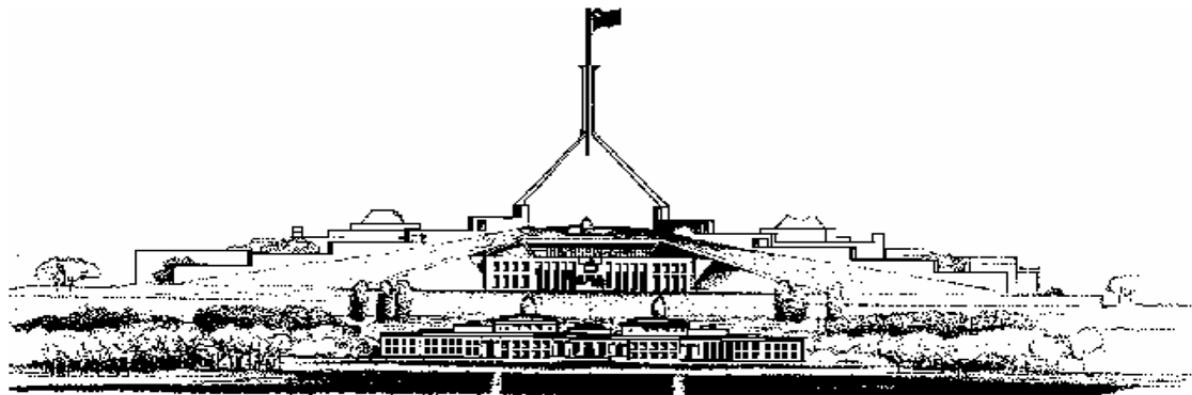




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 153, 1987
Wednesday, 18 February 1987

**THIRTY-FOURTH PARLIAMENT
FIRST SESSION—FIFTH PERIOD**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

THIRTY-FOURTH PARLIAMENT

FIRST SESSION—FIFTH PERIOD

Governor-General

His Excellency the Right Honourable Sir Ninian Martin Stephen, a Member of Her Majesty's Most Honourable Privy Council, Knight of the Order of Australia, Knight Grand Cross of the Most Distinguished Order of St Michael and St George, Knight Grand Cross of the Royal Victorian Order, Knight Commander of the Most Excellent Order of the British Empire, Governor-General of the Commonwealth of Australia and Commander-in-Chief of the Defence Force.

House of Representatives Officeholders

Speaker—The Honourable Joan Child

Chairman of Committees—Mr Leo Boyce McLeay

Deputy Chairmen of Committees—Mr Cecil Allen Blanchard,

Mr David Bruce Cowan, Mrs Elaine Elizabeth Darling, Mr Peter Hertford Drummond,

Mr Leonard Joseph Keogh, Mr John Barry Mildren, Mr Percival Clarence Millar,

Mr John Graham Mountford, Mr Allan Charles Rocher and Mr Philip Maxwell Ruddock

Leader of the House—The Honourable Michael Jerome Young

Leader of the Opposition—The Honourable John Winston Howard

Deputy Leader of the Opposition—The Honourable Neil Anthony Brown, QC

Manager of Opposition Business—The Right Honourable Ian McCahon Sinclair (*to 4 May*)

The Honourable John Michael Spender, Q.C. (*from 4 May*)

House of Representatives Party Leaders

Leader of the Australian Labor Party—The Honourable Robert James Lee Hawke, AC

Deputy Leader of the Australian Labor Party—The Honourable Lionel Frost Bowen

Leader of the Liberal Party of Australia—The Honourable John Winston Howard

Deputy Leader of the Liberal Party of Australia—The Honourable Neil Anthony Brown, QC

Leader of the National Party of Australia—The Right Honourable Ian McCahon Sinclair

Deputy Leader of the National Party of Australia—The Honourable Ralph James Dunnet Hunt

Members of the House of Representatives

| Member | Division | Party | Member | Division | Party |
|---------------------------------|-------------------------|-------|-----------------------------|--------------------------|-------|
| Adermann, Hon. Albert Evan | Fairfax, Qld | NP | Fitzgibbon, Eric John | Hunter, NSW | ALP |
| Alldred, Kenneth James | Bruce, Vic. | LP | Free, Ross Vincent | Lindsay, NSW | ALP |
| Andrew, John Neil | Wakefield, SA | LP | Gayler, John | Leichhardt, Qld | ALP |
| Baldwin, Peter Jeremy | Sydney, NSW | LP | Gear, George | Canning, WA | ALP |
| Neale, Julian Howard | Deakin, Vic. | LP | Goodluck, Bruce John | Franklin, Tas. | LP |
| Beazley, Hon. Kim Christian | Swan, WA | ALP | Gorman, Russell Neville | Greenway, NSW | ALP |
| Beddall, David Peter | Rankin, Qld | ALP | Joseph | | |
| Bilney, Gordon Neil | Kingston, SA | ALP | Grace, Edward Laurence | Fowler, NSW | ALP |
| Blanchard, Cecil Allen | Moore, WA | ALP | Griffiths, Alan Gordon | Maribyrnong, Vic. | ALP |
| Blewett, Hon. Neal | Bonython, SA | ALP | Hall, Raymond Steele | Boothby, SA | LP |
| Blunt, Charles William | Richmond, NSW | NP | Halverson, Robert George, | Casey, Vic. | LP |
| Bowen, Hon. Lionel Frost | Kingsford-Smith, NSW | ALP | OBE | | |
| Braithwaite, Raymond Allen | Dawson, QLD | NP | Hand, Gerard Leslie | Melbourne, Vic. | ALP |
| Brown, Jon. John Joseph | Parramatta, NSW | ALP | Hawke, Hon. Robert James | Wills, Vic. | ALP |
| Brown, Hon. Neil Anthony, QC | Menzies, Vic. | LP | Lee, AC | | |
| Brown, Robert James | Charlton, NSW | ALP | Hawker, David Peter | Wannon, Vic. | LP |
| Brumby, John Mansfield | Bendigo, Vic. | ALP | Maxwell | | |
| Burr, Maxwell Arthur | Lyons, Tas. | LP | Hayden, Hon. William | Oxley, Qld | ALP |
| Cadman, Alan Glyndwr | Mitchell, NSW | LP | George | | |
| Cameron, Donald Milner | Moreton, Qld | LP | Hicks, Noel Jeffrey | Riverina-Darling, NSW | NP |
| Cameron, Ewen Colin | Indi, Vic. | LP | Hodges, Hon. John Charles | Petrie, Qld | LP |
| Cameron, Ian Milne Dixon | Maranoa, Qld | NP | Hodgman, Hon. William | Denison, Tas. | LP |
| Campbell, Graeme | Kalgoorlie, WA | ALP | Michael, QC | | |
| Carlton, Hon. James Joseph | Mackellar, NSW | LP | Holding, Hon. Allan Clyde | Melbourne Ports, Vic. | ALP |
| Charles, David Ernest | Isaacs, Vic. | ALP | Hollis, Colin | Throsby, NSW | ALP |
| Charlesworth, Dr Richard Ian | Perth, WA | ALP | Howard, Hon. John Winston | Bennelong, NSW | LP |
| Child, Joan | Henty, Vic. | ALP | Howe, Hon. Brian Leslie | Batman, Vic. | ALP |
| Chynoweth, Robert Leslie | Dunkley, Vic. | ALP | Humphreys, Benjamin Charles | Griffith, Qld | ALP |
| Cleeland, Peter Robert | McEwen, Vic. | ALP | Hunt, Hon. Ralph James | Gwydir, NSW | NP |
| Cobb, Michael Roy | Parkes, NSW | NP | Dunnet | | |
| Cohen, Hon. Barry | Robertson, NSW | ALP | Hurford, Hon. Christopher | Adelaide, SA | ALP |
| Coleman, William Peter | Wentworth, NSW | LP | John | | |
| Connolly, David Miles | Bradfield, NSW | LP | Jacobi, Ralph | Hawker, SA | ALP |
| Conquest, Bryan Joseph | Hinkler, Qld | NP | Jakobsen, Carolyn Anne | Cowan, WA | ALP |
| Cowan, David Bruce | Lyne, NSW | NP | Jenkins, Henry Alfred | Scullin, Vic. | ALP |
| Cross, Manfred Douglas | Brisbane, Qld | ALP | Jones, Hon. Barry Owen | Lalor, Vic. | ALP |
| Cunningham, Barry Thomas | McMillan, Vic. | ALP | Jull, David Francis | Fadden, Qld | LP |
| Darling, Elaine Elizabeth | Lilley, Qld | ALP | Katter, Hon. Robert Cummin | Kennedy, Qld | NP |
| Dawkins, Hon. John Sydney | Fremantle, WA | ALP | Keating, Hon. Paul John | Blaxland, NSW | ALP |
| Dobie, Hon. James Donald | Cook, NSW | LP | Kelly, Roslyn Joan | Canberra, ACT | ALP |
| Mathieson | | | Kent, Lewis | Hotham, Vic. | ALP |
| Downer, Alexander John | Mayo, SA | LP | Keogh, Leonard Joseph | Bowman, Qld | ALP |
| Gosse | | | Kerin, Hon. John Charles | Werriwa, NSW | ALP |
| Drummond, Peter Hertford | Forrest, WA | LP | Klugman, Dr Richard | Prospect, NSW | ALP |
| Dubois, Stephen Garfield | St George, NSW | ALP | Emanuel | | |
| Duffy, Hon. Michael John | Holt, Vic. | ALP | Lamb, Anthony Hamilton | Streeton, Vic. | ALP |
| Duncan, Hon. Peter | Makin, SA | ALP | Langmore, John Vance | Fraser, ACT | ALP |
| Edwards, Dr Harold | Berowra, NSW | LP | Lee, Michael | Dobell, NSW | ALP |
| Raymond | | | Lindsay, Eamon John, RFD | Herbert, Qld | ALP |
| Edwards, Ronald Frederick | Stirling, WA | ALP | Lloyd, Bruce | Murray, Vic. | NP |
| Everingham, Hon. Paul | Northern Territory | LP | McArthur, Fergus Stuart | Corangamite, Vic. | LP |
| Anthony Edward | | | McGauran, Peter John | Gippsland, Vic. | NP |
| Fatin, Wendy Frances | Brand, WA | ALP | McHugh, Jeanette | Phillip, NSW | ALP |
| Fife, Hon. Wallace Clyde | Hume, NSW | LP | MacKellar, Hon. Michael | Warringah, NSW | LP |
| Fischer, Timothy Andrew | Farrer, NSW | NP | John Randal | | |
| Fisher, Peter Stanley | Mallee, Vic. | NP | McLeay, Leo Boyce | Grayndler, NSW | ALP |

Members of the House of Representatives—*continued*

| Member | Division | Party | Member | Division | Party |
|----------------------------------|-----------------|-------|--------------------------------|-------------------|-------|
| McVeigh, Hon. Daniel Thomas | Groom, Qld | NP | Scott, John Lyden | Hindmarsh, SA | ALP |
| Macphee, Hon. Ian Malcolm | Goldstein, Vic. | LP | Shack, Peter Donald | Tangney, WA | LP |
| Maher, Michael John | Lowe, NSW | ALP | Sharp, John | Gilmore, NSW | NP |
| Martin, Stephen Paul | Macarthur, NSW | ALP | Shipton, Roger Francis | Higgins, Vic. | LP |
| Mayer, Helen | Chisholm, Vic. | ALP | Simmons, David William | Calare, NSW | ALP |
| Mildren, John Barry | Ballarat, Vic. | ALP | Sinclair, Rt Hon. Ian McCahon | New England, NSW | NP |
| Miles, Christopher Gordon | Braddon, Tas. | LP | Slipper, Peter Neil | Qld | NP |
| Millar, Percival Clarence | Wide Bay, Qld | NP | Smith, Warwick | Bass, Tas. | LP |
| Milton, Peter | La Trobe, Vic. | ALP | Snow, James Henry | Eden-Monaro, NSW | ALP |
| Moore, Hon. John Colinton | Ryan, Qld | LP | Spender, John Michael, QC | North Sydney, NSW | LP |
| Morris, Allan Agapitos | Newcastle, NSW | ALP | Staples, Peter Richard | Jagajaga, Vic. | ALP |
| Morris, Hon. Peter Frederick | Shortland, NSW | ALP | Sullivan, Kathryn Jean | Moncrieff, Qld | LP |
| Mountford, John Graham | Banks, NSW | ALP | Theophanous, Dr Andrew Charles | Calwell, Vic. | ALP |
| Nehl, Garry Barr | Cowper, NSW | NP | Tickner, Robert Edward | Hughes, NSW | ALP |
| O'Keefe, Neil Patrick | Burke, Vic. | ALP | Tuckey, Charles Wilson | O'Connor, WA | LP |
| O'Neil, Lloyd Reginald Terrance | Grey, SA | ALP | Uren, Hon. Thomas | Reid, NSW | ALP |
| Peacock, Hon. Andrew Sharp | Kooyong, Vic. | LP | Watson, Dr David John Hopetoun | Forde, Qld | LP |
| Porter, James Robert | Barker, SA | LP | Webster, Alasdair Paine | Macquarie, NSW | LP |
| Price, Leo Roger Spurway | Chifley, NSW | ALP | West, Hon. Stewart John | Cunningham, NSW | ALP |
| Punch, Gary Francis | Barton, NSW | ALP | White, Peter Nicholson | McPherson, Qld | LP |
| Reith, Peter Keaston | Flinders, Vic. | LP | Duckett, MC | | |
| Robinson, Hon. Ian Louis | Page, NSW | NP | Willis, Hon. Ralph | Gellibrand, Vic. | ALP |
| Rocher, Allan Charles | Curtin, WA | LP | Wilson, Hon. Ian Bonython | Sturt, SA | LP |
| Ruddock, Philip Maxwell | Dundas, NSW | LP | Cameron | | |
| Saunderson, John | Aston, Vic. | ALP | Wright, Keith Webb | Capricornia, Qld | ALP |
| Scholes, Hon. Gordon Glen Denton | Corio, Vic. | ALP | Young, Hon. Michael Jerome | Port Adelaide, SA | ALP |

PARTY ABBREVIATIONS

ALP—Australian Labor Party; LP—Liberal Party of Australia; NP—National Party of Australia

Second Hawke Ministry

- *Prime Minister
*Deputy Prime Minister, Attorney-General, Minister Assisting the Prime Minister for Commonwealth-State Relations and Vice-President of the Executive Council
*Leader of the Government in the Senate and Minister for Industry, Technology and Commerce
*Deputy Leader of the Government and Manager of Government Business in the Senate, Minister for Resources and Energy, Minister Assisting the Prime Minister and Minister Assisting the Minister for Foreign Affairs
*Minister for Employment and Industrial Relations and Minister Assisting the Prime Minister for Public Service Industrial Matters
*Treasurer
*Minister for Immigration and Ethnic Affairs, Leader of the House and Minister Assisting the Prime Minister for Multicultural Affairs
*Minister for Finance and Minister Assisting the Prime Minister for Public Service Matters
*Minister for Foreign Affairs
*Minister for Education and Minister Assisting the Prime Minister on the Status of Women
*Minister for Trade and Minister Assisting the Prime Minister for Youth Affairs
*Minister for Primary Industry
*Minister for Housing and Construction
*Minister for Defence
*Minister for Community Services and Minister Assisting the Treasurer
*Minister for Social Security
Minister for Transport and Minister for Aviation
Minister for Sport, Recreation and Tourism and Minister Assisting the Minister for Defence
Minister for Health
Minister for Science and Minister Assisting the Minister for Industry, Technology and Commerce, and Minister Assisting the Treasurer on Prices and Minister Assisting the Attorney-General on Consumer Affairs (*from 17 March*)
Minister for Territories
Minister for Communications and Minister Assisting the Minister for Defence
Minister for Arts, Heritage and Environment and Minister Assisting the Prime Minister for the Bicentennial
Minister for Aboriginal Affairs and Minister Assisting the Minister for Immigration and Ethnic Affairs
Minister for Veterans' Affairs
Minister for Local Government and Administrative Services
Special Minister of State
*Minister in the Cabinet
- The Honourable Robert James Lee Hawke, AC
The Honourable Lionel Frost Bowen
- Senator the Honourable John Norman Button
- Senator the Honourable Gareth John Evans, QC
- The Honourable Ralph Willis
- The Honourable Paul John Keating
The Honourable Michael Jerome Young
- Senator the Honourable Peter Alexander Walsh
- The Honourable William George Hayden
Senator the Honourable Susan Maree Ryan
- The Honourable John Sydney Dawkins
- The Honourable John Charles Kerin
The Honourable Stewart John West
The Honourable Kim Christian Beazley
The Honourable Christopher John Hurford
- The Honourable Brian Leslie Howe
The Honourable Peter Frederick Morris
The Honourable John Joseph Brown
- The Honourable Neal Blewett
The Honourable Barry Owen Jones
- The Honourable Gordon Glen Denton Scholes
The Honourable Michael John Duffy
- The Honourable Barry Cohen
- The Honourable Allan Clyde Holding
- Senator the Honourable Arthur Thomas Gietzelt
The Honourable Thomas Uren
- Senator the Honourable Michael Carter Tate

THE COMMITTEES OF THE SESSION

FIRST SESSION: FIFTH PERIOD

STANDING COMMITTEES

- Aboriginal Affairs—Mr Blanchard (*Chairman*), Mr Burr (*from 13 May*), Mr I. M. D. Cameron, Mr Campbell, Mr Connolly, Mr Gayler, Mr Hand, Mr Maher and Mr Shipton (*to 13 May*).
- Environment and Conservation—Mr Milton (*Chairman*), Mr Chynoweth, Mr R. F. Edwards, Mr P. S. Fisher, Mr Gear, Ms McHugh, Mr Miles and Mr Webster.
- Expenditure—Mr Mountford (*Chairman*), Mr Beale, Mr R. J. Brown, Mr Cobb, Mr Cowan, Ms Fatin, Mr Free, Mr Hawker, Mrs Kelly (nominee of Chairman, Joint Committee of Public Accounts), Mr Langmore, Mr McLeay, Mr Martin, Mr Simmons, Mr Slipper, Mr Smith and Mr Wilson.
- House—Madam Speaker, Mr Blanchard, Mr E. C. Cameron (*to 31 March*), Mr Halverson (*from 31 March*), Mr Katter, Mr Maher, Mr Martin and Mrs Sullivan.
- Library—Madam Speaker, Mr Conquest, Mr Cross, Ms Jakobsen, Mr Maher, Mr Smith and Dr Watson.
- Members' Interests—Dr Klugman (*Chairman*), Mr Adermann, Mr D. M. Cameron, Mr Kent, Mr Lindsay, Mr Maher and Mr Spender.
- Privileges—Mr Gear (*Chairman*), the Deputy Leader of the Opposition or his nominee, Mr Campbell, Mr Cleeland, Mr Hodgman, Mr Lindsay (nominee of Leader of the House), Mr Millar, Mr Reith, Mr Simmons, Mr Smith (*from 17 February*), Mr Spender (*to 17 February*) and Mr Tickner.
- Procedure—Mr Keogh (*Chairman*), Mr D. M. Cameron, Mr Hodgman, Mr Hollis, Mr Lindsay, Mr McLeay, Mr Millar and Mr Mountford.
- Publications—Mr Brumby (*Chairman*), Mr Coleman, Mr Conquest, Mr Dubois, Dr H. R. Edwards, Mr Fitzgibbon and Mr Grace.
- Transport Safety—Mrs Darling (*Chairman*), Mr Aldred (*to 22 January*), Mr Goodluck, Mr Gorman, Mr Hollis, Mr Lamb, Mr McGauran, Mr Mildren and Mr Miles (*from 17 March*).

JOINT STATUTORY COMMITTEES

- Broadcasting of Parliamentary Proceedings—Madam Speaker (*Chairman*), The President, Senators Coleman and Watson, and Mr Brumby, Mr R. F. Edwards, Mr Hicks, Mr Jull and Mr Maher.
- National Crime Authority—Mr Griffiths (*Chairman*), Senators Archer, Bolkus, Crowley, Jessop and Macklin, and Mr Brumby, Mr Duncan, Mr McGauran and Mr McKellar.
- Public Accounts—Mr Tickner (*Chairman*), the Chairman of the House of Representatives Standing Committee on Expenditure, Senators Cooney, Georges (*to 24 February*), Giles (*from 24 February*), Dame Margaret Guilfoyle, Maguire and Watson, and Mr Conquest, Mr Downer, Mrs Kelly, Ms Mayer, Mr Nehl, Mr Price, Mr Ruddock, Dr Theophanous and Dr Watson.
- Public Works—Senator Foreman (*Chairman*), Senators Jones and Sheil, and Mr Andrew, Mr Halverson, Mr Hollis, Mr Keogh, Mr Millar and Mr Saunderson.

JOINT COMMITTEES

- Australian Capital Territory—Mrs Kelly (*Chairman*), Senators Giles, Lewis, Morris and Reid, and Mr Langmore, Mr McArthur, Mr Sharp, Mr Snow and Mr Wright.
- Foreign Affairs and Defence—Mr Bilney (*Chairman*), Senators Bolkus, Crichton-Browne, Elstob, Hill, Jones, MacGibbon, Maguire, Morris (*from 25 February*), and Teague, and Mr Baldwin, Mr Beddall, Mr Campbell, Mr Charles, Mr Coleman, Mr Cross, Mr Gayler, Mr Hicks, Mr Jull, Mr Katter, Mr Kent, Dr Klugman, Mr Lindsay, Mr MacKellar, Mr Peacock, Mr Robinson, Mr Shipton and Dr Theophanous.
- New Parliament House—The President and Madam Speaker (*Joint Chairmen*), the Minister for Territories, Senators Colston, MacGibbon, Reid, Reynolds, Sibraa (*to 25 February*), West (*from 25 February*) and Withers, and Mr Dobie, Mr Dubois, Mr Lee, Mr Lloyd, Mr McLeay and Mrs Sullivan.

JOINT SELECT COMMITTEES

- Electoral Reform—Senator Robert Ray (*Chairman*), Senators Sir John Carrick, Harradine, Macklin and Richardson, and Mr Blunt, Ms Jakobsen, Mr Lamb, Mr Lee, Mr MacKellar and Mr Scott.
- Telecommunications Interception—Mr Martin (*Chairman*), Senators Archer, Black, Cooney and Vigor, and Mr Duncan, Mr Lee, Mr McGauran and Mr Ruddock.
- Video Material—Dr Klugman (*Chairman*), Senators Harradine, Reynolds, Walters and Zakharov, and Mr Adermann, Mr Grace, Ms Jakobsen and Mr Jull.

PARLIAMENTARY DEPARTMENTS

SENATE

Clerk of the Senate—A. R. Cumming Thom
Deputy Clerk of the Senate—H. Evans
Clerk-Assistant (Committees)—A. Lynch
Clerk-Assistant (Table)—P. N. Murdoch
Clerk-Assistant (Management)—T. H. G. Wharton
Clerk-Assistant (Procedure)—J. Vander Wyk
Acting Usher of the Black Rod—C. J. C. Elliott

HOUSE OF REPRESENTATIVES

Clerk of the House—A. R. Browning
Deputy Clerk of the House—L. M. Barlin
First Clerk Assistant—I. C. Harris
Clerk Assistant (Procedure)—B. C. Wright
Clerk Assistant (Committees)—J. W. Pender
Clerk Assistant (Table)—I. C. Cochran
Clerk Assistant (Administration)—M. W. Salkeld
Serjeant-at-Arms—B. L. Simons

PARLIAMENTARY REPORTING STAFF

Principal Parliamentary Reporter—J. M. Campbell
Assistant Principal Parliamentary Reporter—B. A. Harris
Leader of Staff (Committees)—K. Shearwood
Leader of Staff (Senate)—M. A. R. McGregor
Leader of Staff (House of Representatives)—K. B. Ryder

LIBRARY

Parliamentary Librarian—H. de S. C. MacLean

JOINT HOUSE

Secretary—M. W. Bolton

Wednesday, 18 February 1987

Madam SPEAKER (Hon. Joan Child) took the chair at 10 a.m., and read prayers.

PERSONAL EXPLANATION

Mr SINCLAIR (New England—Leader of the National Party of Australia)—Madam Speaker, I seek leave to make a personal explanation.

Madam SPEAKER—Does the right honourable member claim to have been misrepresented?

Mr SINCLAIR—Yes, Madam Speaker.

Madam SPEAKER—Please proceed.

Mr SINCLAIR—In today's *Sydney Morning Herald*, under the byline of Peter Bowers, there is an article relating to travel claimed against the entitlement of my family member. There has been a computer error, in a typical manner, in the way in which the charges have been made. On 4 March 1986 a letter was written on my behalf to the Department of the Special Minister of State stating, among other things:

It is my understanding that Mr and Mrs Sinclair's tickets should be charged to the Department of the Special Minister of State—

It went on to state that the ticket for my family member should be charged to my personal account, 'which was a TAA charge account'. The present practice of most members of this place, at the request of the previous Special Minister of State, is that they make their wives' bookings on the credit cards which have been issued to each of us with respect to travel on both Australian Airlines and Ansett Airlines of Australia. As a result, within the airlines' computer processes, a system has developed whereby a special section is nominated within each airline to take bookings made by those of us who use Flight Deck or Golden Wing accounts. Our details thus come up on a computer. I have consistently found that, although bookings are made over the phone and never in person, fares have been charged to that account instead of charged, as I have requested, to my personal account. On no occasion have I or any member of my staff requested that the fares be charged to the Department of the Special Minister of State. On the contrary, it has been requested that when they emerge they be transferred to my personal account, as witnessed by the letter of 4 March 1986.

The circumstances concern me in two respects. The first is that, obviously, there can be and are computer errors that can affect all of us. Indeed, at the same time as I received this

bill which came to my notice for the first time yesterday I also received a current account from one of the airlines which included a bill for travel to Western Australia for a person unrelated and unknown to me. This has come on to my personal account. It is a computer error. That happens. Frankly, if it were returned to the airline, presumably it would be sent to the right account.

Mr Keogh—Who was it for—Joh?

Mr SINCLAIR—No, it is for a firm of engineers which happens to have the same name as I do. In the fairly normal course the computers, in the way that they seem to do, have managed to get it wrong.

My second concern relates to the Department of the Special Minister of State. I am most concerned that apparently the Department, or somebody within it, gave the information to the media before it came to my notice. I knew nothing of it until it was brought to my notice by this journalist. The account is one which I am questioning. It goes back over two years. I have paid it, but I am not as yet certain whether the amounts that have been allegedly charged to me are in fact correct.

I regard it as very regrettable that, in circumstances in which neither I nor anybody on my behalf has had any involvement in requesting that the Government meet the fare of this family member, it is made to appear that I have done so. I therefore suggest to the Government that, if it is inquiring into all accounts lodged by honourable members, as is apparently the case, it should try at least to keep secure its discussions with parliamentary members so that things are not made public in such a way that it appears as though somebody has been guilty in some way of manipulating accounts when in fact, as in my case, there has been a genuine mistake, I presume by the airline, within its computer booking processing system.

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—I wish to refer to the matter raised by the right honourable member for New England (Mr Sinclair). Although I was Special Minister of State at the time, I am totally unaware of the circumstances which have arisen. I will see that the matter he has raised is brought to the attention of the new Special Minister of State, Senator Tate.

COMPANIES REGULATIONS (AMENDMENT)

Suspension of Standing and Sessional Orders

Motion (by Mr Young)—by leave—agreed to:

That so much of the Standing and Sessional Orders be suspended as would prevent notice of motion No. 79, General Business, being called on forthwith.

Motion for Disallowance

Mr SPENDER (North Sydney) (10.06)—I move:

That regulation 4 of the Companies Regulations (Amendment), contained in Statutory Rules 1986 No. 247, made under the Companies Act 1981, be disallowed.

Madam SPEAKER—Is the motion seconded?

Mr Reith—Madam Speaker, I second the motion and reserve my right to speak.

Mr SPENDER—The issue raised by the new Schedule 7 to the Companies Act illustrates two enduring characteristics of the Australian Labour Party: First, that promises given in cynicism and kept in fear are made to be broken. When the Prime Minister (Mr Hawke) is forced into retirement at the next election he will be able to devote an entire volume of his political memoirs to the art of breaking political promises—in this case, the promise to lift the burden from business of unnecessary regulation.

Second, there is Labour's anti-business bias; the politics of envy still reign. Even the Treasurer (Mr Keating) slipped somewhat yesterday into the old anti-business approach of Labour when he started to assault millionaires. I am the last person to begrudge the Treasurer millionaire friends or millionaire associates. I suppose that they would regard his remarks as a temporary lapse of taste or style on his part. But it came out again: Somehow there is this great mass of people on top who are trying to damage and despoil the rest of the people in this country. Perhaps it was just a temporary lapse of nerves on the Treasurer's part.

We are moving for disallowance of the whole of Schedule 7 which replaces existing Schedule 7 for procedural reasons. We have to move for the disallowance of the whole of Schedule 7 or not move at all. Despite some sensible improvements in the new Schedule 7, the bad, the burdensome and the unnecessary, and the intrusive aspects outweigh the good. The Schedule should be withdrawn and redrawn, taking heed of expert criticisms given to the Government by organisations such as the Business Council of Australia, the Institute of Directors, the Australian Society of Accountants, the Institute of

Chartered Accountants and the Australian Accounting Research Foundation. That in itself should have sounded warning bells. The old Schedule ran to nine pages and 13 clauses. The new Schedule runs to 26 pages and 40 clauses.

Schedule 7 to the Companies Act is of major importance to companies and to the Australian business community. It applies to all of the 600,000 or more companies in this country—from listed companies to small, privately owned companies and from single companies to groups which comprise hundreds of subsidiaries. The purposes of Schedule 7 are to lay down the rules for the preparation of the profit and loss accounts and balance sheets for all Australian companies. The basic principle is plain. Shareholders, investors and others who are entitled to rely on company accounts should be fairly informed of a company's financial position. In short, that means what a company has, what it owes, its profits and its losses. How is this principle to be achieved? Reporting requirements should be expressed simply and should be sufficiently flexible to accommodate the great variety of activities of Australian companies. They should not be overburdensome, they should not be unnecessarily intrusive and it should not be thought that there is only one public interest to be served.

There is a very great public interest in lifting the burden of unnecessary regulation from Australian business and in preserving such rights as the right of privacy. These interests are interests to which the Government ritually genuflects while ignoring in practice the rights of privacy and, in this case most importantly, the need to free business from the weight of oppression and unnecessary regulation. The Government's record on privacy is only too well known, most recently with the identification card, the most massive invasion of the privacy of Australians that this country has ever seen in peacetime.

Let me now go to one of the Government's so-called achievements, which I do in the context of business regulation. In May 1985 the Government established the Business Regulation Review Unit and once more we had a promise from the Prime Minister. He said:

Business deregulation is an issue which in the past has been long on rhetoric and lamentably short on action. But as has been amply demonstrated, we are a government prepared to get things done. As we have taken deregulation out of the 'too-hard' basket...

Let me stop there and say that, having taken it out of the too hard basket, the Government has decided to entomb it, probably together with

some of the papers relating to the *Age* materials and investigations touching others—not Mr Justice Murphy, but others. It has gone into the too hard tomb. The Prime Minister went on to say:

The Government appreciates that competitiveness is not enhanced where additional costs are imposed on industry through unnecessary regulation or excessive 'red tape'. Wherever it is possible, such imposts will now be removed.

This was a speech made by the Prime Minister to the Business Council of Australia on 19 October 1985 and it is deeply ironic that one of the organisations to complain most bitterly about the lack of consultation and about the regulations imposed by Schedule 7 is that very organisation. When, may we ask, has this Government removed regulation? How much has it removed? In fact, the whole drift has been in the opposite direction. The odds are that when this Government's record is assessed it will be found to have imposed more unnecessary regulation and more intrusive regulation on Australian businesses than any other government in the same time span.

What is the weight of the burden of business regulation? Let me go to a report of May 1986 of the Business Regulation Review Unit, which was set up by the Government and extolled by the Prime Minister. It estimated that in the Commonwealth sphere alone some 16,400 public servants, excluding the Australian Taxation Office, the Australian Bureau of Statistics and the staff of certain research foundations, at an aggregate cost of some \$700m per annum, were involved in business regulation; that adding in State and local government, the number of public servants involved in business regulation was between 40,000 and 80,000; that the total cost to taxpayers was between \$1.8 billion and \$3.6 billion annually; that the paper burden of cost to business of Federal and State regulations ranged between \$3.6 billion and \$7.2 billion; and that the estimated overall cost to business of Federal and State regulation was between \$40 billion and \$80 billion or the equivalent of 15 to 30 per cent of Australia's gross domestic product of \$250 billion. These are obviously very rough estimates. In the nature of things, they have to be very rough estimates. But the dimensions of the problem are obviously huge. The cost to business is immense, and the burden on efficiency and competitiveness, at a time when we have to place a premium on efficiency and competitiveness, is great. Yet Labor's suspicion of the private sector endures. The rule is: 'If you see a business, regulate it'.

The central problem is that regulations have been and are being thrust on business without

the Government determining a clear and consistent basis for their justification. The basic premise should be that a regulatory burden should not be imposed unless a clear and compelling case has been established. The legislative bias should be against regulation and the general question should in all cases be: What are the facts and public interest arguments that are so compelling as to require regulation?

Some of the questions that must be asked before regulations are imposed, added to or changed are these: What are the public interest objects that the regulations are designed to achieve; what is the empirical data said to justify the regulations; what are the positive public interest arguments for and against regulation; what will be the paper burden costs and the compliance costs for businesses; have the businesses to be affected been adequately consulted and has account been taken of outside expert opinions; what mechanisms are to be used to review the cost and continuing usefulness of the proposed regulations; are the proposals framed in plain English; and are they so designed as to minimise burdens and costs? Unless these questions are asked and answered, burdens and unnecessary costs and constraints on business will inevitably increase. I can find no evidence that anything except perhaps the most casual attention has been given to these kinds of questions.

The Government, the chief member of the Ministerial Council for Companies and Securities which is responsible for Schedule 7, had the opportunity when redrawing Schedule 7 to do two things: Firstly, in place of regulating every detail of company accounts, and the accounts of listed companies in particular, to adopt the United States of America approach—simplicity and accountability. Let me quote from the Government's Green Paper on Schedule 7. It states:

Financial reporting requirements issued in the USA by the Securities and Exchange Commission are phrased very simply. The SEC relies upon the accounting profession (and its own review procedures) to ensure that the spirit of the requirements is observed.

What a very sensible approach that is and what a pity it is not adopted in this country. Secondly, the Government had the opportunity to replace the rigid requirements of Schedule 7 with legally enforceable accounting standards set by the accounting profession as independent experts. Let me quote from a letter to the National Companies and Securities Commission of February 1986, written on behalf of the Australian Society of Accountants, the Institute of Chartered Accountants in Australia and the Australian

Accounting Research Foundation—in short, all the experts. It said:

The profession is firmly convinced that the medium of approved accounting standards should be the only mechanism employed by the Act for the regulation of financial reporting by companies.

Instead of adopting and taking advantage of these opportunities, what do we have? The views of experts on these critical questions have been ignored. The Australian Council of Trade Unions, the regulators and the zealots have won again. In place of one set of accounting standards, those approved by experts and by the professional accounting organisations, we will have in the Companies Act two different regulatory mechanisms—approved accounting standards and the requirements of Schedule 7. I quote again from that letter of February 1986, where this is said:

The existence of these two mechanisms . . . promotes duplication, complexity and over-regulation and may result in different, or even conflicting requirements being prescribed under the one Act.

Is that not a totally marvellous outcome after such an extensive review, commencing as it did with the Green Paper in 1983 in which principles were set forward, such as the one from which I quoted from the United States, which had a great deal of sense and which were ignored when Schedule 7 was finally drawn up? I repeat the words there used—duplication, complexity and over-regulation. They are the achievements of this Government. They are not my words but the words of the experts.

Let me now move to some particular objections. I will not refer to all of the objections to the new Schedule because time does not permit. First, disclosure in listed corporations: Directors must be identified by name, and total remunerations packages must be exposed. Absurdly this is to apply to every subsidiary of a listed corporation. Let me quote from a letter written by the Business Council of Australia to the Prime Minister in September 1986. It states:

Thus for a large enterprise with a number of subsidiaries (even inoperative subsidiaries) this could result in the disclosure of the remuneration of literally hundreds of executives.

The names of executives from middle management level could be disclosed. What will this do? It will generate a vast quantity of data of no use to those who are entitled to go to and to rely on accounts. It will constitute a gross invasion of privacy. I ask this question: What possible public interest is served by the disclosure of the remuneration packages of hundreds of exec-

utives at middle management level in cases where a listed company has—as is frequently the case—many operative or non-operative subsidiaries? The answer must be none, because nothing can be advanced in support of the proposition that one needs to know who is earning \$25,000, \$30,000 or \$35,000 in one of the many subsidiaries of a listed public company. Incidentally, what is proposed is far more onerous and intrusive than the position in the United States or the United Kingdom where disclosure requirements apply only to the listed companies themselves. Let me quote briefly from the Business Council of Australia in its letter to the Prime Minister of September 1986. It said:

The Business Council believes that the objectives of the Ministerial Council could be met by limiting the disclosure required to: listed companies; an aggregate figure rather than identifying individuals; and disclosure in group accounts only in respect of directors of the parent company and not of subsidiaries.

Is that not a sensible answer? Why has it not been taken up? I suppose because the Australian Council of Trade Unions has said 'No, we want to know all of the detail', and that appears to be the source from which this proposal comes.

There is as well an element—I do not wish to exaggerate it—of personal risk in the case of executive directors who are highly paid. We all know what that element of personal risk is. It should not be exaggerated, I repeat, but it is there. In the case of executives, again we have the situation where the five top earners are to be identified by name and the aggregate pay package is to be disclosed. Once again this is an unacceptable invasion of privacy, and once again there is the question of the element of personal risk. The basic point when one comes to executives is simply this: It is for the directors to choose executives and to determine what they should get. It is for the shareholders to sack their directors if they think the directors are incompetent, or if they believe the directors are paying people too much, or for any other reason at all. Once again, one could simply say that the top five executives, unnamed, earn an aggregate of so much—if one wishes to go down that path and if one thought it was necessary.

