urge that the parliament support this legislation unanimously.

Mr TAYLOR (Groom) (12.34 p.m.)—As previous speakers have indicated, this is a non-controversial bill. However, I think it is appropriate that in the context of this debate a number

of more fundamental concepts, more fundamental issues, should be highlighted. I welcome the opportunity to do that, particularly as the Minister for Defence (Mr McLachlan) is in the committee room with us this morning.

I want to go back to a couple of points that were made by previous speakers, in particular the honourable member for Brisbane (Mr Bevis) and the honourable member for Chifley (Mr Price). Mr Bevis made the point that the change of titles referred to by previous speakers were symbolic. I say to you, Mr Deputy Speaker, and indeed to the minister that, if they are symbolic, why have them? My fundamental point is that if it is just a name change, why have it at all? I think there are far more issues relating to command and control and, indeed, more fundamentally, to defence and security policy approaches by the previous government and by this government, and the way we are heading in terms of our strategic approaches.

So I take the opportunity not only to support the general thrust of the bill, all four elements, but particularly to make some comments about the name change and to make some comments about the transfer between the services, because, whilst they might seem inconsequential, there are some reservations out there in the ADF at the moment that perhaps doing these sorts of things is giving the impression that we may be tending towards some sort of Canadian concept, and I want to say a little bit about that in the context of this debate.

There are two things that I particularly want to raise, and they both relate to speeches that have been given: one by the minister, and I am delighted that he is here to hear me reiterate some of those; and, secondly, something that the Chief of the Defence Force, General John Baker, said in, I think, one of the most important speeches given last year by a serving officer, and that was the speech given at the National Press Club late in the year about future challenges for the ADF.

What I want to just quickly point out to the Main Committee, and indeed remind the minister and reiterate for the minister's benefit, is some of the things that he said in a speech to the RSL back in September last year. When he talked about the three interwoven strands in developing defence and security policy, he talked about maximising self-reliance in defence and about directing spending to the combat forces. In doing that, he reminded the RSL that only 1.9 per cent of GDP is spent in this year's budget. He said:

Quite simply, there is no argument to say that our spending should be cut from this already low base. I would like to hold the minister to that commitment in the context of the lead-up to the 1997-98 budget.

He went on to make some comments about reinvigorating the Australian-American alliance, cooperating with friends and allies in the Asia-Pacific, and also—and this is the important part of the speech, in my view—he went on to talk about the defence reform challenge. He said: I did not launch into the Defence portfolio with an instant agenda for making sweeping change. The task I set myself for the first six months as the minister was to become as familiar as I could with the defence organisation, to visit the bases, to meet the people, to run a fine tooth comb over the balance sheets, to understand the strong culture of the organisation, to find areas where the system was working well and to find the problem areas where change is needed.

He went on to say:

I have watched defence decision making processes in operation and have been enormously impressed in some respects. I have asked a lot of questions of the defence military and civilian leadership about what they thought were the problems and the future directions of the Australian Defence Force. I have listened closely to their variety of answers. At the end of this process I can say to you that there is a pressing need to make big changes in defence.

I have to say I would agree with that. He went on to say that preserving the status quo is not an option. I strongly support what he has had to say on that.

At the Press Club, General Baker made some very wise comments, as he is wont to do from time to time, in relation to the future challenges. I would like to read into the *Hansard* record what he said, in part:

What has happened with the end of the cold war is that we have gone from a period of relative predictability into a period of some uncertainty. An era in which newer strategic alliances and arrangements have not yet matured. An era in which today there are about 30 places in the world in which people are being killed in various forms of conflict. This has come about because with the release of the pressures of the cold war old traditional sources of conflict have been allowed to rise to the surface.

He then went on to set out the strategy in five broad directions. The first central theme was that the ADF would be structured and organised to develop capabilities for the self-reliant defence of Australia—and the minister has something to say about that in the RSL speech that I have just referred to.

He said that the second element is regional engagement. He went on to say that we are broadening our relationship away from the central defence core of training and exercising in two directions—the enhancement of strategic dialogue and also the opportunities to cooperate with the region in material and logistic areas.

The third element of our policy approach, he said, is to preserve our alliance and traditional relationships with the United Kingdom, the United States, New Zealand, et cetera. Fourthly, he said, our strategy is that we will do what we can as a nation in the Southern Hemisphere to assist in global stability, and he went on to talk about one or two dimensions of that global stability.

Finally, the fifth element was the important one that we will, as an ADF strategy, move towards what I call national defence. This in turn has two elements. The first is the coordination of defence policy with other forms of national policy—foreign policy, economic policy and so on—so that we have a national approach in our region with a comprehensive view of the world. The second is to make use of the resources and capabilities of the Australian community at large.

That is a very important speech. It is, as one would hope, very consistent with what the minister had said to the RSL six weeks or so before that. In considering these four amendments today, as relatively insignificant as they are, it is worth reinforcing some of those views because it is important that we do not lose sight of the ultimate aims and objectives in terms of our national defence and security.

I did also hear both the member for Brisbane and the member for Chifley referring to the new command arrangements, in particular the position of Commander Australian Theatre. Both referred to the need for discrete buildings and the expenditure of many millions of dollars for that. I would only say to the minister—who I am sure in his wisdom will be considering all the options—that in my view that is not the way to go. As the right honourable member for New England (Mr Sinclair) indicated, we should be looking seriously at the enhancement of existing facilities.

I have to say also to the minister that I question the fundamental concept of a Commander Australian Theatre in view of the defence efficiency review, about which I am going to talk in a few minutes. We seem to be building up yet another level of operational bureaucracy which I think the ADF can well do without. The minister may disagree with me on the balance

of advice from military and civilian staff in the department, but I have to say to him and to you, Mr Deputy Speaker, that there are some concerns about that overall concept. We will shortly see it exercised in part, as I understand, in the exercise Tandem Thrust in the Shoalwater Bay training area. Nevertheless, I have to say to you and to the minister that I have some deep reservations about that concept.

There are two elements that I want to reinforce in the short time available today. They are, firstly, the defence efficiency review, the so-called McIntosh review, and, secondly, something that the honourable member for Chifley raised, Army 21. They are two of the most important developments—certainly domestic developments—that we have seen in the defence portfolio for a long time. We have to get it right. There are a lot of challenges in terms of what Malcolm McIntosh has before him.

For the benefit of the committee, I would like to read into the *Hansard* record some suggested challenges by Professor Paul Dibb that came out in the *Australian* in November last year. Undoubtedly, Malcolm McIntosh will be looking at these and many others. Professor Dibb said that we need:

- . A review of the size, purpose and effectiveness of the key defence committees—something the right honourable member for New England referred to earlier—
- . Rationalisation of the eight management programs in defence . . .
- . Radical streamlining of the capital-equipment acquisition process . . .
- . Detailed review of the growing duplication between the three single services and Headquarters, Australian Defence Force . . .
- . An inquiry into efficiency and effectiveness of the force structuring process . . .

His next point is greater commercialisation, and he points out that a lot has gone down that commercial support program road in recent years but there is a lot still to be done. Finally, and this is something that has been raised by a number of the earlier speakers, he calls for:

- . The development of a new defence industry policy that ensures shorter and more cost-effective equipment decisions and acquisition cycles.

One thing that Professor Dibb does raise, with which I totally disagree—and I have heard implicit reference to it by earlier speakers—is where he said:

There is no reason, however, why the efficiency review should not question other out-of-date management arrangements—

I have no difficulty with that—

such as the continuing need for the three single service chiefs, when we have a maritime commander, a land commander and a air commander.

I say specifically to the minister: that, in my view, will be a totally retrograde step, if in fact we get to that situation. I hope that Mr McIntosh and his committee, if they do address some of these very fundamental issues, will realise, as I am sure Malcolm McIntosh with his background will—some of the others in that committee may not to the extent that he does perhaps—that it is very important that we understand the traditions and the practices of the single services.

The last thing that we want, Minister, as a product of the McIntosh review, is the Canadian model. Whilst I understand the need for more jointery, I understand what General Baker and CDF are saying about the need for that to place the land, air and sea resources more appropriately under Headquarters ADF and under individual commanders. If there is any

suggestion that the three service chiefs—and I come back to one of the elements of this bill—is just a change of name and that is all it is, then that change of name is just not worth it. We have to look at more fundamental issues.