One other particular matter is the concept of economic dependency which applies in the case of listed companies. Let me read from clause 30 of the new Schedule. It reads:

Where the normal training activities of a company depend upon a significant volume of business with another party—

what is meant by 'a significant volume of business' I should like to know—

and that dependency exists during all or part—

I suppose that means any part at all—

of a financial period, the accounts of the company in respect of that period shall include a note disclosing and explaining the nature of that dependency.

Why should that be disclosed? Disclosure of the economic dependency of one company on another could place the dependent company at risk of pressure from other companies, consumers and trade unionists. Why should economic dependency be disclosed, and how is it to be judged? In the terms 'any part of a year' and 'significant volume' we see the point of the criticisms that have been made and the need for simplicity, and to place the onus on the accounting profession to meet the spirit of accounting standards and to have enforceable accounting standards.

To sum up, despite some sensible improvements, what we see here illustrates the malign influence of the blind impulse to regulate. I stress again that the sensible course is to withdraw and to redraw. That could be done quickly so that no problems would be occasioned to any companies during this financial year. Time does not permit me to read from the relevant letter, but the complaint was made by the Business Council of Australia that the opportunity to consult about the new schedule was effectively over the Christmas period, and that was too short. We know that consultation over the Christmas period is a nonsense, because nobody is around. A further matter that can be added to the Prime Minister's memoirs on broken promises is: The facade of consultation and 'how I sought to fool all the business people all the time but failed to do so'.

Madam SPEAKER—Order! The honourable member's time has expired.

Mr LIONEL BOWEN (Kingsford-Smith—Attorney-General) (10.26)—The Government opposes the motion for disallowance. The honourable member for North Sydney (Mr Spender) has put before us certain matters, but he omitted to mention the law on the point, which happens to be the companies and securities agreement entered into by the Liberal Government of 1978. The agreement does not permit any variation of what has been decided by the Ministerial Council for Companies and Securities. The honourable gentleman ought to be able to address his mind to the law. I understand he agrees that perhaps we ought to alter it. However, for the honourable member to come into the chamber on the basis that we can do something here, knowing full well that we are bound by a statu-

tory enactment to which his Government was a party in 1978, does not add much to the debate.

There is a sense of *deja vu* about this, because the issue was debated by Senator Durack in the Senate last November and the regulation was disallowed in that place. Therefore, what the honourable gentleman has said Senator Durack also said.

Mr Spender—No, he said different things as well. You should read his speech.

Mr LIONEL BOWEN—I have read what Senator Durack said. He seemed anxious to make the point which the honourable gentleman made—perhaps he was not so exact as the honourable gentleman on excessive business regulation, a view with which we all agree—that a number of the amendments were quite sensible. This morning we should address our minds to those matters which the honourable gentleman regards as unfair. I am not here to say in detail that everything that he has said is necessarily binding for all time, because I think that there is a continual need to review.

The issue is whether there should be disclosure of directors' salaries and emoluments. At the outset, we say that many people in this country are obliged to disclose their salaries and emoluments. For example, members of parliament have theirs disclosed. The trade union movement is always urging what it might regard as fair and comparable justice in wage deliberations. When a case goes before the Australian Conciliation and Arbitration Commission there is always a suggestion about what can be afforded. Whether a rapid escalation in some parts of the wage scale would affect relativities is also considered. I do not know why there is so much worry about the fact that some directors might have to disclose salaries and emoluments, particularly when large business enterprises in Australia are anxious to oppose—on the basis of whether the business, the company or the nation can afford it—what they consider to be an unfair increase in certain salaries. But the basic point is that shareholders themselves would be anxious to know what the trustees of their businesses are getting by way of reward.

Another point that the honourable gentleman mentioned in passing concerned problems with the identity card. As he knows, and as I know, one of the great advantages of the ID card would relate not so much to directors but to preventing people from adopting aliases. I fail to see the relevance of the argument he has put today. It is recognised that because of the plurality of bank accounts, which we do not seem

able to control, massive crime is committed without detection. That is because there is no obligatory ID card. It is about time that the Opposition, if it could get its act together on any policy at all, understood that the identity of anybody who is born, who is married or who dies is a matter of record. All we are trying to do is establish that in some areas the identity card would guarantee there was no fraud. So let us put to rest the argument that there is some merit in opposing the identity card.

The honourable gentleman also raised as an issue unnecessary regulation. I think he has a point in terms of business regulation being unnecessary. I sit in ministerial council meetings and I often object to what I regard as excessive regulation, but I am bound hand and foot by the 1978 proposition that whatever the ministerial council agrees on—bearing in mind that it is a conglomerate of all the States—is the way it is. I have been encouraging the business community in this nation to think about this, and for the life of me I do not know why the Opposition will not. We need one piece of legislation on a national basis. We have the power to enact such legislation. We have to bear in mind that there is one share market, there is one dollar and there is virtually one stock exchange, if we want to put it that way, and it is about time we adopted the concept of having uniform legislation which is effective. We can do something about that. At present we have to listen to the well-meaning deliberations of various State corporations and all the various Ministers. I do not object to that but it certainly does not help business regulation. From my point of view, the market is the best place to assess the rights and merits of share offers. We do not need to have registration of Part A offers. I think all these things could be streamlined but it is about time the business community came to us and asked: 'Why don't you do something about it?' We will certainly try to help the business community. Honourable members will notice that later today we are introducing legislation to enable a body entitled the Australian Associated Stock Exchanges to function. Of course the world has got so small now that it is not just a question of buying shares in Australia; they are bought across the world. It occurs so rapidly now that one probably does not need a stockbroker; one is more inclined to need a bank to guarantee that at the same time shares are bought, whether they be bought on the Chicago exchange or some other exchange, the money is immediately taken out of one's bank account.

The honourable member has not faced up to the fact that there has always been a Schedule 7 in the Companies Act. We are discussing an amended Schedule 7, changed by regulation. It was not done over Christmas; it was done last year.

Mr Spender—Consultation was sought over Christmas.

Mr LIONEL BOWEN—Schedule 7, for example, has been in operation for a long while—since 1982. The amendment was certainly brought in in July 1986, as a result of a ministerial council meeting. Following that, as is obligatory under the agreement, within six months an Executive Council meeting approved of the regulations. That occurred on 18 September last. It has nothing to do with Christmas. The whole matter was certainly ventilated well before Christmas last year. Certainly it was debated in the Senate in November, which I suppose is near enough to Christmas, but the issue we are facing is this: We do not have a lot of opportunities to spend a great deal of time on what we would love to do in the companies area. I make the point that during the Whitlam period—I suppose mentioning this will not help our cause in terms of getting support from the Opposition—we did try to bring in national companies and securities legislation. I remember in opposition, in the period 1975 to 1977, introducing a private member's Bill. We introduced that Bill again but on both occasions it was defeated by the Government which the honourable member for North Sydney, who is now in opposition, would have been supporting in principle even though he was not here in fact.

I turn to some of the issues the honourable gentleman raised, such as economic dependency. The relevant provision, as I understand it, follows the Canadian requirement that where a company has a significant volume of business dependent on another company that dependence ought to be disclosed when the company is reporting on its operations. There is no parallel provision in the United States of America but that is the situation in Canada. It is deemed that disclosure of economic dependence may be necessary for what is called a fair presentation of economic position. The honourable member did not refer to the provision that, where disclosure would seriously affect the company, the company may make application pursuant to section 273 of the Companies Act seeking approval not to disclose the information. The honourable gentleman was most anxious to tell me about the extraordinary delay in getting the account-

tancy review board, or whatever it is that we are saddled with—I do not say that in any derogatory sense—to set standards. I agree; there have been dreadful problems in trying to establish standards. This has occurred because of the structure of the process.

We have had to try to accelerate the establishment of standards. The honourable gentleman asked about this. According to my brief, the Schedule 7 requirements should be in accordance with approved accounting standards. But this is not a quick process; it is a dreadfully slow process. Whilst some requirements in Schedule 7 can be incorporated, the profession—I stress, the profession—is still developing standards on many matters. The Accounting Standards Review Board has established a working party to consider the manner in which the transfer is to take place. Members of the working party include the Australian Accounting Research Foundation and the National Companies and Securities Commission. With the greatest of respect, I am sure that if some lawyers were involved the drafting would be much faster. I only say that and I know that I will not get any votes out of the accountants.

The honourable gentleman said that the pro forma accounts arrangement is too rigid. I understand what he said and I think it has a lot of merit. I have argued this for two years. The proposals for the use of pro forma profit and loss accounts and balance sheets apparently were developed in the European Economic Community during the 1970s in an effort to overcome problems. The Community's proposals were approved in 1978 and the amendments necessary to implement them in the United Kingdom were enacted in the early 1980s. Obviously that concept was picked up. Senator Durack is not correct in saying that that concept does not apply. Australian pro formas, whilst patterned after the United Kingdom model, were developed following the review of financial statements prepared by many of Australia's listed companies and the professions. It is expected that the vast majority of companies will have no difficulties with the pro forma. The regulations allow a company to depart from the pro forma if compliance would result in the accounts being misleading.

These are some of the matters the honourable gentleman mentioned. He said that similar disclosure of directors was not required in the United Kingdom. I am reminded that in the United Kingdom there is an obligation to indicate the number of directors who have emoluments of less than 5,000 pounds and the number

of directors whose emoluments fall within each successive 5,000 pounds step.

Mr Spender—That is the aggregate situation.

Mr LIONEL BOWEN—Yes, but I understand that anybody can work out the situation in the finish. I am told that the position in the United States is basically the same as is now provided in Schedule 7.

Mr Spender—What about subsidiaries, though?

Mr LIONEL BOWEN—For subsidiaries, the argument is that a loophole would develop so that people could use a subsidiary and have virtually dummy directors. I do not see such sensitivity about disclosing directors' salaries. Whenever we have tried to attract people from the private sector to Government departments they have been anxious to tell us that the salary the Government pays is half what they get in the private sector. This is a problem. Perhaps it is about time we paid the appropriate salaries—if that is the value of talent—to get such people into government, or even into the Opposition. But we should not hide what it is fair and equitable for shareholders to know.

The point here is that no effort is being made by the Government to do anything that would in any way inhibit business; far from it. I am very much for streamlining it. I urge the business community seriously to consider whether we should not have uniform legislation at a national level to overcome the dreadful problem and malaise that I have inherited, what is called the National Companies and Securities Commission, which came into operation by an agreement made on 22 December 1978. The honourable gentleman always bows, in some sense of servility, to the distinguished signatories to that agreement. This is who they are—

Mr Spender—Servility or civility?

Mr LIONEL BOWEN—Servility. We have the likes of John Malcolm Fraser, the Hon. Johannes Bjelke-Petersen, and Sir Charles Walter Michael Court. That is the philosophy that has saddled me with all this nonsense, and it means that the honourable member is not entitled to move for disallowance, because sub-clause 45 (2) of the formal agreement says that that cannot be done. So I make the submission to you, Mr Deputy Speaker, as if I were in a court of law: That the honourable gentleman has no standing at all here. He is not entitled to move for the disallowance because under the agreement made by those of his ilk, in philosophical terms, who decided to saddle me with this by an

Act of Parliament, I have to do the bidding of the Ministerial Council. That I have done. The honourable gentleman has no power to disallow it. If he did disallow it, the States could go off and do their own thing, because the obligation, under sub-clause 45 (2), is to bring in the regulations so approved within six months, and that I have done. For that reason, there is no case to answer. We therefore oppose the disallowance motion.

Mr DEPUTY SPEAKER (Mr Leo McLeay)—Order! The Minister's time has expired.

Mr SPENDER (North Sydney)—Mr Deputy Speaker, I seek leave to make a very brief personal explanation.

Mr DEPUTY SPEAKER—It might be best if we first dealt with the matter before the House and the honourable member then made his personal explanation. If he wants to speak in reply to his motion, I imagine he could do that.

Mr SPENDER—That is very kind of you, Mr Deputy Speaker. If you are giving me an opportunity to answer some of the things that have been said by the Attorney-General, I am most glad to have that opportunity.

Mr DEPUTY SPEAKER—I am sure that if the honourable member for North Sydney had read the Standing Orders, he would have understood that the mover has the right to reply.

Mr SPENDER (North Sydney) (10.43)—in reply—The right of reply is not usually granted in this House by the fellow who was called the Special Minister of State, who is in charge of House business. But as the Attorney-General (Mr Lionel Bowen) has shown himself, since the beginning of the year, to be of such a benign disposition, and as the new Minister for Immigration and Ethnic Affairs (Mr Young) who has taken the burden of that portfolio on his shoulders, having passed the other one upstream, is not here to deal with the numbers, perhaps I may put just a few matters to the House in answer to what the Attorney-General said.

The Attorney-General has said that there was adequate opportunity for consultation. Let me point out what was said by the Business Council of Australia in its Press release on 30 September 1986. It is worth while bearing this in mind when we talk about consultation. Perhaps the Attorney-General misunderstood me. I shall quote from this document so that all of us can understand exactly what I was saying. I did not previously have the time to do this, but of course now I do. The Press release states:

We seriously question the reasons for the Ministerial Council pursuing these new proposals against strong objections from the business community. Details of a revised Schedule 7 were released just prior to Christmas 1985—

Mr Lionel Bowen—Eighty-five?

Mr SPENDER—Yes, 1985. It continues:

and business was given to mid-February to comment. This was an extraordinarily short time to consider such wide ranging reforms. Further, no other consultation has taken place with the business community on alternative proposals which the Business Council, and others, put to the Ministerial Council.

I interpolate to say that I understand that even at this stage the Business Council is seeking agreement to some changes made on the disclosure requirements. The article went on to state:

... The Business Council can only conclude that the motives of the Ministerial Council were purely political as it appears to have made up its mind back in 1984 in the context of the politics of the Accord.

Mr Hand—Who are the Business Council?

Mr SPENDER—The honourable member for the Left side of the House is interjecting again, saying: 'Who are the Business Council of Australia?'. The Business Council of Australia contains many distinguished businessmen, many of whom I think have been associates of members of the Government from time to time.

Mr Carlton—Don't worry about him.

Mr SPENDER—Do not worry about him. He is an entertaining aberration that moves around the chamber from place to place like a blowfly.

Mr DEPUTY SPEAKER—The honourable member for North Sydney should get on with the matter before the Chair and disregard the interjections.

Mr SPENDER—Yes. There is not much worth in them, I must concede. I go on to another point made by the Attorney-General when he said that, effectively, nothing could be done. I do understand the problems of the Ministerial Council for Companies and Securities. I do understand that the Government is only one member of the Ministerial Council, but it is the chief member of the Ministerial Council. If the Attorney-General and this Government were to put all their energies into support of really streamlined regulation, we would get really streamlined regulation. After all, the Federal Government has power in this area; whether it uses that power is a separate matter. But, if the Federal Government, with the powers and persuasiveness that should be available to it, cannot persuade its State colleagues, who in this case

constitute a majority on the Ministerial Council, to agree to its proposals to streamline, it must be said that the Federal Government has a very bad advocate representing its case. I would have thought that the Attorney-General, had he bent his energies on the subject, could have got the kind of streamlining that he says he needs.

In effect, the Attorney-General has conceded the case and I am grateful that he has done so. He really does concede that there is far too much regulation. He really does concede that in Schedule 7 the requirements are far too rigid. He really looks for a more flexible approach but he has failed to achieve the kinds of objectives that he wishes to achieve.

I want to have the very last word on one throw-away line that the Attorney-General put to the House. He said that this House has no right in law to disallow these regulations. It does not matter whether these regulations have been agreed to unanimously by the Ministerial Council. It does not matter what the views of the States are. This Parliament remains seized of its own powers and it can disallow anything that it wants to. His argument is arrant nonsense. It is one that I hope we never hear again from a government, even allowing for the problems that the co-operative legislation throws up.

I may say, by way of what one might call a personal explanation that I tack on to the end of my speech, that the Attorney-General mentioned some names and referred to persons of that ilk to whom I always show civility. I asked him across the table: 'Servility?' The answer was no. I seek to be civil to most people at most times, but never servile. I must confess that I have from time to time found myself in disagreement with some of the views expressed by some of those distinguished Australians he named as signatories to the original agreement, but I have never found any difficulty in expressing that disagreement publicly.

Mr LIONEL BOWEN (Kingsford-Smith—Attorney-General)—With your indulgence, Mr Deputy Speaker, I wish to answer some of the personal accusations that the honourable member for North Sydney (Mr Spender) has made. I just want to make a point about what the honourable member has said.

Mr DEPUTY SPEAKER—I understand that the Minister wants to make a personal explanation.

Mr LIONEL BOWEN—Yes, only in respect of what happened at what is called the Ministerial Council meetings. I want to make a point

that the honourable gentleman does not seem to understand.

Mr Spender—I do.

Mr LIONEL BOWEN—Well, let me refresh his memory. The obligations under the legislation are that, when I go along to a meeting of the Ministerial Council for Companies and Securities, I am bound by the majority decision of that Council. It is not a question of my saying that I will take my bat home and that we will therefore not introduce something because I have been outvoted. The law clearly states that the Commonwealth Government, a party to the agreement, will abide by the majority decision. There is then an obligation on the Commonwealth Government to introduce the regulations. It is not a question of being able to abdicate responsibility. The honourable gentleman is wrong and does not understand the law on that point.

The honourable gentleman started talking about Christmas and I thought that he was talking about last Christmas. As it turns out, when he spoke to you, Mr Deputy Speaker, he was talking about Christmas 1985, which means that there was ample time after that to discuss the matter. I have just been handed a note to say that the initial proposals were first exposed during 1983 and draft regulations were certainly exposed from December 1985 until February 1986. In that sense we have a problem with the honourable gentleman having perhaps been misled a little by what the Business Council of Australia felt was a misunderstanding as to the lapse of time. I come back to the point that all I can do is to make an advocate's case. Once a decision is made, we are duty bound to abide by it and duty bound to introduce it here, despite the objections and the submissions made—

Mr Spender—But not duty bound to pass it and not duty bound to oppose disallowance.

Mr LIONEL BOWEN—Yes, duty bound to pass it.

The question having been put and a division having been called for—

Mr Humphreys—The bells are not ringing.

Mr DEPUTY SPEAKER—Does the honourable member for North Sydney want to proceed with a division? We have a real problem with the bells.

Mr Spender—If there is a real problem with the bells, the answer is that I do not think that we should proceed with a division. Can we simply have it recorded that we would have called

for a division but, since there seems to be some fault with the bells, we do not propose to put everyone to the inconvenience which is occasioned by some kind of a breakdown? Could our position be recorded?

Mr DEPUTY SPEAKER—*Hansard* will record that. It is a sensible proposition.

Question resolved in the negative.

TAXATION LAWS AMENDMENT BILL (No. 5) 1986

[COGNATE BILL:

INCOME TAX AMENDMENT BILL 1986]

Second Reading

Debate resumed from 28 November, on motion by **Mr Hurford**:

That the Bill be now be read a second time.

Mr DEPUTY SPEAKER—I understand that it suits the convenience of the House to debate the Taxation Laws Amendment Bill (No. 5) concurrently with the Income Tax Amendment Bill. There being no objection, the Chair will allow that course of action to be followed.

Mr CARLTON (Mackellar) (10.54)—We are discussing the Taxation Laws Amendment Bill (No. 5) 1986 and, cognately, the Income Tax Amendment Bill, which will merely put into effect taxation measures in the first Bill. The Taxation Laws Amendment Bill (No. 5) deals with three major matters. First, for the 1987-88 and subsequent years of income, provisional tax is to be payable by quarterly instalments, rather than in one lump sum, where the provisional tax liability exceeds \$2,000. This measure was announced by the Treasurer (Mr Keating) in the September 1985 taxation statement in this House.

The second proposal within the Bill is to treat as assessable income realised exchange gains, or as an allowable deduction, exchange losses, to the extent that the gains or losses are related to the production of assessable income or to the carrying out of a business for that purpose. That measure was announced on 18 February 1986. The third proposal in the Bill is to treat dividends paid on short term—that is, two years or less—redeemable preference shares as ineligible for the intercorporate dividend rebate and to allow a tax deduction to the payer of that dividend; that is, effectively, to treat such distributions as interest rather than a dividend. That measure was announced by the Treasurer on 7 April 1986.

The Opposition has no objection to the second two of these measures. We believe the change in

the treatment of exchange gains and losses to be a sensible measure, particularly given the new developments that have occurred since the floating of the Australian dollar. We also support the deregulation of financial markets, and certainly the wider range of external transactions which Australian corporations have been dealing with, together with the measure to treat redeemable preference shares under certain circumstances much in the same way as interest payments. That closes off a loophole in the taxation system and follows more or less along the lines of the kind of loophole closing initiated by the current Leader of the Opposition (Mr Howard) when he was Treasurer. So we raise no objection to those two measures.

However, we have considerable concern about the provisional tax measure. We also have considerable concern about the very long delay between the announcement of this measure and the other measures and their introduction in the House. We have a very grave concern about the cumulative impact of these measures on business. The provisional tax measure alone advances income tax payments by provisional taxpayers by \$90m in one year which, in itself, is not an enormous amount in relation to total company and personal tax but, if added to the other burdens which have already been placed on taxpayers by this Government over the last couple of years, could well be the straw that breaks the camel's back. On behalf of the Opposition I will move an amendment at the Committee stage relating to the provisional tax, which I shall explain shortly. In the second reading stage I move on behalf of the Opposition:

That all words after 'That' be omitted with a view to substituting the following words:

'whilst not declining to give the Bill a second reading, the House—

- (1) expresses its concern over the excessive delay in the introduction of the legislation, relating as it does to measures announced as long ago as 19 September 1985;
- (2) deplores the creation of uncertainty and confusion among taxpayers and in the business community due to the failure of the Government to present these and other measures to the Parliament within a reasonable time after their announcement, and
- (3) condemns the Government for imposing an excessive tax burden on business, thus inhibiting new investment in productive enterprises'.

This amendment will be seconded by the honourable member for Curtin (Mr Rocher). Let me deal first with the issue of the provisional tax. The measure that has been put forward changes the system of payment of provisional

tax for anybody liable to more than \$2,000 provisional tax in a year. It means that, instead of having one single payment for provisional tax, the payment will be made in quarterly instalments. So from 1 July 1987 those with a liability over \$2,000 will receive quarterly instalment notices from the Australian Taxation Office. The due dates of notices are to be no earlier than 1 September, 1 December, 1 March and 1 June. For this year only, the September instalment will be combined with the instalment for December, payable no earlier than 1 December 1987. Variation provisions will still apply. But if the taxpayer receives more than three-quarters of his or her gross income after 1 December in any tax year he or she will be able to apply to the Tax Office to pay by two instalments due no earlier than 1 February and 1 June respectively.

Some people might welcome the opportunity to pay their provisional tax in four instalments rather than in one, but there are very considerable concerns about the additional administrative burden to businesses and their tax agents with this measure and, of course, very considerable concern about an extra \$90m in tax being drawn forward by the Government over the course of this year which will lead to very severe cash flow problems for businesses already suffering from extraordinarily—

An incident having occurred in the gallery—

Mr CARLTON—There has been an interjection from the gallery to say that workers are the ones who are paying. Indeed, it is the workers who do pay. The Labor Government tries to suggest all the time that somehow taxes imposed on the business community are not paid by the workers. Every tax in this community, whether it is levied on a business or on individuals, eventually becomes a tax on the worker. That is becoming clearer and clearer to workers in Australia. This is a high taxing Government, both on workers and on businesses. If business taxes go up, then the charges and prices of business get passed on to the worker. That is a fundamental truth which is increasingly being understood by all sections of the community. I make it clear that the Opposition is not arguing any special case for business as such. It is merely arguing a sensible economic case which indicates the very bad effects of the overall tax measures of this Government. The concerns of the business community about this measure are expressed quite well in a letter from the National Farmers Federation to the Treasurer (Mr Keating) of 10 February 1987. I will quote from the

letter because it puts the argument very well. It states:

The proposed arrangements will result in many primary producers being required to make provisional tax instalments in advance of the accumulation of the taxable income to which the tax applies. This is contrary to the fundamentals of income tax and would be an unjustified imposition on the taxpayer.

The provisions applying to primary producers in the proposed arrangements also make no allowance for the unpredictability of primary production income. Seasonal conditions affect both receipts and expenditure to the extent that taxable income cannot be estimated with any reasonable accuracy until the year is well advanced. For example summer storms or fires in a mature crop may totally alter income expectations from one day to the next. Similarly the temperature and rainfall patterns in late summer and autumn can substantially alter expenditure on stockfeed and cultivation for crops.

NNF considers that it is impractical to require primary producers to estimate taxable income any earlier than is currently required. Earlier estimation will necessarily result in substantial errors and over or under payment of tax instalments.

The Government has recognised through income averaging that separate arrangements are necessary to maintain equity for those taxpayers who have variable incomes. A large majority of those taxpayers using income averaging would also face problems under the proposed provisional tax requirement because of unevenness of income and unpredictability of income.

Those remarks apply not just to the farming community, as is described by the National Farmers Federation, but to the tourism industry, where there are variations because of climatic changes and so on.

The Tax Office's own book on provisional tax when talking about penalties for incorrect requests for variation of provisional tax gives the example of a person with a rental property at a resort who lodges a request for variation on provisional tax because the weather has been bad and the property has been vacant for much of the season, but after the variation request is lodged the weather improves and the property is fully rented for the rest of the season. In that case had the owner of the rental property applied for a variation of his provisional tax he would have been in a lot of trouble because if there is an underestimate by more than 10 per cent in the amount of taxable income other than salary or wage income on such an application there is a penalty of 20 per cent of the underestimated provisional tax.

In other words, the Government might say that there is always an opportunity for taxpayers to put in what it calls a PTV—a provisional tax variation request. But if taxpayers get that wrong—and it is a very severe worry for them

that they will get it wrong—they cop a 20 per cent taxation penalty. So not many people put in for such variations. What happens, therefore, is that the Taxation Office assumes that there will be an 11 per cent increase on the previous year in the income that is subject to provisional tax, and the taxpayer basically has to accept that. Under this new arrangement, the taxpayer has to accept it over quarterly instalments when income may be highly variable over the course of the year. What the Opposition will do on this measure in a practical sense is move an amendment in Committee which will enable people currently subject to averaging provisions under the Income Tax Assessment Act to stick to the old system if they wish.

I go to the broader considerations here. I first refer to the question of delays. Over the last couple of years the Treasurer has introduced an enormous number of new tax measures. In fact, in the new consolidated Act that was published just recently, making allowances for Acts that were introduced between the September statement of 1985 and the publication date of the consolidation, before 19 September 1985 the Income Tax Act, according to our new sums, had 1,230 pages. So we are talking about an Income Tax Act of 1,230 pages before the Treasurer's statement of 19 September 1985 rather ludicrously entitled 'Reform of the Australian Taxation System' or otherwise RATS.

Mr Braithwaite—It is a total nightmare.

Mr CARLTON—Before RATS, which is a total nightmare, as my friend the honourable member for Dawson says, we had 1,230 pages in the tax Act. At the last count and before the Bill today an additional 708 pages were introduced by the Government on top of the 1,230, and with an additional 28 pages for the Taxation Laws Amendment Bill (No. 5) today, we have 736 pages of new tax legislation or an increase of over 60 per cent in taxation legislation since the Treasurer's so-called reform statement. That is quite extraordinary. One can imagine the very great difficulty for anybody having to cope with this—individual taxpayers, anybody with slightly more complicated affairs and certainly farmers and businessmen. These people will have enormous trouble in coping with all these changes. The sheer volume of the changes has caused severe constipation and, of course, that is going through the accounting and legal communities which are struggling to keep up in understanding and applying all these measures.

There have also been unconscionable delays in the introduction of legislation. The prize for

this really goes to the resource rent tax. The resource rent tax was announced on 18 April 1984 to begin from 1 July 1984. That measure was introduced nearly three years ago, to commence two and a half years ago. The legislation was first sighted on 28 November 1986 and I think it is to be debated in the House next week. So nearly three years after the announcement of a resources rent tax we finally get to debate that legislation in the House. Oil exploration in Australia is at an extraordinarily low ebb, the Bass Strait reserves have been depleted and there is an urgent necessity, particularly because of our balance of payments problem, to promote oil exploration in Australia. Yet the presentation in legislative form of a tax which vitally affects the oil exploration industry and which, in fact, will inhibit oil exploration has been delayed by nearly three years.

Mr Hawker—This is disgraceful.

Mr CARLTON—What sort of priorities do we have? It is a total disgrace, as the honourable member for Wannoff says. In Australia's critical balance of payments crisis, to have that sort of nonsense going on is absolutely outrageous. This applies to the other measures we have had. Imputation was announced on 19 September 1985, to commence from 1 July this year. It was changed completely in its nature in a Press statement by the Treasurer on 10 December 1986, but no legislation has yet appeared. Imputation has profound implications for business planning and business investment in Australia. The fringe benefits tax was announced on 19 September 1985. We did not see it here until 2 May 1986. The capital gains tax, announced on 19 September 1985, was not seen here until 22 May 1986, which caused enormous uncertainty and confusion. We find that the provisional tax proposal, announced on 19 September 1985, is being debated today, an enormous 17 months later, when people are obviously concerned about the precise nature of that legislation.

We have delay creating uncertainty, an enormous volume of legislation creating uncertainty, a backlog in people's understanding of this complicated legislation and, finally, there is the financial impact on the business community of all this legislation. Let us look at that. There are 139 pages of complicated legislation in the fringe benefits tax and the full year revenue, estimated initially at \$575m, is going up. Everybody says that the fringe benefits tax is bringing in a lot more money than was estimated. It is having a far more deleterious effect on business than even the Government thought it would have. The

motor car industry, which has been the industry most harmed by that tax, has had a decline in its total registrations in 1986 of about 24 per cent over 1985. The December 1986 registrations have declined by 21.9 per cent over the previous December; the lowest monthly December figure since 1967, heaven forbid. The motor industry has been totally destroyed by this Government and the fringe benefits tax is the thing that has pushed it over the edge. Revenue from the fringe benefits tax is \$600m to \$700m.

The capital gains tax—for which there are 130 pages of legislation—was said to cost \$25m to business and individuals but is likely to be very much more. The non-deductibility of entertainment expenses, which was linked with substantiation, has 55 pages of complicated legislation. It is an estimated additional burden of \$330m to the business community and substantiation imposes an additional \$105m, rising to \$200m over four years. Negative gearing proposals for rental properties, for which there are 47 pages of legislation, raise an additional \$100m, wipe out the private rental market and double the queues for Housing Commission homes. This is the compassionate Government we have, and that is what negative gearing has done. The burden is \$100m, rising to an additional burden of \$195m in 1990-91. The increase in company tax from 46 per cent to 49 per cent, expected to raise annually an additional \$475m, provides some offsets to individual taxpayers but the burden is on business originally—\$475m additional tax—when company tax rates in competitive countries around the world are going down to below 40 per cent. That is why a lot of our money is going off-shore.

Under the quarterly arrangement for the payment of provisional tax, an extra \$90m is brought forward. Adding these up, we get an annual increase in the burden on business of somewhere between \$1,600m and \$1,800m. Is it surprising that private fixed investment is flat, that businesses are not investing in Australia and that money is being sent off-shore at an increasing rate? Together with the other inhibiting factors for investment, is it any wonder that Australia is in the extraordinarily difficult balance of payments position that it is in?

The basic stark economic facts of life for Australia at the moment, which the Business Council of Australia highlighted yesterday and which even the trade union leaders understand—although it is not reflected in their submissions to the Australian Conciliation and Arbitration Commission—are that Australia is broke inter-

nationally, owing \$100 billion overseas, and is required to spend 40c of every dollar of its export income in servicing its overseas debt. Australia is on the rocks, and to get it off the rocks we have to encourage private fixed investment in productive enterprises. Why are we not getting that investment? It is not only because of tax. If we have 10 per cent inflation and it is 2 per cent everywhere else, 20 per cent interest rates and they are less than 10 per cent everywhere else, an impossible industrial relations system—I will come back to that in a moment—and on top of that a tax system which has added \$1,600m to \$1,800m burden on to the business community in the course of only 12 months, heavens above, how are we going to attract investment in Australian industry from Australians and from people overseas?

About two or three weeks ago I visited Tokyo to discuss these matters with senior Japanese Government people, economists, business people and financiers. I had the opportunity to have a meeting with Mr Amaya, a senior adviser to the Japanese Government and the leader of the Japanese investment group which has recently visited Australia. Mr Amaya has just returned to Tokyo after leading a group of about 100 Japanese businessmen and investors to examine Australia as a place in which to invest.

Mr Cunningham—I hope you encouraged them to invest and have not been doing what some of your mates have been doing.

Mr CARLTON—In response to the honourable member for McMillan, I will tell him what I did. During the discussions with Mr Amaya, which were quite lengthy—over a meal, in fact—with the Australian Ambassador in Tokyo, the Australian Government Treasury representative in Tokyo and others, we discussed the attractiveness of Australia as a venue for investment. We went through all the good points about Australia. I advise the honourable member for McMillan that when I am abroad, dealing with people who could have a substantial influence on Australia's well-being and investment in Australia, I am a loyal and patriotic Australian. I put Australia's case as best I possibly could. Of course, Mr Amaya is somebody who knows the Australian scene very well. He was the Ministry of International Trade and Industry representative in Sydney many years ago and since then has been a very senior man in the Japanese Government.

In the course of this discussion Mr Amaya said that he had a very high regard for Australia and Australians and he recognised all the posi-

tive elements of Australia as a venue for investment, but he raised the problem of industrial relations in Australia as one of the factors that were not conducive to people risking their investments here. I will not go into what I said about that, but I repeated, in effect, the case that is currently being put by the Prime Minister on this matter, which was put in Davos and other places. I believe that those who were present would believe that I did not sell Australia short. Consider my extraordinary embarrassment when I got back to Australia, when Mr Amaya's delegation was just about to arrive in Australia and the coal unions brought out the coal miners in a national strike. So, on the day that 100 Japanese investors and businessmen were arriving in Australia to look at Australia as a place in which to place investments which would be to the benefit of all Australians, the coal unions brought out the miners on a national strike. That is quite extraordinary, because in that industry, a couple of years before, a deal had been done for benefits which were to be offset by a no-strike provision. That was a clear deal, such as in the steel industry deal, which honourable members know about, and the same thing happened there.

The report of the Steel Industry Authority, which was put down in this House just before we rose last year, made it clear that the unions which had solemnly signed that agreement, which provided for taxpayers' support for that industry and a guaranteed domestic market for steel, had, by industrial disruption in Wollongong, ruined the productivity objectives of the whole Steel Industry Authority and of the whole agreement. Those are two cases of the way in which the present industrial relations system works to the disadvantage of Australia as a venue for investment. Certainly, when the Japanese group came here, we were humiliated by having all our mines closed down in an area where Japan is our biggest customer and where the miners knew throughout that that was a critical factor in the Japanese making their investment decisions.

I really find this an utterly impossible situation. This is a Government whose economic policies have failed to the point where we have 10 per cent inflation versus 2 per cent everywhere else, 20 per cent interest rates compared with 10 per cent or less everywhere else, and an impossible industrial relations system in which even its mates cannot be relied upon to do the right thing. Even when the biennial conference of the Australian Labor Party was held in Hobart last year, its mates in the Federated Storemen and Packers Union closed down petrol

supplies in Sydney and Melbourne. At the very time when Crean and Kelty were making big fellows of themselves as economic managers in Hobart, the refineries in Melbourne and Sydney were closed down with an outrageous dispute.

Australia has to wake up to itself. What I am saying in this debate is that the taxation component of this legislation, heaped on all those other disabilities, is crippling private investment. There is no hope of Australia getting out of its balance of payments problem—of trading its way out or investing its way out—when people who want to invest have loaded upon them an extra \$1,600m to \$1,800m in taxes in one year, when the personal income tax rates are too high and when the whole system is crippling any incentive. Who will be motivated or have the incentive to invest in Australia until this Labor regime is out of office? Nobody, in my view; the sooner it is out of office the better.

Madam DEPUTY SPEAKER (Mrs Darling)—Order! Is the amendment seconded?

Mr Rocher—I second the amendment and reserve my right to speak.

Mr CUNNINGHAM (McMillan) (11.24)—I rise to support this taxation legislation and to oppose the amendment moved by the honourable member for Mackellar (Mr Carlton). We have just listened to a speech which has clearly indicated to all those who have listened to it, and which will indicate to all those who read it, that there is every reason why the message that is getting out to Australians, even from someone as demented as the leader in Queensland, is very accurate—the members of the Opposition are losers, they have been losers, and they have no hope of ever winning an election, considering the rhetoric and the sort of material put forward by the supposed Opposition spokesperson on Treasury matters. At times in this debate he even referred to the industrial relations field, with similar rhetoric in relation to that.

The Taxation Laws Amendment Bill (No. 5) and the Income Tax Amendment Bill deal with provisional tax. The issue has been clearly spelt out by the Minister for Community Services and Minister Assisting the Treasurer (Mr Hurford) in his second reading speech. The Opposition spokesman, the honourable member for Mackellar, who is at the table, also spent a few minutes on that issue today. The Bills are part of the taxation measures that this Government has introduced over a period in order to rebuild the economy of Australia, to put it on a path that will see us into the next century. I believe that the reason we are seeing this great push

and this massive expenditure by some people in Australia to make a charge—similar to what occurred in 1975—to take over the treasury bench is based on the clear understanding that we are heading into an era of a very stable economy because of the foundations laid down by the Treasurer (Mr Keating) and the Prime Minister (Mr Hawke).

The government that wins the next election will be the government that will be in power for a long, long time. That is clearly understood and that is why we are seeing this massive push for power by a section of the establishment in Australia, the really conservative sector in Australia.

In dealing with provisional taxes I will go to the opposite end of the spectrum when talking about the public. I will not be talking about the need to look after the greedy; I will be talking about the need to look after the needy. Because the increase in the rates for pensioners and the adjustments in the tax scales are taking a while to work their way through, we are finding that some people in the lower income bracket are having to pay provisional tax for the first time. I know this is a separate issue from the one that is involved in the provisional tax measures before the House, which deal with people who have provisional tax liabilities in excess of \$2,000. Many people are finding that their small investment income has increased their total income to the extent that they are beyond the tax threshold and are getting a provisional tax bill for the first time. Avenues are available for them through the Department of Social Security—I have been advising constituents in my area of this fact—to make adjustments to their pension or superannuation income so as not to be saddled with a provisional tax bill. It can be amended. For all the work we have done in the taxation areas, this is one area we will need to continue working on through to the next Budget to ensure that the thresholds are adjusted in such a way that those people who have never had to pay provisional tax will not have to do so in the future.

I have a document containing figures which I would like to table at the conclusion of my speech. It is a breakdown of expenditure, by age and social group, that this Government intends to make during the 1986-87 year. I have taken the demographic statistics used by the Department of Immigration and Ethnic Affairs and have developed a paper which shows age groups, from nought to four, five to nine, 10 to 19, 20 to 29, 30 to 65, and 65 and over. I have put them into social groups: Pre-school children, primary school children, secondary school children,

young marrieds, families, pensioners and retirees. When one goes through the expenditure of every department in the last Budget one sees some interesting figures: In defence we spent \$7,415.3m; in education, \$5,204.2m; in housing \$1,509.5m; in culture and recreation, \$949.6m; in transport and communications, \$1,702m; in health, \$7,306.5m; in general scientific research, \$534.7m; and in social security, \$20,760.4m—a very large area of expenditure by the Government. We also spent millions of dollars on industry assistance and development, on labour and unemployment, legislative services, law and order and public safety, foreign affairs, administrative services and, last but not least, payments to other governments, where general revenue assistance alone was \$13,125.7m out of a package of \$14,328.4m. That is a total outlay by the Government of \$74,764m.

The debate in Australia is focusing on how and where the alleged conservatives intend to cut taxes to the tune of \$6,000m to \$8,000m. I have taken the age groups and the corresponding figures and worked out just where the Government spends its money. In the nought to four age group, the pre-school group, the amount spent on each child by way of education, health, social security, housing, transport, law and order, administrative services and payments to other governments is \$3,524.24. So a family who has a child under four is receiving on average that amount of money. If that family has a child between five and nine, that family will receive by way of government expenditure on services such as health, social security, housing and other services, an amount of \$4,106.81. If that family also has a child in the 10 to 19 age group—we will see that the education figures differ slightly for each age group—it will receive, through the services I have mentioned, an amount of \$3,769.81. For the benefit of the point I am making, I will move to the 30 to 65 age group, to the two heads of the family. The expenditure by the Government on defence, education, housing, et cetera, amounts to, by way of tax returns, \$3,748.72 each.

When we put those figures together we find for the male figure in the family a figure of \$3,748.72 and for the female, \$3,748.72; for the pre-schooler it is \$3,524.24; for the child at primary school it is \$4,106.81; and for the secondary school child it is \$3,769.86. So the value of the tax coming back to the family is around \$18,898.35. When we hear about the conservatives running around the country saying what they will do to cut expenditure they have to be able to tell every family just what section of

that expenditure that families are receiving they want to cut out.

The tax rate for the average wage earner is 25c in the dollar. People who are earning between \$25,000 and \$27,000 a year are paying at the moment a flat rate of 25c in the dollar. So conservatives who believe that 25c is the level they want everybody on are not talking about all those families at present who are receiving these expenditures from their taxes; they are talking about those people over and above, the greedy, the ones who they intend to see get cuts which we can ill afford. The question that needs to be asked, particularly of the honourable member for Mackellar, is: Where are the cuts going to be made on the families who are at present paying only 25c in the dollar tax and who are receiving \$18,898 in government expenditure? Will it be in the health area? Will it be in the education area, or will it be somewhere else?

Let us look at the areas of government expenditure on the 65 and overs, our elderly people and retirees. When we run down the figures for the people in that age group we find that for every person over 65 years of age the average expenditure from the Budget this year will be \$9,203.49. The administration costs on all this, which takes into account salaries and everything else, works out at about 18 per cent.

If every Public Service job in Canberra that is duplicated in the States is abolished—the conservative forces claim that that is where the cuts will be made—the amount of money saved will be minuscule. The Leader of the Opposition (Mr Howard) said on television last night that the best we could possibly do would be to cut expenditure by \$400m to \$500m. There is complete confusion about the Opposition's taxation policy. Some sectors—I do not know which faction or group one should consider; the conservatives, the wets, the dries or the National Party—are trying to decide which group will come out on top in the taxation battle. If the 25c group comes out on top we know, from the words of the present Leader of the Opposition, that 80 per cent of Australians will be worse off. If the proposal espoused by Sir Joh, as he stomps around the country with his \$1,800 an hour Learjet or whatever type of jet he flies around in at everybody else's expense, is foisted on the Australian people by some unfortunate circumstances, 80 per cent of Australians will be worse off. At present, many families are not paying even 25c in the dollar.

I will run through a scale that I have before me. It illustrates the tax paid by a two-income

family earning between \$20,000 and \$36,000 a year. If the head of a family in that group earns \$12,000 a year, he pays \$1,736.26 tax, or 14.46 per cent—not 25 per cent. If his spouse works to bring the family income up from \$12,000 to \$20,000 by earning \$8,000, the tax payable is \$759.46, or 9.49 per cent. How would such a family be with a 25 per cent tax rate?

Mr Carlton—I raise a point of order. The remarks made by the honourable member do not relate to either the Bill or the amendment.

Madam DEPUTY SPEAKER—Order! The honourable member's remarks are within my guidelines of flexibility which I operated on behalf of the honourable member for Mackellar.

Mr Carlton—On a point of order, Madam Deputy Speaker: I moved an amendment to the motion which brought everything I said clearly within the scope of the debate. The honourable member is debating personal tax, which is not included in the scope of the motion or the amendment.

Madam DEPUTY SPEAKER—I will be asking the honourable member for McMillan to come back to the mainstream of the legislation. However, I repeat my point that in one instance I was about to call the honourable member for Mackellar to attention when he was going through anecdotes, but I decided that, for a rounded discussion, it was better to allow him to continue, believing that he would get back to the point, which he did. I ask the honourable member for McMillan to do so as soon as possible also.

Mr CUNNINGHAM—It is quite obvious from the remarks and the objection raised by the honourable member for Mackellar that he does not understand that we are talking about a tax package. He even complained in his amendment about legislation announced on 19 September 1985. From 19 September 1985 to the present allows for a broad-ranging debate. Within the context of a tax debate, whether it is about a provisional tax or, as he claims, the imposition of an excessive tax burden on business—there is no mention of the needy; it is always those at the top level—I claim that my remarks are quite in order.

The tax rates which I have just cited—that is, 14.46 per cent for an income of \$12,000 and 9.49 per cent for a family on an income of \$20,000—are a long way below 25 per cent. Let us consider a two-income family earning \$36,000 a year. If one person earns \$21,600, he pays \$4,844.09 tax, or 22.42 per cent if we work on

a flat rate. If his spouse earns \$14,400, the tax payable is \$2,414.42 or, on the flat rate tax which Joh and the conservatives are always screaming about, 16.76 per cent. Those are the figures for a two-income family earning \$36,000. What would a 25 per cent tax rate do to them? It would increase their tax burden.

Why do the conservatives want to do that? They want to give the money back to those who make big profits on the share markets. We have seen the deals that occur in the share markets. Millions of dollars change hands in deals such as those made by Herald and Weekly Times Ltd and television stations. The Opposition wants such people to continue making capital profits. We have no objection to that. We do not put restrictions in the way of making capital profits. All the Government asks is that those people pay a share of their profits, the same as everybody else in the community does, by way of tax. We know that that is the one issue on which the conservatives are in agreement. They want to give back to those people the opportunity to make profits and pay no tax. Of course, when they have made those profits the Opposition wants them to be in a position to buy more imported vehicles, such as BMWs, Mercedes-Benz, Jaguars and four-wheel drives. Someone else—the farmer, the exporter—has to make up the money to pay for that.

Where is the Opposition's policy on current account deficits, overseas trade balances, and so on? The Opposition wants to encourage financial positions for people who will take money which is legally in the public purse and which is spent on ordinary Australians. The Opposition wants to give that money back to businessmen so they have more money to spend on the very things that are causing our balance of payments problem. I cannot understand the logic of any of the debate that the Opposition is putting up and I do not believe that people around Australia will do so. It is quite obvious that the policies will be rejected.

I return to the flat tax argument and the tax levels. A person on \$20,000 a year pays \$4,136.09, or a flat rate of 20 per cent. That is still 5 per cent below the proposal suggested by Joh in his Learjet. He wants to tip that jet over again to find out the real figures and see which way he is going. A person earning \$36,000 a year pays \$11,524, or 32 per cent, tax.

The tax debate in Australia is a serious one. It is one that the Government has addressed. We have produced a White Paper and have brought legislation forward to put into place the

tax reform measures that the Government has adopted. We have cut marginal tax rates. The 60c level has gone down to 55c and on 1 July it will move to 49c. The 46c level has been reduced. Eighteen months ago the lower levels were reduced for those about whom I have spoken today. Tax reform is in place. The measures have been put there and they are working.

The big problem in Australia today is the turn-around in our balance of trade which occurred in October or November last year. The honourable member for Mackellar is a great one for saying that the unions should abide by all the rules that were laid down in agreements two years ago. There is not a contract in Australia today of two years duration in any area that has not had to be reassessed in the face of the downturn in commodity prices and our terms of trade developments. It is ridiculous to say that because we agreed to something two years ago we should not have further discussions on it. If we are to have common sense in the industrial relations field, there must be negotiation and discussion. It certainly will not be achieved by giving those who hold the money reins the full power to do what they like and the power to be able to say: 'You will go here and you will go there without any discussion'. Those days have gone. They are feudal ideas which are rejected by the Australian people.

I fully support the legislation. I reject the moves by the honourable member for Mackellar in his amendment to condemn the Government for imposing what he calls an excessive tax burden on business. Just wait until 1 July when imputation comes through and we see taxes on business reduced from 78 per cent to 49 per cent, and we will see who has the last laugh at the next election.

Madam DEPUTY SPEAKER (Mrs Darling)—Order! Before I call the honourable member for Curtin I would like to clarify a matter. Does the honourable member for McMillan wish merely to table the data to which he referred or does he wish to incorporate it in *Hansard*?

Mr Cunningham—Table it.

Madam DEPUTY SPEAKER—There being no objection, he may do so.

Mr ROCHER (Curtin) (11.44)—In the next financial year, 1987-88, the Taxation Laws Amendment Bill (No. 5) and the Income Tax Amendment Bill will see to it that there will be further impositions on businesses throughout Australia. That will be so because provisional tax was hitherto payable once a year on either

31 March or the date notified on an assessment, whichever was the later. From 1 July, it is to be collected four times a year by instalments. We have been told that the net effect of that will be to swell the Government's coffers by some \$90m in 1987-88.

At first glance the claimed reduction of demand on taxpayers' funds of \$90m might have some appeal. But, as is usual with this Government, there is more to it than first catches the eye. The first point which should be noted is that quarterly instalments of provisional tax will not yield new revenue, but merely bring forward collection of the tax. Whereas it could previously be argued that provisional tax collections gave individual taxpayers a three-month advantage over their pay as you earn counterparts, that is to be well and truly reversed by this legislation. However, it is not equality of that sort which motivates this Government. Of paramount importance to this grasping Government is not fairness but a single-minded obsession to crush every ounce of tax blood out of the ever-shrinking stone that is taxable income. Collecting another \$90m next financial year will marginally alleviate the problem the Government has spent itself into over its four long years in office. Already it is confidently predicted that the next Budget deficit will be up to something around \$9 billion; that is, we will be a further \$9 billion in the red unless the Government reneges on its promised July income tax cuts, raises new taxes, or does both. There is, of course, the other possibility of reducing expenditure, but that seems to be out of the question entirely for this Government if its past record is anything to go by. In the context of another record Hawke Government deficit, the \$90m we are talking about is pretty trivial bickies indeed.

Putting that aside for the moment, the comments by way of justification in the explanatory memorandum, which attempts to explain the financial impact of quarterly provisional tax instalments, stretch further the credibility of the Government. The once-off benefit to revenue next year is clear enough but the ongoing effect on business is simply not mentioned. That \$90m—at best—comes out of the cash flow and therefore the traditional resources of provisional taxpayers. If those businesses are to operate at the same level with resources similar to those available in this and in previous years, they must find some very large sums indeed, on my reckoning, given that instalments are to commence on 1 September with a second on 1 December and so on, and remembering that previously there was only one payment, on 31 March.

The Hawke Government may think taking that sort of money out of the private sector for ever and a day can be justified in the interest of its own greed and extravagance, but what it will do in fact is impose even more costs on business, which will in turn be passed on to consumers, sooner or later, in the form of increased prices. This is just another in the long list of measures the Hawke Government has adopted which will further fuel inflation.

However, it is not just the \$90m which will disappear into the Government's deep and seemingly bottomless pockets because neither the second reading speech of the Minister Assisting the Treasurer (Mr Hurford) nor the explanatory memorandum explains how a further \$100m so-called expenditure savings next year and forever more are calculated, and because they fail to do that certain assumptions have to be made. The Minister and the explanatory memorandum each indicate the same things about alleged savings of \$100m or thereabouts for next year and for all time to come. I will quote from the Minister's speech. He said:

Depending on interest rate assumptions, it is also estimated that annual expenditure savings of up to \$100m will result from the need to issue fewer Treasury notes.

The first assumption one could make in the absence of any further explanation is that the Government would not have to borrow up to \$100m or thereabouts, even though it is strangely described as expenditure savings. It seems that that assumption must be put to one side because even this Government would not be so deceitful as to describe obviating the need to issue treasury notes as expenditure savings. It is the interest the Government must pay on treasury notes it issues to finance its huge deficits which is expenditure to be saved in this context, by reducing the need to borrow, and that in turn is possible under these Bills because provisional tax is to be collected much sooner each year than previously.

Again in the absence of any reasonable explanation of how these expenditure savings of in the vicinity of \$100m each year are to be obtained, a second assumption must be made—that the estimated saving is largely, or totally, interest payable on treasury notes. The current interest rate on these notes is around 13 per cent. I use round figures for ease of calculation. An interest saving of \$100m, if the rate is 13 per cent, indicates that the principal, or borrowings in the form of treasury notes, is a massive \$770m per year. If that was all there was to it we could all be somewhat relieved; however, that \$770m has

to come from somewhere. If in the future the Government does not have to borrow this not inconsiderable sum, because the collection of taxes is once again brought forward, it becomes obvious that the bunny will have to be found yet again in the private sector. It transpires that something approaching \$800m is to be ripped out of businesses to save the Government \$100m in interest on borrowings. While the Government can borrow at 13 per cent, businesses which will have to borrow to meet this impost will pay interest at rates ranging from something like 18.5 per cent to over 20 per cent. It should be painfully obvious that if businesses around Australia have to find an additional \$770m to pay taxes out of resources that have previously been at their disposal, some significant adjustments to their operations will have to be made. Because few businesses will be able to raise equity capital to fund this impost, several alternatives will have to be considered. These include, but are not necessarily limited to, increasing prices for goods and services provided, reducing inventories or the levels of work in progress and shedding labour and borrowing. None of those natural reactions, or any combination of them, is good news for either inflation or higher employment.

Having already mentioned the lack of detail from the Government which would have revealed the effect of bringing forward the collection of provisional taxes, it seems appropriate to dwell on something else the Minister had to say. The estimated \$100m expenditure saving, assumed to be interest on treasury borrowings, is quite properly qualified by the Minister when he says that the actual saving will vary from year to year 'depending on interest rate assumptions'. It is not hard to understand the need for such a qualification. Under the Hawke Government we have witnessed the highest levels of interest, in real terms, in the history of our nation. The Government has shown neither the will nor the ability to influence interest rates downward, and in fact the opposite is patently true. The diabolical balance of payments fiasco this Government has overseen makes it imperative that interest rates remain sky high now and for the foreseeable future. The high interest policies under which householders and businesses alike have to survive now are here to stay, unfortunately, until there is a change of government. The Minister was quite right to indicate that he and his Government do not know what interest rates will be next year because they cannot credibly say what the levels will be at the end of this week, let alone next month, next year or at any time in the future.

There is another element to the claimed expenditure savings of \$100m in years to come. As already indicated, the estimated saving is probably the interest that would have to be paid if the \$770m were borrowed by the Government, if it were not to fleece provisional taxpayers in the way that is now proposed. There is a certain strange logic to that proposition. The Government is forced to borrow because it cannot or will not bring down a balanced Budget. Because it wantonly spends more revenue than it can raise, we have record deficits and record interest payments upon debts incurred by this, the biggest borrowing Government in Australia's history. The Government, having deliberately spent us into that predicament, claims that a major justification for bringing forward the collection of provisional tax is that it will save interest on borrowings that the Government's very own deliberate acts of financial irresponsibility have generated. Whilst expenditure savings of \$100m may be there in strict terms, to describe them as a benefit when talking about the financial impact of this legislation opens up a whole new line of Hawkespeak.

What is being said in reality is that because the Government does not deign to bring down a balanced Budget or to keep its expenditure below the amount of revenue it gets from all sources, any measure which reduces its own deficit saves money. That is strictly true, of course. Think of the possibilities, Madam Deputy Speaker. Provided a government—any government—spends more money than it has it will have to borrow the approximate shortfall. It can then, using the logic being employed by the Hawke Government on this occasion, say that any revenue raising measure saves it interest on borrowings it will not then have to make. Some might say that it is a bit devious, nevertheless it is literally correct. To those who might be tempted to say that, let me put this proposition: The same logic must be applied to any new spending legislation. The cost impact then is not all that is measured in the normal way. There must be added an estimate of the interest on additional borrowings needed to finance it.

That is plainly ridiculous even though it is a natural corollary of the line being peddled in the explanatory memorandum. I hope that the Minister and the Government take pains to see that that argument is never advanced as an example of a beneficial effect of the cost impact of legislation before this chamber. It is instructive to look at the demands placed on business administrators, who must file a whole raft of tax remittances, reports and returns. This measure

adds another three logs to that raft by introducing another three reporting and remitting dates. Those demands have increased enormously during the terms of this Government. The Confederation of Western Australian Industry—

Mr Braithwaite—A good organisation, too.

Mr ROCHER—It is a fine organisation. The Confederation of Western Australian Industry highlighted the magnitude of the administrative imposts in a calendar for 1987 which it had printed. At a quick glance, it tells some of the story. It deals essentially with Commonwealth taxes and returns. The demands of State and local government tax laws are separate altogether and part of an additional burden. It could be said that this Government has 12 tax commandments which the business sector is now obliged to follow. The 12 commandments are broken up into monthly, quarterly and annual obligations. When one remembers that these obligations are only Commonwealth requirements and not State or local government, one soon comes to the conclusion that there are not many days left in the working week for accountants to meet their obligations to other than the Commonwealth.

The monthly requirements placed on business include: On the seventh day of each month the business must report and remit group tax reductions; on the fourteenth day of each month it must report and remit prescribed payments tax; on the twenty-first day of each month it must report and remit withholding tax; if it is in the wholesaling business as well, on the twenty-first day of the month it must report and remit sales tax. The quarterly obligations include—this is what we are talking about today—provisional tax because now, as distinct from previously when 31 March was the appropriate date, the business must report and remit provisional tax on 1 March, 1 June, 1 September and 1 December. That is on top of an existing quarterly obligation to remit company tax instalments on 15 August, 15 November and 15 February and the final instalment of company tax which must be made in accordance with normal final assessment requirements. Businesses must make their returns and pay company tax either in instalments or in a final payment.

Businesses have to deal with the fringe benefits tax every quarter; on 28 January, 28 April, 28 July and 28 October each year they have to report and remit fringe benefits tax. On top of that, businesses have the usual annual imposts. On 1 July business men and women around Australia have to collate, reconcile and balance group tax returns and tax sheets. A couple of

weeks later, 14 July is the last day on which businesses may lodge tax stamp sheets. It is also the last day on which they may issue group certificates to their employees. Only a month later, 14 August, is the last day on which they may lodge group certificates and returns with the Australian Taxation Office. Of course, 31 August is the last day on which business people, along with other private income earners, may lodge their individual tax returns.

This is a measure of the burden which is placed already on businesses. I repeat, they are obligations applicable to only Commonwealth requirements. They are indicative, along with the factors that were mentioned by the honourable member for Mackellar (Mr Carlton), of the uncertainty and impositions that businesses have to face in this country and how they are expanding under this Government.

Mr Deputy Speaker, when this socialist Government first came to office Australia was on the brink of an economic abyss. Since then it has taken a giant step forward. Measures such as these and the uncertainty to which my friend and colleague, the honourable member for Mackellar, has referred have added to that circumstance. There is no prospect in sight—it seems to us on this side, certainly when we read the rhetoric of honourable members opposite—that any relief will be available from these uncertainties for as long as this Government continues in office. But unless there is some certainty—because certainty after all is the foundation of confidence—and ensuing confidence, this country will continue to waver. It will continue to stagnate at the bottom of that abyss. Unless we can convince the Government to allow the private sector to know and work under the rules—and to leave them alone for a couple of years at least and not change them—and not to add imposts on the private sector, it is difficult to see that we will ever get a restoration of that confidence which we so badly need in the wealth generating sector.

While the massive uncertainty we have witnessed continues one can be sure that business people will not make the investment decisions we need in this country. They will not commit the capital or other resources to new ventures while there are unknowns, while they are not clear on what the Government's intentions are. They will tend to sit on their hands, and as long as they do we will find it difficult to get out of the problems that we have seen develop under the Hawke Government. Mr Deputy Speaker, I

support the amendments moved by the honourable member for Mackellar.

Mr RONALD EDWARDS (Stirling) (12.05)—I am pleased to rise in support of the Taxation Laws Amendment Bill (No. 5) 1986 and the Income Tax Amendment Bill 1986 and to oppose the amendment. It is good to have speakers on our side. Already I am supporting the remarks of the honourable member for McMillan (Mr Cunningham), and other supporting speakers on this side will be the honourable member for Chifley (Mr Price), the honourable member for Perth (Dr Charlesworth), who is with us, the honourable member for Lowe (Mr Maher), the honourable member for Capricornia (Mr Wright) and the honourable member for Streeton (Mr Lamb). They will bring a substantial body of knowledge and opinion to this debate as well as the experience of being in government and going through the process of tax reform. I am pleased to commend these honourable members to the House because they will add great substance and weight to today's debate.

As I have already said, we are speaking on the Taxation Laws Amendment Bill (No. 5) and the Income Tax Amendment Bill, and in one instance we are referring to the question of provisional tax. Clearly, when we talk about the whole structure of provisional tax and the whole structure of tax in this country, we open up a very wide debate. I would like to pay some attention to that. I would also like to talk about the general strategy of tax reform which this Government has pursued, because one of these pieces of legislation falls within that ambit. I think it is crucial to state that this Government regards the question of tax reform as being central to its economic strategy. In the light of that, I think it is useful to juxtapose some of the propositions being put by those opposite. I also recognise the amendment moved by the honourable member for Mackellar (Mr Carlton) in this instance.

What we are about here is saying: 'Yes, there are proposals for tax reform. This Government has already implemented a substantial number of those proposals. One of these pieces of legislation goes down that path, but there are also some other issues that we ought to be addressing'. In terms of the other issues, I think it is true to say that one of the complaints that are raised by the electorate—here I take up a point made by the honourable member for Mackellar—is the excessive length and complication of the Income Tax Assessment Act. I think it is

true to say that it is very difficult for professionals in the accounting field and for practitioners in the business community to grapple easily with the tax Act. In the context of this debate, that in part results from the failure of previous governments to bring in reform at the appropriate time. What has happened is that this Government has tried to take on board the whole issue of tax reform and the question of tax simplification. Both of those things are being addressed by this Government.

Whilst recognising the point made by the honourable member for Mackellar, that there is a difficulty in terms of the complexity and length of the tax Act, we, on this side, say that the issue of tax reform has been neglected for far too long. It was never properly grappled with by the previous Government. The Leader of the Opposition (Mr Howard), when he was Treasurer, did not completely come to grips with that, and I think we have inherited that situation.

Another point that I think is valid for many honourable members in this place relates to the role of the Australian Taxation Office. I think that the Tax Office, in its treatment of clients in tax matters, too often takes an adversarial role. Frequently businessmen and individual constituents complain to me that they are very often treated by the Tax Office as if they have deliberately sought to evade or avoid their tax liability, when in fact their mistake may well have been due to a change in interpretation. On that point, let me say that one of the difficulties I find is that very often someone has been given an assessment in a particular year, say in 1980 or 1981, and then, in subsequent years, the attitude towards that assessment is changed and, in a sense, there is a retrospective look at it. It does not matter who we are talking about. I find that objectionable if, in fact, the original assessment arose not out of a deliberate attempt to avoid or evade tax but due to an opinion that was given at the time by the Deputy Commission of Taxation. I think that is a very important issue that we need to be addressing constantly in this place.

My view is that down the track we shall need a higher level of support for the tax system by the broader community. We do not have that, largely for two reasons. One reason is that the reform that was necessary in the past was not undertaken. The second reason is that there developed a great degree of anger about the tax system, particularly amongst pay as you earn taxpayers who were paying excessively high rates. This Government has addressed both those ques-

tions. It has sought to reform the tax Act and all of the other regulations arising from that. It is also doing something about reducing the high marginal rates. But I think the ultimate goal of this Government—and, I would hope, of the community—is to get the tax system into such a state that a large part of the community will find that it can co-operate with it.

I want to make some comment shortly about full imputation, because I think that is central to this debate. I think what has happened over time is that previous governments have been unwilling to address the question of tax reform, so the Tax Office has been left with the tremendous burden of trying to deal with avoidance and evasion practices. It was too difficult for it to clean that all up, so, in a sense, some people were treated in relation to those matters as if they were adversaries when in fact they were not, but others were allowed to get away with tax rip-offs. I think a lot of the blame has to be laid at the feet of the honourable member for Bennelong (Mr Howard) for failing to come to grips with that when he was the Treasurer. I still think that while the people opposite are talking about tax reform, what they need to remember is that the broad base of the Australian community has not forgotten the fact that the Opposition, when in office, did allow the tax cheats to get away with it. It did allow very high marginal rates to persist. When the honourable member for Bennelong left the office of Treasurer, he left the 60c rate in place. While there is a lot of talk about tax at the moment, the Australian community still recognises that that was the situation in March 1983 when the Liberal-National Party Government was thrown out of office. We have attempted to address that circumstance with tax reform. But honourable members opposite must not forget that that was the prevailing condition, and they allowed it to exist. We now have these shadowy 25 faceless millionaires on the Gold Coast who are backing Sir Joh. Where have some of their funds come from?

Dr Charlesworth—What are they hoping for?

Mr Price—A good question.

Mr RONALD EDWARDS—What are they hoping for, as the honourable members for Perth and Chifley ask? What is the price of these faceless men? Is it, in fact, to get back to the old days of tax cheats?

Mr Braithwaite—Mr Deputy Speaker, I raise a point of order. This matter has nothing to do with the subject under discussion. It is a personal reflection and I ask that it be struck out.

Mr DEPUTY SPEAKER (Mr Millar)—There is no point of order, but I would ask the honourable member for Stirling to be more relevant to the Bills before the House.

Mr RONALD EDWARDS—Thank you for your guidance, Mr Deputy Speaker. I did want to make another point that I think is sensible in relation to this debate. As a government, we should be looking at the depreciation allowance on new capital investment in buildings. I would urge very strongly that we examine the question of increasing the depreciation allowance on new capital investment from 4 per cent to 8 per cent. I believe that would be a quite significant move and would do something in terms of putting further pressure on the commencement and approvals side of the building industry. I think that is a quite central issue that we ought to be addressing, and it is one to which we can return in subsequent debates.

I did want to say something else in relation to tax matters. One of the difficulties that we, as a government, are facing in having a tax debate, is that we do not know who we are arguing with.

Mr Price—That is right.

Mr RONALD EDWARDS—As the honourable member for Chifley says, that is right. The difficulty we have is that we do not know where the Liberal Party stands on tax. I know that the honourable member for Mackellar is putting some work together on that. But we do have that great difficulty. At the moment we are not really sure whether all of those tax promises about which the honourable member for Mackellar spoke are central to the Opposition's proposition about tax reform. That imposes quite a burden upon the community when it tries to make decisions.

Very clearly, we are of the view that tax reform must go ahead, and this legislation forms part of that general approach. Previous speakers have often ranged widely on the question of tax in this place. One of the issues that has to be addressed is what is the path of tax reform that is being proposed by those opposite and who are we addressing ourselves to? Our tax policy is very clear. We felt that there were some very important goals about tax reform, and one of those was to increase equity in the tax system. We believe that, by and large, we have gone a long way towards achieving that.

The previous speaker, the honourable member for Curtin (Mr Rocher), ranged across a number of things, such as the question of the fringe

benefits tax and so on. I want to make one point about that. I think the problem that the Liberal Party faces on this is that too often it is going to be seen as the defender of the free lunch. But what about the real issue of tax reform in terms of the ordinary person? Why should ordinary people, who go to work with their lunch in a brown paper bag, feel that they have to subsidise those who might seek to have a very expensive lunch? There are many people in the Australian community who feel very strongly and angry about that. This issue has to be addressed by the Opposition. We have addressed it as a government. We felt that it was central to do something about that whole area of fringe benefits. By and large that has been put in place and there is broad community support for it.

On another question of tax reform, that of withholding tax, which was mentioned by the honourable member for Curtin, it is interesting that the Opposition opposes the prescribed payments system. When I speak to people in the building industry these days, they are very supportive of the prescribed payments system because they say that it brings some regularity into their tax practices. It enables them to be much clearer about their tax liability during the year. One of the other interesting things is that the tax rundown period from March to June was traditionally a very difficult period in financial markets because people were putting aside funds for their tax liability. With the prescribed payments system it is possible for them to spread that out during the year and their tax liability is more clearly understood.

Mr Price—The same with provisional tax arrangements.

Mr RONALD EDWARDS—It is the same with provisional tax arrangements; I thank the honourable member for Chifley for that.

Mr DEPUTY SPEAKER—Order! The Chair takes the opportunity of the interruption in the honourable member's remarks by a benign interjection to point out that the Chair has extended considerable latitude to the honourable member on the premise that the occupants who preceded my presence in the chair may have extended latitude. But I am obliged to invite the honourable member to address the Bill in more specific terms.

Mr RONALD EDWARDS—Thank you, Mr Deputy Speaker. What I am trying to do is to respond to a number of points made by previous speakers from the other side. I have listed them all here and I am in the process of doing that.

Mr DEPUTY SPEAKER—It is a persuasive argument. The honourable member suggests to me that two wrongs make a right. I will listen to him further.

Mr RONALD EDWARDS—Thank you, Mr Deputy Speaker. The question of provisional tax and of being sure of one's commitments and being able to spread them throughout the year is central to this legislation, as the honourable member for Chifley has pointed out.

I also add that one of the issues that we have addressed is that of tax averaging, which is embodied within this legislation. One thing that gives me great pleasure is to recognise that this Government understood its obligations on tax averaging for professional sports people, authors and artists. It was something that had not been addressed previously, except in the rural sector—and there was merit in that. This legislation has within it the issue of tax averaging. We regard it as important in terms of our equity goals for the tax system. I say to the House that this Government has done many things to address the issue of tax reform.

The honourable member for Curtin also spoke about interest rates when he was talking about expenditure. The second reading speech states:

Depending on interest rate assumptions, it is also estimated that annual expenditure savings of up to \$100m will result from the need to issue fewer treasury notes.

I am disturbed that the Opposition does not recognise that there are savings to be made. One of the obligations that we regard as important is to try to reduce those expenditure commitments. I am disturbed that the Opposition is not wholeheartedly in support of that. The honourable member for Curtin spoke about interest rates and their application. One of the issues that we have sought to address is to allow market interest rates to have a greater play in these matters. It is disturbing to hear the Opposition in this place have a mixed voice on that. It has been our view that the market should play a greater role in the workings of the economy. I note that the honourable member for Curtin did speak about that. But we on this side of the House are happy to recognise the role of the market-place in the workings of the economy.

It is interesting to note that this Bill also provides for tax in relation to foreign exchange gains and losses. That is an important move. The second reading speech of the Minister Assisting the Treasurer (Mr Hurford) stated:

One of these gives effect to the decision of the Government announced by the Treasurer . . . on 18 February 1986 to treat as assessable income certain

realised foreign exchange gains of a capital nature and to allow corresponding income tax deductions for foreign exchange losses.

That is very significant in relation to our attitude to tax reform. Let me say in this respect that this Government has been very clear about its decision to float the Australian dollar. We recognise that we are part of an international community and that we cannot simply isolate ourselves in relation to both our economic policy and our taxation policy. This is where this question of imputation that was referred to by previous speakers and that I foreshadowed at the outset comes in. One great reform that forms part of the tax reform package is the full imputation of company dividends. As the honourable member for McMillan said earlier, the business community is now paying a tax rate of 49 per cent instead of 78 per cent. The impact of that on business confidence and, over the long term, the willingness of people to invest in equities in this country is very significant. One thing that has been of great concern to people on this side has been the lack of incentive towards equity investment, except for tax avoidance purposes. It is necessary that we provide a positive stimulus so that that full imputation of company dividends which is provided for is very significant in terms of allowing equity investors to benefit from it. That is our attitude on it and we believe it is a very important part of tax reform in this country.

In my concluding remarks let me say that we on our side of the House have set about the business of tax reform recognising some objectives. Those objectives are to overcome the tax avoidance and evasion practices that preceded our coming to office. We have also recognised that there had been a substantial loss to revenue from the failure of previous governments to address the question of tax reform at the appropriate time. We believe we have done a lot to restore faith in, and support for, the tax system. That has to be said. When we look at the big cuts in marginal rates that came into effect on 1 December last year and will come into effect on 1 July this year, we are looking at a substantial improvement in the tax position of ordinary pay as you earn taxpayers. That is very central to the sorts of propositions that we are putting to the community.

Tax reform is central. We have gone a long way towards making substantial reforms. Tax reform is something on which the Australian community will have to make a choice. Cohesive tax reform, of which these Bills are part, has been gone into thoroughly by the Government

in terms of both its revenue implications and the resulting expenditure possibilities for the Government. I believe we have been responsible in that. What the Opposition has to address is whether it wants the 25 per cent flat tax, the Milan Brych tax, that has been proposed or whether it wants a broad-based consumption tax and all the commitments to tax cuts made by the Leader of the Opposition. There is genuine reason for concern about the fact that we do not have a proper tax debate because as yet those opposite do not have a tax policy.

I am confident that the Australian community recognises that this Government has worked hard at tax reform. I am also confident that there will be increasing public support for our tax reform because it will be recognised that we have modernised the tax system. We have done a great deal towards increasing its equity and its fairness. We have done a great deal towards improving public support for the tax system. I say to honourable members opposite: 'You have a responsibility to be responsible in your tax statements and your expenditure commitments. You also have a responsibility to try to bring those together. At this stage you have not done that'. We on this side of the House have done so and we are pleased to support these Bills.

Mr BRAITHWAITE (Dawson) (12.23)—I am pleased by the admonition that has just been issued by the previous speaker, the honourable member for Stirling (Mr Ronald Edwards), about being responsible in this matter of tax reform and in our statements made in connection with it. I well remember when the Minister for Foreign Affairs (Mr Hayden) was Leader of the Opposition. He came to this same dispatch box and said that there was a loss to the Australian economy of \$8 billion worth of taxation, on an annual basis, from what he called tax evasion and tax avoidance. If honesty is to be the basis on which the Government presents its case on the Taxation Laws Amendment Bill (No. 5) 1986 and the Income Tax Amendment Bill 1986, maybe it will let me know to what extent it has tapped that \$8 billion loss, whether it was a real loss, where it came from and what it is doing about it.

What is being put before us as tax reform at the moment is nothing like tax reform. As far as the Opposition is concerned, tax reform would involve a simple and very clear statement of an intention to have fewer taxes. That is exactly what tax reform is.

What do we have before us today? The Taxation Laws Amendment Bill (No. 5) 1986 will

not increase the size of the tax Act, although there are 28 pages in the Bill. But if anybody thinks they are simple, fair or readable and will not involve some cost of compliance for the taxpayer he is being sadly misled. I certainly have misgivings about the Bill. It has been described as a nightmare. It lacks comprehension. No taxpayer in Australia can now afford to do his own tax return, particularly given the self-assessment provisions and the threat of penalties which will result. Each taxpayer in Australia is being forced to bear an extra cost of compliance just in the lodgment of a simple income tax return because he cannot afford to take the risk under self-assessment. The Bill introduces quarterly instalments for the payment of provisional tax, which is just another indication that the Government and the Australian Taxation Office have no consideration whatsoever of the additional costs that are going to be imposed on the taxpaying business sector in complying not only with his legislation but also with the whole raft of legislation that has been before this House over the last 12 months.

I am obliged to my colleague, the honourable member for Curtin (Mr Rocher), for indicating what the tax calendar means to a business person in regard to compliance. If I remember correctly, the honourable member mentioned 12 items of responsibility for a normal business person as far as the Commonwealth is concerned, disregarding altogether every other regulation and requirement of State governments. One can mention only a few. Each week a business in Australia is called upon to be a tax collector removing tax payments from an employee's salary. The employer is obliged, by a certain date the following month, to remit that tax to the Taxation Office under a threat of penalty for paying money that was not his in the first place and for which he acted in trust. Then there are the sales tax requirements. As I understand it, the tax has to be lodged 21 days after the preceding month with the threat of penalties if it is not lodged in time. In some cases it is money that is not received by the taxpayer or business person because of the accounts rendered system. He is paying tax in advance.

There is the quarterly collection of the fringe benefits tax. Thankfully—I say 'thankfully' because the tax is taken out by the banks—the collection of bank accounts debit tax is not a cost to the business person. However, he finds the cost incorporated in the cost of his banking account in the quarterly periodic statement. There is the corporation tax, the quarterly taxation assessment, the payroll tax, and statistical

returns. We are now to have a quarterly assessment for provisional tax. To add to that in the great uncertainty of the business world today, if a person does not want to pay more tax than he feels he is obligated to pay, he has to take a quarterly account of his books. Let us be fair about this. Big businesses in Australia can be incorporated in the Business Council of Australia. I understand that there are 85 members. But the person who earns a basic income in Australia and tries to keep the private enterprise system going is the small incorporated business, the small partnership, the individual. That is where the cost of compliance is badly felt.

In this area nothing is sacred to the Government. Witness the demands it makes on the business citizens of Australia. I have mentioned some of those demands as far as tax requirements are concerned. This Bill addresses some of the problems which are the creation of the Government, such as the imposition of additional costs on business people, quite apart from tax.