I wish Malcolm McIntosh every success. I know it is a short fuse for him to report to the minister. I think it is due about the middle of next month. It is a very large study, but I am sure that, with his background and his demonstrable competence, he will be able to come up with something. Whilst I am sure the minister has had initial reports from him as to what progress he is making, I wanted to reinforce that point that, in my view—and a lot of people would share that view—we must not destroy the single-service traditions within the ADF simply for some sort of rationalistic approach. That might work in private industry but, I have to suggest, it would not work within the ADF environment.

I just want to make brief mention of Army 21, although I know that is not strictly the new terminology that is being used. I have to say to the minister that I share the concerns that I heard the honourable member for Chifley raise in relation to how that concept is being developed, how management decisions were taken at the military level, what advice he as minister was given and under what conditions he made the decisions that he did. I am not suggesting that they are not decisions in the right direction but as a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade I am sure I speak for all of my colleagues on both sides of the House in saying that we regretted—indeed, to a certain extent we still do—the extent to which we are flying blind in terms of what is happening with the army into the next century. We hope, as a result of further briefings, that communication will be enhanced.

Mr Deputy Speaker, I want to finish by saying that I support all elements of the bill. My final point relates to transfers between the services which was referred to by earlier speakers. I come back to some sort of Canadian approach. I hope that in reaching what I think is a very reasonable approach to transfers between the services that does not give any sort of thin edge of the wedge but that it will enhance the one-service approach. I think the minister understands the point that I am making and I hope he will cover that in his summary. I thank the committee for its time, and I support the bill.

Mr LINDSAY (Herbert)(12.51 p.m.)—I will take a couple of moments to make some comments on the Defence Legislation Amendment Bill (No. 2), particularly in reference to the interservice transfers between different arms of the Defence Force. It is a matter that I get representations on from time to time. As honourable members will know, my electorate in Townsville covers the largest ADF facility in the country and that is why I get—and welcome—these representations. I also welcome the presence of the Minister for Defence (Mr McLachlan) here this afternoon. He is certainly a big supporter of Townsville and the ADF in that city, as also is Bronwyn Bishop, the Minister for Defence Industry, Science and Personnel.

It is no secret that recruiting levels throughout the Australian Defence Force have been in decline for some years now. In certain arms of the ADF it has been particularly difficult to retain highly qualified personnel after their training periods have been completed. The RAAF, as we all know, has been particularly vulnerable to this bleeding, with highly trained, highly skilled pilots being lured away by commercial airlines.

I do not mean to suggest that the amendments contained in this legislation will put a stop to the RAAF's personnel problems, but what I hope it will do is give service men and women

in all branches of the ADF a much wider range of options when they reach that point in their careers when they start looking at other career choices. Anything that can be done to facilitate that transfer of service between one branch and another should be encouraged and, indeed, implemented. As a result, hopefully, that will also have the effect of encouraging service personnel to remain with the ADF.

It is a fact of life that people need new challenges, of course, to keep them interested in the line of work that they do and have chosen. For defence personnel, hopefully some of those new challenges can be found in other branches of the service and we find, in time, that there is a stemming of the talent drain out of the ADF into mainstream commercial and civilian life.

Mr Deputy Speaker, I think that the changes being debated in relation to this particular aspect of the legislation are both positive and overdue. Certainly the information that is being fed back to me from Townsville is that they will be welcomed by members of the ADF, as I am sure they will be welcomed by ADF personnel throughout Australia. Thank you.

Mr McLACHLAN (Barker—Minister for Defence) (12.54 p.m.)—First of all, I thank everybody for their contributions on the Defence Legislation Amendment Bill (No. 2). I notice that the shadow minister, the member for Brisbane (Mr Bevis), said that this was a good bill. I thought he was going to go on and say it was because it was a short bill, but then he justified it for all the reasons that it is a good bill. I do not want to go over any of the comments that I made in the second reading speech, but I will make some comments on some of the interesting suggestions that were made by members on both sides of this room.

First of all, I will comment on the suggestion—or demand, really—of the member for Brisbane that we tell him exactly the location of the new Commander Australian Theatre—that is, where the bricks and mortar are going to be, what is it going to look like and the rest. In the process of further debate I noticed that the right honourable member for New England (Mr Sinclair) and others were not so keen on this idea of new bricks and mortar.

I might say that I have had some talking points given to me by the department, one of which says, ‘An operational level headquarters will be constructed on a site yet to be selected.’ I have to say that one, luckily, has the luxury of disagreeing with one’s department on occasions, and I am not convinced—and I have said this many times to many people—that every time we construct a new system or put a new group of people together that we have to go and build some new bricks and mortar. Whether we do so or not, I have to say that at the present time we simply do not have the luxury of the financial and budgetary arrangements to necessarily do all these things.

Last year I went to visit Admiral Joseph Prueher, who is the Commander-in-Chief of CINCPAC. He operates out of a 1937 hospital—I might be corrected, but it was built somewhere around that time—which has been adapted for use by the fellow who runs the whole of the Pacific for the US. I really have to say that I am rather worried about the fact that, in the past, we built our new ships; we have built them for but not with necessarily the right systems, that we have said, ‘Right, we are going to change this. We will build a new building,’ but actually we have lots of old buildings. Quite frankly, I am not convinced in any way at all that bricks and mortar maketh the improvements that everybody thinks. I think it is the will and the ability to adapt and adopt that make those sorts of changes. I remain to be convinced. I notice that several other members made the same comment on the subject of bricks and mortar.

The member for Chifley (Mr Price) made a very interesting and useful contribution, which has been much discussed, I know. He has mentioned to me before the matter of full-time and part-time mobility—the flexibility, if you like, to move in and out of the defence forces on a short tenure basis, or even to come back into employment with the Defence Force after having been out for a long time. I think it is an absolutely essential matter that we have to address. It is not all that easy to address the solutions, but we are working on that. I thought his contribution was very valuable and I agree with his comments totally.

He asked me to explain, as did the member for Groom really how Army 21 was going to work. I do not want to be pedantic, but Army 21 was really the studies that were done over the last two years which came to the conclusion, in a very self-critical way, that the army was inadequate and, if you like, had been left behind in Australia in the previous 10 to 15 years. We did not have the alternative of standing still.

There were some propositions put to me about a number of task forces which would be raised up, almost in a horizontal fashion, around Australia, that we would improve the quality of the reserves almost at the same time. Quite frankly, when we looked at the cost of doing it, however desirable, it just was a financial impossibility, apart from the argument about whether or not this was exactly the way to go.

What in fact has occurred is not an experiment, but a trial—most certainly a trial—where we are moving, as was the case, the arrangements in the territory more towards a task force and the arrangements in Brisbane more towards a task force. Certainly in a fledgling sense, the same will rise from the ground in Perth.

At the same time, much has been made of the fact that the reserves in this country are simply not an adequate addition to the regular forces that we have at the present time, that they are not up to the standard of training necessary and so forth. I am not saying that this is a last try, but we just simply have to get the reserves up to the level where they are a very useful and helpful addition to the regular forces. That is not easy; there are plenty of countries around the world that have had trouble doing that. We are going to put an extraordinarily heavy effort into some areas. The first and major area will be Victoria, where we have had a very poor performance with the reserves in the past, in a state with our second biggest population.

I have to say that we have to make these changes in the army. If I have to define what needs to be done, it really comes around to this word 'mobility', both national and international mobility. We have to provide the facility to be helpful and useful and well regarded and respected partners of our allies if we decide that we are going out there to do a United Nations job or whatever. Most of us in this room would agree that that is not necessarily the case right across the services and it was less the case in Army than in the other two. I could go on and on about Army 21 but I will not do so because of time but the fact is we had something that was simply not working properly and we have to make moves towards fixing it.

I notice the member for Lowe (Mr Zammit) said that the budget required by the Australian Defence Force should be enhanced. I do not know that many people in this room would disagree with that, I certainly do not. The fact of the matter is that we just do not have the luxury of doing that at the present time. We have a budget deficit problem. We are now down to where we are facing under 1.8 per cent of GDP over the next two or three years, depending on what happens to the GDP, which is certainly the lowest since 1938. We do not want to

get into the situation that other countries that we know about have faced when their expenditure went too low.