It is interesting to move away from provisional tax to foreign exchange losses. We see an Act being changed to accommodate the economic incompetence of a government. The explanation of this provision overlooks why it is necessary to take into account a loss or a gain on foreign exchange. The discredited economic policies of the Government have allowed the dollar to swing so violently in recent years. Businesses in Australia are going bankrupt because of the implications of the floating dollar. Some grace is going to be given to the taxpayer because of this, but let us look at the other cost to taxpayers so far as the exchange rate is concerned. There is the cost of interest rates. The Taxation Office is now obliged to give a deduction as a business expense for our high interest rates, interest rates which are high because we are propping up the dollar, because our deficit is running out of control and because Australia cannot afford to pay its own way on the international markets. This represents a loss to the contributions to the Taxation Office. High government and industry costs and a fixed wage system add burdens to business and are a tax deduction.

Last year the Government carefully introduced a non-deductible item in the cost of the fringe benefits tax. I have never heard of anything so scandalous or anything so contrary to the canons of taxation law as that, a cost to a business in paying a government charge, a tax, on a business expense which should be disallowed for taxation purposes. It is an absolute

scandal. The Government will stand condemned, as it does now, at a future election for the way it has tried to subvert its principles to squeeze more out of the taxation lemon.

Where in all of this does the Taxation Office stand in regard to its collections, given the losses and the massive bankruptcies occurring in Australia today because businesses cannot cope? A question that was not answered yesterday concerned the record number of bankruptcies of the last six months which means that the Taxation Office will be caught without its proper income tax collections because creditors will not be paid and that will be a tax deduction. I am not saying that is not the case, but we ought to understand in any debate on tax reform or principle in this House that economic occurrences come back to tax.

I speak to the amendment moved by the honourable member for Mackellar (Mr Carlton) in relation to what the compliance costs of this legislation will do to Australia. It is revealed every day by the loss carried forward by our farmers. It is revealed by the bankruptcies, the liquidation of companies and the false assessments that are being made continually by the Government. The system is not new. At the moment I am reading a book called *Great and Glorious Physician*, written just after the birth of Christ. The tribune, in sending a letter to his stepson, St Luke, mentioned that the state of Rome was parlous. If I remember correctly, he said that a person could not afford to be an honest taxpayer because the tax officials would say that there was something wrong and demand more of the honest taxpayer. That is the squeeze that is going on in Australia at the moment. It is not the dishonest who are being squeezed; it is the honest taxpayer who is called to account. I do not believe that any legislation should be put before the Parliament in the form the present legislation takes without its compliance costs being considered carefully.

I want to deal also with the extra pressure this type of legislation places on the tax agents. I confess to having a particular interest in this matter, being a chartered accountant until I entered Parliament. I left the practice in 1975. I thought that things were bad in Australia then. I believe that the pressures that are on these people are infinitely worse now. It is not often that one is happy to say that one has changed profession. Even though the accounting profession is such an honourable profession, I am in this position. Let us take self-assessment. A tax agent is under an obligation to lodge a return.

These payments will be demanded in the current year on 1 September and so on. Normally provisional tax is based on the return of the income of the previous year. That previous year's income is then taken as the standard and increased by 10 or 11 per cent for provisional tax. Unless the notional income is devised in some way that is favourable to taxpayers—and I cannot imagine that that is the Government's intention—there will be further pressure on tax agents to lodge returns where provisional tax is payable, if not by 1 September at least by 1 December.

I say to the Government and the people in the Taxation Office that they have pressured tax agents in this country far too long and far too hard to expect that type of compliance in regard to the lodgment of tax returns. I have some sympathy for those tax agents who consult on a daily basis not just on tax but on the requirements of the fringe benefits tax, the lodgment of returns and all the other requirements that are being forced on them. The Government is putting a penalty on tax agents which I think is far in excess of expectations. This Bill does that little bit extra. There will have to be quarterly accounts. I am not knocking the fact that businesses should have up to date accounts. All those people in the BCA would have up to date accounts, not on a quarterly basis but probably on a daily basis. But the people who make this country go round, who make it tick and who provide employment—the people who are struggling in service industries, shops or things such as that—while trying to stay ahead of the creditors are unable to bear the cost of an accountant to prepare their accounts, so they must suffer the consequences of overpayment.

Also, as the honourable member for Curtin said, it is just a sweet deal within the Government to rely on earlier collections to reduce the interest payment on Treasury bills. If the Government is proposing this on the basis of a saving to government, I think it also ought to take into account the cost of compliance by those people within the industry.

Departmental attitudes in regard to compliance are very important. I would not like to think that the type of departmental officers I dealt with 11 years ago, when assessors or inspectors were persons who had been through the ranks, knew the Act and knew the circumstances, were no longer available. It appears to me that we have in the Office at the moment officers who are academically qualified but who are not practically qualified to deal with people. That application is very necessary for an understand-

ing by departmental officers of how businesses run. It is not good enough for an officer to be armed with the penalties under the Act and to demand rights and wrongs of a taxpayer who just cannot comply with its provisions. I would ask for some better understanding between the Government and its clientele—I regard the taxpayers as its clientele; if we did not have them, the country would run amok—of the supervisory aspects that we introduced last year and the penalties that go with them. It is very necessary to address the attitudes within the Office.

We know what the attitude of the Government is; it is to squeeze the last drop of taxation from individuals and to go merrily ahead with its spending spree. Tax reform is a matter of public expenditure reductions. The pivotal point of any tax reform is presenting a Budget before this House that balances. I applaud the Business Council of Australia, which only this week suggested that the maximum deficit that Australia can afford next year is \$1.5 billion. I hope it is not the Government's intention to achieve that by screwing taxpayers more and more, creating a loss of incentive, and not looking at the alternative of reducing expenditures.

I refer to corporate taxation provisions and what some honourable members on the other side have said about dividend imputation. They falsely presented to this House a figure of 75c in the dollar being paid on dividends compared with the 49c it will be under imputation. If we take the figures into account and if we add into that comparison the cost of the fringe benefits tax, for instance, and some of the other concessions that are not allowed, that figure just does not add up. I think it is again very important that this House consider the statements made by the Government. It has been less than honest. The Treasurer was questioned yesterday about bankruptcies and we have been talking about tax figures and honesty in taxation along the line.

At the risk of offending the Minister for Local Government and Administrative Services (Mr Uren) who is at the table, I just want to say that I have had a neckful of the complicated mess which is wrapped up and presented to us as a tax package. The taxpayers of Australia have had a neckful of it and I believe that on the Government's tax record it will easily be defeated at the next election. If that is the case, it has only itself to blame for its gross incompetence in this area and its lack of understanding of taxpayers' requirements.

Mr DEPUTY SPEAKER—It being near 12.45 p.m., the debate is interrupted in accordance with sessional order 101A. The debate may be resumed at a later hour.

Sitting suspended from 12.41 to 2 p.m.

QUESTIONS WITHOUT NOTICE

FOREIGN DEBT STATISTICS

Mr SINCLAIR—I ask a question of the Prime Minister. He would be aware that this morning's foreign debt statistics show that Australia's gross foreign debt has increased from \$36,000m in June 1983 to \$101,000m in September 1986. Does this mean that the rate of increase in Australia's gross foreign debt is over \$1,300 every second, \$78,000 every minute, \$4.6m every hour and \$111m every day? Would it now require every man, woman and child in Australia to pay over \$6,250 each in order to pay off this debt? What is the Prime Minister's excuse for this appalling trebling of our foreign debt during his term of office?

Mr HAWKE—It could be inferred from the observations of the temporary Leader of the National Party of Australia that this is a matter of recent origin. As anyone who understands the economic realities knows, the position is that the current trade and debt difficulties have built up over a long period and will take a considerable period to resolve. The simple truth is that it will take more time to resolve the problems because the previous Government, the Government of which he was a member, simply did not have the foresight to put in place the policies that would revitalise Australia's secondary and service industries. Indeed, if we want to attribute blame, the Party above all which should be blamed is the National Party. The National Party was the Party which, on the one hand, talked about the need for reduced protection, to reduce the burden on the people it allegedly represents in rural areas, but in the whole period that the coalition was in government it made sure that there was erected in this country unsustainably high tariff barriers and imposed upon the people it allegedly represents a burden that they should not have been asked to carry. Behind those sorts of barriers it was impossible in this country to develop the sorts of secondary and service industries which could be both import competitive and take their place in the export markets of this world. The National Party preferred the easy course, the course of hiding behind the resources boom. As my friend the Treasurer said yesterday, the former Government got \$3 billion

worth of easy money from oil. Did it use that sensibly to address the very question that the Leader of the National Party has raised? Of course it did not. It left a legacy of neglect and contempt for the interests of this country, which is right at the heart of the question raised by the Leader of the National Party.

When we address this question, we need to recognise two things: Firstly, that the sharp deterioration of Australia's terms of trade over the past two years and the subsequent depreciation of the Australian dollar are significant factors in the growth of the external debt to which the Leader of the National Party referred. I ask the Leader of the National Party whether, in the midst of trying to save his position, he is capable of understanding some simple economic statistics. There is one statistic that he ought to have very well in his mind, which is that last night the National Party branch of Glen Innes, in the middle of his electorate, met and passed a 100 per cent vote of confidence in Joh Bjelke-Petersen. That is a statistic which will be worrying him more than his conflicted latter-day concern for Australia's external debt.

I ask the Leader of the National Party to note this simple fact. Nearly 50 per cent of the growth in gross external debt since June 1984 can be attributed to the devaluation effect of the depreciation. Secondly, I ask him to note the fact that Australia has substantial holdings of official reserves and private assets abroad, so that the net indebtedness figure he talked about is \$80 billion, of which the net Commonwealth debt is a mere \$8 billion. Most of the rest of the debt is in the private sector, as a result of economic decisions which have been taken by the private sector of this country. I repeat that the net Commonwealth debt is a mere \$8 billion. This Government has in place monetary, fiscal, industry and wages policies which are appropriate to redress the external account imbalance.

The Opposition will not be impressed by these facts as stated, but perhaps it will be impressed by the fact that in the assessments made by Moody's Investor Services Inc. and Standard and Poor's Corporation, both recognised in their statements that the policies in place under this Government were the appropriate policies to address this problem. That fact is not only recognised by the relevant international forums and agencies but is also recognised increasingly by the Australian electorate, which is becoming increasingly bemused and confused by the posturings which pass on the other side of this place for policy making.

EMPLOYMENT GROWTH

Mr PUNCH—Will the Minister for Employment and Industrial Relations inform the House of Australia's record of growth in employment and the importance of trade union co-operation in maintaining high rates of employment growth?

Mr WILLIS—I am pleased to respond to the honourable member because the employment record of this Government is one which is enviable. In the 3½ years that we have been in office, from April 1983 to January 1987, there has been a growth in jobs of 727,000, or 11½ per cent. That is a very large increase in employment and I advise honourable members that three-quarters of those jobs have been in the private sector. The extent of that achievement can be really ascertained only by comparisons with that of the previous Government and those of other countries in the Western developed world.

In its first 3½ years in office the Fraser Government had employment growth, not of 11½ per cent, but of 2.4 per cent. In the same period, up until January of this year, we have had 11½ per cent growth. In the whole period of office of the Fraser Government employment grew by 5.7 per cent, which is about half of what it has grown under this Government in about half the period that the Fraser Government was in office. Obviously, that comparison demonstrates convincingly what a tremendous record this Government has on employment growth.

When compared with other countries, we see that in the past three years—1984, 1985 and 1986—Australia's growth in employment has been faster than that of any other Organisation for Economic Co-operation and Development country. In 1984 only the United States had a faster rate of growth in employment. In 1985 we had the fastest, and in 1986 the OECD estimates are that we will be shown to have had the highest in that year. That, of course, is a tremendous record both by comparison with the previous Government and with other countries.

It must be recognised that such an achievement is really impressive when one bears in mind that over the last two years we have been battling the dramatic decline in the terms of trade—the worst we have had since the 1930s—which has forced us into a period of lower growth and, obviously, of decline in the rate of growth in employment. Nevertheless we still had that tremendous outcome.

A crucial element in that achievement has been the co-operation that we have received from the trade union movement in relation to

wage outcomes, which has meant a decline in the real level of wages. That, of course, is not an easy thing for trade union officials to do, but they have done it in the interests of the nation and in the interests of the employment prospects of their members and future members. That has been something which has been crucial to the achievement of the employment outcome that I have mentioned.

Such wage restraint continues to be essential, because the fact is that the adjustment process, which this nation is going through as a result of that dramatic decline in the terms of trade, is far from over and it remains crucially important that the restraint in wage outcomes, which has been demonstrated over the last three or four years, is continued while that adjustment is taking place.

This is not to say that we need a wage freeze, as the Opposition advocates. We do not need a wage freeze. We know that the Opposition advocates tax cuts for the rich and substantial real wage cuts for wage and salary earners. We do not need a wages freeze which would dramatically reduce the living standards of wage and salary earner households in this country, but we need a continuance of a balanced wages policy, one which keeps our wages growth at broadly the rate of growth of our major trading partners. If that does not happen and we have a wages outcome substantially beyond that, we run the risk of a very substantial recession. Those are the economic realities.

The wages policy being pursued by the Government at present strikes the appropriate balance. What we have advocated in the national wage case is a balanced approach to wages policy. If an outcome broadly of that kind is achieved we can continue to have growth in the economy, growth in employment, albeit less than it was in the first couple of years, and a continuance of making the necessary adjustments to the economy. If that wage restraint does not continue, the prospects are that we must look at the real possibility of a recession. Trade union leaders who are making statements at present about the future of wages policy would do well to bear those facts in mind.

INTEREST RATES

Mr HICKS—My question is directed to the Prime Minister. Is it a fact that since 1984 savings bank home loan rates have risen from 11.5 per cent to a record 15.5 per cent; Bank-card interest rates, from 18 per cent to a record 22.5 per cent; prime interest rates for large busi-

ness, from 13.5 per cent to 18.25 per cent; and small overdraft rates, from 14.5 per cent to 20.5 per cent? What is the Prime Minister's excuse to Australian families, small businesses and farmers who have been the victims of this Government's record high interest rate policies?

Mr HAWKE—I do not give an excuse; I give a reason. The fact is that the present stance on interest rates and monetary policy is, as I said to this House yesterday, an inevitable feature of the adjustment to Australia's current account difficulties. I just wonder whether the honourable member for Riverina-Darling is really trying to say to this House that this Government has some control over what happens to prices in the international markets. Does he say that the dramatic decline in the terms of trade of this country has got something to do with Australia, that he or anyone else in this country can determine the prices that we get for our products? It had nothing to do with Australia that \$6 billion was wiped off the national income of this country. As distinct from the pie in the sky sorts of things that pass for policy on his side of this place, we have put into place the appropriate macroeconomic policies to deal with that situation.

The simple fact is that if we had not followed the policies that we have, if we had not asked monetary policy to carry some of the necessary burden, there would have been a total loss of the exchange rate and, in those circumstances, interest rates would have gone uncontrollably through the roof. I remind the House that under this Government's policies, and even with the burden imposed upon us in the conduct of macroeconomic policy and in the light of those external circumstances, interest rates under this Government still have not reached the peak that they did under our predecessors. There was a higher level of interest rates under the previous Government than there has, at any point, been under the Hawke Labor Government. That the previous Government achieved without any of these external constraints and burdens imposed upon it.

It passes the imagination that in this circumstance we should have these people talking about the impact upon families in this country. It seems to me that when we talk about families we ought to understand that Australian families do not exist on some conceptual island, lost in the Opposition's emotional rhetoric, and that families in this country are affected by what is done for them in regard to a whole range of issues which affect their well-being.

I remind the House of the sorts of things that this Government has done. In this area of welfare payments we have increased family income supplements and additional pensioner benefits by a sum of 70 per cent. In the area of employment we have significantly reduced the unemployment rate, as the Minister for Employment and Industrial Relations has said, and we have created over three-quarters of a million new jobs. The House knows what our record in housing is, compared with what was done before. In the area of education, the fact is that under this Government there has been a 4½ per cent real increase in funding. It is a significantly better performance than was ever achieved under our predecessors. We have created 37,000 new places in tertiary institutions. In the area of tax reform our policies have been for the family to get a more equitable distribution of the tax burden in this country. In the area of health, where there were previously two million people who suffered through having no cover at all, they are now covered. When the House talks about the welfare of Australian families, the record of this Government puts into the shade the pathetic performance of the Opposition when it was in government for 7½ years.

It would be easy for the Treasurer and for me to get up and say: 'We will reduce interest rates tomorrow'. If we said that we would reduce interest rates tomorrow those opposite would immediately know—certainly as the Leader of the Opposition knows but has lost the courage to say—that we would lose the exchange rate and inevitably we would lose interest rates in this country. The singularly unfortunate feature of Australian political life is that the Leader of the Opposition knows the truth but he has lost the capacity to speak it.

TAXATION

Mr BLANCHARD—Can the Treasurer inform the House of the cost to Commonwealth revenue of new proposals to introduce a tax free threshold of \$6,000 and two marginal tax rates of 35 per cent for incomes over \$30,000 and 25 per cent for incomes below this amount? What cuts in government spending and new taxes would be required to avoid dramatically increasing the Budget deficit if such measures were introduced?

Mr KEATING—I have noted the new proposals which were contained in a report in today's *Melbourne Age* and which I have since had the Treasury cost. The report, which was written by Mr Russell Barton, states that yesterday the Centre of Policy Studies, headed by

Professor Porter, at Monash University ran the Opposition's draft policy. Released yesterday was the Opposition's draft tax scale and that contains, as has been described by my colleague in his question, a tax free threshold of \$6,000 and two marginal rate steps—35 per cent for incomes over \$30,000 and 25 per cent for incomes below this amount.

That document was released yesterday in a measure of desperation so that the Liberal Party could hold on to the National Party with a tax proposal which was somewhat akin to that of the Queensland Premier. So, on the one hand, yesterday we have the Leader of the Opposition doing his Laurence Olivier number saying that he will not suspend the laws of arithmetic—he will not lend his name to any bit of arithmetic that does not add up—but he has his tax spokesman putting out via the back door a tax proposal with tax scales, as costed by a computer, which cost up to \$6.6 billion and which, on top of the existing commitments of the Opposition, put the Leader of the Opposition neck and neck in the incredibility stakes with the Leader of the National Party in Queensland, the Premier, Sir Joh Bjelke-Petersen.

Yesterday the Leader of the Opposition set up a test for Sir Joh Bjelke-Petersen which he is not prepared to sit for himself. It is a test of economics. Let me retail to the House the cost of some of the Opposition's policies under the heading 'Repealing the base broadening changes of the present Government'. I will list just a couple: Removal of the fringe benefits tax and substantiation, \$900m; tax deductibility of entertainment expenses, \$320m; capital gains tax, \$25m; and restoration of negative gearing for property investment, \$100m. That totals \$1,345m. I am sure that all members of the Opposition agree that that is their position.

There is a new scale, the one published yesterday, which is costed at \$6,650m. On top of that the Opposition has said that it will reduce the company tax rate to align it with the top personal tax rate, which it has at 35 per cent. That will cost \$2,220m. On the record, the Opposition has \$3,840m worth of other changes. I will read them: Implement income splitting, \$2,850m; repeal the wine sales tax, \$115m; repeal the tax on lump sum superannuation, \$85m; and introduce child care tax rebates, \$115m; abolition of indexation of fuel excises, \$340m; the full rebate of all petrol used by farmers, \$145m; the restoration of income equalisation deposits and tax averaging, \$25m; the reinstatement of immediate write-off on conserving or

conveying of water, \$55m; the abolition of sales tax on oils and lubricants, \$70m; the removal of excise on brandy, \$40m—that comes to \$3.84 billion—and the repeal of the assets test, \$160m. With the Opposition's wage freeze proposal, which would cost revenue \$500m, it adds up to \$14.715 billion.

Against that, in yesterday's leaked document the Opposition had an 8 per cent consumption tax. An 8 per cent consumption tax would, after abolition of the wholesale sales tax and compensation, cost \$3.8 billion. That would have reduced the Opposition's problems to \$10.9 billion, but now it has scrapped the consumption tax. So it has a \$14 billion problem. Yet, as late as last night, on the Carleton-Walsh show the Leader of the Opposition said: 'I'm not prepared to put my name to any tax policy that doesn't add up, nor will my Party be prepared to suspend the laws of arithmetic in taxation policy, or indeed any other area, and the whole of the tax debate must be conducted in a rational fashion'. In other words, under pressure, with the National Party party room failing to provide a vote of confidence in its Leader at the request of its Deputy, Senator Messner is putting out the door for costing a tax scale which adds a further \$6.6 billion to a set of promises which the nation could never afford to keep, as the Leader of the Opposition knows.

Imagine if the international markets and the domestic capital markets thought that Australia would be funding a domestic deficit of \$14 billion in addition to the \$4 billion which is there now—that is, a \$18 billion deficit—even with an ambitious savings exercise. Last night the Leader of the Opposition again mentioned the Prices Surveillance Authority and a number of other authorities, and savings of \$32m, but even if he abolished the whole Commonwealth work force, every Commonwealth employee, and every member of the armed forces he would save just over \$5 billion—

Opposition members—Ha, ha!

Mr KEATING—No, it is not funny; it is true. If the Opposition abolished every Commonwealth public servant's position and the armed forces it would save \$5 billion. If the markets thought that there would be an addition to the Commonwealth Budget deficit of that amount, they would squash Australia with interest rates and ram it into a recession which would break this nation's back. What we want from the Leader of the Opposition—if he will look my way—is to sit for the test that he set for Sir Joh Bjelke-Petersen. We want no more duplicity from

him. We want him to sit for the test that the Government sits for at every Budget. We want him to sit for the test that he has set for Sir Joh Bjelke-Petersen. We want him to tell us how he can put \$14 billion of tax promises and sit with any credibility as the leader of a major party in this country.

INTEREST RATES

Mr HOWARD—My question is addressed to the Prime Minister. In view of the claim made in his previous answer that a reduction in interest rates in the present climate would lead to a run on the Australian dollar, will the Prime Minister undertake to bring in a mini-Budget heavily cutting government spending, which the Opposition would support, thus providing interest rate relief without any damage to the Australian exchange rate?

Mr HAWKE—The response to this pathetic intervention from the Leader of the Opposition is very simple and straightforward. We do not have to respond to some questions from this gentleman who has just been so effectively demolished by the Treasurer. He has no credibility at all. He has no credibility in the country; he has no credibility in his own Party; and he has no credibility with his so-called coalition partners. To suggest that from him should emanate any sensible or rational economic suggestion is laughable in the extreme.

The fact is that this Government, since the day of its election, has shown its preparedness to take, at Budget time or at whatever other time it is necessary, the range of economic decisions which are necessary to relieve this country from the worst economic recession in 50 years into which the honourable gentleman's policies plunged the country. We took the right decisions and got economic growth. We got record employment growth. We created three-quarters of a million jobs. We more than halved the inflation rate. We took company profitability from its pathetically low level of 11 per cent and restored it up to 14 per cent. We cut real wages in that process, with the co-operation of the trade union movement, by some 4 to 5 per cent. We reduced real unit labour costs by some 7 per cent. We more than halved industrial disputes. We took consistently that range of economic decisions which were necessary to meet the economic circumstances with which we were confronted.

Faced as we have been with, as I say, the cutting out of \$6 billion of our national income, we sat down to the hard task of making the

appropriate macroeconomic and industry restructuring policies that were necessary to deal with those problems. We do not need any suggestions from this failed Treasurer, this failed Opposition Leader, as to what our economic policy or program shall be. We will continue into the future to do what we have done in the past; that is, to be prepared to make the hard, realistic economic decisions which are necessary to deal with the economic problems confronting this country.

INTERNATIONAL ATMOSPHERIC EXPERIMENTS

Mr GAYLER—Can the Minister for Science inform the House of the outcome of the international atmospheric experiments recently held in northern Australia? What information will become available to assist communities in the monsoon region?

Mr BARRY JONES—In January and February we held the largest meteorological experiment ever conducted in our region. It was aimed particularly at understanding more about the generation of cyclones in Australia's north. In fact, there were three interconnected projects. I have a new set of acronyms for honourable members—AMEX, STEP and EMEX. AMEX was the Australian monsoon experiment and STEP was the stratosphere-troposphere exchange project. These experiments were conducted to try to understand the interaction between the air that we live in, the troposphere, and the stratosphere, the area above, and how heat is transferred. There are extraordinary new patterns of hot air developing over Kingaroy that need closer investigation. We have also EMEX, which was the equational mesoscale experiment.

There was a very interesting interaction between Australia, the United States and China. From Australia we had the Bureau of Meteorology, Monash University, the Commonwealth Scientific and Industrial Research Organisation and the Australian Institute of Marine Science; from the United States we had the National Aeronautics and Space Administration, the National Oceanographic and Atmospheric Administration, the National Science Foundation and some universities; and, from the People's Republic of China, an oceanographic research vessel was stationed in the Gulf of Carpentaria. I had one memorable night, from 3.30 a.m. to 11.30 a.m., on 16 January, flying in an Electra in a boustrophedon pathway in and out of storm clouds at varying heights.

Mr Hawke—Like the Leader of the Opposition.

Mr BARRY JONES—Yes, like the Leader of the Opposition now. These experiments lasted over a month and involved between 300 and 400 scientists, technicians, pilots, officers and crew. We believe that we are now in a position to understand much more clearly just how cyclones are generated. We believe that there is evidence of enhanced regional scientific co-operation and greater international awareness of Australia's meteorological research program and capabilities. The Americans are very pleased, the Chinese are delighted and I think it is a major contribution to our understanding of tropical weather.

HOME LOANS

Mr BEALE—I refer the Prime Minister to the fact that over the past two years the average home loan repayment, as a percentage of a median family income of around \$500 a week, has increased from 18.3 per cent to 26.5 per cent. What is the Prime Minister's excuse for this massive 45 per cent increase in the ratio of average home loan repayments facing such families under his Government?

Mr HAWKE—I have already responded in this place to a question from the honourable member in regard to housing and have demonstrated to the House that the policies initiated last year to meet the difficulties then being experienced by the housing industry and by people wishing to purchase their own homes have been successful. That, of course, came on top of an enormously successful program covering the whole range of the housing industry that had been initiated in 1983. We make no apologies for what has been done by the Government generally in the conduct of the economy and particularly in the housing area. But, Madam Speaker, I ask the House to take into account what is the real program of the Opposition for the sort of people to whom the honourable member refers in his question. It is no good him just saying: 'Look, there are these difficulties that are being experienced'. We acknowledge the difficulties and we have introduced policies which, as I have said and the Treasurer has said, through 1987 will lead to a gradual lowering of the interest rate regimen.

But the people of Australia are going to be asking what does the Opposition offer ordinary wage and salary earners in this country. I will tell the House what the Opposition offers them. Let me just give the four elements offered by honourable members opposite that affect peo-

ple's capacity not only to buy their house but also to sustain any sort of standard of living. Let us think about these four things. What is the Opposition's policy in regard to wages? It is to freeze them. That is nothing new; we must give the Opposition full marks for consistency because in 18 out of the last 20 national wage cases the coalition has said that there should be no increase in wages, and its current position is that we should freeze wages. So that is its policy. What will the person who is trying to meet home loan repayments or to get a house do under its wages policy? That person will have his or her wages frozen. Secondly, what does the Opposition say in regard to prices? Not only will the Opposition freeze people's wages but also it will abandon any protection at all in the prices area. So it will freeze their wages and let prices go through the roof.

Thirdly, what will the Opposition do in regard to taxes? As far as we can tell today, it will bring in a tax policy which will be a reversion to its tax policies of the past. What were its policies of the past? Its policies were to ensure that those in this country with the least capacity to pay in fact had a relatively greater burden. Why? Because it ensured that the wealthy would have all the lurks and perks in the world available to them. By making sure that billions of dollars were not collected from the sorts of people with whom Opposition members associate and with whom they are most comfortable, the previous Government gave them all the perks and the breaks but it would not help the little person. It walked out of office with a top marginal rate of 60c in the dollar. That was its tax policy in the past, and the Opposition promises a return to such a policy. It will give them back their company Mercedes, give them back their company lunches, give them back all their entertainment allowances, abolish the capital gains tax, bring the top rate down to 25 per cent and ensure, in the process, with or without a consumption tax, that it will put a higher tax burden on the lower and middle income people of this country.

That is what the Opposition will do in regard to wages, prices and taxes, and of course the inevitable result of its macroeconomic policies is that—this is the fourth point—interest rates will go through the roof. So that is what the Opposition promises these people—absolute chaos. Whatever condition they are in now, they would be infinitely worse off with a combination of the economic policies which it proposes. No wonder the Opposition is regarded as the laughing stock throughout the country.

WINE COOLERS

Mrs KELLY—Has the attention of the Minister for Health been drawn to recent media reports expressing concern about the marketing of wine coolers which have an alcohol content of up to 6 per cent? Can the Minister inform the House of any action he has taken on this issue?

Dr BLEWETT—I thank the honourable member for Canberra for her question. As members of the House know, during the recess there was considerable concern about the marketing of wine coolers in this country and in response to that public concern I called a meeting of relevant Ministers from the States and representatives of the wine industry, held in Melbourne on 13 February, to see whether we could achieve some resolution of this issue. I must say that, on the results, it was an extremely productive meeting because there emerged an agreement that the alcohol content of wine cooler products should be reduced to between 1.15 per cent and 3.5 per cent. In some cases that represents a quite substantial reduction. It was also agreed that the word 'cooler', which could be misleading, should be preceded by a prefix which clearly identifies the alcoholic product involved; that is, a wine cooler, a rum cooler or a beer cooler.

Particular public concern was expressed over the marketing of the products. It was agreed that the minimum size of paperboard wine cooler products be not less than one litre and that the practice of attaching a straw to the side of the container would be eliminated. It was also agreed that none of these wine cooler products should be sold except from licensed premises and that there should be clearer labelling of the alcohol content. Agreement on all those points arose from that meeting which, as I said, was extremely productive. In answering the honourable member's question I thank my State colleagues for their participation and role in that meeting and also the wine industry, which was particularly co-operative. Many of the initiatives emerged from ideas brought forward by the industry.

TASMANIAN FORESTRY OPERATIONS

Mr BURR—Will the Minister for Primary Industry give a guarantee that the Federal Government will not take any action to interfere with export woodchip licences issued to any Tasmanian company or in any way disrupt Tasmanian forestry operations?

Mr KERIN—The question of export licences has been addressed quite recently by me in as

much as I wrote to the companies concerned. They are very clear about the situation, and I would have expected the honourable member to be also.

ABORIGINAL LAND RIGHTS

Mr MAHER—My question is directed to the Minister for Aboriginal Affairs. What progress has been achieved by the Government towards giving Aboriginal Australians land rights in the States and Territories?

Mr HOLDING—I thank the honourable gentleman for his question. Considerable progress has been made since the Government adopted an approach of negotiation with the States and moved on a State by State basis. In Western Australia, the arrangements which have been made involve the granting of 99-year leases to Aboriginal communities in respect of lands traditionally occupied by them. Considerable progress has been made in that area. That, of course, is associated with funding of \$20m on a yearly basis to put in necessary infrastructure—water supplies and essential services—to those communities. That is something of a first for them. The land rights legislation in the Northern Territory is proceeding. The Northern Territory Government, having received appropriate legal advice—as it should have at an earlier time—after considerable hue and cry, has decided to withdraw its action in respect of my handing over title to land at Ranger which involved Peko-Wallsend mining leases. Basically, the land rights processes in the Northern Territory are working well.

The decision of the Queensland Government to give deed of grants in trust I believe ought to be welcomed by all members of this House. The Commonwealth, through me, had considerable discussions with Mr Katter in the whole of that process. The only time when some difficulties arose was in respect of pastoral properties at Woorabinda, which properties were ultimately purchased through the Aboriginal Development Commission at a very reasonable price offered by the Queensland Government. The Commonwealth is proceeding to assist reserve communities to put in infrastructure for the future operations of those reserve communities.

After something like 3½ years of negotiations with Aboriginal communities, the Victorian Government introduced legislation which was designed to hand back two areas of land—Framlingham, which has been traditionally occupied by Aboriginal people, and Lake Condah. I emphasise that virtually every line in the Bills

introduced by the Victorian Government was approved by the Aboriginal communities concerned. Unfortunately, the Opposition in the Victorian Legislative Council voted against and indicated its opposition—

Mr Connolly—Why didn't you give freehold title?

Mr HOLDING—Let us look at the question of voting to give freehold title. In Victoria, the position is very simple. The Victorian Government, properly elected, negotiated with the Aboriginal people. There is no argument that the land in question has not been traditionally occupied. There is no argument that the Aboriginal groups that have been identified have not been properly identified. Aboriginal people have said that what they want is what the Bolte Government gave Aboriginal people at Lake Tyers—effectively, inalienable freehold title. The conservative forces in Victoria do not accept the view that Aboriginal people hold dearly; that is, that Aboriginal people belong to the land. They do not want to own it in that sense and Aboriginal communities around Australia have said that they do not want to be in a position in which they are granted land on the basis that they can sell it or trade it. They are not interested in that.

The Opposition in Victoria, in its arrogance, has said: 'We recognise your claim; we recognise the groups; but if only you will think as we do and accept the sort of title we want to give you we will give the land to you'. For all the talk and all the nonsense, the reality is that on the second reading of the Bill in the Legislative Assembly the Liberal and National parties voted against the whole concept of meeting the just claims of the Aboriginal people of Victoria. That is the truth. Discussions are proceeding with the Victorian Government to see that the hopes and aspirations of Aboriginal people in Victoria will be met by the Commonwealth, even if they will not be met by the obstructive opposition of the conservatives. The problem in Victoria is that Jeff Kennett is about 2 per cent more popular than John Howard, and that is not saying much.

Mr Shipton—Madam Speaker, I raise a point of order. Is it correct for the Minister to say that the matter has been put to the vote in the upper House in Victoria when the legislation has not been presented to the upper House in Victoria?

Madam SPEAKER—That is not really a point of order.

JEWS IN THE SOVIET UNION

Mr HAWKE (Wills—Prime Minister)—Madam Speaker, in answer to a question yesterday from—

Madam SPEAKER—Are you seeking indulgence from the Chair?

Mr HAWKE—Yes.

Madam SPEAKER—Indulgence is granted.

Mr HAWKE—Thank you. In an answer to a question yesterday from the honourable member for Stirling (Mr Ronald Edwards) in which I referred to the granting of an entry visa to Sophia Landver, I said that the Jewish activist, Dr Joseph Begun, had been released from prison in the Soviet Union. That statement was based, Madam Speaker, as I think you will appreciate, on the announcement on Sunday on United States television by the Soviet Central Committee member and Director of the Institute for the Study of the United States of America and Canada, Georgy Arbatov. The statement to that effect was welcomed throughout the world. It subsequently emerged from reports from the Australian Embassy in Moscow and reports in the media that whilst Dr Begun's case is under review and a decision to release him does seem probable, he is not yet free. I hope that the answer I gave yesterday in regard to Dr Begun turns out to be merely premature rather than inaccurate. As I am sure all members of the House will agree, the case of Dr Begun will be seen as a very important test of the Soviet leadership's good faith in human rights and its treatment of Soviet Jews.

INDUSTRIAL DEMOCRACY

Mr WILLIS (Gellibrand—Minister for Employment and Industrial Relations)—For the information of honourable members, I present a policy discussion paper relating to industrial democracy and employee participation. This paper was circulated to all honourable members during the parliamentary recess.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

NATIONAL OCCUPATIONAL HEALTH AND SAFETY COMMISSION

Mr WILLIS (Gellibrand—Minister for Employment and Industrial Relations)—Pursuant to section 63M of the Audit Act 1901, I present the annual report and financial statements of the National Occupational Health and Safety Com-

mission, together with the Auditor-General's report for 1985-86.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

AUSTRALIAN NATIONAL UNIVERSITY

Mr WILLIS (Gellibrand—Minister for Employment and Industrial Relations)—Pursuant to sub-section 33 (3) of the Australian National University Act 1946, I present the annual report and financial statements of the Australian National University, Part 2, together with the Auditor-General's report for the year ended 31 December 1985. Honourable members will recall that the University's interim report was presented to the House on 22 August 1986.

COMMONWEALTH SPECIAL RESEARCH CENTRES

Mr WILLIS (Gellibrand—Minister for Employment and Industrial Relations)—I present the report of the steering committee established by the Commonwealth Tertiary Education Commission to review Commonwealth Special Research Centres and the future of the program, together with assessment panel reports.

Motion (by Mr Willis)—by leave—agreed to:

That this House, in accordance with the provisions of the Parliamentary Papers Act 1908, authorises the publication of the report of the steering committee established by the Commonwealth Tertiary Education Commission to review Commonwealth Special Research Centres and the future of the program and the assessment panel reports.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

AUSTRALIA-JAPAN FOUNDATION

Mr HAYDEN (Oxley—Minister for Foreign Affairs)—Pursuant to section 25 of the Australia-Japan Foundation Act 1976, I present the annual report and financial statements of the Australia-Japan Foundation, together with the Auditor-General's report for 1985-86. The report was circulated to all honourable members during the parliamentary recess.

HOUSING LOANS INSURANCE CORPORATION

Mr WEST (Cunningham—Minister for Housing and Construction)—Pursuant to section 39 of the Housing Loans Insurance Act 1965, I

present the annual report and financial statements of the Housing Loans Insurance Corporation, together with the Auditor-General's report for 1985-86. The report was circulated to all honourable members during the parliamentary recess.

SNOWY MOUNTAINS ENGINEERING CORPORATION

Mr WEST (Cunningham—Minister for Housing and Construction)—Pursuant to section 52 of the Snowy Mountains Engineering Corporation Act 1970, I present the annual report and financial statements of the Snowy Mountains Engineering Corporation, together with the Auditor-General's report for 1985-86. The report was circulated to all honourable members during the parliamentary recess.

DEFENCE FORCE RETIREMENT AND DEATH BENEFITS AUTHORITY

Mr BEAZLEY (Swan—Minister for Defence)—Pursuant to sub-section 16 (2) of the Defence Force Retirement and Death Benefits Act 1973, I present the annual report of the Defence Force Retirement and Death Benefits Authority for 1985-86.