Perhaps I could wind up by simply saying that we have made a small start towards changing some of these arrangements, the command arrangements and others. I do regard the defence efficiency review as a very important next step. I will not go over the remarks that the member for Groom quoted that I had made in the past. I have to say we are in this very difficult position of no more money. We are having to produce more output to be able to comply with our national obligations and our international obligations. Therefore, the only way to do that is to make sure that every single dollar we spend is expended in the way of increasing that output.

In the process of doing that I might reassure the member for Groom that I have no intention whatsoever of changing the single service traditions. We will not be getting to the Canadian situation in any way at all because, quite frankly, apart from anything else, if we are silly enough not to take the example of their disaster and learn from it then we are very silly indeed.

In conclusion, I thank people for their very valuable contributions. I get these contributions in these sorts of debates from both sides of the House because, as has been mentioned here, there is a very helpful, very lively, mostly bipartisan approach to defence. That is the way it should be and I appreciate that very much. I commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Bill—by leave—reported to the House without amendment.

Main Committee adjourned at 1.04 p.m.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Labour Market Programs: Funding Cuts (Question No. 866)

Mr Griffin asked the Minister representing the Minister for Employment, Education, Training and Youth Affairs, upon notice, on 28 October 1996:

(1) Is it a fact that 160 days have elapsed since question No. 195 was placed on the *Notice Paper* on 21 May 1996.

(2) When will the Minister provide an answer to the question.

Dr Kemp—The Minister for Employment, Education, Training and Youth Affairs has provided the following answer to the honourable member's question:

(1) Unfortunately the answer to Question 195 was delayed due to a number of factors including work associated with the 1996-97 Budget and public consultations for the new employment assistance arrangements.

(2) The answer to Question No 195 has been provided to the honourable member.

Small Business

(Question No. 867)

Mr Rocher asked the Minister for Small Business and Consumer Affairs, upon notice, on 28 October 1996:

Further to my question without notice to him (*Hansard*, 15 October 1996, page 5251), does stimulation of export opportunities feature in his plans for small business; if so, how will it be achieved.

Mr Prosser—The answer to the honourable member's question is as follows:

Yes, stimulation of export opportunities is part of the Government's plans for small business. The Government recognises that Australia's long term prosperity depends on the ability of firms, both large and small, to compete successfully in overseas markets.

The Government is determined to ensure that the domestic economic environment is conducive to firms to compete internationally. In the Budget, we introduced measures to address the deficit, and to

keep inflation between two and three percent and interest rates as low as possible. The Government is proceeding with a reinvigorated microeconomic reform agenda particularly in industrial relations and the transport sector. These measures will help keep business costs down.

I am working with my State and Territory counterparts to reduce the paperwork and compliance burden on small business as this also will help reduce business costs and enable the owner/operators of these firms to concentrate more time on their core business activities.

The Government is determined that the assistance it provides to small and medium enterprises (SMEs) brings long term benefits and sees the primary aim of its programs being to impart the skills and experience necessary for firms to compete successfully in export markets.

The AusIndustry Enterprise Improvement programs assist firms to raise their efficiency through the adoption of best practice business and management techniques. The Government has retained Export Access which provides advisory services to firms with little or no export experience to assist them to become export ready and to develop business partnerships in one overseas market.

At the international level, the Government, and in particular the Minister for Trade, the Hon Tim Fischer MP, is working to open export opportunities for Australian SMEs through negotiations in multi-lateral fora, including APEC, and bilaterally.

Emirates Airlines: Unlawful Discrimination Complaint (Question No. 876)

Mr Jenkins asked the Attorney-General and Minister for Justice, upon notice, on 29 October 1996:

(1) Has his attention been drawn to a recent complaint of unlawful discrimination against Emirates Airlines to the Victorian Equal Opportunity Commission by two Victorian men.

(2) Is it a fact that the case has highlighted a loophole in Victorian equal opportunity and anti-discrimination legislation in relation to foreign-based companies.

(3) Does (a) a similar loophole exist in relevant federal legislation or (b) the case have implications

that require action by the federal Government; if so, what action will the Government take.

Mr Williams—The answer to the honourable member's question is as follows:

I have been made aware of the case involving Emirates Airlines and a complaint alleging discrimination in employment. This is a case which is currently the subject of an inquiry before the Victorian Anti-Discrimination Tribunal and is scheduled for hearing in early 1997. As proceedings are confidential at this stage, it would be inappropriate for me to comment further. However, I await with interest the outcome of the Tribunal deliberations.

Cultural and Artistic Organisations: Electoral Division of Chifley

(Question No. 906)

Mr Price asked the Minister representing the Minister for Communications and the Arts, upon notice, on 5 November 1996:

(1) Which cultural and artistic organisations (a) in the electoral division of Chifley and (b) outside the electoral division of Chifley but which provide services to residents of Chifley, are receiving grants or other forms of assistance from the Commonwealth.

(2) What is the (a) name, (b) location and (c) sum provided to each organisation referred to in part (1).

Mr Warwick Smith—The Minister for Communications and the Arts has provided the following answer to the honourable member's question:

(1) and (2) From 1 July 1993 to 30 June 1996, the following artistic organisations/individuals in the electoral division of Chifley received grants from the Australia Council:

Name	Location	Sum Provided
Mr A S Ritchie	Bidwell	\$5,000
Mr G L Shillingsworth	Doonside	\$2,000
Cook Islander Women and Girls Cultural Group	Mt Druitt	\$5,454
Garage Graphix Community Arts	Blackett	\$55,550
Garage Graphix Community Arts	Blackett	\$45,000
Garage Graphix Community Arts	Blackett	\$49,816
Garage Graphix Community Arts	Blackett	\$55,000

There are no such organisations located outside of Chifley specifically funded to provide services to the residents of that electoral division.

Inland Rail Bridge Project

(Question No. 946)

Mr Cobb asked the Minister for Transport and Regional Development, upon notice, on 18 November 1996:

Has his attention been drawn to the Inland Rail Bridge Project; if so, what (a) routes and segment distances are proposed, (b) would be the cost of constructing the unfinished segments of the line and (c) volume of freight would use the completed line.

Mr Sharp—The answer to the honourable member's question is as follows:

Yes.

(a) According to a report prepared for Queensland Rail's Freight Group, the proposal would use the existing standard gauge line on the route Melbourne-Albury-Junee-Parkes-Dubbo-Coonamble.

It would then require a new route from Coonamble to Wee Waa, and then to Bellata or Narrabri (150 km). It would follow the existing standard gauge line from Bellata/Narrabri to Boggabilla via Moree, then require a new standard gauge line (124 km) to the Queensland border. From there to Brisbane via Toowoomba (355 km), the existing narrow gauge line would have to be converted to dual gauge.

(b) The Bureau of Transport and Communications Economics (BTCE) has undertaken a study of the costs and benefits of an inland rail route. According to that study, the cost of constructing new sections of line would be \$1.26 billion.

(c) According to the BTCE, an inland rail route, with upgraded connections to coastal towns and the existing rail line, would have carried 12.6 million tonnes of freight in 1994/95. The inland rail route with no additional upgrading to existing lines would have carried 11.7 million tonnes.

Austudy: Rental Assistance
(Question No. 947)

Mr Peter Baldwin asked the Minister representing the Minister for Employment, Education, Training and Youth Affairs, upon notice, on 19 November 1996:

(1) Were Austudy rent assistance payments or applications for payment not processed for a period in 1996; if so, (a) when, (b) which Austudy offices were affected, (c) how many clients were affected and (d) was the reason for the stoppage a computer failure causing the payments and applications to be processed manually.

(2) Is it normal procedure to process payments or applications manually, if not, why not.

Dr Kemp—The Minister for Employment, Education, Training and Youth Affairs has provided the following answer to the honourable member's question:

(1)(a) Due to a complex computer programming problem, the processing of AUSTUDY rent assistance payments to a small number of eligible students was temporarily delayed for a period in the second half of 1996. The problem affected only those students who qualified for their first rent assistance payment from about 9 August 1996. Students' living allowance payments were not affected at any stage. The problem was first reported by a Student Assistance Centre (SAC) on 23 August 1996, and finally resolved on 25 October 1996.