ADVANCE TO THE MINISTER FOR FINANCE

Mr HURFORD (Adelaide—Minister for Community Services)—For the information of honourable members, I present the statements of expenditure from the Advance to the Minister for Finance for November and December 1986 and January 1987.

SUPERANNUATION FUND INVESTMENT TRUST AND COMMISSIONER FOR SUPERANNUATION

Mr HURFORD (Adelaide—Minister for Community Services)—Pursuant to sub-section 162 (2) of the Superannuation Act 1976, I present the annual reports of the Superannuation Fund Investment Trust and the Commissioner for Superannuation for 1985-86. The report of the Superannuation Fund Investment Trust includes the Auditor-General's report on the financial statements of the Trust for the year ended 30 June 1986. I also table a further report by the Auditor-General pursuant to sub-section 161 (2) (d) of the Act.

AUSTRALIAN BICENTENNIAL ROAD DEVELOPMENT PROGRAM

Mr PETER MORRIS (Shortland—Minister for Transport)—Pursuant to section 27 of the Australian Bicentennial Road Development Trust

Fund Act 1982, I present the annual report of the Australian Bicentennial Road Development Program for 1985-86. The report was circulated to all honourable members during the parliamentary recess.

INTER-STATE COMMISSION

Mr PETER MORRIS (Shortland—Minister for Transport)—Pursuant to sub-section 10 (3) of the Inter-State Commission Act 1975, I present the Inter-State Commission's report on the transport of bulk packaged salt.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

AUSTRALIAN INSTITUTE OF SPORT

Mr JOHN BROWN (Parramatta—Minister for Sport, Recreation and Tourism)—Pursuant to section 41 of the Australian Institute of Sport Act 1986, I present the annual report and financial statements of the Australian Institute of Sport, together with the Auditor-General's report for 1985-86.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

DEPARTMENT OF HEALTH

Dr BLEWETT (Bonython—Minister for Health)—Pursuant to sub-section 25 (8) of the Public Service Act 1922, I present the annual report of the Department of Health for 1985-86. The report was circulated to all honourable members during the parliamentary recess.

HEALTH INSURANCE COMMISSION

Dr BLEWETT (Bonython—Minister for Health)—Pursuant to sub-section 42 (4) of the Health Insurance Commission Act 1973, I present the annual report and financial statements of the Health Insurance Commission, together with the Auditor-General's report for 1985-86.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

COMMONWEALTH SERUM LABORATORIES

Dr BLEWETT (Bonython—Minister for Health)—Pursuant to section 44 of the Commonwealth Serum Laboratories Act 1961, I pres-

ent the annual report and financial statements of the Commonwealth Serum Laboratories, together with the Auditor-General's report, for 1985-86.

NATIONAL STANDARDS COMMISSION

Mr BARRY JONES (Lalor—Minister for Science)—Pursuant to section 19C of the National Measurement Act 1960, I present the annual report and financial statements of the National Standards Commission, together with the Auditor-General's report for 1985-86

AUSTRALIAN FILM COMMISSION

Mr BARRY JONES (Lalor—Minister for Science and Acting Minister for Arts, Heritage and Environment)—Pursuant to section 44 of the Australian Film Commission Act 1975, I present the annual report and financial statements of the Australian Film Commission for 1985-86, together with the Auditor-General's report. The report was circulated to all honourable members during the parliamentary recess.

AUSTRALIAN NATIONAL PARKS AND WILDLIFE SERVICE

Mr BARRY JONES (Lalor—Minister for Science and Acting Minister for Arts, Heritage and Environment)—Pursuant to section 52 of the National Parks and Wildlife Conservation Act 1975, I present the annual report and financial statements of the Australian National Parks and Wildlife Service for 1985-86, together with the Auditor-General's report.

INDUSTRIES ASSISTANCE COMMISSION

Mr BARRY JONES (Lalor—Minister for Science)—For the information of honourable members, I present the Industries Assistance Commission's report on Certain Petroleum Products—Taxation Measures. The report was circulated to all honourable members during the parliamentary recess.

Motion (by Mr Young) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

INDUSTRIES ASSISTANCE COMMISSION

Mr BARRY JONES (Lalor—Minister for Science)—For the information of honourable members, I present the Industries Assistance Commission's report on Certain Uncoated Woodfree Papers from South Africa (Anti-Dumping). The report was circulated to all honourable members during the parliamentary recess.

JOINT COAL BOARD

Mr BARRY JONES (Lalor—Minister for Science)—Pursuant to sub-section 20 (3) of the Coal Industry Act 1946, I present the annual report and financial statements of the Joint Coal Board, together with the Auditor-General's report, for 1985-86.

NATIONAL ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION COUNCIL

Mr BARRY JONES (Lalor—Minister for Science)—Pursuant to section 9 of the Coal Research Assistance Act 1977, I present the annual report of the National Energy Research, Development and Demonstration Council for 1985-86.

AUSTRALIAN CAPITAL TERRITORY ELECTRICITY AUTHORITY

Mr SCHOLES (Corio—Minister for Territories)—Pursuant to section 33 (4) of the Australian Capital Territory Electricity Supply Act 1962, I present the annual report and financial statements of the Australian Capital Territory Electricity Authority, together with the Auditor-General's report for 1985-86.

PHOSPHATE MINING COMPANY OF CHRISTMAS ISLAND LIMITED

Mr SCHOLES (Corio—Minister for Territories)—For the information of honourable members, I present the annual report of the Phosphate Mining Company of Christmas Island Limited for 1985-86.

DEPARTMENT OF LOCAL GOVERNMENT AND ADMINISTRATIVE SERVICES

Mr UREN (Reid—Minister for Local Government and Administrative Services)—Pursuant to sub-section 25 (8) of the Public Service Act 1922, I present the annual report of the Department of Local Government and Administrative Services for 1985-86. The report was circulated to all honourable members during the parliamentary adjournment.

DEPARTMENT OF IMMIGRATION AND ETHNIC AFFAIRS

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—Pursuant to sub-section 25 (8) of the Public Service Act 1922, I present the annual report of the Department of Immigration and Ethnic Affairs for 1985-86, which also includes a report on the operation of the adult migrant education program, pursuant

to section 12 of the Immigration (Education) Act 1971. The report was circulated to all honourable members during the parliamentary adjournment.

AUSTRALIAN INSTITUTE OF MULTICULTURAL AFFAIRS

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—Pursuant to section 63M of the Audit Act 1901, I present the annual report of the Australian Institute of Multicultural Affairs for 1985-86 which includes a summary of activities for the first half of the year 1986-87. Honourable members will be aware that as a result of the Australian Institute of Multicultural Affairs Repeal Act 1986 the Institute was abolished on 1 January 1987. A report on the operations of the Institute from 1 July to 31 December 1986 and financial statements for that period, to be prepared in accordance with section 8 of the Australian Institute of Multicultural Affairs Repeal Act 1986, will be tabled later in the year.

DEPARTMENT OF THE SPECIAL MINISTER OF STATE

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—Pursuant to sub-section 25 (8) of the Public Service Act 1922, I present the annual report of the Department of the Special Minister of State for 1985-86. The report was circulated to all honourable members during the parliamentary adjournment.

COMMONWEALTH GRANTS COMMISSION

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—Pursuant to sub-section 25 (1) of the Commonwealth Grants Commission Act 1973, I present a report by the Commonwealth Grants Commission relating to the amount of Commonwealth financial assistance made to the Northern Territory in 1983-84 and 1984-85. The report was circulated to all honourable members during the parliamentary adjournment.

Motion (by Mr John Brown) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

REMUNERATION TRIBUNAL

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—Pursuant to section 12AA of the Remuneration Tribunals Act 1973, I present the annual report of the Remuneration Tribunal for 1985-86.

Motion (by Mr John Brown) proposed:

That the House take note of the paper.

Debate (on motion by Mr N. A. Brown) adjourned.

GOVERNMENT RESPONSES TO PARLIAMENTARY COMMITTEE REPORTS

Mr YOUNG (Port Adelaide—Leader of the House)—For the information of honourable members I present a schedule of government responses to parliamentary committee reports. The schedule provides a response to the list tabled in the House by Madam Speaker on 25 November 1986. I seek leave to have the schedule incorporated in *Hansard*.

Leave granted.

The schedule read as follows—

RESPONSE TO THE LIST TABLED IN THE HOUSE BY THE SPEAKER ON 25 NOVEMBER 1986

Circulated by the Leader of the House the Hon. Michael J. Young

HOUSE OF REPRESENTATIVES STANDING COMMITTEES

Environment and Conservation

(i) Environmental Protection—Adequacy of Legislative and Administrative Arrangements—2nd Report (Tabled 27.10.81)

The review of legislative and administrative arrangements has involved extensive consultations that have now been concluded. The Government expects to be in a position to respond to the Committee's report during this Sitting.

(ii) Conservation—Hazardous Chemical Waste Storage, Transport and Disposal (Tabled 29.4.82)

Hazardous Chemicals—2nd Report (Tabled 9.12.82)

Development of a response has involved extensive inter-departmental consultation. Following the Government's action to establish the National Occupational Health and Safety Commission and to determine its role in management of hazardous chemicals, action is well advanced in developing a Government response to both of the reports prepared by the Committee on its enquiry into hazardous chemicals. Details of the proposed national notification and assessment scheme for chemicals, which was a central recommendation of the Committee's second report, are being finalised.

A response to the reports is expected during this Sitting.

(iii) Protection of the Greater Daintree (Tabled 24.8.84)

Protection of the Greater Daintree is being dealt with by the Government in the context of broader Government action on rainforest conservation. On 17 June 1986, the Minister for Arts, Heritage and Environment announced that the Government had decided to provide \$22.25m for a National Rainforest Conservation Pro-

gram. The New South Wales element of the Program was launched by the Minister and his State counterpart, the Hon. Bob Carr, on 3 October 1986. Discussions are currently being held with other States and the Northern Territory regarding their participation in the Program. The Minister intends to make a statement to the House concerning the implementation of the Program incorporating a formal response to the Committee's report when these discussions are completed.

(iv) Protection of Bungle Bungle (Tabled 28.3.85)

The Government's response to this report has been held pending consideration by the Western Australian Government of its own proposed plan for the area. As advice has now been received from the Western Australian Government of its plans, the Government will be in a position to make its response during this Sittings.

(v) Protection of the Great Barrier Reef (Tabled 12.11.85)

Many of the Committee's recommendations have been implemented by the Government. In particular, investigations have begun into the infestation of Crown of Thorns Starfish in the Great Barrier Reef Marine Park and consultations have commenced with Papua New Guinea mining project. The Minister for Arts, Heritage and Environment will be making a detailed response to the report during this Sittings.

(vi) NSW World Heritage Properties: Commonwealth/State Administrative Arrangements (Tabled 26.11.85)

The main thrust of this report is the identification of matters where Commonwealth assistance is required in the management of the NSW World Heritage properties. The Government's response is still awaiting the receipt from the NSW Government of a proposal for Commonwealth funding.

Expenditure

(i) Control of Prohibited Immigration by the Department of Immigration and Ethnic Affairs (Tabled 13.11.85)

Most of the recommendations of the Report have been adopted and either implemented or substantial progress towards their implementation has been achieved. Several of the recommendations deal with matters of some complexity that require further consideration before a final response can be made.

(ii) The Darling Harbour Fiasco—"No Port in a Storm" (Tabled 27.11.85)

The Government is not yet in a position to respond to the Committee's report. The Minister for Aviation proposes to provide the Government's response during this Sittings.

(iii) Inquiry into Civil Coastal Surveillance Co-ordination—"Footprints in the Sand" (Tabled 3.6.86)

The Committee has recommended significant changes to the administration, operation and authority of civil coastal surveillance.

The Government will be in a position to respond to the report during this Sittings.

(iv) Inquiry into Meteorological Services—"Gone with the Winds" (Tabled 3.6.86)

The Committee made a number of findings and recommendations regarding the status of certain Weather Service Centres and their effects on aviation.

To enable a considered response to be made, a high degree of consultation between Commonwealth departments is required. A response will be made when new formal working arrangements between the Departments of Science and Aviation have been developed.

Procedure

(i) Days and Hours of Sittings and the Effective Use of the time of the House (Tabled 29.5.86)

The Government will consider matters raised in the debate on the Committee's report and will bring forward proposals for consideration this Sittings.

HOUSE OF REPRESENTATIVES SELECT COMMITTEES

Aboriginal Education

(i) Aboriginal Education (Tabled 26.11.85)

A number of the recommendations in the Committee's report overlap with those of other reports—the report of the committee of Review of Aboriginal Employment and Training (Miller Report) and the Halton Task Force on Youth Allowance Administration. Consideration of all three reports will require a co-ordinated and comprehensive response. Before finalising the response to the report, however, State and Northern Territory Governments have been asked to comment on recommendations of direct relevance to them.

To date, comments by the States and Northern Territory Governments have not been received.

Aircraft Noise

(i) Aircraft Operation and the Australian Community (Tabled 28.11.85)

Consultation with local authorities and noise measurements in the area are presently in progress. When these processes are completed the Government will be in a position to respond to the Committee's report. The Minister for Aviation hopes to be able to make a statement during this Sittings.

JOINT STANDING COMMITTEES

Broadcasting of Parliamentary Proceedings

(i) Inquiry into Television and Radio Broadcasting of Both Houses of Parliament and their Committees (Tabled 4.6.86)

The Report is under consideration but the Government is not yet in a position to respond to the Committee's report.

National Crime Authority

(i) First Report (Tabled 29.11.85)

The Government has nothing further to add to the statement made by the Special Minister of State to the House on 5 June 1986.

New Parliament House

(i) Precincts of the New Parliament House and the Parliamentary Zone

The Committee's report is currently under consideration along with other matters concerning the new Parliament House.

Parliamentary Privilege

(i) Spender Report (Tabled 3.10.84)

The Committee's report raises a number of complex and substantial issues relating to parliamentary privilege. The Government is not yet in a position to respond to the report.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows and copies will be referred to the appropriate Ministers:

Radioactive Substances

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The petition of the undersigned respectfully sheweth: We most strongly oppose the process of food irradiation by radioactive cobalt 60 or any other radioactive substance.

We oppose the introduction of regulations that will facilitate the food irradiation process by State governments. We express our deep concern at this attempt to extend the use of radioactive substances and exposure of workers to radiation.

We call on the Government to immediately ban the importation of radioactive cobalt 60 or other radioactive substances and to immediately disallow the regulations that permit the irradiation of food here in Australia.

by Mr Aldred, Ms Jakobsen, Mr Kent, Mr Milton and Mr Scott.

Petitions received.

Queen Elizabeth II Rehabilitation Centre, Camperdown, New South Wales

To the Honourable Speaker, Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

That we strongly object to the sale of the Queen Elizabeth II rehabilitation Centre at 59 Missenden Road, Camperdown, N.S.W. as it would be a disadvantage to patients who are incapacitated/invalid who require the specialised treatment/s which are now available in one centre.

We urge the Government to rescind the selling of this building and the breaking-up and loss of expertise in a centre that has every available facility for the disabled patient.

by Mr Baldwin, Mr Dubois, Ms McHugh and Mr Maher.

Petitions received.

'Fair Go for Women' Survey

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled.

The humble petition of the undersigned citizens of Australia respectfully sheweth that the 1986 Census deprived housewives of the right to record their occupation and instead forced them to give the negative response: 'No, did not have a job'.

That the 1986 Census could have been used, at no extra cost to taxpayers, to give a genuine 'fair go' to all women to record their views on the government's National Agenda for Women.

That coinciding with the 1986 Census, the Office of the Status of Women is conducting a costly, selective survey titled: 'A Fair Go for Women'. This survey requires no identification of respondents, making the results of the survey highly suspect since it is known that various groups and individuals have obtained bulk supplies of the brochure, while the majority of women are not aware that their views are being sought by the Government.

Your petitioners humbly pray that the House, in Parliament assembled, will restore to the Census a category for housewives, and that the 'Fair Go for Women' survey will be recognised as a costly exercise of dubious value in determining the real views of Australian women, and that this can only be effectively done through the Census, or a referendum so all women can record their views.

And your petitioners, as in duty bound, will ever pray.

by Mr Braithwaite, Mr Ian Cameron, Mr McVeigh and Mr White.

Petitions received.

Closure of Post Office Agencies

To the Honourable the Speaker and Members of the House of Representatives assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

That we strenuously object to the proposal that many post office agencies are to be closed. They provide a network of offices with postal and agency services to residential areas and small communities.

They service a community's needs and we would be seriously inconvenienced if forced to travel further to purchase postal items or collect parcels. It would be an unnecessary expense particularly for pensioners without their own transport. We maintain that the purpose of post offices should be to service the public with the variety of services they offer. They are a community centre particularly in country areas and if necessary should be subsidised to retain them.

Your petitioners therefore humbly pray that the House should take all possible steps to prevent the closure of post office agencies and that the network should be extended with the agency services they offer expanded.

And your petitioners, as in duty bound, will ever pray.

by Mr Ian Cameron, Dr Harry Edwards, Mr Hawker and Mr Ruddock.

Petitions received.

National Flag

To the Honourable the Speaker and the Honourable Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia sheweth that whereas:

They are completely satisfied with the design of the existing Australian National Flag.

Your petitioners therefore pray that your honourable House will give a speedy passage to the Flags Act Amendment Bill which provides that the Australian National Flag can only be changed by a Referendum.

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker, Mr Milton, Mr O'Keefe and Mr Shipton.

Petitions received.

Anzac Rifle Range, Malabar, New South Wales

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia showeth:

1. That over 67,000 men, women and students enjoy the pursuit of their sport and recreation every year at the Anzac Rifle Range at Malabar and have done so since 1967.

2. The people of Sydney through their membership of 41 clubs headquartered at the Anzac Rifle Range together with a number of other community, school and commercial groups, the police and armed forces will lose this community facility if the Federal Government proceeds to sell the Range to private developers.

3. The Australian Bicentenary Fullbore Rifle Championships are to be conducted at the Anzac Rifle Range in April 1988 as part of the celebration of Australia's Bicentenary.

Your petitioners therefore urge the House of Representatives and the Government of the Commonwealth to retain the Anzac Rifle Range for the continued use and enjoyment of the people of Australia.

And your petitioners, as in duty bound, will ever pray.

by Mr Cadman, Mr Langmore and Mr Nehl.

Petitions received.

Pharmaceutical Benefits Scheme

To the Honourable the Speaker and Members of the House of Representatives assembled. We the undersigned citizens call upon all Members to pay due respect to pensioners and concessional card holders and cease the constant erosion of our entitlements by the Hawke Government.

The humble petition of the undersigned showeth:

That we strenuously object to the Government's decision to delete 45 commonly prescribed drugs (including analgesics, anti-histamines, cough mixtures and expectorants) from the Pharmaceutical Benefits Scheme;

That we strenuously object to the Health Minister's assertion that the health problems for which these medications are prescribed (e.g. arthritis and allergic rhinitis) are "relatively minor, self-limiting illnesses".

That we beg the House to reconsider these deletions from the Pharmaceutical Benefits Scheme.

And your petitioners, as in duty bound, will ever pray.

by Dr Harry Edwards, Mr Hawker and Mr Wilson.

Petitions received.

National Flag

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia showeth that whereas:

1. They are completely satisfied with the design of the existing Australian National Flag.
2. They are aware it properly reflects the immutable characteristics of Australia, namely:
 - (a) The Union Jack, itself the creation of three Christian Crosses, represents the Nation's historical origin and the source of its language and law;
 - (b) The Southern Cross on an azure blue background signifying its geographical location on this planet Earth;
 - (c) The large star depicting the advent of Federation in 1901.
3. They know the Flag has been a source of inspiration to generations of Australians in peace and war.
4. They recall that millions of native-born Australians and newcomers to these shores from other parts of the world have become united under its proud symbolism.
5. They are certain that any change to the Flag will produce division in the Australian community.

Your petitioners therefore pray that your honourable House will propose and pass a motion that "the existing Australian National Flag be changed only with the approval of the Nation as expressed in a Referendum".

And your petitioners, as in duty bound, will ever pray.

by Mr Beale and Dr Harry Edwards.

Petitions received.

National Flag

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The petition of certain citizens of Australia respectfully showeth:

That the Australian flag symbolises the continuity between Australia's past, its present and the future;

That the presence of the Union Jack on the flag represents not a subservience to Britain, but a reminder of our inheritance of the fruits of hundreds of years of struggle for individual liberty against the forces of tyranny and oppression;

Nonetheless recognises the rights of Australians should they wish as a people to change the design of their flag.

Your petitioners humbly pray that no change be made to the Australian flag except with the consent of the people in a referendum.

And your petitioners as in duty bound will ever pray.
by Mr Ruddock.

Petition received.

Small Businesses

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament. The petition of certain citizens of Australia respectfully showeth:

That the intention of the Hawke Government to unionise independent contractors, sub-contractors, the self-employed, partnerships, sole traders and family businesses will:

Remove the freedom of independent small business to—

- (a) set their own prices
- (b) work their own hours
- (c) control their own businesses
- (d) negotiate their own contracts; and

Will create impossible working conditions which will include the payment of—

- (a) union superannuation
- (b) compensation
- (c) payroll tax
- (d) annual leave loadings
- (e) public holiday loadings
- (f) PAYE tax deductions
- (g) limited incomes
- (h) inflexible awards and conditions; and
- (i) fixed hours of work.

We the undersigned call upon the Government to restore incentive and opportunity to the Australian economy and to abandon these coercive measures.

And your petitioners as in duty bound will ever pray.
by Dr Harry Edwards and Mr Everingham.

Petitions received.

Nuclear Test Ban

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The petition of the undersigned citizens of Australia respectfully showeth that:

- (1) A cessation of the testing of nuclear weapons would break the cycle of research, development and deployment of nuclear weapons and prevent the acquisition of new and ever more lethal weapons of mass destruction. It would thus be a major and significant step towards ending the arms race and beginning the disarmament process; and
- (2) The Soviet Union has extended its unilateral moratorium on nuclear weapons testing until August 6 this year and has again invited the United States to cease its nuclear testing program.

Your petitioners therefore urge the Australian Government to put the strongest pressure on the United

States Government to join the Soviet Union's nuclear test ban.

And your petitioners as in duty bound will ever pray.
by Mr Kent and Mr Milton.

Petitions received.

Capital Gains Tax

To the Honourable the Speaker and Members of the House of Representatives in Parliament:

We, the undersigned, are seriously concerned about the impact of the Capital Gains Tax on the following grounds:

1. Discriminates against Small Business;
2. Stops creation of new Small Businesses;
3. Down-values the worth of existing Small Business;
4. Disincentive to Small Business growth because it bites hardest on the Small Businesses which have grown the most;
5. Reaches beyond the grave and taxes profits on sales of most properties gifted to beneficiaries and thereby is death duty in disguise.
6. Destroys incentive to investment.
7. Hinders the growth of employment opportunity.
8. Discriminates against Small Business in taxing so called gains made on the sale of a business.
9. Will cause growth in the bureaucracy.
10. Hinders the flexibility of arrangements of partnership.

We therefore most earnestly petition you to repeal the Capital Gains Tax Legislation forthwith.

And your petitioners as in duty bound will ever pray.
by Mr Nehl and Mr Tuckey.

Petitions received.

Superannuation

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament. The petition of the undersigned citizens of Australia showeth:

That many Australian wage and salary earners and self-employed persons do not enjoy secure retirement incomes provided by superannuation; and

That the Government issued in December 1985 Guidelines for the implementation of the proposed productivity decision by the Conciliation and Arbitration Commission and draft Operational Standards for Superannuation schemes.

Your petitioners therefore humbly pray that the Government:

1. Guarantees to every employee the right and freedom to select the Superannuation scheme of his/her choice.
2. Protects the individual exercising that freedom of choice from any coercion, influence or other pressure which may be applied by any employer, association or trade union.
3. Will recognise only those schemes which provide genuine superannuation and reject those schemes which do not provide for—

preservation of benefits to retirement
vesting of employer contributions
equal employer and employee Trusteeship
control to ensure security of investments.

And your petitioners, as in duty bound, will ever pray.

by Mr Cadman.

Petition received.

Fringe Benefits Tax

To the Honourable the Speaker and Members of the House of Representatives. The petition of the undersigned respectfully sheweth that the Fringe Benefits Tax is an iniquitous and unjust impost which will further damage the Australian economy and further increase costs to employers.

The Tax will:

- (1) further increase the level of unemployment;
- (2) increase the administrative costs and overheads for business and Government;
- (3) particularly disadvantage small businesses and farmers; and
- (4) act as a disincentive to those who are the most productive and skilled;

And we the undersigned call upon the Government to immediately repeal the Fringe Benefits Tax.

And your petitioners, as in duty bound, will ever pray.

by Mr Cadman.

Petition received.

Fringe Benefits Tax

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia sheweth.

That the anomalous Fringe Benefits tax is iniquitous, inequitable and unfair on the grounds that—

it adversely affects business throughout Australia, including farms,
by creating a further tax burden it destroys incentive,
it has caused unemployment,
it is costly to administer and its complexities have caused confusion and widespread anger.

Your petitioners therefore humbly pray that the House of Representatives in Parliament assembled should immediately seek the repeal of Labor's Fringe Benefits tax legislation.

And your petitioners, as in duty bound, will ever pray.

by Mr Ian Cameron.

Petition received.

Fringe Benefits Tax

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled:

We, the undersigned, are seriously concerned about the impact of the Fringe Benefits Tax on the following grounds:

1. It is unjust for any person to be liable for tax on benefits received by another person.
2. Compliance with FBT will increase administrative costs for all employers including Local, State and Federal Government Departments.
3. FBT is an inefficient tax, which will require the Tax Office to employ an army of bureaucrats.
4. FBT is inequitable because liability arises regardless of capacity to pay.
5. The FBT laws are extremely complex.

We therefore most earnestly petition you to repeal the Fringe Benefits Tax Legislation forthwith.

Your petitioners, as in duty bound, will ever pray.

by Mr Tuckey.

Petition received.

Tax Evasion and Fraudulent Practices

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled.

We, the undersigned citizens, respectfully sheweth:

that we are totally opposed to the introduction of the Labor Government's Identity Card;

that this form of national and compulsory identification will be intrusive, costly for taxpayers and business and will not be effective in combating the growing problems of tax evasion, illegal immigrants or social security;

that we are deeply concerned at the Labor Government's inability to provide effective and efficient methods to combat tax and social security fraud without resorting to expensive, ineffective and authoritarian measures which are alien to the Australian way of life;

that we call upon the Labor Government to improve management systems within the Australian Tax Office and other Departments to crack down on tax evasion and fraudulent practices.

And your petitioners, as in duty bound, will ever pray.

by Mr Fife.

Petition received.

Taxation

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia sheweth:

That Labor's capital gains tax, fringe benefits tax, tax on lump sum superannuation and assets test are an unwarranted burden on the people of Australia, have contributed to the national economic crisis and the anomalies in the legislation are causing confusion and anger amongst all sections of the Australian community.

Your petitioners therefore humbly pray that the House of Representatives in Parliament assembled should immediately seek the repeal of Labor's Assets Test, Labor's Capital Gains Tax, Labor's Fringe Benefit tax and Labor's tax on lump sum superannuation.

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker.

Petition received.

Footwear Industry

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia sheweth:

We are concerned that the decisions to be taken by Government with regard to the footwear industry in which we work may not recognise the continuation of a form and level of assistance which will maintain the security of our employment.

Your petitioners therefore pray that every consideration and support will be given to this matter so that we are able to maintain our employment in this industry.

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker.

Petition received.

Funding for Education Centres

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

1. That we the undersigned are totally opposed to the inequitable 33% cut to Education Centres program as announced in the recent budget;
2. That the impact of this will be to cut across programs and projects with a recognised National and International significance;
3. That this Education Centre Program received a 1983 grant of 2.2m and in that year saw 5.3m spent on Education and that a cut of \$838,000 will have a devastating effect on this investment in our Nations future.

Your petitioners therefore humbly pray the House of Representatives and Government of the Commonwealth seek to have the Minister to arrange finances within her Portfolio in order that this program be restored to 1986 funding levels or such as may be nearly the same, given national economic constraints, in order maintain this unique national program.

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker.

Petition received.

Family Allowances and Spouse Rebates

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The petition of the undersigned shows:

Graduated family allowances are of important assistance to families with more than one child.

All family allowances, whether for one, two, three, or more children, have not kept pace with inflation.

There are suggestions that all family allowances should be paid at the one flat rate. This would severely disadvantage families with more than one child.

There are also suggestions that the dependent spouse rebate be reduced or removed. This would represent another blow to the family unit.

Your petitioners therefore pray that the House of Representatives, in Parliament assembled, should:

ask the Federal Government to increase the value of existing family allowance payments, and

reject any moves to change the payments to a flat rate or to tamper with the spouse rebate;

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker.

Petition received.

Pensions: Assets Test

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

That in the light of the Labor Government's failure to act to correct the many anomalies in the Assets Test on pensions brought to its notice, the Labor Government's legislation should be repealed before it has an unduly unfair impact on pensioners.

Your petitioners therefore humbly pray that the House of Representatives in Parliament assembled should immediately seek the repeal of the Labor Government's iniquitous and unfair Assets Test.

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker.

Petition received.

Nuclear Free Zone

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of citizens of Australia shows:

That the people of New Zealand and the New Zealand Government have given an example to the world in their efforts to achieve a nuclear free South Pacific, and such decision being endorsed by the people at a general election.

Your petitioners therefore pray that the Australian Government support the principled stand taken by the New Zealand Government and urges it to condemn any efforts by the U.S. Government to impose economic or other sanctions on New Zealand in retaliation for their stand on nuclear vessels.

We further urge the Australian Government to urgently implement its policy to promote the development of zones of peace and nuclear free zones in the Indian and Pacific Oceans.

by Mr Kent.

Petition received.

Proposed Medicare Office, Wyong, New South Wales

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled:

The petition of certain citizens of Australia draws the attention of the House to the fact that the lack of a Medicare office in Wyong is seriously inconveniencing the residents of Wyong Shire.

Your petitioners therefore request that a Medicare Office is established in Wyong as soon as possible.

by Mr Lee.

Petition received.

Funding for Pacific Highway Improvements

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of certain electors of Australia respectfully showeth:

That the North Coast section of the Pacific Highway, from a point just south of Port Macquarie and just north of Woolgoolga, is in urgent need of major road improvement works in order to bring it up to road safety standards. Your petitioners therefore humbly pray that the Federal Government immediately divert national highway funds or make available other funds towards the improvement of this section of the Pacific Highway.

And your petitioners, as in duty bound, will humbly pray:

by Mr Nehl.

Petition received.

Department of Veterans' Affairs

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble Petition of the undersigned citizens of Australia respectfully showeth that:

Any proposals to abolish the Department of Veterans' Affairs gravely concern ex-servicemen, ex-servicewomen and their families because they renege on clear and unequivocal commitments from various Commonwealth Governments to properly care for Australia's veterans.

Your Petitioners humbly pray that the House of Representatives in Parliament assembled, urge the Parliament to: Ensure that the Department of Veterans Affairs continues to exist as a separate and distinct Department of State servicing the need of veterans and their families.

And your petitioners, as in duty bound, will ever pray.

by Mr Nehl.

Petition received.

Bellbrook Township

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of certain citizens of Australia respectfully showeth that the township of Bellbrook in the upper Macleay Valley, Shire of Kempsey NSW is not mentioned on maps of the area, in Parliament House, while the township is listed by the National Trust and while other smaller settlements of the Macleay are shown.

Your petitioners therefore humbly pray that the township of Bellbrook with over 100 residents will be installed on all maps in Parliament House and issued by the Federal and State Governments.

And your petitioners, as in duty bound, will ever pray.

by Mr Nehl.

Petition received.

National Identification Numbering System

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. This petition of the undersigned citizens of Australia respectfully showeth that we strongly oppose the introduction of the "Australian Card" or any other form of National Identification Numbering System.

We believe that the introduction of a National Identification Numbering System is not only totally unnecessary but is a severe threat to our civil liberties and privacy. We condemn the Government's action on this matter, particularly as no reasonable nor responsible justifications for the proposal have been forthcoming from the Government.

We humbly pray that the House of Representatives, in Parliament assembled, should reject any proposal for a National Identification Numbering System.

by Mr Porter.

Petition received.

English as a Second Language Programs

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia showeth:

By cutting E.S.L. funding and eliminating funding for community languages and multicultural education you have attacked tens of thousands of Australian children. You have condemned these children with limited English to gross educational inequality and very dim prospects for their future.

On behalf of these children we call on you to remove this new discrimination which your Budget has guaranteed by immediately restoring E.S.L. and Multicultural education funding.

And your petitioners, as in duty bound, will ever pray.

by Mr Ruddock.

Petition received.

Australian Capital Territory Classification of Publications Ordinance

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully shows that:

because videocassettes are a particularly powerful media form now easily accessible to the general public for private home viewing, and

believing that the likelihood of minors obtaining or otherwise viewing obscene and pornographic videocassettes is very high even with careful parental oversight,

We the undersigned protest at the removal of previously existing censorship bans, and in particular request the Government to abandon its 1983 decision to alter the A.C.T. Classification of Publications Ordinance forthwith, which now allows into the community such pictorial material as "relished descriptions of violence" and "publications which mildly advocate the use of soft drugs such as marijuana" (Category 1), and "sadomasochism", "extreme fetishism" (e.g. necrophilia), "anal intercourse with consent" (Category 2), and other such depraved and repugnant activities; and non-pictorial material referred to as "hardcore" paperbacks containing "relished child pornography, e.g. incest, and school teacher/student", and "extreme sexual torture" (both Category 2), in the conviction that the ready availability and increasing public consumption of same will be a blight on our society, stimulating individual dissoluteness and leading to unlawful behaviour with innocent persons.

And your petitioners, as in duty bound, will ever pray.

by Mr White.

Petition received.

Radio Reception in Mackay Region

To the Honourable, the Speaker and Members of the House of Representatives in Parliament assembled;

The petition of certain electors of Dawson respectfully shows that while most urban areas of Australia enjoy ABC FM radio transmission, the Mackay region of Queensland is still deprived of this facility.

Your petitioners humbly pray that the Government will immediately take steps to rectify transmission anomalies which continue to prevent approximately 100,000 potential listeners in this region from receiving this service.

by Mr Braithwaite.

Petition received.

Proposed Western Sydney State University

To the Right Honourable the Speaker and Members of the House of Representatives of the Commonwealth in Parliament assembled. The humble petition of the undersigned citizens of New South Wales respectfully showeth:

That they strongly support the establishment of the Western Sydney State University as recommended in the Parry Report and call upon the House to establish the Western Sydney State University in conjunction with the New South Wales Government.

And your petitioners, as in duty bound, will ever pray.

by Mr Cadman.

Petition received.

Identity Card

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Wannon electorate respectfully sheweth that:

The Hawke Labor Government's ID card proposal is the most far reaching and intrusive piece of Australian legislation ever, and that on all the evidence available will not tackle in the most cost-efficient and effective manner tax and social security fraud.

Your petitioners humbly pray that the House of Representatives, in Parliament assembled, urge the Government to:

Reject Labor's ID card proposal to prevent a gross waste of taxpayers' money and a significant infringement of civil liberties.

And your petitioners, as in duty bound, will ever pray.

by Mr Hawker.

Petition received.

National Flag

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled:

The humble petition of certain citizens of Queensland, Australia, respectfully sheweth that we are totally opposed to any change in the Australian National Flag as declared in the Flags Act (1953).

Your petitioners humbly pray that Parliament in its wisdom will take no action to change the Australian National Flag.

And your petitioners, as in duty bound, will ever pray.

by Mr McVeigh.

Petition received.

OFFICE OF AUSTRALIAN WAR GRAVES

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs)—Pursuant to section 13 of the War Graves Act 1980, I present the annual report of the Office of Australian War Graves for 1985-86. The report was circulated to all honourable members during the parliamentary adjournment.

INTEREST RATES

Discussion of Matter of Public Importance

Mr DEPUTY SPEAKER (Mr Leo McLeay)—Madam Speaker has received a letter from the honourable member for Mackellar (Mr Carlton) proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The appalling prospect of continuing high interest rates and their damaging effect on Australian families and enterprises.

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 CARLTON (Mackellar) (3.08)—It is about 17 months since I was appointed shadow Treasurer. That was in September of 1985. At that time the issue that raised itself most obviously in honourable members' minds was that of high interest rates. Following that period, week by week I raised as a matter of public importance in this House the question of high interest rates. Week after week the Treasurer (Mr Keating) came in here—where is he today?—to reply. After I had done it about five times, the Treasurer said that it was getting very boring indeed, that the House was fed up with talking about high interest rates, that the public was fed up with talking about high interest rates and that the Opposition ought to go and bag its head, or some less polite term, because the subject would disappear and interest rates would certainly decrease. I had the temerity to raise at that time the fact that one of the main pegs on which the Government based its election promises in 1984 was a promise of lower interest rates. Indeed, even after the election, Ministers in the Government made it clear that they stood by their remarks in the campaign of 1984 that interest rates would fall. For example, on the *PM* program in March of 1985 the Treasurer said:

I still stand by the remark I made in the election campaign that I think there is an interest rate step fall ahead for Australia and its interest rate structure generally through 1985.

So the Treasurer forecast, after the election as well as before it, that interest rates would fall during 1985. I also had the temerity in the House—I must say that I got the usual amount of opprobrium and the usual bad language dumped upon me by the Treasurer, and also by the Prime Minister (Mr Hawke)—to remind the Prime Minister that in the 1984 election campaign, in a most memorable address to a business luncheon in Adelaide in November 1984, he said:

At present the outlook for interest rates is as bright as it has been for more than a decade.

Mr N. A. Brown—When was that?

Mr CARLTON—It was in November 1984. He went on to say:

We will continue our work of putting the public finances of this nation back in order and creating the conditions where further interest rate reductions can occur . . . Australia and Australians will during 1985 reap the interest rate rewards that are flowing from the successful policies of the past 20 months. We have ploughed the fields and sown the seeds. In the very near future we will harvest the crop.

They were the Prime Minister's remarks during the 1984 election campaign, an election campaign which was also notable for the absence of any taxation policy forthcoming from this Government. What happened in 1985? Despite the clear promises during the election campaign that interest rates would fall, throughout 1985 interest rates rose. In November 1985, after we had had dreadful inflation figures, a dreadful balance of payments figure and a very unwise wages decision, the Australian dollar plummeted and, as a result of direct Government policy, interest rates were pushed through the roof. In November 1985 interest rates were pushed by this Government to their highest level in real terms since the Great Depression of 50 years ago.