(b) There are 28 SACs around Australia. While all SACs use the same computer system to process Rent Assistance applications, not all would have had students affected by the problem.

(c) AUSTUDY rent assistance payments have been made to some 8,000 students in 1996. Only a small proportion of this number (ie, those qualifying for their first payment in the period August–October 1996) would have been affected by the delay in payments. A precise count of numbers affected is not readily available.

(d) The problem was the result of a fault in computer programming. While affected students may have suffered some delay in Rent Assistance payments, all have now received any back-payment due.

(2) As any reported computer problem is usually rectified within a short period of time, there is usually no need to process applications manually. However, when it became apparent that in this case there would be a longer delay than usual, SACs were advised to process payments manually until the problem was solved.

Australian Defence Force Infrastructure: Aboriginal and Islander Communities
(Question No. 958)

Mr Bevis asked the Minister for Defence, upon notice, on 20 November 1996:

(1) Did the Minister for Aboriginal and Torres Strait Islander Affairs announce that the Australian Defence Force (ADF) will provide certain infrastructure to Aboriginal or Islander communities; if so, which projects will the ADF be undertaking.

(2) In each project identified in part (1), (a) what is its location, (b) how many military personnel will be involved, (c) from which unit or units will the personnel come, (d) what is the total cost of the project, (e) what portion of the cost will be assigned to each Commonwealth Department, (f) what is the amount and source of any funds other than those apportioned to the Departments identified in part (e) and (g) when will work on each project (i) commence and (ii) finish.

(3) Will his Department receive any supplementation of funds for the projects.

(4) What changes to planned training or other operational activities are required for the projects to be undertaken by the ADF.

Mr McLachlan—The answer to the honourable member's question is as follows:

(1) The Minister for Aboriginal and Torres Strait Islander Affairs, at the Lyons Memorial Lecture on 15 November 1996, announced an initiative for the Army to assist in addressing priority water and environmental health needs, identified by ATSIC, in a number of remote Indigenous communities. Preliminary work has begun on identifying likely projects. Before projects are finally decided there will need to be detailed negotiations with the communities concerned, agreement on the method of delivery and discussions with the relevant State/Territory Governments.

(2)(a-g) Details of Army involvement, works information and cost attribution will be consequent on final decisions on particular projects and agreement by the relevant parties.

(3) No supplementation is planned. ATSIC will be funding the cost of materials and will reimburse Army for certain agreed costs, additional to normal Army activities. In general, costs carried by Army will include salaries and depreciation costs of plant and equipment. Resources used for each project will be identified and attributed respectively to Army and ATSIC within the contractual arrangement specific to each project. The broad categories of resources to be attributed to each of the parties will be identified in the proposed memorandum of agreement, currently being prepared.

(4) There are no changes to planned training or operational activities at this stage. Part of the current process is to identify those ATSIC priority projects suitable to be incorporated in the Army's program of activities over the next two years. Rescheduling of planned training and other activities may occur, if this is necessary to meet ATSIC priorities, and can be achieved without detriment to the Army.

Second Sydney Airport

(Question No. 975)

Mr Mossfield asked the Minister for Transport and Regional Development, upon notice, on 20 November 1996:

(1) Has his attention been drawn to public concern in Western Sydney about the construction of a second Sydney airport at Badgerys Creek.

(2) Was the contract to prepare an environmental impact statement for the second Sydney airport awarded to Rust PPK and Airplan; if so, (a) what are the tender details, (b) when did Rust PPK commence work and (c) when was it contracted for the work.

(3) What criteria were used to select Rust PPK.

(4) What similar work has Rust PPK undertaken previously.

(5) Has the Snowy Mountain Engineering Company been appointed as auditor; if so, (a) when, (b) what status will it have and (c) what resources will be provided to it.

Mr Sharp—The answer to the honourable member's question is as follows:

(1) I am aware of representations from residents of western Sydney concerning the proposed construction of a second Sydney airport at Badgerys Creek.

(2) Rust PPK has been awarded the contract to prepare an Environmental Impact Statement (EIS) for the second Sydney airport. A consortium of planning and engineering firms led by Airport Planning Pty Ltd (Airplan) has been appointed to provide airport planning and design consultancy services for the second Sydney airport project.

(a) The Sydney West Airport Taskforce sought expressions of interest for consultancy support in a range of areas, including the preparation of an EIS, in newspaper advertisements on 25 and 27 May 1996.

The expressions of interest were examined to identify those consultants best able to prepare the EIS, based on their qualifications, skills and experience in environmental assessment and airport related matters; and the firm's experience in the management and co-ordination of major projects.

As a result of this assessment, a number of organisations were invited to submit detailed tenders, based on a tender brief consistent with draft EIS guidelines prepared by the then Commonwealth Environment Protection Agency.

Following a competitive selection process, which was based on a review of submitted proposals and formal interviews, Rust PPK was selected as the preferred tenderer.

Based on the agreed scope of work, the original consultancy fee with Rust PPK was \$1,270,475. However, the subsequent decision to examine a range of design options to better assess the full potential of both sites and the release by the Department of the Environment, Sport and Territories of the final guidelines for the EIS resulted in the need to vary the scope of work, and the associated consultancy fee, for this contract. As a result of the agreed revisions to the scope of the work, the estimated consultancy fee is \$2,548,143.

Expenditure on public consultation and legal advice are separate items in the contract with Rust. It is not possible to accurately scope these tasks, however, as at 22 November 1996, approximately \$233,000 had been spent on public consultation.

(b) Rust PPK commenced work on the project on 17 September 1996.

(c) Rust PPK was contracted for the work on 17 September 1996.

(3) Tenders for the consultancy to prepare an EIS for the second Sydney airport were assessed against the following criteria:

Qualifications, skills and experience of the team and organisation, particularly as they relate to environmental assessment of major infrastructure projects.

Experience with the management of multi-disciplinary project groups.

A clear understanding of the requirements of the consultancy as outlined in the Brief.

Capacity to meet the terms of the Brief within a tight timetable.

Cost effectiveness.

Capacity to access relevant international experience and/or expertise.

Experience in airport related matters.

(4) Rust PPK has recently completed major environmental assessments of infrastructure projects in Sydney such as the Western Sydney Orbital Road Project and the Eastern Distributor, and other projects around Australia, such as the extension of the runway at Adelaide International Airport.

(5) This question is a matter for the Minister for the Environment.

**Department of Employment, Education,
Training and Youth Affairs: Queensland
Staff**

(Question No. 988)

Mr Bevis asked the Minister representing the Minister for Employment, Education, Training and Youth Affairs, upon notice, on 2 December 1996:

(1) How many staff are employed at each salary level by each Queensland regional office and the State office of the Minister's department.

(2) Are Queensland Commonwealth Employment Service (CES) offices to be closed in 1997; if so,

how many staff will be employed at each salary level by each Queensland regional office and the State office of the Minister's department following the closure of CES Offices.

Dr Kemp—The Minister for Employment, Education, Training and Youth Affairs has provided the following answer to the honourable member's question:

The table below provides a breakdown of Department of Employment, Education, Training and Youth Affairs (DEETYA) Queensland staff by salary level as at 18 December 1996.