In 1984 the Government made a clear promise, a clear undertaking, to reduce interest rates. It claimed afterwards that all sorts of external conditions changed, that the terms of trade had changed and so on. But the Government knew when it made the promise that the terms of trade in Australia had been declining for some considerable time. It also knew that it was deceitful in the extreme for a Prime Minister and a Treasurer to promise lower interest rates when there could have been a drought or a world recession, the kind of external events which occurred during the Fraser Government. It was grossly irresponsible and deceitful for the Government to get everybody's expectations based on a falling interest rate and extremely damaging to the whole fabric of investment in Australia.

We know what happened. What is the position now, some 17 months later, since the big rise in interest rates in November 1985? Have interest rates gone down since then? Let us look at the record on interest rates since the promise was made. In November 1984 the interest rate on savings bank home loans was 11½ per cent; it is now 15½ per cent. In November 1984 the Bankcard interest rate was 18 per cent; it is now 22 per cent. In November 1984 the prime interest rate for big business was 13½ per cent; it is now 18½ per cent. The overdraft rate for small business and farmers was 14½ per cent in November 1984; it is now 20½ per cent. I remind the House that it was the promise of the Prime Minister and the Treasurer to reduce interest

rates from the levels I have just mentioned. So the small business interest rate should have gone down from 14½ per cent. Every small businessman and farmer would have been planning his business believing the now discredited Treasurer that interest rates would fall. The very reverse happened.

What is the effect of this on individual families? We will get on to small business later. Let us look at the monthly repayment schedules on a 25-year loan for an average family. Let us say that the mortgage amount is about \$50,000, which is not unusual these days. In fact, for many the figure is quite low. Monthly repayments at 11½ per cent on a 25-year savings bank loan for \$50,000 were \$508.23 in 1984. After the promise of falling interest rates, the repayments on that loan have now gone up from \$508 to \$659.87, an increase of \$152 a month, which has to be met from the family budget. If that family, with a relatively modest loan, were lucky enough still to be within the interest rate ceiling for some loans and the interest rate had gone up only to 13½ per cent, the monthly increase would still be \$75.

My friend the honourable member for Deakin (Mr Beale) pointed out to the Prime Minister in a question at Question Time that if one looks at the affordability of housing as measured by the Real Estate Institute of Australia and one takes a simple ratio, the ratio of average home loan repayments over the whole of Australia, and puts that figure over the median family income—in other words, divides the median family income into that figure—one finds that in March 1983 the average family spent 19.2 per cent of its income in loan repayments. Now the average family spends 26.5 per cent of its income in repaying its loan. That has had a devastating effect on the average family. If one realises that over the same period the amount of tax paid by that family has also increased—the tax rate for the average family has gone up from 17½ per cent to 20½ per cent; in other words its after-tax income has diminished and it is spending not 19 per cent of its income to pay off its home but 26½ per cent—one will realise why the people are squealing. They are being squeezed. Do they have any hope for an easing of these pressures? There is no hope at all under this Government.

What about small business? The seriousness of this matter is demonstrated if one goes back to, say, 1961 when there was a severe recession and high interest rates, following which there was an enormous number of bankruptcies. Normally, bankruptcies start to occur a year after

the original problem appears. So, if one gets a real lift in interest rates, about 12 months down the line people cannot hang on any more. They have now been hanging on since November 1985 when interest rates went right through the roof. They have barely moved down since then and they are up at those levels again. In other words, for 15 months people have had to pay 20 per cent interest rates.

In practical terms what does this mean? Let us say that a small business has \$100,000 in stock which must be covered by borrowing. This sum is not unusual. It is too small a sum for a motor dealer but it might cover a number of other businesses. Let us say that that money was being borrowed at 15 per cent in 1984. The interest bill over a year is \$15,000 on the \$100,000 borrowing. In the meantime, because of the extraordinarily high inflation rate that has prevailed over the last couple of years—it is now 10 per cent—and also because of the devaluation of the dollar and the vast rise in imports of certain items, if one were importing goods from Japan which were going into one's stock it would have been quite easy for the stock value to have gone up from \$100,000 to \$150,000. But one would not be paying 15 per cent on \$100,000; one would be paying 21 per cent and probably some handling charges. So whereas one had a \$15,000 interest bill on one's stock only two years ago, one's stock has increased in price but not in value, and the interest bill has more than doubled to \$31,500.

Mr N. A. Brown—For a small business?

Mr CARLTON—This is for a small business. These are the practical mathematics of high interest rates. Exactly the same thing is happening on the farms. Anybody who has borrowed to try to extend his farm or to put in new machinery or for any other purpose under the promise of the Prime Minister and the Treasurer in 1984 that interest rates would fall—15 months down the line interest rates are higher than ever—will hold responsible the Treasurer and the Prime Minister for the appallingly difficult state he is in. Do people have any prospect of relief? Why are interest rates so high? The reasons are many, but certainly inflation is one of them. If our inflation rate is 10 per cent and the inflation rate of other countries is 2 per cent, people look for higher interest rates just to offset inflation. Inflation has a big effect on interest rates. Have we got much hope of reducing interest rates if we do not reduce our inflation rate to somewhere near that of our competitors? Ten per

cent versus 2 per cent is the level of the difference.

Interest rates are also high because we have a dreadful balance of payments problem. Every month we are short to the extent of more than a billion dollars. We require capital to come in to offset that and most of that capital is not fixed investment because nobody wants to invest here under this Government, so it all comes into Australia in short term debt money and short term lending. It comes in because the interest rates in Australia are twice what they are overseas. Hot money is brought in desperately by this Government to try to prop up the dollar. That is what is happening. If the Government were not doing that and also intervening every day through the Reserve Bank of Australia, the dollar would plummet, inflation would rise again and we would be back in the same old circus of the dog chasing its tail.

All this has been going on and on. After the 1984 election this Treasurer brought in another high spending Budget. Over his four Budgets he has pushed our spending through the roof. He has contributed enormously to the situation we are in. We now have a \$100 billion external debt—a debt of South American proportion—and he can give no guarantee that interest rates can come down under his administration. Interest rates will be the death of this Government, just as they are the death of every family and every small business in Australia.

Mr KEATING (Blaxland—Treasurer) (3.23)—One would have thought that in this day and age in the Australian Parliament the spokesmen for major political parties—the Opposition in this case—would start to understand some of the rudiments of the economic debates and try to join issue on what may seem to be differences at the margin in some of the causes and effects of a matter such as interest rates and the role they play in the total policy mix, in managing demand and in holding the exchange rate. Rather than that we have cheap tears about housing interest rates as though, in the view of the honourable member for Mackellar (Mr Carlton), they ought to be lower. At the end of his speech he talked about the balance of payments needing to be funded but all the front of his speech was about how much a week extra interest rates were costing families and what a terrible thing that was. He bleated about the loss in disposable income from housing interest rates. He usually gets up—he did not do so in this speech—to say that he would freeze everybody's wages. In other words, he is saying that it is

terrible that people are paying a little extra on their home loans, but what he will not say is that the Opposition wants to freeze their wages. He says that in another context; he says that to the business community. One cannot take the Opposition seriously. At the same time as talking about a loss in disposable income from interest rates—a cheap populist comment—in fact, what he is really about is cutting disposable incomes because he thinks there should be a continuing freeze on wages so that the wage share will continue to decline in this country.

He talked about the bill to business from higher interest rates. He did not talk about the offsetting side of the policy—lower real wages costs, which are also part of the policy package. They did not get a mention. There was no reference to them. Neither did he refer to the fact that in 1982-83 when he was in office last there were 105,000 housing starts. People not only did not have mortgages to pay off but also they did not have houses to pay mortgages on. They did not have houses, full stop. By deregulating housing interest rates we will now see the number of starts in the coming year back to about 135,000, which is up from the low point of around 122,000 but not back to the high which the Government had in the previous couple of years of 140,000 to 150,000. There is not much point in the honourable gentleman crying about what somebody is paying on a mortgage. Many people never had a mortgage to pay interest on. They had no house or prospect of getting a roof over their heads. When the honourable gentleman was a Minister, together with the former Treasurer, he could have deregulated housing interest rates. As usual, the Opposition was lacking in the kind of courage which would have been necessary to do that.

He talked about small business. He should look at the increase in the tax payable by unincorporated business over the last three years. I gave him the figures yesterday. It is up dramatically because of the policies of the Government—because of growth in business activity and the general level of activity in the economy. The most any government can give small businesses is a buoyant economy—one which they can take a living from by economic growth. That is what we have done. Even in these difficult times of a current account problem such as we are having, we have still got the Australian economy positively growing, albeit more slowly than two or three years earlier. It is not going into a recession despite the fact that we have a very large terms of trade and current account problem.

The honourable gentleman never mentioned either, when talking about the small business equation, that this year for the first time ever small business in this country will be relieved of the double tax on dividends. We are only the second country in the world outside Germany to remove the double taxation of dividends on small business. That is the biggest tax change in the history of small business but he was not even decent enough to mention that in his remarks about small business.

He went on to make another cheap point by asking why inflation is so high. Inflation declined under this Government to an annual rate of 5.1 per cent for the year to March 1985 and the depreciation which began in February 1985 has now, in the broad, lifted our inflation rate to 9 per cent plus. That is part of the economic adjustment process and it is part of lifting the profitability of the traded goods sector of this economy so that it can draw investment to it and so that we can get a better balance in our external trading accounts. That price lift, which is so important to rebuilding the fabric of our secondary structure, is reflected in inflation. It is reflected there as imports price themselves out of the Australian market. As the fall in the dollar lifts the cost of imports, imports are measured by the consumer price index and therefore the nominal inflation rate rises.

For a government interested in the long term future of this country, the aim of the game is to keep that rise in inflation out of ongoing inflation and hence to keep it out of wages. We have succeeded in doing that in the last three years and our current wage policy will continue to do that. In other words, inflation will track down as the brake between wages and wage indexation becomes real, in terms of its impact upon the economy, and we will have a much more competitive and dynamic economy, one with a much better import competing structure and a low inflation rate. In other words, we will have achieved a major depreciation and made the adjustments on inflation all as part of the package which we have in place. But all those points about why inflation and interest rates are up and about the cost to home owners—he did not mention that the number of housing starts in this country is much higher than it ever was when the Opposition was in office—are just cheap points.

The honourable gentleman talks about the position which the Opposition has. He mentioned at the start of his speech that he has been the Treasury spokesman for a year or so now.

The Opposition's tax policies, which I have costed and put before the House today, are an indication of the work he has been doing. Those policies would add to the Commonwealth's deficit enormously and the attendant interest rate structure would also be enormous. The funding of the interest rates would be absolutely enormous. The funding of the shortfall in revenue from the Opposition's announced policies would be catastrophic for Australia.

Rather than the honourable member for Mackellar saying that he has been the Opposition's Treasury spokesman for a year, I thought he would be hiding under one of the green cushions. He has been no help to the honourable member for Bennelong (Mr Howard), who is now on the nose with the National Party of Australia and his own Party. The honourable member for Mackellar has the job of shadow Treasurer, but he has muffed it. He has been no help to the Leader of the Opposition, who is struggling along trying to hold his leadership, yet the shadow Treasurer is sitting here with a couple of bits of paper and a giggle. Where is the structure of the Opposition's monetary, fiscal and wages policies? It does not exist. We just have this schoolboy stuff, with the Opposition raising matters of public importance, and making a few cheap points about interest rates, but raising no serious issues.

Opposition members interjecting—

Mr DEPUTY SPEAKER (Mr Leo McLeay)—Order! The honourable member for O'Connor, the honourable member for Mackellar and the honourable member for Bradfield will cease interjecting. The honourable member for Mackellar was heard in silence; the Treasurer also will be heard in silence.

Mr KEATING—In the context of the Opposition's view of the world, there was a position available to it on fiscal policy—not one I would have had or supported—and a position on wages policy. It could have had an alternative. Where are its policies? Its fiscal policy, its supposed tax policy, is now a sham. The Opposition has a \$14 billion problem in terms of funding that.

The fact of the matter is that, instead of the Opposition using the past two years to develop a coherent, rational alternative—instead of the honourable member for Mackellar using the past two years or so to think about an alternative—here is the Opposition, a year away from the expiry of this Parliament, with its fiscal and tax policies in tatters, a wages policy which is simply a joke, a laughing stock, and without any credibility whatsoever on economic policy. I do not

know what else there is for me to say. Basically, the Opposition is without any policy framework.

Mr Connolly—You have no defence.

Mr DEPUTY SPEAKER—Order! I warn the honourable member for Bradfield.

Mr KEATING—One of the things that amused me lately was a quotation which someone put under my nose, from the address by the honourable member for Mackellar to the National Press Club. He said:

Perhaps I should remind this audience that during my days as a line manager in industry I specialised in turnaround situations, where it was necessary to ensure survival.

That is what the Opposition needs now; a line manager specialist in turnaround situations—the Wichita lineman, the old rhinestone cowboy. What the Opposition really needs is a big turnaround situation to ensure its survival. If the best the honourable member for Mackellar can do is to make some cheap points about interest rates, when he knows the cause of our interest rate structure, and cheap points about supposed costs to business without looking at offsets, all I can say, as I normally say, is that we will let the public be the judge.

Mr CONQUEST (Hinkler) (3.35)—Honourable members may have seen in the correspondence and in media releases some passing reference to the fact that this nation will be 200 years old next year, our bicentenary year. We will spend another \$10m in June to remind the people of Australia of how much money we will spend on the great party for Australia. I put it to the House: Do we, in our present situation, deserve to be given a holiday and a great party on our 200th birthday? What is the situation? We were once a wealthy nation. We were called the lucky country and people who came out here as migrants were able to invest with their blood, sweat and money. They built up this country to be great.

Mr Cunningham—It is still a good country.

Mr CONQUEST—What happened to it? Generations of people, like wayward children, began to spend and spend. They squandered their inheritance and borrowed against the future at escalating interest rates. What is the position today that has influenced interest rates and is having such a dire effect on business and people? The situation is that we have a massive loss of our economic life-blood through the current account deficit and massive tax on the productive part of the economy, which is growing daily and crushing incentive. We have infla-

tion of four or five times that of comparable countries, pricing us out of world markets. We have a steady increase in already massive government spending with no real respite in sight. We have a growing national debt which has almost quadrupled during the term of this Government. We have high interest rates which are stifling investment, crushing those who are in debt and creating a nightmare, rather than a great Australian dream, for so many young people who desire to own their own homes.

What has been the Government's response to this concern? Its response has been to compare its performance against that of the previous coalition Government. Day after day for two years members of the Government have got up in this House and replied to questions at Question Time and spoken in debates by comparing the record of their Government with that of the previous Government. Well, I do not give a fiddle about comparisons between governments. I have a concern for Australia today and I am worried about the future of Australia. We want action and we want to know how it will be taken. The problem is that the Prime Minister (Mr Hawke) comes into the House and treats with scorn the questions on economic matters and acts like a clown, holding up newspapers at Question Time. The Treasurer (Mr Keating), who just spoke in this debate, also had to try to bring some humour into a very serious situation.

The small businessmen and farmers are being crippled by interest rates. While the farmers are faced with falling land values, they are losing equity in the loans they have taken out. Their problem has been made much harder because of this situation. I do not criticise people who have borrowed—farmers and businessmen—because they have had the incentive, initiative and faith in Australia to go out there, put their money in and try to make something of their lives. They had faith, but unfortunately it has been a misplaced faith in the Hawke Government they elected.

The honourable member for Mackellar (Mr Carlton) mentioned prime interest rates. Between November 1984 and February 1987 the prime interest rate increased by 4.75 percentage points, from 13.5 per cent to 18.25 per cent. In that period overdraft rates have risen by 6 percentage points, from 14.5 per cent to 20.5 per cent. Those farmers who have a problem with cash flow—they have to place their businesses at the vagaries of the market, the weather and the Government, which does not seem to care—to use overdrafts so that they can buy their

stock, get seed in, nurture, tend, sow, reap, harvest and sell on the market. They do not know what the price will be at the end, yet they are the ones using overdrafts at those rates of interest. I say to honourable members that that is too much for them to bear.

The Government comes in here and says that the problems with our markets are caused by the European Community and the export enhancement program of the United States of America and we have no control over them. The Government has control over the internal costs and it can help those people to produce more at a cheaper cost so that they may be able to compete on overseas markets. Why should any businessman invest in plant and machinery when he can put his money into purchasing bank bills and get a return of some 16.9 per cent? How many small businesses in Australia today—we know there are very few farmers—are getting a return on their businesses of 16.9 per cent? I am in small business and I know what my return is. I certainly wish I could get rid of my business and invest the money with this sort of return; I would be much better off. Many business people are thinking that way, but they cannot divest themselves so they are not increasing their plant, they are not investing and, therefore, they are not producing jobs. That is the trouble with Australia. We have taken away the initiative for people to invest. We have put imposts on them that are too high for them to bear.

What about our young people who still believe in the great Australian dream, who still believe in owning their own home? It is something to which we all aspire. Everybody in Australia wishes to own their own home. Whilst there are current borrowers, with the threat of losing their home, paying 13.5 per cent, people who borrowed from April last year are paying 15.5 per cent and they have no real guarantee that that will not increase. We have seen a newspaper report of the Housing Loans Insurance Corporation report for 1986 which states that the number of home loans in arrears for over four months rose 50 per cent during the 12 months to 30 June 1986. In view of the indications we have, when that report comes out this year we will find that the number will have increased. The same Corporation had total claims of \$7.2m made against it; an all-time record. That is the situation we have at present. We have high interest rates; we have young people trying to buy a home; we have businessmen hoping to hold on to their businesses, and they are certainly not looking to putting in new plant and machinery because they have also lost the hedge

of a capital gains. They have nothing really to fall back on.

The Government's main housing advisory group, the Indicative Planning Council, stated that continued high interest rates for the rest of 1986-87 and the slowdown in the economy will mean a drop in housing starts from 136,000 in 1985-86 to 122,000 in 1986-87.

Mr Beale—It will be close to 180,000 jobs lost.

Mr CONQUEST—Yes. There will be a reduction of jobs also. The executive director of the Australian Association of Permanent Building Societies, Mr Jim Larkey, also warned that interest falls were essential. Everybody in this House—certainly everybody on this side of the House—believes that interest rates must fall so that our young people can realise that dream of owning their own home. At the same time, new homes mean new jobs. New jobs give incentive. We have to put initiative back into business. We have to help farmers and businessmen to have lower costs so they can compete on the international markets with their produce and commodities. We need to get our export products going in order to compete in the overseas markets. If we do not do this Australia will go down the gurgler. We on this side realise that there is a problem in our economy that can be helped substantially by lowering interest rates. I have pointed out a range of matters that have to be addressed in order to do that.

Mr DEPUTY SPEAKER—Order! The honourable member's time has expired.

Mr BRUMBY (Bendigo) (3.45)—This is an important matter of public importance and it disappoints me somewhat that after four years in opposition the Federal Opposition still cannot come into this House and announce one policy to the Australian people. It is a fact that the decline in Australia's balance of trade presents us with enormous challenges and, in other ways, with enormous opportunities. It is only the third time since Federation that any government in Australia has had to preside over and manage such a disastrous fall in the terms of trade and such a loss of income through the fall in our balance of trade. So it is a challenging time, a difficult time, and one would expect that that should warrant from the Opposition at least some credible policies of which the Australian people could at least make an assessment. But instead we have seen today one of the quietest contributions, probably the most lack-lustre contributions, on any matter of public importance that I have seen in this place in four years. It

just shows how shattered, how numb and how void the Opposition is of any morale or policy at present.

The honourable member for Hinkler (Mr Conquest), who promises to hand over his seat to the Queensland Premier, referred to this lucky country. Because he misunderstood Donald Horne's use of the expression 'lucky country' I point out to him that that expression was used ironically. He was saying that Australia was lucky to be where it was because of the incompetent decisions that have been made by governments and business leaders since Federation, and in that sense we are, and were, the lucky country. In that sense the problems that Australia has with the balance of trade are nothing new. This phenomenon has been occurring in this country for the last 30 years. It is a phenomenon that has been caused by a continuing decline in prices that the rest of the world has been prepared to pay us for our primary products, for its resources such as coal, iron ore and steel, and by a considerable lack of imagination and vision by previous conservative governments which failed to establish a viable manufacturing industry in Australia. So we find that over the last two decades, when the fastest growing sector of international trade had been in manufactured goods and in high technology and one of the fastest growing regions for trade had been the Pacific region, Australia sadly missed the boat. It was not until this Government came along and put in place its economic policies, such as the floating of the dollar and the wages policy, that Australia was given a chance to get back on its feet and to start competing again on a fair footing on the international market.

The matter of public importance today refers—somewhat humorously, I hope—to the damage caused to Australian families by the policies of this Government. I find it extremely difficult to accept that the Opposition could come in here and seriously debate such a motion. If one looks at what it did when it was in government and at the cost of its promises, one sees very clearly that it treats Australian families with contempt and that it has no concern at all for the vast majority of families, decent Australians, who receive less than the average weekly wage. The Treasurer (Mr Keating), in his contribution in Question Time and in the discussion of the matter of public importance today, produced some startling figures on what we believe are the costs of the Opposition's taxation policies. One really has trouble taking the Opposition parties seriously when it seems that they are about to announce a tax policy which will have

implications for the Budget deficit of more than \$10 billion. It is the 'Laurence Olivier-John Howard does-not-add-up trick' because when we go through all the tax cutting promises including the eight per cent consumption tax and the zero tax threshold, as the Treasurer did, the 25 per cent rate, the 35 per cent rate, and put all those in the pot and bring them out, we find that those policies would cost a staggering \$14.7 billion.

This is the incredibility stakes—the contest between what is left of the Federal coalition and Joh from the north, but we are talking about \$14.7 billion. I think Australian families—since we are talking about Australian families—deserve a bit better from the Federal Opposition than the sort of claptrap that it is serving up today. Is there anyone in Australia who can take seriously any proposition which would blow out the Budget deficit by more than \$10 billion? It means \$14 billion in new tax promises. It will pick up \$4 billion from the consumption tax if it goes ahead with it, which leaves \$10 billion. Where, seriously, is the Opposition going to find \$10 billion? That is the sort of deficit it left this Government with when it lost government in 1983. Seriously, where is it going to find \$10 billion? Is it going to add it to the existing Budget deficit of about \$4 billion and give us a \$14 billion Budget deficit? Imagine what the international markets would think of that. We would be the joke of the international world. There would be a run on our dollar and interest rates would go through the roof.

Is the Opposition going to do it by cutting spending? If so, why does it not have the courage and the gumption to come into this place and explain to the Australian people how it will finance \$10 billion worth of spending cuts. As the Treasurer said today, if the Opposition sacked every public servant in Australia and every employee in every statutory corporation, it would save \$5 billion. So it has another \$5 billion to find. The Opposition's razor gang record in government shows that it sat down for months and months and deliberated over cutting spending before coming up with a final package of about \$250m. The Opposition's effort when it was last in government was pathetic. It defies credibility to imagine that it could seriously propose financing \$10 billion worth of expenditure cuts.

The Treasurer referred to that wonderful, one-line statement by the shadow Treasurer, the honourable member for Mackellar (Mr Carlton), about him being in line management and able to specialise in turnaround situations. The

Federal Opposition needs a dramatic turnaround in its fortunes and policies. I repeat: It is an insult to the Australian people and an insult to this Parliament that more than 1,400 days after we were elected to government and the coalition parties were put into opposition not one single Opposition policy has been formally released. The Opposition does not speak to families intelligently; it treats them with contempt. Does the Opposition not think that they deserve at least one policy? What about the formal release of a tax policy or a health policy? What does the Opposition intend to do to housing and the first home owners scheme? How is it going to finance \$10 billion worth of cuts? The fact is that it cannot.

The Opposition is hopelessly divided; it is a disparate group. It will be completely smashed at the next election—if it is not demolished before then. I do not even know which parties it will be running in the next election. Will it be a Liberal Party, a National Party, a Unite Australia Party and a Queensland National Party? How many parties will there be? How many different tax policies and health policies will there be? Do the Australian people not deserve a bit better? When will the Opposition tell this Parliament how it would finance \$10 billion worth of cuts? What a fantastic figure. If we had set a group of kindergarten students free with a few crayons and asked them to come up with some fantastic design about a tax policy, they could not have done any worse. Fancy coming up with a policy that will cost \$14 billion. If the Opposition brought in a consumption tax, it might find \$4 billion; so it would have to find a further \$10 billion. That is the tax policy that we think might be released. Of course, we are not really sure what Joh's policy is. There is a competition now to see who can outbid the other.

We are happy to contest the next election on the issue of tax and the issue of families. We have put families into jobs and we have put families into homes in Australia. We have given them a health care system which provides coverage to every Australian. We have brought down double digit unemployment and inflation rates. We have painfully cut about \$6 billion off the \$10 billion deficit which the Opposition left us with.

Mr DEPUTY SPEAKER—Order! The honourable member's time has expired. The discussion is concluded.

AUSTRALIAN STOCK EXCHANGE AND NATIONAL GUARANTEE FUND BILL 1987

Bill presented by Mr Lionel Bowen, and read a first time.

Second Reading

Mr LIONEL BOWEN (Kingsford-Smith—Attorney-General) (3.55)—I move:

That the Bill be now read a second time.

This Bill is the same in substance as the one I introduced at the end of the last session of Parliament. It provides legislative support for the establishment of a single national stock exchange and the creation of a National Guarantee Fund. The Bill incorporates a number of minor technical amendments the need for which has become apparent since the introduction of the previous Bill. By way of background, the Ministerial Council for Companies and Securities, at the request of the Australian Associated Stock Exchanges—AASE—approved introduction of the previous Bill into this Parliament at the earliest possible opportunity. This was done to enable the exchanges to fully develop the constituent documents and business rules of the national stock exchange on the basis of the restructuring provisions contained in that Bill. The AASE's primary concern in pressing for that early introduction and passage of the Bill in the current session is that the Trade Practices Commission's authorisation for a number of existing stock exchange practices expires on 31 March 1987. The Commission identified these practices as being anti-competitive and refused to authorise them beyond 31 March 1987.

The new articles of association for the single national exchange to be established by the Bill address these areas of TPC concern. For example, the restrictions on corporate ownership have been removed. Authorisation has been sought for these changes and the AASE is concerned to avoid the need for some 'interim' structure to be put in place after 31 March 1987. To do this it is necessary for the Bill and the necessary State and Territory translator regulations applying the Bill's provisions in those jurisdictions to be in place by 1 April 1987.

By introducing the previous Bill in the last session to meet the AASE's timing concerns, it was possible to closely examine some of the more technical aspects of the Bill. As noted, this has pointed up the need for a number of minor changes. There are no policy changes involved. A number of amendments are designed to ensure there is a proper jurisdictional nexus between

the proposed National Guarantee Fund provisions and each State and Territory comprising the co-operative scheme. In addition, a potential anomaly in relation to multiple claims against the National Guarantee Fund in respect of dealer insolvencies has been rectified. Minor drafting changes have also been made to facilitate the making of State regulations which ensure that, without changing the policy of the Commonwealth law, this legislation can sensibly be applied as State law.

As with the introduction of the previous Bill, I introduce this Bill pursuant to the Commonwealth's obligations under the co-operative companies and securities scheme. In accordance with the formal agreement under that scheme, the Ministerial Council for Companies and Securities has approved introduction of the Bill into this Parliament. The restructuring of the stock exchanges and the creation of a National Guarantee Fund will be achieved by amendment of the Securities Industry Act 1980. Consequential amendments will also be made to other co-operative scheme legislation.

The impetus for change to the structure of the major Australian stock exchanges has come from the stock exchanges themselves. The Australian Associated Stock Exchanges formally requested legislative support for the change from the Ministerial Council in March 1986. Such support is required because of the significant logistic and timing difficulties inherent in separate schemes of arrangement in each State which would otherwise be necessary to facilitate the desired restructuring.

It is worth noting briefly the sorts of developments in Australia which have prompted Australian stock exchanges to adopt a more national focus. One of the major developments in Australia and throughout the world's capital and securities markets has been the trend to internationalisation of securities markets. This has been stimulated by technological advances in communication, increasing sophistication of investors in the management of their financial risks and, of course, this Government's initiatives in abolishing exchange controls as part of its general policy of deregulating the financial system. Accordingly, Australian stock exchanges have been subject to greater competition from overseas exchanges.

In this context, the AASE has estimated, on the basis of interviews with larger stock exchange members, that a substantial proportion of their business—ranging between 30 per cent and 50 per cent—was being sent overseas either

for execution, in relation to Australian securities, or for investment in securities issued by overseas companies. This development alone suggests that Australia's current fragmented State based stock exchange system is inappropriate and that anything that can be done to assist in providing a stock exchange structure better able to meet this competition should be done. There is also increasing pressure from investors for a national securities clearing house to speed up transfer of securities and for the adoption of screen trading. These trends also serve to highlight the need for a more streamlined and integrated system for trading securities and raising capital in Australia.

The associated establishment of a national guarantee fund to replace the existing separate fidelity funds of each of the State capital city exchanges will assist in maintaining investor confidence in Australian securities markets. The 1986 Australian Shareownership survey conducted by the AASE indicated that almost 90 per cent of adult Australians do not own shares. One of the major reasons given by those surveyed was that they preferred safer, less risky, investments. The contract guarantee and insolvency protection afforded by the National Guarantee Fund may serve to alleviate some of these concerns. The no-fault contract guarantees will ensure that where a party to a securities transaction does not complete his obligations, those obligations will be met by the National Guarantee Fund. This no fault system of contract guarantees contrasts with claims against existing fidelity funds under the provisions of Part IX of the Securities Industry Act 1980 where defalcation or fraudulent misuse of property is required to establish a claim. Direct access to the National Guarantee Fund for compensation in respect of a dealer insolvency also contrasts with existing fidelity fund provisions which only allow for compensation via formal Bankruptcy Act mechanisms.

In addition to these investor protection measures, the establishment of the National Guarantee Fund will enable funds to be made available for industry development purposes approved by the Ministerial Council. These funds will comprise the amount of the pooled assets not required for investor protection purposes and it is envisaged that one of the purposes for which such funds will be used is the establishment of a centralised securities clearing house.

Financial Impact Statement

The Bill will not have any financial impact on Government revenue and expenditure. Share-market investors will benefit from the contract guarantee and insolvency provisions of the Na-

tional Guarantee Fund. The capital and securities market is expected to become more efficient from the more co-ordinated, centralised ASX approach. In addition, allocation of excess funds of the National Guarantee Fund to national development purposes approved by Ministerial Council should allow technological advances with resulting efficiencies.

Conclusion

This Bill assists the stock exchanges in their attempt to establish a more co-ordinated nationally oriented securities market and provides additional investor protection to maintain confidence in that market. I commend the Bill to the House and also present the explanatory memorandum.

Debate (on motion by Mr Spender) adjourned.

MINISTERS OF STATE AMENDMENT BILL 1987

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

Second Reading

Mr YOUNG (Port Adelaide—Minister for Immigration and Ethnic Affairs) (4.03)—I move:

That the Bill be now read a second time.

Section 66 of the Constitution prescribes, subject to the Parliament otherwise providing, a maximum annual sum for the payment of salaries of Ministers. Amendments to the Ministers of State Act which sets this sum are from time to time thus required to cover changes to ministerial salaries.

In its 1986 review, the Remuneration Tribunal recommended that ministerial salaries be increased by 11.7 per cent in order to redress the anomaly which has existed since 1984. The anomaly arose as a result of the Government's consistent demonstration of wage restraint in rejecting Remuneration Tribunal recommendations. While the Government declined to accept the increase recommended by the Tribunal, it agreed that national wage case rises apply to ministerial salaries. It is therefore necessary to raise the upper limit on the amount appropriated for ministerial salaries to accommodate the 2.3 per cent national wage case of 1 July 1986. The purpose of this Bill is to amend the Ministers of State Act to increase the maximum annual sum from \$660,000 to \$680,000. I commend the Bill to the House, and have much pleasure in circulating the explanatory memorandum.

Debate (on motion by Mr Lloyd) adjourned.

AUSTRALIAN NATIONAL RAILWAYS COMMISSION AMENDMENT BILL 1987

Bill presented by Mr Peter Morris, and read a first time.

Second Reading

Mr PETER MORRIS (Shortland—Minister for Transport) (4.05)—I move:

That the Bill be now read a second time.

It is now some three years since I introduced the legislation to provide the Australian National Railways Commission—or AN, as it trades—with a charter which gave AN the task of becoming a commercially orientated business operation. It is no secret that in the year before AN had recorded its highest ever loss of \$106m. The period since then has been a story of continued progress—progress that reflects this Government's approach of creating an environment in which its business authorities can get on with the job of improving their performance. In real terms AN's call on the Federal Budget has been reduced by over 50 per cent during this period. It is a record in which everyone associated with AN—the Chairman, commissioners, AN management, unions and the AN work force—can take pride.

But we cannot stop there. Accordingly, this Government is continuing to work with AN and its staff to maintain that momentum which will lead AN to become a genuinely commercially viable government railway. As part of this continuing drive for improved efficiency, on 1 October 1986 I announced a package of further initiatives including a new approach to AN's passenger services. The fact is that like virtually every railway in the world AN's passenger services are not currently commercially viable. However, with operational and marketing initiatives, their future prospects are improved. Whilst AN's performance is better than many of the other Australian rail systems, particularly in respect of long distance services, there is room to achieve greater efficiency. The Government and AN are embarking upon the demanding approach of upgrading these services rather than allowing them to drift into a state where they are beyond redemption.

We have agreed with AN to a set of increasing cost recovery targets to be achieved in respect of these passenger services. From a level of around 45 per cent in 1984-85 AN now has the task of improving its passenger cost recovery level to a 60 per cent target by 1988-89.

AN has already launched a number of major initiatives to provide better, more efficient services to its customers. These include:

Upgrading the Mount Gambier service with improved transit times and on-board service which has resulted in a 15 per cent increase in patronage;

The launching in 1986 of a new Adelaide-Whyalla Budd car service which replaced the Adelaide-Port Pirie service. This service, known as the Iron Triangle Limited, is currently running at almost full capacity;

Diversion of the Indian Pacific into Adelaide in 1986 without adding to the total journey time; and

The launching of a new service, known as the Silver City Limited between Adelaide and Broken Hill in December 1986.

AN considers that it should further extend the facilities it provides to its passengers to make train travel a far more enjoyable experience in itself. Accordingly, it has refurbished rolling stock to provide a special entertainment car, offering facilities such as video and sound booths, video games for children, tables for cards and chess, a souvenir shop, a hair salon, and a limited number of poker machines. To provide a clear legislative base for these activities it is necessary for the amendments contained in section 2 of this Bill to be enacted. AN has consulted both the South Australian and Northern Territory governments on the proposal and both governments have raised no objections.

The other provision of the Bill will amend section 70 of the Act to expand the powers under which boards of inquiry undertake investigations into the causes of accidents involving AN. Two boards of inquiry have been established under the Act. They have proven to be extremely valuable in having an independent body examine major accidents. It is considered that future inquiries would benefit by having wider powers to allow them to consider the broader causes of accidents. The proposed powers are similar to provisions governing accident inquiries under the Air Navigation Regulations. I commend the Bill to honourable members.

Debate (on motion by Mr Lloyd) adjourned.

CUSTOMS TARIFF (URANIUM CONCENTRATE EXPORT DUTY) AMENDMENT BILL 1987

Bill presented by Mr Barry Jones, and read a first time.

Second Reading

Mr BARRY JONES (Lalor—Minister for Science and Minister Assisting the Minister for Industry, Technology and Commerce) (4.10)—I move:

That the Bill be now read a second time.

This Bill proposes to amend the Customs Tariff (Uranium Concentrate Export Duty) Act 1980 to incorporate into that Act the tariff proposals tabled on 19 August 1986. As part of the 1986-87 Budget the proposals increased the export duty on uranium concentrate produced from the Alligator Rivers Region in the Northern Territory from 11¢ to 80¢ per kilogram from 19 August 1986. The export duty imposed on uranium since 1980 is to offset the special costs of environmental monitoring and research activities by the Office of the Supervising Scientist associated with uranium mining operations in the Alligator Rivers Region. The increase in the duty is being made to recover about 50 per cent of the costs.

The Office of the Supervising Scientist for the Alligator Rivers Region was created in recognition of the special need to protect the environment in that region, which includes Kakadu National Park, from the effects of uranium mining operations in both the short and the long term.

The Kakadu National Park is a World Heritage area, in which all Australians can take pride. The Government's continuing commitment to the Office of the Supervising Scientist will ensure that this important area of Australia is fully protected from any possible effects of uranium mining operations. Clause 4 of the Bill provides an exemption from the increased levy in the standard transitional situations where uranium concentrate was loaded on to a vessel, or was part of a consignment which was loaded on to a vessel, or was part of a consignment which was commenced to be loaded, prior to the 19 August 1986 commencement of this Bill.

Additionally, clause 4 specifically exempts from the increased levy about 800 short tonnes of uranium concentrate exported after 19 August 1986 under a contract between Queensland Mines Ltd and Electricite De France. This amount of uranium represents the quantity which the Commonwealth purchased from Queensland Mines Ltd after placing an embargo in June 1983 on Australian exports of uranium for end use in France. With the removal of the embargo in August last year, Queensland Mines Ltd subsequently repurchased this uranium. However, the

Government has decided that the uranium in question, which but for the embargo would have been exported before the levy increase proposed in clause 3 of the Bill, should not now be subject to the increased rate. Hence the exemption proposed in paragraph 4 (c) of the Bill.

Financial Impact Statement

The increased uranium export levy is expected to raise an additional \$2.6m per year. The total levy will now recover approximately 50 per cent of the annual cost of the monitoring and research activities of the Office of the Supervising Scientist. I commend the Bill to the House and present the explanatory memorandum to the Bill.

Debate (on motion by Mr Lloyd) adjourned.

TAXATION LAWS AMENDMENT BILL (NO. 5) 1986

[COGNATE BILL:

INCOME TAX AMENDMENT BILL 1986]

Second Reading

Debate resumed.