OFFICE	ASO1	ASO2	ASO3	ASO4	ASO5	ASO6	SOGC	SOGB	SES	TOTAL
Bundaberg Region	1	2	8	14	6	1				32
Caboolture Region	1		12	12	4	1				30
Fortitude Valley Region	1		20	22	12	1	1			57
Indooroopilly Region	1		13	13	6	1				34
Ipswich Region			22	23	5	1	2			53
Mitchelton Region	1		12	9	4	1				27
North Brisbane Region	2		21	14	7	1	1			46
Nundah Region	1		13	11	3	1				29
Sunshine Coast Region			39	27	11	3	1			81
Toowoomba Region			22	21	8	4	1			56
Warwick Region	1	3	3	5		1				13
Fraser Coast Region			15	14	5	3				37
Gympie Region			5	14	3	2				24
Redcliffe Region			1	10	3	1				15
Far Nth Queensland			25	37	10	7	2			81
Mackay			17	20	5	3	1			46
Rockhampton		2	12	12	8	3	1			38
Torres Strait			2	2	5	1				10
Townsville			21	23	9	2	2			57
Gladstone Region		1	10	9	2	2				24
Mt Isa Region	1		5	12	4	1	1			24
Central West Region			7	5	1	1				14
Tablelands Region		1	6	9	2	1				19
Thuringowa Region			15	16	3	1	1			36
Rockhampton SAC	5		12	4	2	1				24
Cairns SAC			5	4	2	1				12
Townsville SAC		5	12	5	3	2				27
Queensland North Area		1		21						22
Gold Coast	2									2
South East Brisbane	1		27	39	13	2	1			83
South West Brisbane	2		36	32	12	3	1			86
Logan Region		7	31	37	15	5	1			96
Border Region			34	28	11	3	1			77
Gold Coast North	3		35	33	12	3	1			87
Mt Gravatt SAC	6		29	8	4	1				48
Area Coastal	1	3	23	14	25	14	5	1	1	87
Area Queensland Central	2	3	29	18	37	33	7	3	1	133
Area Queensland North	3	1	15	21	23	10	5	2	1	81
TOTAL	35	29	614	618	285	122	34	8	3	1748

(2) Until the formal commencement of the employment placement market, which is expected to be in December 1997, DEETYA will maintain existing services to clients in Queensland through the Commonwealth Employment Service (CES) and Employment Assistance Australia (EAA). As the structure of DEETYA from December 1997 has not been finalised, the future number of DEETYA staff by salary level has not been determined, however, the following information is available.

As well as the DEETYA National Office, there will be a State Office in each capital city and offices in several provincial centres including at least Newcastle, Orange, Wollongong, Bendigo and Townsville. Existing functions to be retained in DEETYA will be staffed on the "staff follow function" basis and positions attached to new functions will be advertised within the Department in the first instance. DEETYA Regions will be established by March 1997.

From December 1997, the new independent service delivery agency will provide a single point of delivery for Commonwealth services, including income support, previously delivered by the Department of Social Security (DSS), and student assistance and aspects of employment assistance, previously delivered by the CES. The DSS network of offices will form the basis of this agency, and CES staff currently performing registrations and referral to employment assistance will be transferred to the agency.

Initially, the existing CES network of offices and its case management arm, EAA, will form the basis of the corporatised public employment placement enterprise, with future locations and staffing numbers dependent on its market share and the extent to which it is directed by the Government to provide community service obligations in certain locations.

Racism Taskforce

(Question No. 989)

Mr Peter Baldwin asked the Minister for Schools, Vocational Education and Training, upon notice, on 2 December 1996:

(1) Did the Ministerial Council on Education, Employment, Training and Youth Affairs decide to establish a Taskforce on Racism in Schools in December 1995, if so, what work has been done on the taskforce.

(2) If the taskforce has been appointed, (a) how many meetings have been held, (b) who attended the meetings, (c) what terms of reference have been set, and (d) what is the future work program of the taskforce.

Dr Kemp—The answer to the honourable member's questions is as follows:

(1) In December 1995, the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) established a Taskforce on Racism in Schools.

(2a) Since the establishment of the Taskforce, three meetings have been held.

(2b) Representatives from the Commonwealth and State and Territory government educational authorities, National Council of Independent Schools' Associations, National Catholic Education Commission, Australian Parents Council, Australian Council of State School Organisations, Australian Education Union, and Independent Education Union.

(2c) At the December 1995 Taskforce meeting the following terms of reference were established:

to assist in the development of better ways of dealing with racial discrimination and harassment in schools through

the evaluation and dissemination of effective practice; and

the provision of opportunities for the exchange of information between schools and school communities across Australia.

At the conclusion of its two-year term, the Taskforce will have been responsible for the implementation of a comprehensive national database holding information on policies, effective practice and resources relating to racism and racial discrimination and harassment in Australian schools which is

readily and widely accessible;

capable of operating as an information exchange; and

readily updated with new data.

(2d) The Taskforce is currently developing proposals to address the terms of reference.

Child Support Agency

(Question No. 996)

Mr Filing asked the Minister representing the Assistant Treasurer, upon notice, on 3 December 1996:

(1) Is the Child Support Agency (CSA) unable to (a) collect child support payments (b) minimise errors leading to overpayments and (c) improve operational procedures; if so, what steps will the Minister take to overcome these inequalities.

(2) Will the Minister require the CSA to become a Quality Endorsed Agency to increase its performance and standing in the community.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member's question:

(1)(a) The CSA is able to collect child support. The CSA has collected approximately 80% of all liabilities raised up until November 1996. This represents a 2% improvement on its performance in the 1995/96 financial year and a further 4% improvement on results in the 1994/95 financial year. In 1995/96 there were also further reductions made to debts from previous years, with an additional \$57.1 million paid to payees.

(1)(b) Generally, overpayments are the result of retrospective variations rather than errors of the Agency. For example, a payer may elect to use an estimate of his or her current income as the basis of the child support assessment, resulting in the assessment for the year being overpaid. Another common cause is the Agency varying an assessment following advice from the payer or payee. The overpayment may result from a client not providing timely advice of a change in circumstances.

The Child Support Legislation Amendment Bill 1996 (No. 1), which is legislation currently before Parliament, will reduce the number of overpayments caused by a payer electing to use an estimate of his or her income as the basis for the assessment.

(1)(c) The CSA has continued to improve its operational procedures, introducing new procedures and training programs. These have contributed to consistent work practices and enhanced the technical skills of officers. The CSA has also improved its client location and data matching ability. The redevelopment of the information technology system will further enhance the effectiveness and efficiency of the CSA, lower costs and improve the timeliness of its enforcement activities.

(2) The term "quality endorsed" refers to organisations accredited and certified as having met the appropriate International Standard on quality. The CSA is already seeking to achieve or exceed the level of quality required by the International Standard. The CSA has in place, or is planning to put in place, many of the processes necessary to achieve the level of quality required.

Debt Recovery Provisions

(Question No. 1002)

Mr Campbell asked the Minister representing the Minister for Employment, Education, Training and Youth Affairs, upon notice, on 3 December 1996:

Does the Minister's Department charge 20% on money due; if so, why?

Dr Kemp—The Minister for Employment, Education, Training and Youth Affairs has

provided the following answer to the honourable member's question:

(1) The debt recovery provisions for AUSTUDY and other student assistance schemes are set in the Student and Youth Assistance Act 1973. Section 40 provides that, where a debt notice has been sent and a debtor does not discharge the debt within three months, a late payment charge and interest are added. The rate of interest is set at 20% per year by regulation 111A of the AUSTUDY Regulations. Section 41 allows a delegate to remove the late payment charge and interest in consideration of a debtor's circumstances.

The late payment charge and interest are not imposed where a debtor repays a debt in full within three months of receiving a debt notice. If a debtor is unable to repay a debt in full but enters into a repayment agreement with the Department, neither a late payment charge nor interest is imposed. The repayment schedule depends on the individual debtor's financial circumstances and is reviewed regularly.

Moreover, provided that a student assistance debtor adheres to the repayment arrangements, no interest whatever is charged during the period of the agreement. These conditions of repayment contrast markedly with commercial debt collection practice where interest charges are unavoidable when a debt is repaid by instalments.

Student assistance debt provisions encourage debtors to contact the Department promptly and to arrange repayment. The Commonwealth wishes to recover student assistance overpayments as effectively and efficiently as possible, while allowing the debtor to repay according to his or her capacity.

Mobile Telephone Complaints

(Question No. 1006)

Mr Price asked the Minister representing the Minister for Communications and the Arts, upon notice, on 3 December 1996:

(1) Have Austel and the Telecommunications Industry Ombudsman received a large number of complaints from mobile phone owners concerning mobile phone contract conditions and charges; if so, how many complaints did each receive in 1994-95 and 1995-96.

(2) Do Austel and the Telecommunications Industry Ombudsman have legislative power to deal with these complaints.

(3) Is the Minister able to say what the rates of disconnection were in 1994-95 and 1995-96.

(4) Are consumers protected in relation to the various contracts and charges being offered; if so, how.