Mr PRICE (Chifley) (4.14)—The Taxation Laws Amendment Bill (No. 5) will give effect to another of the measures in the Government's tax reform package by introducing an instalment system for the payment of provisional tax. It also contains several other measures. I think it is very important for the House to understand that the Government has been through a thoroughgoing process of taxation reform and this Bill is but one of a number of Bills of that package that have been before the House.

In listening to Opposition speakers, I have been struck by the constant argument that although pay as you earn taxpayers generally pay taxation instalments on a weekly basis—public servants, for example, pay it on a fortnightly basis—for other taxpayers who pay provisional tax to pay on a quarterly system is somehow terribly unfair or unethical. I do not understand that argument. Indeed, the first three instalments are based on one quarter of the previous year's income, so there should be no general hardship. It is not as though the amount is increased.

The honourable member for Dawson (Mr Braithwaite), who is not in the House, said that he would like to see all taxation Bills contain a compliance cost. That is not an unreasonable proposition. This Government is very sensitive to the cost to big and small business of government regulation. Indeed, the Minister for Industry, Technology and Commerce (Senator Button) is responsible for a complete review by the Gov-

ernment of this area which, I believe, was sadly neglected by the Opposition when it was in government. The amendment moved by the honourable member for Mackellar (Mr Carlton) said nothing about compliance costs. Its central feature reads:

deplores the creation of uncertainty and confusion among taxpayers and in the business community due to the failure of the Government to present these and other measures to the Parliament—

(*Quorum formed*) Before the time of the House was wasted by the Opposition, I was outlining the amendment moved by the honourable member for Mackellar. Its third point reads:

condemns the Government for imposing an excessive tax burden on business thus inhibiting new investment in productive enterprises.

What have we had from the Opposition by way of taxation reform for business? It has a new slogan, which I think is called 'Incentivation'.

Mr Ronald Edwards—Inactivation.

Mr PRICE—Inactivation. Perhaps we ought to throw in another term for its taxation policies—creative inertia. That is what the Australian people are getting. This Government has introduced one of the major reforms that the business community has long sought from the Opposition and which it has consistently been denied.

Mr Ronald Edwards—What is it? The removal of double taxation of dividends.

Mr PRICE—The removal of the double taxation of dividends, as the honourable member for Stirling points out. The Opposition did not have the courage to do it. At a time when there is a lot of confusion about taxation reform, considering the process that the Government has gone through, never at any stage did the Opposition say: 'Well, in the interests of big Australians, small Australians and ordinary Australians, this is an important national issue. We believe in taking a bipartisan approach'. To what extent did the Opposition assist the Australian people or the Government to arrive at the taxation proposal contained in this Bill? It did nothing. The only thing it did was to agree with the Government when there were proposals to reduce taxation, and to oppose the Government on proposals to increase revenue. If the Australian people are looking for a government that has the national interest at heart and which can identify problems and be above and beyond mere politics, they will not find one in the Opposition.

There has been a lot of discussion about flat taxes, average taxes and marginal rates of tax,

and I want to go through a few of these terms. I seek leave of the House to incorporate in *Hansard* a tax table I have prepared. I have followed the usual courtesy of discussing it with the shadow Treasurer, the honourable member for Mackellar, and, subject to the normal rules, I seek leave to incorporate it.

Leave granted.

The table read as follows—

| Tax scale | Marginal rate | Taxable income | Tax paid |
|-------------------------|---------------|----------------|------------------|
| 0– 5,100 | @0 | 5,100 | 0 |
| 5,101–12,600 | @24 | 7,499 | 1,799.76 |
| 12,601–19,500 | @29 | 6,899 | 2,000.71 |
| 19,501–35,000 | @40 | 15,499 | 6,199.60 |
| 35,000– | @49 | 999 | 489.51 |
| Totals | | 36,000 | 10,499.58 |

Average Rate—29.14%.

Mr PRICE—What is a marginal rate of taxation? It is the percentage of an extra dollar of increase paid in tax. An average rate of taxation is the tax payable divided by the taxable income expressed as a percentage. For example, if someone is on a salary of \$36,000 and if he has a marginal rate, as we often call it, and if the Government is going to bring the marginal rate down in July from the Howard rate of 60c in the dollar to 49c in the dollar, does that mean

that that person pays 49c in tax for every dollar earned? No, it does not. In fact, for the first \$5,100 of income that person pays no tax. For the next \$7,499 he pays 24c in the dollar, which is \$1,799. For the next \$6,899 earned he pays 29c in the dollar. For the next \$15,499 of income he pays 40c in the dollar, which is \$6,199.60, and he pays 49c in the dollar for the last \$999 of income, which amounts to \$489.51. This means that his taxable income was \$36,000. I have chosen that example because it takes us through all the tax scales of our proposed additional taxation reforms that have already been passed and will be introduced on 1 July. That person pays a total tax of \$10,499.58.

The marginal rate was 49c in the dollar. What is the average rate of taxation that this person is paying? It is not the Howard 60c, it is not 49c, or 40c; in fact, it is 29.14c. I think it is very important for people to understand clearly the difference between their marginal rate of taxation and their average rate of taxation, because their average rate is always considerably less.

To understand and explain flat rate taxation, I seek leave to incorporate a table in *Hansard*, which appeared in the *National Times on Sunday* of 15 February. I also saw the shadow Treasurer about this.

Leave granted.

The table read as follows—

CHANGE IN TAX PAYABLE DUE TO A 25 PER CENT FLAT TAX WITH DIFFERENT TAX-FREE THRESHOLDS

| Taxable income \$pw | Tax Payable (1.7.87 rate scale) \$pw | Tax-free Threshold | | | | | |
|-------------------------------|---|--------------------|---------|---------|---------|---------|---------|
| | | \$0 | \$1,000 | \$2,000 | \$3,000 | \$4,000 | \$5,100 |
| Change in tax payable \$pw | | | | | | | |
| 50 | 0.00 | 12.50 | 7.71 | 2.91 | 0.00 | 0.00 | 0.00 |
| 75 | 0.00 | 18.75 | 13.96 | 9.16 | 4.37 | 0.00 | 0.00 |
| 100 | 0.52 | 24.48 | 19.68 | 14.89 | 10.09 | 5.30 | 0.02 |
| 150 | 12.52 | 24.90 | 20.18 | 15.39 | 10.59 | 5.80 | 0.52 |
| 200 | 24.52 | 25.48 | 20.68 | 15.89 | 11.09 | 6.30 | 1.02 |
| 250 | 36.94 | 25.56 | 20.76 | 15.97 | 11.17 | 6.38 | 1.10 |
| 300 | 51.44 | 23.56 | 18.76 | 13.97 | 9.17 | 4.38 | -0.90 |
| 350 | 65.94 | 21.56 | 16.76 | 11.97 | 7.17 | 2.38 | -2.90 |
| 400 | 83.30 | 16.70 | 11.90 | 7.11 | 2.31 | -2.48 | -7.76 |
| 450 | 103.30 | 9.20 | 4.40 | -0.39 | -5.19 | -9.98 | -15.26 |
| 500 | 123.30 | 1.70 | -3.10 | -7.89 | -12.69 | -17.48 | -22.76 |
| 600 | 163.30 | -13.30 | -18.10 | -22.89 | -27.69 | -32.48 | -37.76 |
| 700 | 205.89 | -30.89 | -35.68 | -40.48 | -45.27 | -50.07 | -55.34 |
| 800 | 254.09 | -54.89 | -59.68 | -64.48 | -69.27 | -74.07 | -79.34 |
| 900 | 303.89 | -78.89 | -83.68 | -88.48 | -93.27 | -98.07 | -103.34 |
| 1000 | 352.89 | -102.89 | -107.68 | -112.48 | -117.27 | -122.07 | -127.34 |
| Revenue Gain (\$bn) | | 5.38 | 3.27 | 1.22 | 0.79 | -2.75 | -4.8 |

Mr PRICE—It is very important for people to understand what flat rate taxation proposals

mean. They mean that we do not have a marginal rate or a tax-free threshold; we just get

taxed at a flat rate of 25 per cent of every dollar earned. That is what a pure flat rate taxation system is all about, and that is what I understand Sir Joh Bjelke-Petersen, the Premier of Queensland, is advocating. The important thing that honourable members have to remember is that this proposal, when looking at its total impact, would not provide tax cuts for the Australian people. It would raise an additional \$5.38 billion. In other words, more Australians would be paying tax under that system than the number receiving benefits. In fact, 80 per cent of all Australians would be paying additional tax.

Let us take a couple of examples. Firstly, under the flat tax proposal, what would happen to someone under 18 years of age earning \$50 a week? Under our proposals, that person would not pay any tax, but under the flat tax proposal of Sir Joh he would be paying \$12.50 a week. A single pensioner earning \$106.20 a week would be paying, under this flat tax proposal, \$24.48 a week. So we can see that what I say is correct. A flat tax proposal would in fact reward the super wealthy. They would be getting the most benefit, and 80 per cent of all Australians would be paying more. The tax bill of the pensioners in Chifley, who are tremendous people, will escalate enormously.

It is very hard to keep up with the latest twists and turns of the non-released Opposition taxation policy. Although the honourable member for Mackellar spoke in the debate today, he did not announce that the Opposition had as yet come to a taxation reform package. We have not had a taxation package from the wets, or from the dries, from the Sinclair nationalists or from the Bjelke-Petersen nationalists. It is about time they came good.

Let us look at the Liberal Party system which was announced in the Sydney *Daily Telegraph* on 6 January, which has subsequently changed. There are so many twists and turns that I have to confess I am finding it very difficult to keep up. Basically, this proposal was that there would be a tax-free threshold to \$15,000, and from \$15,000 to \$17,000 there would be a tax of 15c in the dollar, and from \$17,000 above there would be a tax of 25c in the dollar. The important thing about this proposal is that its cost to revenue would be about \$19.4 billion. It is very hard to understand, but that is the sort of cost which would be involved. The constituents in my electorate are talking about a university, which they ultimately hope to have built at a cost of \$600m. We can imagine how many universities could be established with \$19.4 billion.

But in order to pay for this the Liberal Party would have to implement a 25 per cent consumption tax. The inflation effect of this would be 17 per cent. We have heard Opposition spokesmen say that inflation is too high. Whatever the rate is today, if one added to it 17 per cent or whatever amount cannot be quarantined, it would be absolutely astronomical.

Dr Charlesworth—Horrendous.

Mr PRICE—It would be horrendous.

Mr Ian Cameron—That is why I am opposed to it.

Mr PRICE—I can understand the honourable member saying that he is opposed to it but, if the Opposition wants any credibility on the issue, it has to show how it will pay for it. I will quote the words of the Leader of the Opposition.

Mr Lloyd—I take a point of order, Madam Deputy Speaker. We are debating certain amendments to present taxation laws. I do not think that proposal has anything to do with the debate in question.

Madam DEPUTY SPEAKER (Mrs Darling)—There is no point of order, on the basis that I delineated before. As long as people are keeping to the general concept of the legislation and the amendment—we are debating both—it is quite all right to have a little flexibility. I will keep an eye on the matter on both sides to ensure that the Standing Orders are not offended against.

Mr Lloyd—In that case, Madam Deputy Speaker, I draw your attention to the state of the House. (*Quorum formed*)

Mr PRICE—I can understand the sensitivity of members of the Opposition. All I was trying to do was to quote the words of their coalition leader; that is, if they are still in a coalition. I think it was Mr Howard at the time. On 17 February 1987, on the steps of Parliament, he said:

I haven't seen exactly what Mr Sinclair has said but my own views on the need to consider, as an option, broadening of the indirect tax base as part of a trade-off for lower income tax has not altered and cannot alter because I am not prepared like some people including the Premier of Queensland to suspend the laws of arithmetic.

I do not know what is so embarrassing about that that made the Opposition call for a quorum. But I do understand that some Opposition members would not like us to talk about the faceless men behind the National Party Premier of Queensland, the \$23m soft shoe brigade. Only a couple of them have come forward. When people

are dealing with the Government, they know what our objectives are—fairness and equity—and they know what we are trying to do. But what is the Opposition trying to do? What do the faceless men who are funding the National Party Premier with his tax offensive want out of it? As the honourable member for Dunkley (Mr Chynoweth) suggested, what do they want out of it?

Madam DEPUTY SPEAKER—Order! the honourable member's time has elapsed. Before I call the honourable member for Moreton, I point out that the Chair is trying to maintain a balance in the debate in this House, as is usual from the Chair. When the honourable member for Murray did not have a point of order upheld, there appeared to be an implication that, because of that, he would call a quorum. I hope that that is not the case because, were that so, it would be an abuse of the Standing Orders. I bring his attention to that.

Mr DONALD CAMERON (Moreton) (4.36)—Every Government member who has spoken today has mentioned the Queensland Premier. Let me say this: For a man who is more than 1,000 miles away, he has a remarkable spell across the Government side. What I am telling Government members is that they have shown beyond doubt that they are frightened of a National Party of Australia involving Joh Bjelke-Petersen in conjunction with a strong Liberal Party of Australia at the next election. They have every reason to be quaking in their shoes because there will be so few of them here after the next election that they will fit into a smaller area than that occupied by the National Party today. That is what will happen because Government members are so far out of tune and their record so bad that their destiny will be destruction at the hands of the Australian people.

We listened to the speech, the clap-trap, from the honourable member for Chifley (Mr Price), who tried to tell the Parliament that people earning \$36,000 a year are paying about only \$10,000 tax and not really 56.5c in the dollar tax. But those men and women know that when they get an increase of \$1 they get about only 40c in their pay packet. To try to tell those people that they must average it out all the time and that it really worked out at only 30c in the dollar shows that the Government is absolutely out of touch. That is one of the reasons that the honourable member for Chifley will go back to Telecom Australia after the next election and hope like mad that the Liberal-National Party coalition, which will be the government of Aus-

tralia at that time, will have mercy on him and allow him to gain promotion in that field.

Furthermore, the honourable member for Chifley talked about taxing pensioners and such people. This Government has been taxing pensioners ever since it came to power because it has not raised the threshold. When pensioners have a little extra outside income, they are pushed further and further into a tax situation. Mention was made of provisional tax. There are literally thousands upon thousands of elderly people in their seventies and eighties who once upon a time would never have had to worry about provisional tax. But because of this Government's failure to index the threshold above which tax is paid, pensioners now have to worry about provisional tax. These days people in their eighties—even some in their nineties—have to worry about provisional tax.

I notice in the Taxation Laws Amendment Bill (No. 5) the Government has introduced that anyone earning less than \$2,000 per year will not be affected by these new provisions for quarterly returns. But the Government makes no mention whatsoever of an indexation of that \$2,000. It is another Labor sleight of hand. Given time, more and more elderly people—particularly the elderly—will be thrust into the situation of being caught up in this net. I wonder whether Government members have thought about that. We had the crocodile tears from the honourable member for Chifley and from so many of those on the other side who expressed concern for the aged. So many elderly people worry themselves sick about the taxation returns that they have to put in. Now this Government will require them to do it four times a year. I have a private view, which is not shared by my Party, that anyone who has made 80 years of age and earns less than, say, \$10,000 a year should be excluded from having to put tax returns in. If people have lived for that long, why should Australia have to keep depending on them? Eighty years of age should be a cut-off point for tax returns. I repeat that that is a private view. The Government is saying to the 90-year-olds that if they have more than \$2,000 a year additional income they have to put in four tax returns a year instead of one return. The Government does not even suggest that the figure be indexed.

Furthermore, about a year and a half ago the present Government proclaimed to Australia that one of the things it was going to do was to simplify the taxation system. At the time that grand announcement was made the Income Tax

Assessment Act had 1,230 pages. It had taken nearly 85 years to put 1,230 pages together. Honourable members opposite should be absolutely proud of themselves because they do not even know the definition of simplification. What they meant was multiplication. The tax Act now has 1,966 pages. In the very Bill before the House, the Tax Laws Amendment Bill (No. 5) 1986, the Government is adding another 27 pages to the tax Act. It takes 17 or 18 pages just to explain what the Government is all about in relation to the provisional tax charges.

Honourable members opposite cover themselves so much in case some little old pensioner cribs a cent off the Government here and there and the Taxation Commissioner might think he has another bottom of the harbour scheme on his hands. He cannot even write a simple amendment to say that taxpayers are to send in their provisional tax returns every three months. He takes another 17 or 18 pages to do so. That, perhaps, is what the Joh Bjelke-Petersens, the John Howards and the people out there in Australia are all about. They are saying: 'We are tired of forking out our money to accountants and solicitors to get an explanation of what you mean. All we want is a simple tax system'. But the Government cannot even do that. Heaven forbid, need I remind the House that the Treasurer (Mr Keating) could not even remember to send in his own tax returns for two years in a row? What is more, we learn that he is such a proud man he does not even use an accountant or a solicitor to help him prepare his returns. He does it on his own and then forgets about it.

What is the Government doing? It is ripping it into ordinary people out there. What were the Prime Minister's words—that it was not a mistake of immense gravity, or something like that? A couple of years ago when the penalties for late lodgment of tax returns were increased, we had the rhetoric in here about how terrible it was, how people who had put late returns in were tax cheats and exploiters. Then, 18 months later, it was not an error of immense concern. Honourable members opposite deal in many double standards. One of the reasons that Australia is on the move is that it has had enough of this type of legislation and the approach that has been taken in Canberra.

I will not make more than passing reference to the Australian Taxation Office but I am absolutely positive that it is out there winding up all its staff saying, 'Get after them', like the training given to some gestapo army. 'Get out there and get the taxpayers. Get them; they are

all cheats. Here we are in Canberra. We are employed by the Government. We receive a salary. We pay our taxes but out there in mugs-ville all those people are ripping us off and we poor people who work in Canberra for the Government are paying our tax'. This is the kind of attitude which led to the introduction of the fringe benefits tax.

What is not understood generally is that in Australia people who are highly paid do not have their jobs for that many years. Only a very tiny percentage of people do well for a long time. Only a very small percentage of small private companies stay up there for a long time. People have their moment in the sun, generally, and then there is some economic upheaval, of either a minor or a major type, and companies go down the drain. But all that is seen out there are people clawing into the system. The type of attitude which exists in Canberra requires 18 pages to amend legislation simply to change the collection from once a year to four times a year.

In the last week I have become aware of the deaths of two local people at their own hands. They were people with tremendous pride. One was a businessman who went north from Brisbane and bought a printing machine. He tried to make it on his own. He did not want to be on the dole. He invested all he had and went to a country town. Unfortunately, business was not forthcoming and he saw fit to end his life. Only today I learnt of a constituent of mine who took his own life. He came to me in early January wanting help to get his taxation refund because it had been lodged for three months and the Taxation Office had not processed it. We rang the Taxation Office and, to its credit, it processed the return fairly quickly. The man headed off to the Gold Coast to try to sell land. He was a real estate salesman.

The man suicided only yesterday. He probably had not been successful at selling land. The laws of this country are quite mixed up. We have a requirement that before one becomes eligible for the dole one has to wait for a certain time to qualify. There should be some examination of the system. If a person is desperate and completely out of money but can show himself as having a track record of having been out there trying in the free enterprise world but having failed—I underline 'tried'—provision should be made to give that person an amount of money immediately. A person should not be told, if he is in full time work but is not earning any money, that he is not entitled to anything, which is the current situation.

I recognise that I have spent the last couple of moments away from the legislation before us but I underline the fact that the Government now has to its credit the fact that it has added a grand 736 pages to the taxation laws of this country, whether through the fringe benefits tax, the capital gains tax, the taxation boards of review, the foreign tax credit system or the other changes which it has introduced. I do not think that is a very proud record. We now have a tax Act the size of which makes the *Bible* look like a paperback.

Dr CHARLESWORTH (Perth) (4.48)—The Taxation Laws Amendment Bill (No. 5) 1986 seeks to amend the Income Tax Assessment Act 1936 in that for 1987-88 and subsequent years of income the payment of provisional tax will be by quarterly instalments during the year of income earned for those who earn more than \$2,000 of taxable income. It also deals with the treatment of income realised from foreign exchange fluctuations and income realised from dividends paid on redeemable preference shares. The spokesman on taxation for the Opposition, the honourable member for Mackellar (Mr Carlton), has said that the Opposition welcomes the latter two measures but has some concern about the first measure.

I must admit that it surprises me why the Opposition should object to the fact that provisional taxpayers should in some way be brought into line with pay as you earn taxpayers who have their deductions made fortnightly. It would seem to me that payment of the tax four times a year is not a very difficult impost and certainly in many cases will allow better management of financial affairs from taxpayers in those circumstances. The honourable member for Stirling (Mr Ronald Edwards) has already made the point that the prescribed payments tax has certainly had this effect on many people in the building industry. Indeed, there will be a saving in revenue for the Government because the bringing forward of this revenue collection will decrease the bond tender requirement of the Government. So from that point of view I would have thought that this was something that would be endorsed by the Opposition because it is very concerned about Budget deficits and the amount of borrowing that governments must make.

But we must remember that this is part of a package of reforms implemented by this Government to remove the ramps and rorts from the system and to provide more incentive by reducing the marginal rates. We have reduced the marginal rate of 60¢ in the dollar, which was

the legacy of the previous Government and we believe we have provided a much fairer system by attacking those areas of tax avoidance which were open to some within our community but certainly only the minority. The tax on cash benefits—the so-called fringe benefits—has been a significant part of this, as has also been the taxation on entertainment costs. There was carpentry criticism from the Opposition when they were introduced. It said that there would be massive job losses in the entertainment industry. I asked the Parliamentary Library to provide me with some statistics in respect of this. It is interesting to note that for the year November 1984 to November 1985 there was a 3.4 per cent increase in employment in that industry. Subsequent to the introduction of the tax, in the year November 1985 to November 1986 there was a 6.5 per cent increase in employment in that industry. I think that is a very significant endorsement of this taxation measure.

Other measures introduced by the Government were the removal of negative gearing provisions and the introduction of a capital gains tax, both of which have the effect of directing investment to those areas where it will be most productive. I have mentioned some of the measures we have undertaken, but if we look at the record of this Government in respect of taxation reform and compare it with that of the Opposition, I think it compares very favourably. I look back on a quotation from the Deputy Leader of the Liberal Party (Mr N. A. Brown) in March 1985 when he looked at the performance of the Fraser Government, a Government of which he was part. He said:

But we never seemed to have time to talk about where Australia was going; about the failing standard of living of the ordinary Australians; about how we could give them a good and secure future; about how we could encourage new industries in Australia; and how we could get rid of the dead hand of Government, our Government, that was stifling initiative and taxing us into oblivion.

That is a significant criticism of the Fraser Government and its performance in regard to taxation by a former member of that Government. Yet our Government is trying to grapple with the difficulties in the living standards of Australians and with the situation which has been brought about by a significant fall in the value of our dollar and a significant decline in the terms of trade.

The solution which has been projected by the Opposition is to provide a number of taxation carrots which cannot be paid for. It will return the free lunch, open the gates on non-productive

investment and on speculative windfall gains and cut taxes for the wealthy, which it believes in some way will provide the panacea whereby Australia's problems will be solved. I believe the suggestion that marginal tax rates should be reduced—the so-called incentivization program of the Opposition—would have some credibility if it could maintain the stance that this Government has taken in respect of a capital gains tax, entertainment tax or fringe benefits tax. The Opposition would have some credibility if it were willing and had the guts to introduce a consumption tax. It would have some credibility if it could tell us where the cuts in expenditure were going to come from to pay for this. Of course, it is unable to do so. We hear reports that Medicare will be dismantled. If that is its policy, let us have it expounded and let it tell Australians how much extra they will have to pay for private health insurance if they want to have full health cover. If it is to introduce tertiary fees, it should tell Australians that it will cost them \$5,000 a year to attend a tertiary institution. If it is to cut family allowances, it should tell every housewife in this country what that decrease will mean in family allowance payments.

What every Australian needs to understand is that we are in the process of making an adjustment. The adjustment in our economy is overdue and is critical to our future. It has been 20 years in coming. Our reliance on primary production and the fact that we have been spending more than we have been earning is something that we have known for a long time. Indeed, on one or two occasions—in 1973 and 1979—we were saved by oil price shocks which increased, exponentially in some cases, the price of oil and so improved our position. But the harsh reality is that we have been spending more than we have been earning. That has been brought into even sharper focus by the fact that there has been a significant devaluation of our dollar, which provides us with a competitive edge but which in the short term decreases our income significantly. On top of that there has been a significant decline in the terms of trade, about which there is little we can do because the effect is global and is not within the control of the domestic situation in Australia.

Australia has to weather the storm and every Australian needs to understand that. It is pointless rushing around the country suggesting that by some radical reform of our taxation system everything will be made better. We would be happy to hear what the Opposition has to offer in the way of solutions, but there are so many pieces and so little coherence in what it says

that it is very difficult to believe anything. The Opposition says that it will give tax cuts and the effect of the tax cuts will be to increase disposable income. Perhaps that will increase demand, expenditure and consumption, but I imagine the effect would be detrimental to our terms of trade balance. It says that there should be a wage freeze, while in the very next breath it suggests we should dismantle our centralised wage fixing system. It says that a consumption tax is necessary, yet at the same time it complains about the scourge of inflation. A consumption tax would have a significant effect on increasing inflation. It suggests it will make cuts, but it does not tell us where the cuts in services are going to be. Inevitably, there will be cuts in services. Will it deliver the same standard of education or the same opportunities for people if services are cut? Where on earth will the money come from?

These issues are complex, but the Opposition's solutions have to be credible. I doubt very much whether any of us can believe that any of the solutions we have heard so far have any credibility. During Question Time today the Treasurer (Mr Keating) talked about \$14.7 billion worth of carrots being offered to the Australian community. Nobody seems to know how on earth these are going to be paid for. I am reluctant to quote John Hyde, a former member of the coalition Government, but he suggested that it is not courageous at all to suggest tax cuts now and nor is it sensible economic policy. Australia's income has been cut and we all have to share the load. I do not believe the suggestion that some sort of panacea will be provided by these tax cuts.

In the midst of all of that we have Sir Joh Bjelke-Petersen walking around the country with his free market rhetoric suggesting that a flat rate of tax is the solution. That rate of tax will mean that the majority of Australians pay more tax. When we look at Sir Joh Bjelke-Petersen's record, we see that Queensland has the most bankruptcies, the highest unemployment in the country and the largest public service; indeed, the largest growing public service. Time and again one wonders whether we can fit that with the rhetoric we here from that gentleman.

What should our priorities be? It amazes me that we enter this year, which perhaps has an election at the end of it, talking about taxation being the central issue. We are quite happy to fight an election on taxation issues, but Australia's greatest problem is the current account deficit and how we are to deal with it. It is necessary

for us to maintain our competitiveness to give us a chance to trade out of that situation. It is not likely that there will be a sudden increase in commodity prices or that we will benefit from an oil price shock such as I have mentioned already. It is not likely that retooling of our manufacturing industry for import replacement will be easy or quick. It is not likely that our export markets will increase rapidly in the face of the massive surpluses that exist overseas. None of those things is likely unless we have an appropriate policy mix. It is necessary for us in that context to be aware that it is essential that we decrease the domestic deficit. This Government has a good record in that area. On coming to government the domestic deficit was 5 per cent of gross domestic product; it is now projected as 1.4 per cent, and the Government has the will and the determination to reduce it even further.

It is significant and salutary to look at the United States of America, which, at the same time as we came to government, had the same order of domestic deficit and after four years still has not been able to reduce it. It is necessary for us to cut expenditure and this Government has shown the resolve to do so. It is necessary for us to have wage and price restraint and a believable and realistic policy in respect of wages. It is necessary for us to do that in order to maintain the competitive edge that this devaluation has given us.

On top of that, in a humane and sensible government, it is necessary to have some growth in our economy while we make that adjustment, in order to allow us to maintain our employment level. As mentioned by the Minister for Employment and Industrial Relations (Mr Willis) during Question Time today, our employment level is outstanding and we must endeavour to maintain that for social reasons, if for no other. That will take time and a balanced and planned policy mix and we will have to be cautious and careful. I do not believe that the Opposition is showing any of the leadership required to suggest that it has the solutions.

This Bill is part of a package of tax reforms which will provide a fairer taxation environment and incentive and justice in our taxation system. These measures are appropriate in the present environment. It is with great pleasure that I commend the Bill to the House and reject the amendment moved by the Opposition.

Mr HAWKER (Wannon) (5.02)—In speaking in support of the amendment moved by my colleague, the honourable member for Mackellar (Mr Carlton), I take up a couple of points made

by the previous speaker, the honourable member for Perth (Dr Charlesworth). The honourable member for Perth seemed to spend most of his time concentrating on what the Opposition is doing. I take that as a compliment—the Opposition is seen as the next government. Furthermore, the honourable member found it very difficult to justify what the Treasurer (Mr Keating) has been doing to this country, in particular what he has been doing with the Income Tax Assessment Act. As the honourable member for Mackellar said in his speech, what the Treasurer has done to the Income Tax Assessment Act is quite incredible.

When this Government came to power there were just over 1,200 pages in the Income Tax Assessment Act and after the Taxation Laws Amendment Bill (No. 5) 1986 is passed there will be over 1,900 pages in the Act—an increase of 60 per cent. That is some record when one compares the statement made by the Prime Minister (Mr Hawke) before the National Taxation Summit with what this tax and so many other taxes that have come out of the tax package have really shown and have done. Referring to the nine principles enunciated by the Prime Minister before the tax changes were announced, we find one which I would like to quote, which shows what a sham the Prime Minister is and what a fraud he was when he spoke about reform of taxation.

Madam DEPUTY SPEAKER (Mrs Darling)—Order! I ask the honourable member for Wannon to withdraw that reference to the Prime Minister.

Mr HAWKER—Which one, Madam Deputy Speaker?

Madam DEPUTY SPEAKER—The honourable member for Wannon just made a detrimental reference to the Prime Minister. That is against Standing Orders. He will withdraw it.

Mr HAWKER—I said that the reform is a sham, Madam Deputy Speaker. Is that what you mean?

Madam DEPUTY SPEAKER—No, I mean the personal reference to the Prime Minister.

Mr HAWKER—That his claims were fraudulent?

Madam DEPUTY SPEAKER—Not the claims; the honourable member put that description of the Prime Minister. I ask you to withdraw it.

Mr HAWKER—I will be happy to withdraw it.

Madam DEPUTY SPEAKER—Thank you.

Mr HAWKER—As I was trying to say, the claims by the Prime Minister that the reforms would be to the benefit of all Australians are in fact a sham. Referring to the fourth principle, one can see very clearly that it is in fact a sham, because he said:

... any reform must lead to a simpler system, which therefore all Australians can understand more easily ...

If another 700 pages is to be added to the Income Tax Assessment Act, which most people cannot even understand and have extreme difficulty in reading, I do not think that that is making the tax system simpler and certainly it is not making it more easily understood for all Australians.

It was not surprising that the honourable member for Perth talked about the Opposition, because if he were to look at the record of his own Treasurer, he would see that it is very difficult to defend. As has been pointed out before, the Treasurer has an unenviable record in many areas. One area is particularly pertinent today, when we are talking about increasing taxation. The Treasurer is known as the highest taxing Treasurer in the peacetime history of this country. Some record! When we look at a fairer and simpler system that can be easily understood, we have seen such things as the fringe benefits tax, which is certainly more complicated and has put more pressure on businesses and added to their costs. We have seen the introduction of the capital gains tax and the assets test and the removal of income equalisation deposits. This Treasurer brought in a sales tax on things such as fruit boxes, flavoured milk and wine. Added to that, quarterly instalments will be introduced for the self-employed.

The honourable member for Perth talked about the value of the capital gains tax, implying that somehow it leads to more productive investment. I remind him that when we talk about the capital gains tax and couple that with the assets test, we find that the Government exempted the family home. So instead of directing investment into more productive areas, it is encouraging people to invest in the family home. As much as that might be a nice thing, I do not think that that is really what one could call a highly productive investment.

I refer to one section of the legislation—namely, the effect that this Income Tax Amendment Bill will have on taxpayers who will be forced to pay quarterly provisional tax and, in particular, some of the difficulties it will create

for those who do not have a regular, reasonably predictable income. As the Treasurer outlined on 19 September 1985, in his desperation, this legislation is part of the package which was yet another way of trying to get more revenue out of an already highly taxed country. As I have said, the Treasurer has created the record of being the highest taxing Treasurer we have had in peacetime. By the time this Bill becomes law it will have taken 18 months since it was announced, which is quite unacceptable. Much of the legislation which was announced in September 1985 still has not become law.

Under the provisions of this Bill all taxpayers who pay over \$2,000 a year in provisional tax will be caught. There will be a few exceptions, which I will come back to. Quarterly provisional tax will be paid on 1 September, 1 December, 1 March and 1 June, with some transitional arrangements in the first year, 1987-88. As the Treasurer announced, there will be a revenue gain of \$100m a year, so it is a new tax, and there will be a further windfall gain of \$90m in the first year. The Government is trying yet again to bring forward its revenue to hide the fact that it is still having problems with its Budget deficit. The Treasurer has admitted that the deficit is likely to blow out significantly this year.

As the honourable member for Perth and other speakers from the Government side have already mentioned, there will be an implied interest saving for the Government because it will be bringing forward the revenue. The other side of that is that if there is an implied saving in interest for the Government, obviously there will be an added cost. The added cost to business will be considerably greater than it will be to the Government. Everyone knows that the Government can issue Treasury notes at around 13 per cent per annum interest, but most businesses—particularly small businesses, which this legislation will affect—will have to borrow at interest rates of 18 to 20 per cent. That is considerably more than the interest rate the Government has to pay. This is an additional cost to business and Australians which the Government would not have had to fund fully.

The second reason why I find this legislation so objectionable is that it will affect small businesses which are already hard pressed for their cash flow, particularly those which in many cases will be taxed before they receive that income. Because of the way in which the quarterly instalments are structured, quite a few people who receive income on an irregular basis will pay tax

on that income before they receive it. The third reason why I find this legislation so objectionable is that it is yet another impost on business, both in time and money, to comply with this tax; and it is what we would call, on a normal business basis, unproductive time which will further impede business getting on with what it should be doing, and that is making a profit. The fourth reason why I find this tax fairly objectionable is that there is a penalty for underestimating if one is out by more than 10 per cent. That is a pretty small latitude, particularly in the agricultural business I have known where there are violent fluctuations in income and that income can be so unpredictable that one day it looks as though it will be here next week but because of seasonal factors, market factors, market crashes or a storm which destroys a crop—or for whatever reason—all estimates just go out the window.

This is a typical example of a tax measure that has not been properly thought out. I know there are some provisions in the legislation for farmers—I will come back to them—but there will still be considerable problems. If one happens to make an estimate and be out by more than 10 per cent, a fine of 20 per cent per annum of the amount involved is applied. The fifth reason why I find the legislation objectionable and which I find aggravating is that provisional tax assumes that everyone's income will increase by 11 per cent per annum. I daresay that many people would love to have that happen but in many cases it does not. Generally, the extra tax will have to be paid.

In discussing this particular alteration to the Income Tax Assessment Act, I find one exception particularly difficult—the Government still has not come to grips with it—and that is the fact that taxpayers who derive more than 75 per cent of their income after 1 December will be allowed to pay in two instalments, on 1 February and 1 June. That may sound like a concession to farmers and those who have seasonal and fluctuating incomes but in fact enormous problems will be created by this. For example, a fat lamb producer sells the bulk of his lambs around December. What happens when one year he sells in late December and in the following year he happens to sell in October or November? The question then arises as to which category this taxpayer falls into. If he happens to fall into the category where he is expected to pay four times a year he has already missed the first instalment. What happens then? Is there a penalty? I hope that the Treasurer will answer this question because the problem is a real one. This is only part of the problem.

When we go into this further we will see that decisions on marketing will be very much influenced by what will happen in relation to tax. So a person may well find that what should be a normal business decision will be influenced more by the effect of the provisional tax than by good business principles. If a tax has that influence on a business, it should be re-examined. This is one case where the Treasurer has not thought it through properly and I think he ought to re-examine the whole proposal regarding what he will do in the case of people who have seasonal incomes which are highly fluctuating. Obviously this will be complex; it will be costly; and it will be difficult for people to comply with. They will spend a lot of unproductive time looking into ways and means of ensuring that they will not be hit by the Australian Taxation Office for making a mistake in their assessment. The reason that the Opposition is so against this, and the reason the honourable member for Mackellar has moved his very sensible amendment, is that the Government has not thought through the effect of this legislation. It will affect small businessmen, mostly self-employed; those who are single operators and who, in many cases, are already flat out trying to make a quid. To find extra time for unproductive form filling just to comply with an effort by the Treasurer to bring forward his revenue is penny-pinching of the worst kind.

If we look further we will see that another problem could be created for the primary producer or, in some cases, the sportsmen and sportswomen who are now able to average their income. Under averaging, the amount of tax paid is the average over a number of years. This in fact means that those people who have fluctuating incomes end up paying the same amount of tax as a person who has a reasonably steady income. They do not pay any less, but if they were not allowed to average they would, in many cases, pay more tax than a person earning a constant or relatively constant income. Persons in that situation will have enormous problems trying to work out what sort of assessment is reasonable and fair as they go through each quarter. To start with, they may not even know what their income is because they may not have got that particular instalment. Then they have to make an assessment of whether they are eligible to pay provisional tax. The only way they will be able to do it will be to employ a computer expert with a spread sheet. Again, this is an additional cost on business which in many cases it can ill afford.

The honourable member for Mackellar has already outlined the business reasons why we are against this particular amendment to the tax Act. I have tried to outline further details on some of the specific cases where I think it will cause considerable burdens, hardship and, in many cases, a lot of worry to people who are already flatstrap just trying to make a living. The Government ought to reconsider what is yet another unproductive use of time which it is imposing on people who are trying to make a living as self-employed businessmen.

I would like to reiterate a point made by the honourable member for Moreton (Mr Donald Cameron). To the pensioner who will be hit by quarterly provisional instalments—as we all know, pensioners find it hard enough now to comply with all the regulations of government—it is yet another regulation, yet another thing to confuse them and another thing to send them to an early grave. The Government ought to look at that effect too because in some cases it could be extremely serious. The honourable member for Mackellar intends to move at the Committee stage a specific amendment which will deal specifically with one problem I have raised, namely, the difficulties faced by people who employ averaging over their incomes. In the meantime the Treasurer should re-examine this proposal. It is yet another example of where the Prime Minister has failed, and failed dismally, in his undertaking to the Australian public when he said in his great spiel prior to the National Taxation Summit that, whatever else, any reform must lead to a simpler system which therefore all Australians can understand more easily. On that criteria this so-called reform, or what is a method of extracting yet further tax revenue out of Australians, has failed and has failed dismally.