Mr Warwick Smith—The Minister for Communications and the Arts has provided the following answer to the honourable member's question:

(1) Austel advises that its consumer contact recording system during 1994-95 did not enable the quantification of consumer contacts on the issue of mobile phone contracts. Austel advises that it received 1279 contacts (ie enquiries or complaints) about mobile phones issues during 1995-96. Separate figures are not available for enquiries and complaints. These mobile phone issues related to geographic coverage of services, phaseout of analogue mobile services, quality of services, billing, advertising, contract conditions, charges and various other issues. Disaggregated figures for contacts relating to mobile phone contracts are not available.

In November 1995, Austel introduced a new system for recording consumer contacts, which enables greater analysis of the reasons for consumer contacts. From November 1995 to 30 June 1996, 847 contacts were received about mobile phones out of a total of 5907 contacts on all telecommunications issues. Of the mobile phone contacts, 186 related to contractual agreements, and 87 related to overcharging, connection fees, service and call charges.

The Telecommunications Industry Ombudsman (TIO) advises that he is also unable to provide information on numbers of "cases" (ie enquiries, consultations, complaints and disputes) concerning mobile phone contracts in 1994-95. Cases relating to all mobile phone issues amounted to 1256.

During 1995-96, the TIO received 1807 cases relating to mobile phones. Of these, 716 were received from 15 February 1996 to 30 June 1996, following an upgrade of the TIO's case management system to enable greater analysis of reasons for contacts. Of the latter, 298 (or 41.6%) related to mobile phone contracts. There were 274 enquiries, 13 consultations, 10 complaints and one dispute.

(2) Under subsection 38(2) of the Telecommunications Act 1991, Austel has a function of protecting consumers from unfair practices of carriers and other persons in the supply of telecommunications services, and the supply or maintenance of customer equipment. For that purpose, Austel may receive and investigate consumer complaints, refer complaints to the Commonwealth Ombudsman, the TIO or the Australian Competition and Consumer Commission (ACCC) in appropriate cases, and monitor and report to the Minister on charges paid by consumers. Under subsection 45(1) of the Act, Austel has the power to do all things necessary or convenient to be done for, or in connection with, the performance of its functions.

The TIO also has jurisdiction to deal with cases about digital mobile phone contracts.

The TIO's powers and functions are set out in its Constitution, which forms part of the Articles of Association of TIO Limited, a company limited by guarantee. Under the TIO's Constitution, the functions of the TIO are to receive, to investigate and to facilitate the resolution of complaints as to provision or supply of telecommunications services, including public mobile telecommunications services, by participants in the scheme.

(3) No. There is insufficient information available from the three licensed public mobile telecommunications carriers, Telstra, Optus and Vodafone, to enable rates of disconnection to be determined. In particular, it is not possible to give details of numbers or proportions of consumers disconnecting their mobile services each year, either in aggregate or for reasons related to mobile phone contract terms and conditions.

Information available from one carrier that supplies digital mobile services indicates however that over the period May 1996 to September 1996, 29.7% of disconnections were non-voluntary disconnections for reasons of bill non-payment, usually due to financial difficulty.

(4) In addition to the protection afforded by subsections 38(2) and 45(1) of the Telecommunications Act, the ACCC advises that various provisions of the Trade Practices Act 1974 prohibit misleading and deceptive conduct, thus offering further safeguards against unscrupulous mobile service providers.

Misleading and deceptive conduct is prohibited under section 52 of the Trade Practices Act; false and misleading representations with respect to the price of goods or services constitute an offence under subsection 53(e); and there is a requirement that the full cash price be stated in certain circumstances, under section 53C.

The ACCC advises that it has used these provisions to enforce a general standard of disclosure in the industry which attempts to ensure that consumers are adequately informed of the total cost of mobile phone packages. This includes not only the cost of the handset, but the cost of the connection fee, monthly access fees, minimum monthly usage fees, the length of the network access contract and an indication of the tariffs on offer for the package.

The ACCC advises that in most cases it has been able to secure compliance with its standard of disclosure without resort to legal action.

The TIO advises that most mobile phone contract cases he has received relate to the confusing and inflexible nature of the contracts, rather than their being misleading. The TIO considers that many of the contracts could be written in plainer language and with appropriate "prompts" designed to alert

consumers to those aspects of the contracts which have caused confusion.

The TIO considers that in most cases consumers have properly entered into contracts and the carrier or service provider is supplying the services contracted for. In these cases there is no immediate remedy which the TIO can offer, and his role largely involves providing information and advice to customers. The TIO, in consultation with the ACCC, Austel and the three mobile carriers, has published an information brochure titled "Hold the Phone", which alerts customers to matters requiring consideration when purchasing a mobile phone, including the need to read and understand contracts before signing.

Department of Foreign Affairs and Trade: Hire Car Costs for Ministerial Travel

(Question No. 1012)

Mr Laurie Ferguson asked the Minister for Trade, upon notice, on 4 December 1996:

What were the hire car costs to the Minister's Department for ministerial travel between 1 March and 1 September (a) 1995 and (b) 1996.

Mr Tim Fischer—The answer to the honourable member's question is as follows:

(1) While travelling overseas, ministerial hire car costs are a charge to the Department of Administrative Services. The costs to the Department of Foreign Affairs and Trade are therefore nil.

(2) While travelling domestically, ministerial hire car costs are a charge to the Department of Foreign Affairs and Trade. The relevant costs were:

1.3.1995—1.9.1995 (Senator McMullan)—\$15,731.80

1.3.1996—1.9.1996 (Mr Fischer)—\$18,574.18

Department of Social Security: Hire Car Costs for Ministerial Travel

(Question No. 1019)

Mr Laurie Ferguson asked the Minister representing the Minister for Social Security, upon notice, on 4 December 1996:

What were the hire car costs to the Minister's Department for ministerial travel between 1 March and 1 September (a) 1995 and (b) 1996.

Mr Ruddock—The Minister for Social Security has provided the following answer to the honourable member's question:

(a) The private hire car cost to the Department of Social Security for ministerial travel between 1 March and 1 September 1995 was \$2903.44.

(b) The private hire car cost to the Department of Social Security for ministerial travel between 1 March and 1 September 1996 was \$1097.54.

Costs of ministerial use of Commonwealth cars (COMCAR) for each financial year will continue to be published regularly by the Minister for Administrative Services.

Department of Industry, Science and Tourism: Hire Car Costs for Ministerial Travel

(Question No. 1020)

Mr Laurie Ferguson asked the Minister for Industry, Science and Tourism, upon notice, on 4 December 1996:

What were the hire car costs to the Minister's Department for ministerial travel between 1 March and 1 September (a) 1995 and (b) 1996.

Mr Moore—The answer to the honourable member's question is as follows:

(a) \$91,486.11

(b) \$56,130.24

Export Market Development Grants

(Question No. 1029)

Mr Latham asked the Minister for Trade, upon notice, on 4 December 1996:

Further to the answers to questions Nos. 2320 (*Hansard*, 20 June 1995, page 1903) and 2544 (*Hansard*, 23 November 1995, page 3743), what are the details of the Export Market Development Grants paid in 1995-96 to companies in the (a) textile, clothing and footwear, (b) automobile, (c) music and (d) shipping industries.

Mr Tim Fischer—The answer to the honourable member's question is as follows:

The table below details the number and value of grants made in the 1995/96 financial year to industries listed by the honourable member.

Industry Group	1995/96 No. Grants	1995/96 Value
(a) Textile, clothing and foot-wear	135	\$7,893,776
(b) Automobile	63	\$3,216,003
(c) Music	34	\$2,360,276
(d) Shipping	32	\$1,919,871

Payments made in 1995/96 are primarily for claims of eligible expenditure incurred in 1994/95 but also relate to some claims submitted in respect of previous years.

Sydney Aircraft Noise Insulation Project

(Question No. 1030)

Mr Albanese asked the Minister for Transport and Regional Development, upon notice, on 4 December 1996:

(1) How many residents covered by the Sydney Aircraft Noise Insulation Project have appealed administrative decisions of the project to the independent arbitrator.

(2) When did he announce the decision to provide this avenue of appeal.

(3) Has he appointed a person to fulfil the role; if so, when; if not, what steps has the Government taken, or will it take, in respect of the appointment.

Mr Sharp—The answer to the honourable member's question is as follows:

(1) Four as at 6 January 1997.

(2) The appointment of an independent arbitrator to resolve disputes arising from the Sydney Airport Noise Amelioration Program was a pre election commitment of the Government given in the Coalition's Aviation Policy Paper issued on 13 February 1996. The intention to appoint an independent arbitrator was confirmed in my Media Statement of 20 August 1996.

(3) The position of independent arbitrator has not yet been filled. The Government is considering a number of potential candidates for the position.

Commonwealth Dental Health Program Introduction

(Question No. 1034)

Mr Price asked the Minister for Health and Family Services, upon notice, on 4 December 1996:

(1) Further to his answer to question No. 820 (*Hansard*, 4 November 1996, page 6301) regarding the dental health program, has his Department received advice from the States about the extent to which waiting times have deteriorated as a result of the cancellation of the program.

(2) Is he able to state what are the waiting times in each State and Territory for the most common dental procedures.

(3) Is it a fact that the waiting times for some treatment have increased from six months to five years.

Dr Wooldridge—The answer to the honourable member's question is as follows:

(1) Following the cancellation of the Commonwealth Dental Health Program, most State dental services predicted an increase in waiting times in the event they not receive some additional funding. However, the substantive impact on waiting times in the long run will depend on how effectively States are prepared to maintain their traditional responsibility for public dental services.

(2) No. This information has not been supplied to the Department for each State and Territory.

(3) See (1) and (2) above.

Aircraft Incidents: Essendon Airport

(Question No. 1042)

Mr Kelvin Thomson asked the Minister for Transport and Regional Development, upon notice, on 9 December 1996:

Further to his answer to question No. 631 (*Hansard*, 2 December 1996, page 7317), will he provide details of the eight serious incidents at Essendon Airport between 1 January 1970 and 31 December 1989.

Mr Sharp—The answer to the honourable member's question is as follows:

A synopsis of each incident is set out below:

(1) 28 August 1971. The pilot of a Piper PA 24 aircraft, VH-TEW, misunderstood a reply to ready call as being clearance to take-off. An aircraft on approach, VH-TYS, was sent round as aircraft, VH-TEW, taxied. No damage to aircraft.

(2) 3 May 1976. An engineer's head became caught in the nose wheel doors of a Gulfstream II aircraft, VH-ASG. He was removing the lock pins

after engine start, a non standard procedure. Minor damage to aircraft.

(3) 4 January 1977. A Cessna A150M aircraft, VH-UGG, experienced a power failure on approach and struck the airport boundary fence. The pilot had under-fuelled the aircraft and the fuel gauge indications were inaccurate. Minor damage to aircraft.

(4) 8 January 1979. A Cessna 402B aircraft, VH-KIB, returned to Essendon from a position 25nm South-East of Melbourne due to popping noise from starboard engine. Inspection revealed No 2 cylinder had cracked across the exhaust valve area of the head. No damage to aircraft.

(5) 21 February 1979. The port wing of a Cessna 172M aircraft, VH-SKM, struck a light on top of a cubicle while taxiing out from the terminal building. Minor damage to aircraft.

(6) 19 August 1981. The pilot of Swearingen SA226-T aircraft, VH-CAL, was unable to lower the starboard main landing gear by normal or emergency systems. Inadequate clearance between the tyre and undercarriage door plus the rigging of the undercarriage door slightly tight for the closed setting effectively combined to jam doors. Minor damage to aircraft.

(7) 7 August 1985. The incorrect installation/assembly of lower strut to a Cessna 402A aircraft, VH-RCT, allowed the strut to rotate out of alignment during landing roll. Minor damage to aircraft.

(8) 27 November 1985. The undercarriage of a Mitsubishi MU 2B-30 aircraft, VH-JES, failed to extend due to the shearing of a pin in the gear door mechanism. Minor damage to aircraft.

Wombat Forest Society

(Question No. 1045)

Mr Kelvin Thomson asked the Minister for Primary Industries and Energy, upon notice, on 9 December 1996:

(1) Has the Minister's attention been drawn to (a) concerns expressed by the Wombat Forest Society that obvious and serious errors exist in the Victorian Department of Natural Resources' calculations integral to its sustainability model for the Midlands Forest Management Area, Victoria, and (b) claims by the Wombat Forest Society that the Senior Forest Planner in the Victorian Department of Natural Resources has admitted to some flaws.

(2) Have adequate steps been taken by the Victorian Department of Natural Resources in managing the Midlands Forest Management Area; if not, why not.

(3) Will the Minister investigate the claims referred to in part (1); if so, how.

(4) What level of woodchipping has been approved by the Commonwealth in the Wombat Forest.

Mr Anderson—The answer to the honourable member's question is as follows:

(1)(a) Yes.

(1)(b) Yes.

(2) Any specific action on managing the Midlands Forest Management Area is a responsibility of the Victorian Government. The Victorian Department of Natural Resources and Environment has been preparing the Midlands Forest Management Plan for release in early 1997. The Plan will be an important component of the Victorian systems and processes that will be reviewed as part of the Comprehensive Regional Assessment for the West Region in Victoria, expected to be undertaken in 1998. The Comprehensive Regional Assessment will form the basis for development of a Regional Forest Agreement, between Victoria and the Commonwealth, for the West Region, incorporating Midlands Forest Management Area.

(3) Any specific action on managing the Midlands Forest Management Area is a responsibility of the Victorian Government. The claims have been referred to the Victorian Department of Natural Resources and Environment.

(4) The Commonwealth has not approved any level of woodchipping in the Wombat State Forest.

Timber harvesting controls are the responsibility of State Governments. Export licences only grant a right to export material obtained from harvesting operations which have taken place in accordance with all the State and local government laws applying to such operations.

On 31 October 1996 I granted export licences which allow the export of up to 129,000 tonnes per annum from the West Region of Victoria (as defined in the schedule to the Export Control (Hardwood Wood Chips) (1996) Regulations) in which the Wombat State Forest is located.

These export licences do not grant any rights to harvest, and are consistent with the Interim Forest Agreement (IFA) between the Commonwealth and Victoria. Under the IFA, the Victorian Government has undertaken not to allow timber harvesting (whether for domestic use or export) in any area, including areas in the Wombat State Forest, which may be required for a CAR reserve system.

Department of the Prime Minister and Cabinet: Purchase of Paper Products

(Question No. 1054)

Mr Laurie Ferguson asked the Prime Minister, upon notice, on 10 December 1996:

What sum has the Minister's Department spent on the purchase of paper products since 1 April 1996, and what proportion of those purchases was Australian made.

Mr Howard—The answer to the honourable member's question is as follows:

The Department of the Prime Minister and Cabinet has spent \$148,000 on paper products since 1 April 1996. 85.6% of these were Australian made.

Small Business

(Question No. 1098)

Mr Peter Morris asked the Minister for Small Business and Consumer Affairs, upon notice, on 12 December 1996:

(1) How many small businesses existed on 30 June each year since 1991, and on 30 September 1996.

(2) What were the (a) categories and (b) range of employee numbers, of the small businesses referred to in part (1).

Mr Prosser—The answer to the honourable member's question is as follows:

(1) The figures sought by Mr Morris are presented in the table below. Unfortunately, the 1996 statistics on small business have not yet been published by the Australian Bureau of Statistics.

(2) For statistical purposes, small business is defined as (excluding agriculture) non-manufacturing industries employing less than 20 employees and manufacturing industries employing less than 100 employees. Small businesses are categorised according to the number of employees and by industry. Figures for the four small business employment categories and the thirteen industrial categories are presented in tabular form on the following page.

Industry Category	Number of firms ('000)					
	Years					
	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96(a)
Mining	1.3	2.1	2.6	4.1	2.5	n/a
Manufacturing	57.6	67.5	65.9	67.5	67.9	n/a
Construction	134.2	147.1	148.4	146.2	149.7	n/a
Wholesale trade	49.9	53.3	53.4	54.0	50.0	n/a
Retail trade	142.5	147.7	149.6	139.4	134.7	n/a
Accommodation, cafes & restaurants	25.4	26.0	26.7	26.0	25.4	n/a
Transport & storage	48.4	48	48.5	51.6	44.1	n/a
Finance & insurance	17.3	19.0	18.7	18.1	20.7	n/a
Property & business services	101.6	109.8	121.1	111.7	131.4	n/a
Education	13.2	13.7	14.9	15.3	15.6	n/a
Health & community services	35.2	40.3	39.8	40.9	53.5	n/a
Cultural & recreational services	23.6	25.9	26.1	25.9	27.2	n/a
Personal & other services	44.6	48.7	50.5	49.6	55.0	n/a
Total(b)	698.2	751.0	759.6	753.2	785.8	n/a

(a) The figures for 1995/96 have not yet been published.

(b) Includes the Electricity, gas and water supply and Communication services industries.

Year	Number of firms ('000)				Total
	None	1-9	10-19	20 to 99 (Manufacturing only)	
1990/91	377.9	277.4	38.0	4.9	698.2
1991/92	403.5	302.2	40.2	5.1	751.0
1992/93	417.0	297.1	40.4	5.1	759.6
1993/94	427.1	283.9	37.2	5.0	753.2
1994/95	427.6	315.3	37.7	5.2	785.8
1995/96					Figures have not been published

Mawson's Hut, Antarctica

(Question No. 1116)

Mrs Johnston asked the Minister representing the Minister for the Environment, upon notice, on 12 December 1996:

(1) What is the estimated Commonwealth contribution to the restoration of Mawson's Hut in Antarctica.

(2) What sum will the Commonwealth be committed to for ongoing maintenance of the hut after restoration.

Mr Warwick Smith—The Minister for the Environment has provided the following answer to the honourable member's question:

(1) The Commonwealth is not providing funds for proposed conservation work on Mawson's huts by private groups. However, the Antarctic Division and the Australian Heritage Commission are working with others, including by providing advice, expertise and assistance in kind.

Support is being provided in this way to the conservation work proposed by AAP Information Services, which is establishing a foundation to raise funds to conserve the huts.

In 1996/97 a grant not exceeding \$27,700 is being provided by the Australian Heritage Commission under the National Estate Grants Program to support research by the University of Sydney into the deterioration of the cladding of the huts, and into mechanisms to manage visitors to the site.

(2) The Commonwealth has made no commitment to ongoing maintenance of the huts.

Territories Expenditure

(Question No. 1121)

Mrs Johnston asked the Prime Minister, upon notice, on 12 December 1996:

Did the Minister's Department or instrumentalities under the Minister's control expend sums in

1995-96 in respect of (a) the Australian Antarctic Territory, (b) the Territory of Ashmore and Cartier Islands, (c) the Territory of Christmas Island, (d) the Territory of Cocos (Keeling) Islands, (e) the Coral Sea Islands Territory, (f) the Territory of Heard Island and McDonald Islands or (g) Norfolk Island; if so, what (a) sum was expended and (b) was the purpose of each expenditure.

Mr Howard—The answer to the honourable member's question is as follows:

No. (a) and (b) Not applicable.

Department of Primary Industry and Energy: Territories Expenditure

(Question No. 1125)

Mrs Johnston asked the Minister for Primary Industries and Energy, upon notice, on 12 December 1996:

Did the Minister's Department or instrumentalities under the Minister's control expend sums in 1995-96 in the respect of (a) the Australian Antarctic Territory, (b) the Territory of Ashmore and Cartier Islands, (c) the Territory of Christmas Island, (d) the Territory of Cocos (Keeling) Islands, (e) the Coral Sea Islands Territory, (f) the Territory of Heard Island and McDonald Islands or (g) Norfolk Island; if so what (a) sum was expended and (b) was the purpose of each expenditure.

Mr Anderson—The answer to the honourable member's question is as follows:

The following organisations within the Primary Industries and Energy portfolio had expenditure in 1995-96 which was related to the territories mentioned in the honourable member's question:

Australian Fisheries Management Authority (AFMA)

The Australian Fisheries Management Authority spent the following amounts in relation to the management of fisheries (it should be noted that the costs of fisheries management are borne by Industry and Government and the split is provided):

	Industry	Government	Total
Antarctic Territories	0	\$117,631	\$117,631
Ashmore & Cartier Islands	0	0	0
Christmas/Cocos (Keeling) Islands	0	\$19,965	\$19,965
Coral Sea Islands	\$9,625	\$8,919	\$18,544
Heard and McDonald Islands	0	0	0
Norfolk Island	0	\$13,258	\$13,258

The cost noted above for 'Antarctic territories' relates, principally, to the sub-Antarctic Macquarie Island. Costs associated with the management of sub-Antarctic fisheries have not been recorded on a region basis, and as such it is not possible to separate any costs associated with Heard/McDonald Islands, from those relating to Macquarie Island.

In addition, the Australian Fisheries Management Authority had advised that under the Australian Fishing Zone surveillance, and apprehensions and prosecutions programs, funds have been expended in some of these areas. This includes primary surveillance through contractors and secondary surveillance through shipping and airline observations. In addition the defence forces are also involved in surveillance and apprehension. Due to the multifaceted nature of these activities geographic breakdown of costs are not recorded. However AFMA has advised that costs associated with Ashmore, Christmas and Cocos Islands are relatively high, but forfeiture, fines and penalties associated with apprehensions in these areas have raised relatively large amounts of revenue for the government.

Resources and Energy Group (R&E)

The Resources and Energy Group spent in 1995-96 an amount of \$311,151.96. These monies were paid to the Northern Territory Department of Mines and Energy to cover the cost of administering petroleum titles and petroleum exploration and production activities on the Commonwealth's behalf in the Territory of Ashmore and Cartier Islands. No other monies were spent in relation to the other islands or Antarctic Territories.

Australian Geological Survey Organisation (AGSO)

AGSO expended sums in respect of (a) the Australian Antarctic Territory and (d) the Cocos (Keeling) Islands.

Sums expended in 1995-96 in respect of the Australian Antarctic Territory and their purpose were:

\$147,907—for geological mapping and the compilation of data sets and coordination of research for onshore Antarctica in support of Australia's position on the Antarctic Treaty.

\$371,559—Antarctic and Southern Oceans Cooperative Research Centre for research into the

climatic and environmental aspects of the Antarctic and Southern Oceans. About 66% was actually spent on Antarctic research, 33% on Southern Ocean research based on the southern Australian continental margin.

\$183,000—for costs associated with operation of geophysical observatories at Mawson and Casey stations—these observatories form part of a world-wide network.

Sums expended in 1995-96 in respect of the Cocos (Keeling) Islands and their purpose were:

\$1750—related to choice of site of new seismograph station for recording earthquakes world-wide for incorporated Research Institutes for Seismology, an international group.

Australian Quarantine and Inspection Service (AQIS)

The Australian Quarantine and Inspection Service expended \$905,956 on Cocos (Keeling) Islands in 1995-96. This sum was expended for the purpose of maintaining the high security animal quarantine station on West Island and for the quarantine clearance of aircraft and vessels visiting the islands.

Department of Industry, Science and Tourism: Newcastle Staff (Question No. 1143)

Mr Allan Morris asked the Minister for Industry, Science and Tourism, upon notice, on 12 December 1996:

(1) How many staff positions in the Minister's Department were located within the electoral division of Newcastle as at 6 December 1996.

(2) How many of the positions referred to in part (1) were occupied at 6 December 1996.

(3) How many persons occupying positions referred to in part (1) were employed on a temporary basis at 6 December 1996.

(4) Will the Minister provide a breakdown by position of the staff referred to in part (1).

(5) What was the address of each of the premises owned or leased by the Minister's Department in the electoral division of Newcastle at 6 December 1996.

Mr Moore—The answer to the honourable member's question is as follows:

- (1) Nil
- (2) N/A
- (3) N/A
- (4) N/A
- (5) N/A

Miller, Mr Harry: Victoria Barracks

(Question No. 1159)

Mr Bevis asked the Minister for Defence Industry, Science and Personnel, upon notice, on 12 December 1996:

(1) Has she been approached by Harry M. Miller with a proposal involving Victoria Barracks; if so, what is the nature of the proposal.

(2) Does she support the proposal; if so, what benefits will there be for Defence; if not, why not.

Mrs Bishop—The answer to the honourable member's question is as follows:

(1) Yes. The proposal involved the use of car parking spaces in the grounds of Victoria Barracks with an offer of payment.

(2) No as it was considered an inappropriate use of this Commonwealth property.