Mr MAHER (Lowe) (5.19)—The honourable member for Wannon (Mr Hawker) made some quite outrageous statements. One minute he was sending pensioners to an early grave merely because the Government is legislating to make provisional tax payable in quarterly instalments where the provisional tax paid was more than \$2,000 in the previous year. Persons paying more than \$2,000 in provisional tax would normally have their affairs handled by a tax agent or an accountant. If they have the age pension plus some income, surely they are having their affairs organised properly. Talk of sending people to an early grave is perhaps emotive, and it is just nonsense to talk about things like that. To frighten people is unworthy of the Opposition and is about as worthy as the amendment moved by the honourable member for Mackellar (Mr

Carlton) who expressed concern over the excessive delay in the introduction of this legislation. Those of us who have been members of parliament for the past five years or more will remember the bottom of the harbour scandals and the excessive delay that took place when the Liberal and National parties were in government. We know that the whole question of tax is splitting the coalition in opposition.

The amendment, which I urge the House to reject, talks about condemning the Government for imposing an excessive tax burden on business. This Government is about to introduce imputation of company tax. Companies will pay tax at the rate of 49c in the dollar, but they will not pay tax twice. At present, when a company makes a profit it pays tax. It then distributes the profit as dividends and the shareholders—be it a public company or a private company—pay tax. Therefore, all the company's profits are taxed twice. That is to change. An imputation of tax will be passed on to the taxpayers so they can get a credit against their other tax commitments. Australia will be only the second nation in the Western world to offer imputation of company tax profits. West Germany gives company tax imputation and its company tax rate is 56 per cent. In Australia, it will be 49 per cent. The Government has taken an exciting step. At long last, people who work hard in a private company or business will get some return for their efforts. They will not be bled through the tax system. It will make companies more profitable, particularly small businesses. There are more than 100,000 companies in Australia. Australia has more private companies per head of population than any other nation. At long last, there will be none of the scheming to buy loss companies to avoid tax. Companies will become a valuable thing. If a company has a fruitful business, a business that is making money, tax imputation will be worth while. I look forward to that.

To say, as the Opposition is saying today, that the Government's proposal will hurt small business is rubbish. The measure merely spreads the burden of the provisional tax over four instalments instead of one. We remember that when the provisional tax payment was due every year in May and June there was an enormous run on the banks. The banks had no money because they were lending to all the companies in Australia so they could get enough funds to pay their provisional tax. For the honourable member for Hawker to say that the measure will hurt primary producers, sportsmen and sportswomen is essentially rubbish. As I understand it, very few primary producers pay tax. They are

the people who will be hit by the consumption tax. That is what the debate between the Opposition parties is all about. Dairy farmers, cane growers and all the people in the bush are experiencing a bad time, and they are paying a small amount of income tax. However, if a consumption tax were introduced they would pay the same as a member of parliament. The wife of a member of parliament and the wife of a farmer would pay the same tax on everything they bought. That would be very unfair. That is why the bickering is going on between the two coalition parties. I give full marks to the National Party for rejecting a consumption tax. Initially, the Government proposed a consumption tax, but it rejected it for a different reason. We rejected it because we could not get it discounted. We had no guarantee that the unions would agree to a discounting. The report of the Asprey Taxation Review Committee—

Mr DEPUTY SPEAKER (Mr Millar)—Order! I invite the honourable member to come back to the Bill.

Mr MAHER—I was dealing with the Asprey report because when the Treasurer (Mr Keating) introduced the Bill he referred to the Asprey report. The Asprey report mentioned tax reform. That report, which was commissioned by the McMahon Government, recommended all sorts of tax reforms; yet the report gathered dust on the shelves. However, statements were made today that we are introducing too much legislation. The honourable member for Hawker and the shadow Treasurer, the honourable member for Mackellar, said there was too much legislation and Bills were too voluminous. That is not something that the Opposition can say it did. When it was in government it did practically nothing regarding legislation; yet it criticises the Government for introducing a lot of tax legislation and tax reforms. Surely we are here to tax the people—to gather in revenue—and to distribute revenue. The whole purpose of having a government is to tax and to distribute revenue. Taxation is what the debate that is raging in our society is all about.

The Asprey report, which was commissioned by the McMahon Government, recommended a consumption tax. It also recommended—

Mr DEPUTY SPEAKER—Order! The honourable member is in error. The fact that the Treasurer may or may not have referred to the Asprey report does not invite debate on extracts from that report which may have relevance to the Bill before the House. I invite the honourable member to be relevant to the Bill.

Mr MAHER—Of course, Mr Deputy Speaker. The Asprey report is surely germane to any debate on tax, because it was the first report to look at the Australian tax system. I would have thought that the Asprey Taxation Review Committee report would be relevant to any tax Bill.

Mr DEPUTY SPEAKER—I regret having to curb the honourable member's enthusiasm. The Asprey report can be mentioned to the extent that it refers explicitly to the contents of the Bill before the House.

Mr MAHER—As I have said, the Bill relates to the payment of provisional tax in four quarterly instalments. It also contains provisions relating to foreign exchange gains and losses, and details relating to certain capital gains and capital losses. It also seeks to change the law relating to short term redeemable preference shares as a substitute for debt. The scheme was devised for avoiding tax by using short term shares as an alternative for a debt. The legislation is quite a small part of the whole tax structure. Quite a few honourable members have spoken at length on the Bill. I do not wish to delay the House, so I will leave it there.

Mr CONNOLLY (Bradfield) (5.27)—It is appropriate that the honourable member for Lowe (Mr Maher), who has just addressed the House, observed that we—I presume he means the Government—are here to tax the Australian people. The evidence of the legislation before us today, in addition to the substantial number of Bills that have been introduced in the House over the past four years, places on the record for all time the fact that the Hawke Government is Australia's biggest and heaviest taxing government in this generation. The Taxation Laws Amendment Bill (No. 5) has been passed off as something of mere administrative convenience. We are told that it introduces an instalment system for the payment of provisional tax. It introduces a number of other arrangements.

However, as was pointed out by the Opposition spokesman on Treasury matters, the honourable member for Mackellar (Mr Carlton), this legislation, along with much other legislation, has been hanging around for a substantial length of time. For example, the proposal before us was initially announced on 19 September 1985. Yet it is being debated some 17 months after the Australian people were told by the Treasurer (Mr Keating) what they could expect.

Some people may imagine that the proposal to enable the payment of provisional tax on a quarterly basis is merely a matter of administrative convenience. What this House and the Aus-

tralian people must understand is that there is much more than just an administrative convenience in this proposal. We were told by the Treasurer in his second reading speech that it will result in a gain to revenue of \$100 million a year and a further \$90 million in the first year of its introduction which it euphemistically describes as a windfall profit.

Surely, the point is obvious: Every time the Treasurer or the Minister Assisting the Treasurer (Mr Hurford) comes into this House to introduce changes to the taxation laws of Australia, the ultimate result is that Australian people and Australian business pay more and not less tax. Is it any wonder, therefore, that throughout this nation—from Queensland to Tasmania, from Western Australia to New South Wales—there is one solid cry being heard: 'We have had enough'. The Australian people are simply not prepared to support a Government which has demonstrated its inability to clean up the taxation laws, which it claimed it intended to do, and introduce a system which is administratively viable for this country.

Let us look at the Government's record. First we had the fringe benefits tax introduced into this Parliament last year. That added a further 139 pages to the Income Tax Assessment Act and a revenue gain estimated at \$575m. What the Government did not bother to tell us then, of course, was that the substantiation arrangements under that Act are so grotesquely complex that it is estimated that after about four years it will probably gain a further \$300,000m in tax from that source alone. Another \$25m is likely to be collected as a result of the capital gains tax. The non-deductibility of entertainment expenses will mean a saving of \$330m and the abolition of negative gearing provisions, as I have said, will save \$100m. The new rate of company tax which has been introduced will add approximately \$500m to tax collections.

All of those measures mean additional pages in the tax Act. We have now reached a situation where it compares more than favourably in size with most of the telephone directories in Australia. Yet we are told repeatedly by the Minister at the table, the Minister Assisting the Treasurer, and by the Treasurer that the objective of Australian Labor Party policy is to simplify and to reform the taxation laws of Australia. Simplify? What bunkum! As for reform, reform equals higher taxation, and that is what this Government stands for today. One of my constituents, a Mr Noel Morris, who is a retired person, will be one of those affected by these

small administrative changes to the provisional tax arrangements. He wrote me a letter last week, which later appeared in the *Australian* of last Saturday. I would like to read it for the benefit of the House.

Sir,

Behind the "smokescreen" of alleged reduced and fairer taxation, the Federal Labor Government by stealth has substantially increased tax payable in 1987 and 1988 by approximately 35 per cent for some millions of Australian taxpayers.

Taxpayers who pay tax annually in April each year, as distinct from PAYE taxpayers, already pay provisional tax three months ahead of PAYE taxpayers.

However, recent government tax legislation—introduced behind the publicity fanfare of alleged imputation of tax on dividends benefits etc—provides for an additional forward provisional tax levy of a six months instalment on December 1, 1987. Thus an additional 50 per cent provisional tax just prior to Christmas 1987, plus additional 25 per cent instalments on a quarterly basis on each of March 1, June 1, September 1 and December 1, 1988.

With my reducing income in my retirement years and the impact of inflation, I am forced to liquidate some hard-earned capital to meet additional tax levies which my taxation attorney assures me will amount to an additional 35 per cent payout during 1987 and 1988.

These additional provisional tax levies are designed to put provisional taxpayers on annual assessments one year ahead of PAYE taxpayers and will remain unrecovered until death.

This outrageous tax burden is certainly not tax reduction and as it must affect some millions of taxpayers, I am appalled at the lack of public outcry by the media.

Mr Hurford—That is just not true.

Mr CONNOLLY—If the Minister at the table wishes to disagree with the contents of that letter which appeared in the *Australian* last Saturday, this is the opportunity to do so. I am sure my constituent would be delighted to hear his response. I am happy for him to have a copy of the letter so he can do so. The point is that there are many people in Australia, in particular pensioners, who are, to put it mildly, confused by the continuous changes which we see literally every six months or so to the manner in which taxation is applied to ordinary Australians. Those taxpayers are facing a situation whereby under this Act it is presumed by the Commissioner of Taxation that their income will increase by 11 per cent a year. How grotesque can you get? At a time when we know full well that hundreds of thousands of Australians are seeing their incomes go in exactly the opposite direction, we are told by some buffoon in the Treasury or the Australian Taxation Office that somehow or other the incomes of these people will increase. I cannot see how any pensioner could possibly be placed

in a position where he has to pay higher provisional tax because of the presumption—completely erroneous—that his income will increase over a 12 month period.

Just to make the matter more complex, one does not even have a choice as to whether one pays on an annual basis or a quarterly basis. The reality is that if income varies from quarter to quarter, as it does for so many hundreds of thousands of farmers and small business people, they will find themselves in the most extraordinary position because they will be taxed in advance of the income even being earned, generated or in their hands. People who are simply employing themselves often have to depend on other people paying their bills many months after the actual service has been provided. But such realities have been ignored in this legislation.

Maybe there were some problems in relation to the concept of a 12-month pay as you earn tax arrangement. Clearly there was some advantage for some taxpayers. If they were in the lucky position of having the income early enough, they could make alternative investments for up to nine months before paying the tax. There is an argument to be made there, but there is no argument worthy of the word which the Minister Assisting the Treasurer can put before the House to say that this is a provision which is neutral in terms of tax when in his second reading speech he has already told us that in fact there will be a revenue gain of no less than \$100m a year, and a further \$90m in the first year.

This measure will simply be seen by so many hundreds of thousands of Australian taxpayers as yet another demonstration of how a government that was elected in 1983, and whose leader said that his Government would introduce no new taxes, has year after year for four difficult years introduced so much taxation law that today we have such a vast amount of paper that virtually every accountant in Australia is asking: 'Why can't I spend my time creating wealth for this nation; why do I have to spend so much of my time advising people on how to interpret and understand an ever growing complexity of regulations and taxation law?'. What the people of Australia are crying out for now is a rational system of taxation which is fair, which can be understood and preferably which will make sure that those who should pay tax will pay it.

But every time we add more and more paper to the taxation laws of Australia, the position gets more and more complex. The income tax Act is now some 1,230 pages in length and since the last time it was amended there have been no

fewer than a further 708 pages added. I would have thought that if a parliament was worthy of its name, it would have been vital that the legislation which went through it be intelligible to the people. We must ensure that they understand the principles on which they are being governed. But what we are seeing in this area of taxation yet again is a missed opportunity, the failure of this Government to keep its promises, the total failure of this Government over four Budgets to control the level of its expenditure and the total failure of this Government to introduce monetary policies which are effective and which will return to us some semblance of optimism for this generation and those who follow us. The Government has had its chance and it has blown it. The Australian people are just waiting for the opportunity to return Government members to the opposition benches of this Parliament where it is their proper place to be.

Mr WRIGHT (Capricornia) (5.40)—The honourable member for Bradfield (Mr Connolly) went to some pains to criticise the development and growth of tax law in this nation. He complained about the number of pages in the Income Tax Assessment Act. Let it be placed on the record that many of those pages have been necessary to attempt to close the thousands of loopholes that his Party in government allowed business to roar through to rip off the Australian taxpayer and the Australian people. It is because of the extra 700 pages in the Act that we will see an end to some of the rorts and rigging that have taken place in the tax system. I refer particularly to the period 1975 to 1983. It has been necessary to close those loopholes. I believe the ordinary citizen is pleased and proud of a government prepared to address itself to those problems.

The honourable member for Bradfield talked about gain in tax. This is not the Government's money; this is people's money. I did not hear him criticise the pay as you earn scheme under which the ordinary worker must pay his tax as he earns his wages. But he said such a system is wrong for business. It always seems that those opposite do not want business to pay its way. It is not unusual for the honourable member for Moreton (Mr Donald Cameron) stood up to talk about what was wrong with this Government, but he did not make one constructive suggestion. I took it upon myself to go back to check as best I could—the honourable member

was out of the Parliament for a couple of years—the speeches he made whilst in government. I could not find one speech by the honourable member for Moreton in which he tried to get his Government at the time to vary the tax system in any way to overcome the problems that existed in the many years of the previous Government.

The honourable member for Wannon (Mr Hawker) talked about all sorts of things. He talked about the fringe benefits tax, the assets test and the capital gains tax, as did all members of the Opposition who spoke in this debate. Then he did an amazing thing: He criticised the exemption of the family home from capital gains tax, saying that such expenditure was unproductive. I throw a question back to those in the Opposition: Is it now their policy, if they ever, unfortunately for the people of Australia, gain the treasury bench, to change the capital gains provisions to ensure that homes are not exempt from capital gains tax? That is the sort of comment we have had from the honourable member for Wannon today.

I agree with the Government members who have made it very clear that the Taxation Laws Amendment Bill (No. 5) and the Income Tax Amendment Bill are in the interests of our country. They will mean that people pay their provisional tax by instalments; they will, as it were, pay as they earn as the ordinary workers of Australia do. This will lessen the harshness of having to find a full year's provisional tax payment in one lump sum. The legislation will also guarantee that the Government, on behalf of the Australian people, can collect the tax during the year in which the income is derived. Like my colleague, the honourable member for McMillan (Mr Cunningham), I welcome those proposals. I support the points made by other Government members.

Also like the honourable member for McMillan, I should like to raise another matter that relates to provisional tax. It applies to many people on low incomes and fixed incomes and particularly to pensioners. When this legislation was first mooted 17 months ago I congratulated the Treasurer (Mr Keating) because I believed that we would see a change in the threshold of provisional tax. At the time the change to \$2,000 was mentioned and how it would apply to those paying the instalments. Apparently, I was incorrect. I found that the threshold was not changed for ordinary pensioners. I am finding that many low income people, particularly pensioners, in the months from August to December last year

received notices from the Australian Taxation Office saying that they now have to pay provisional tax. This was never meant.

Nobody in this House believes that a pensioner should be paying provisional tax, but the law is—it has been there for decades—that if one earns in excess of \$1,000 from interest over and above one's pension one is required to pay provisional tax on that money. This Government has a rebate system for pensioners. There is an exemption system under which no one pays tax on the first \$5,100 of income. There is then a \$250 rebate so that a pensioner can earn up to another \$1,000. I believe that proposition has been supported by all parties. But the law which now prevails is that if pensioners earn more than \$1,000 from interest in a bank account they have to pay provisional tax.

There has to be a change. I have raised the matters personally with the Prime Minister (Mr Hawke) and with the Treasurer and I am pleased to say that this difficult issue is being grappled with. I question why pensioners have to pay provisional tax at all, but surely if there has to be uniformity in law, if for legal reasons we have to apply tax law to every Australian equally, let us increase the threshold or exemption from the \$1,000 that prevails at the moment to at least \$2,000. In that way we would overcome many of the problems—and there are problems. It is not hard for a pensioner to earn in excess of \$1,000 a year. He has only to have \$10,000 in a bank or building society. Whereas ten or 15 years back one would sell one's house for \$9,000 or \$10,000 and pay off a few debts, houses today are selling for \$50,000 to \$80,000. Even when pensioners give money to their relatives they find that they have money left, which they want to keep for their future. Often it is for that last day so that they can pay for their funeral expenses.

In keeping the money in the bank they earn interest and if the interest is more than \$1,000 they are faced with a double burden of tax. Mr Deputy Speaker, I am sure you would agree that it would be a shock to any pensioner to open a notice from the Taxation Office—the receipt of the notice would probably scare the pensioner anyway—and suddenly to find, as in one case I had recently, a bill for an additional tax liability of \$256 which was unplanned for. The pensioner did not realise that this liability existed and did not even understand the concept of provisional tax. This area must be addressed and I will be appealing to the Treasurer, the Prime Minister

and members of the Government again to ensure that we are able to change this system.

I noted in the various contributions made by members of the Opposition that they went on about what our Government has done since 1983. The honourable member for Bradfield raised the capital gains tax and the fringe benefits tax. He went on about all these taxes, but what members of the Opposition do not bother to talk about is what they are proposing. I note that they are very quiet about what the Premier of Queensland, Sir Joh Bjelke-Petersen, is proposing. Just as we have had a lack of understanding or ignorance about provisional tax, there is clearly a need for understanding about what is being proposed by those opposite and the Premier of Queensland as an alternative to the tax changes presently being considered.

When one looks at the characteristics of the National and Liberal approach to tax one finds confusion, conflict and contradiction. On the one hand the Leader of the Opposition, the honourable member for Bennelong (Mr Howard) is saying that he totally opposes the National Party's approach to a flat tax. I noted in a recent newspaper report that he said that 80 per cent of all Australians would be worse off under such a proposal. But then he rushed out and said that he supports a consumption or retail tax—or was that yesterday, because I am told that he may have now changed his approach even to that. The Leader of the National Party of Australia (Mr Sinclair), in contrast, has supported a flat tax proposition but he has opposed the Liberal Party's new tax on everyday consumer items. It is no wonder the public remains confused. No one really knows what is the alternative. As I found in my 15 years in opposition in the Queensland Parliament, one of the tests of a good government is to have a decent opposition. We certainly need that here. There is too much ignorance, much of which has been brought about because of the lack of facts and figures which have come forward from those who oppose the present tax system. There is a lack of understanding anyway. I spoke on this matter last night. I mentioned the lack of understanding of the difference between marginal and average taxes in people's minds. Those who read *Hansard* will note that in the Australian Industry Development Corporation debate I used an example that appeared on the *Sunday* program, where a well known and respected reporter wrongly, and possibly unknowingly, used the example of a miner in the Northern Territory who was earning \$50,000 a year. Charles Woolley said on the program that the miner was paying

almost half his salary in tax. That assertion is totally untrue. The truth is that the miner is paying about 36 per cent of his earnings, 36 cents in the dollar, and not the 50 per cent that was put forward on the *Sunday* program. If a journalist such as Charles Woolley does not bother to check his facts before he makes such a claim, and if the producers of the *Sunday* program missed such a blatant example of misinformation, is it any wonder that the ordinary Australian citizen is confused about the tax arrangements, some in place since September, and the second stage due to come into place on 1 July of this year?

Mr DEPUTY SPEAKER (Mr Millar)—Order! I have extended some latitude to the honourable member. I think it would be helpful if he were to return to matters relevant to the Bill.

Mr WRIGHT—Mr Deputy Speaker, I say with all reverence to the Chair that the previous speaker—and if you want me to list the things that the previous speaker spoke about, I will, although that would take up the time of the House—spoke about the fringe benefits tax, capital gains tax, monetary policies, negative gearing and, sir, there was no pulling up of that speaker. Yet I notice that the speaker before me—

Mr DEPUTY SPEAKER—Order! The honourable member is reflecting to some extent on the Chair. I take his point. During the day there has been some variation in the attitudes of the incumbent of the chair, whoever it may have been at the time, to the question of relevance. It places me in the invidious position of having to make a judgment to discharge my responsibilities to the House in accordance with the Standing Orders. I acknowledge that the honourable member may feel denied by that circumstance, but I have one responsibility to this House, and that is to maintain the Standing Orders for the mutual benefit of the establishment and the members.

Mr WRIGHT—Mr Deputy Speaker, is it correct that you allowed the previous speaker, the honourable member for Bradfield, to canvass all those other issues?

Mr DEPUTY SPEAKER—That is not correct.

Mr WRIGHT—Well, Mr Deputy Speaker, I would urge that tomorrow, or even tonight, when we have the greens, you survey those greens, because you will find that that did take place. I also say, sir, with due reverence to yourself and with respect to the Chair, that one thing we find in this debate is that Opposition members make

accusations, but every time a member tries to raise an issue it seems, for whatever reason, we are not allowed to debate it. I point out to you that some very strange allegations have been made almost constantly in this debate.

Mr DEPUTY SPEAKER—Order! The Chair has extended some indulgence to the honourable member. He cannot dispute the point. The House has it in its own hands to deal with the situation in a formal manner if it is less than content with the performance of the incumbent of the chair. In the meantime, I insist that my requirement of the honourable member to be relevant to the Bill must be observed.

Mr WRIGHT—Yes, I will now return to the Bill, Mr Deputy Speaker. But I will personally make sure that a copy of the greens is made available to you, sir, because I take some exception to the—

Mr DEPUTY SPEAKER—Order! The honourable member is reflecting on the Chair. If he wishes to pursue the matter with me privately, I should welcome his approach.

Mr WRIGHT—I shall certainly do that, Mr Deputy Speaker.

Mr DEPUTY SPEAKER—The Chair listened quite carefully to the remarks of the honourable member for Bradfield, alert to the fact that I had had occasion to call a member of the Government to order on the very point, and therefore I was particularly sensitive to the risks attendant on appearing quite circumstantially to have a prejudice against either side of the House.

Mr WRIGHT—I would suggest also, Mr Deputy Speaker—

Mr DEPUTY SPEAKER—I think we have had enough discussion. The honourable member will now address the Bill.

Mr WRIGHT—Yes, I will, and I will make sure that you receive copies of the speeches of the honourable member for Moreton and the honourable member for Wannon.

Mr DEPUTY SPEAKER—If the honourable member does not return to the Bill—

Mr WRIGHT—Now going back to the—

Mr DEPUTY SPEAKER—Order! The honourable member will not overspeak the Chair. I was just cautioning him. If he does not immediately return to the Bill, he will be required to resume his seat.

Mr WRIGHT—I shall return to the Bill, because I support the provisions that have been put forward by the Minister. I believe the Bill

will overcome some of the problems that this Government faces in collecting revenue that is due to it. It will bring about what I would see as an equality in tax law in this nation, because the Opposition, during its many years in government, brought about changes in law and closed its eyes to the activities in violation of taxation law that cost the Australian people hundreds of millions of dollars. In fact it could be measured in terms of billions of dollars. The provisions that we have brought forward in this legislation will at least ensure that, just as the ordinary worker pays his way, so too shall business.

Because of the shackle that has been placed upon me in making these comments and in answering the issues raised by members of the Opposition, I will have to resume my seat.

Debate (on motion by Mr Tuckey) adjourned.

AUSTRALIAN PROTECTIVE SERVICE BILL 1986

Second Reading

Debate resumed from 16 October, on motion by Mr Uren:

That the Bill be now read a second time.

Mr TUCKEY (O'Connor) (5.56)—On behalf of the Opposition, I advise the House that we shall not oppose the Australian Protective Service Bill 1986, but that we shall make some comment about our views on it. The Australian Protective Service, as an organisation, was created from the Australian Federal Police in October 1984, as it was then thought inappropriate to waste highly trained police resources on what were basically caretaker duties. The Opposition sees that as a very sensible approach. We are well aware in this day and age of the huge demands placed on our Federal Police in the area of crime prevention and detection. Naturally, the duties of the Australian Protective Service did not warrant the training and background that applies to Federal policemen.

This Bill seeks to formalise the role of the Australian Protective Service, but, in that process, it appears to move it more closely to a mini-police force by granting the use of firearms and powers of arrest. We might ask whether the whole thing is going well beyond a caretaker body. One of the Opposition's concerns about this legislation is the extent of powers granted to this body. Numerous caretaker bodies in the private sector do not have some of the powers that are being granted in this case. Further, were the Service to be a genuine property protection service, could that service not be better provided by the private sector? I repeat: There are nu-

merous bodies that provide these sorts of services in the private sector. Although I accept that part of the Australian Protective Service's responsibility applies in this Parliament, I think we tend to err in the view that one must take the government dollar before one can apply total security, whether it be in the field of Commonwealth cars or anything else. As we know, our Commonwealth car drivers are carefully selected on the basis of security, but we frequently find ourselves being driven in taxis and we seem to get along quite well. My experience is that the government dollar does not guarantee any particular level of integrity, nor does it improve our security, so I do not think they are factors that need apply in this case.

According to the Bill, the broad responsibilities of the Australian Protective Service are property protection and the protection of certain categories of persons. Nevertheless, the Bill is specific in claiming that that does not include the role of bodyguard. To my mind, that is a fine distinction. Maybe the Minister for Local Government and Administrative Services (Mr Uren) could tell us a little more about the difference between protecting people and being a bodyguard. Maybe it is just to watch over them from a distance. The Australian Protective Service will retain the role that it presently has of providing custody for detained illegal immigrants—in other words, in detention centres—for the Department of Immigration.

An interesting point that I think is worth raising is that of the eventual powers of this body, because clause 6 (1) gives the power to the Minister to authorise, via publication in the *Commonwealth of Australia Gazette*, the extent of such protective and custodial services. This power is limited only by sub-clause 6 (4), which excludes the provision of bodyguard services. All I can read into that is that the Minister for Local Government and Administrative Services, whose Department lays claim to this body, can claim for his work force, the Australian Protective Service, such powers and such protective and custodial services as he publishes in the *Gazette*.

There does not seem to be any ground for appeal or arbitration in cases of what I would call border hopping. It is not long ago that here in the Australian Capital Territory we had conflict between the Australian Federal Police and the Fire Brigade as to who had responsibility to attend at accidents. This kind of bureaucratic debate appears quite regularly. It appears we have a new player in the game because the

Minister has the power to grant certain responsibilities to his group of workers, the Australian Protective Service. That is quite surprising to me. I would have thought there would be constraints on the Minister in being able to publish the functions of his Department in that fashion. I am concerned that there may be a degree of border hopping as time goes by. Although we accept the need for protective services for property and some people, we would be very concerned to see the Australian Protective Service grow into any form of police force, or to see it conflict with the Australian Federal Police in its functions and duties. We would consider that most undesirable and would like to record that fact. I am not talking about the Minister for Local Government and Administrative Services, who is at the table. Once this Bill becomes an Act, the power of the Minister in that area is quite clear. It is probably worth reading out, just to make sure that people understand it. Clause 6 (1) states:

Subject to sub-section (4), the functions of the Protective Service are to provide such protective and custodial services for or on behalf of the Commonwealth as the Minister, by notice in writing published in the *Gazette*, directs.

Sub-section (4) excludes the role of bodyguards. Perhaps the Minister will be prepared to give some assurances to the House that he does not have ambitions to run over the top of the Australian Federal Police, the Fire Brigade or anyone else. There does not seem to be any reason in this legislation why he could not do that and there does not seem to be any arbitrating body.

The property referred to can include confidential information, land, buildings, money and movable goods. That seems quite sensible. The persons who can be protected include holders of office under the Commonwealth, and their families and householders, and also internationally protected persons. Again, I wonder what the role of the Protective Service will be in the protection of internationally protected persons unless, for instance, it is seen as a subsidiary role around this Parliament or somewhere where officers are already. Otherwise, such internationally protected persons would seem to be persons who would really require some bodyguard protection in most cases. Officers will have powers of arrest without warrant but will be required to deliver such arrested persons promptly to police custody. That seems quite sensible and it clearly puts the roles of the two bodies in their right perspective.

Clause 14 deals with the use of force which is reasonable in the circumstances. Of course, that

is an issue that will always be open to debate, but I guess it is fair enough. However, I am surprised that the Bill goes so far as to state:

A protective service officer shall not, in arresting or attempting to arrest a person for an offence or in preventing a person who has been arrested for an offence from escaping, use more force, or subject the person to greater indignity, than is reasonable and necessary in order to make the arrest or prevent the escape of the person.

In my view, that is always an issue that can become the subject of great debate in court. Nevertheless, I guess that, because these people do not have a full police role, that is necessary. More importantly, these officers are authorised by the legislation to carry arms. That is probably a more remarkable arrangement. Being licensed to carry weapons, they will be armed but, when making arrests, are to use such weapons only to protect themselves or other persons. From the earlier piece of legislation provided to me, it is obvious that this matter was dealt with in Caucus or the Ministry and that some considerable constraints were put on the right to carry arms. I wonder whether the carrying of arms with that restriction is worthwhile at all. Let us face it: People who seek to break the law usually become conversant with the law. The suggestion is that if I were to be arrested and I ran the weapon would be of no fear to me because the law says that I cannot be shot at—that I can be shot at only if I attack the officer concerned or somebody else in the vicinity. This seems to be of little value to those who will be required to protect our property. The officers may be better off without a gun, considering that certain police forces, in particular the Western Australian Police Force, manage to supervise these things in Australia without the aid of weapons. I know that other States find it necessary to have weapons. I do not see carrying arms as being of much help. If the officers are to have guns, I guess they are expected to use them. The point that concerns us is that this is neither one thing nor the other.

Another interesting aspect of the Bill is that it gives power for a person to be released. Clause 18 states:

Where—

- (a) a person has been arrested for an offence by a protective service officer;
- (b) the person is in the custody of the protective service officer or another protective service officer; and
- (c) the protective service officer who has the custody of the person—

- (i) ceases to have reasonable grounds for believing that the person committed, or was committing, an offence;

It then goes on to state:

. . . the protective service officer shall forthwith release the person from custody in respect of the offence.

It states 'release the person from custody'. I presume that means from the custody of the Protective Service because otherwise the officers would be expected to hand the person over to the police. Considering the status of this organisation, I think there is a very good reason for that clause when one reads clause 13, 'Powers of arrest', which gives the reasons why a protective service officer might seek to arrest someone. Sub-clause 13 (2) states:

(2) This section applies to—

- (a) an offence in relation to a person, place or thing in respect of which the Protective Service is performing its functions, being an offence under—
 - (i) section 24AB, 29 or 30, paragraph 46 (a) or section 71, 73, 75, 76, 78, 79, 83A, 89 or 89A of the Crimes Act 1914;
 - (ii) the Crimes (Internationally Protected Persons) Act 1976;
 - (iii) the Defence (Special Undertakings) Act 1952 (other than sub-section 31 (2));
 - (iv) the Public Order (Protection of Persons and Property) Act 1971 (other than section 11); or
 - (v) the Nuclear Non-Proliferation (Safeguards) Act 1986 (other than section 27, sub-section 29 (2), 30 (1), 40 (1), 58 (2) or 65 (1) or section 66); or

- (b) an offence against section 6, 7 or 7A of the Crimes Act 1914 that relates to an offence referred to in paragraph (a).

In other words, I think we will see the protective service officers make a number of arrests through their lack of knowledge of some of those sections because they will not be specifically trained as policemen. This is where all this started—to try to get a group of people, divorced from the police force, who could, in relation to salary and responsibility, act as protectors of Commonwealth property. But to give these people the power of arrest under all of these clauses, to give them weapons and then, realising that maybe that will not work, to give them the power to let somebody go is going a little bit too far. It may be necessary to have the power to apprehend people found trespassing on Commonwealth property. But again it appears that we are getting a mini police force, and that is probably more than is necessary.

Those are the sorts of concerns that the Opposition raises. As I have said, we have no basic

opposition to the legislation. We saw the need originally to have this body separate from the police force. It appears that the legislation is tending to take the body a bit closer to a police force. Finally, it appears that if its function is to be one of pure property protection its services may have been best provided by the private sector, giving the flexibility to government that it needs today to control its costs according to the demand and not according to the number of people that it has to keep employed.

In responding to my short speech, the Minister may tell us whether the Government made any inquiries as to the relative cost of employing the private sector, particularly in regard to the flexibility that would obtain over a period of time. I hope that the Minister does not say: 'Well, we had all these jobs to protect'. I do not think that is the point. The people currently employed by the Protective Service could have been the people employed by the private sector. They could have been the people who offered contractual arrangements or who otherwise joined the private sector firms. It has happened in the past in all sorts of arrangements where enterprises are handed over to the private sector which then takes over the employment in the initial stages of officers of some government department.

There is not much else to this legislation. It was anticipated by the Opposition because, as I said, we gave similar consideration to the matter whilst in government. So we do not oppose the legislation. I would be grateful if the Minister would expand on some of the issues I have raised.

Mr SNOW (Eden-Monaro) (6.12)—The aim of the Australian Protective Service Bill is to provide statutory recognition to the Australian Protective Service and its officers and to clarify its legal powers. The Australian Protective Service was created in 1984 and has become a new and effective body for Commonwealth security arrangements. Since its creation the Service has proven its capability in providing a wide range of security protection, such as property protection, custodial duties for immigration detention centres and routine security duties at the official residences of the Prime Minister and the Governor-General. It has also met ad hoc security requirements for guarding visiting foreign VIPs, art treasures and so on where the risk level does not justify a police presence.

I hope that the Minister representing the Special Minister of State, the Minister for Immigration and Ethnic Affairs (Mr Young), will respond to the suggestion of the honourable member for

O'Connor (Mr Tuckey) about considering the private sector. I say to the Minister that I consider the suggestion of private sector involvement to be highly unsatisfactory. There are some areas where the private sector does not work. Recently I have heard patients or their children involved in private nursing homes deplored the fact that private nursing homes are not run by government because they feel that government run or even voluntarily run nursing homes are operated far more effectively.

As far as private protective services are concerned, I guess that they have a place in our community, but not in the high security areas of government such as Family Courts, illegal immigration detention centres, the Department of Defence, the Parliament or the Prime Minister's Lodge. I believe that there would be less control on the standards and procedures of the service and less evenness in the sort of control which the honourable member for O'Connor mentioned. There would be less likelihood of cost cutting when the Government ran the service. It would not be good if a private service reduced the level of service because of financial pressures to the extent that it was not fulfilling its important legal role.

As the honourable member for O'Connor said, there is going to be a need for a police service in the close personal protection area where the risk requires police personnel. The Bill is intended to provide the appropriate legal powers for the Protective Service and will not result in any additional budgetary costs to the Government. In fact, it will in the long term reduce Protective Service costs. The Government has a pretty good record in reducing government costs and has managed what the previous Government could not manage—it has reduced the deficit to less than half of what it was, to about \$4 billion. It has set a course of deregulation. It has pruned government services in business and in primary industry which the previous Government could not manage despite the present rhetoric of the Opposition. The Government took the essential step of deregulating the dollar, a move which the previous Government could not bring itself to undertake. It has also reduced tax and social security fraud.

This legislation is in the context of cost reduction. I congratulate the Government for that. I say to the honourable member for O'Connor that the conservative alternative proposed by Sir Joh Bjelke-Petersen also needs to be looked at. After all, Queensland is the highest taxed State in Australia and has the highest number of pub-

lic servants and quasi public servants per capita. Certainly one would not see the Premier of Queensland taking on that sort of suggestion.

Mr TUCKEY—I take a point of order, Mr Deputy Speaker, on the matter of relevance. I thought I had really played the game here today. I think we had better have some corresponding fairness.

Mr DEPUTY SPEAKER (Mr Millar)—The honourable member for O'Connor has raised a point of order on the score of irrelevance. The Chair must admit to having been temporarily distracted by being in conversation with the Clerk on a matter requiring urgent address. I invite the honourable member for Eden-Monaro, if irrelevant, to become relevant immediately.

Mr SNOW—I certainly will, Mr Deputy Speaker. The Australian Protective Service, in line with government policy, has defined objectives which will point the service in the direction of a more cost effective, client responsive and flexible organisation than its predecessors. I believe that it will be more cost effective, more client responsive and more flexible because it is government run. As I said previously, there are certain areas where that can happen. According to the annual report of the Australian Protective Service, one-third of its members are doing a voluntary course in areas of protective security which are additional to training which is provided and which is proving to be most cost effective.

I commend the Minister for introducing this Bill to ensure greater efficiency and cost effectiveness in the Australian Protective Service. Australians will be able to recognise readily that properties such as Family Courts, the Lodge, Parliament House, Government House, illegal immigration detention centres and Defence Department establishments are now capably guarded by a distinctive body—the Australian Protective Service. I have great pleasure in supporting the legislation.

Mr LINDSAY (Herbert) (6.18)—In October 1979 the Protective Services Co-ordination Centre of the Australian Federal Police was established. Prior to that time the protective services unit was part of the former Commonwealth Police Force and became part of the Australian Federal Police when the forces amalgamated. The function of the unit was the safeguarding of Commonwealth property. This included security policing at offices of the Departments of Defence and Defence Support, the Royal Australian Navy's Fyshwick depot, the Government Printing Office and the Departments of Prime Minis-

ter and Cabinet, Foreign Affairs and Administrative Services.

The Stewart Royal Commission of Inquiry into Drug Trafficking recommended that the protective services component should be removed from the Australian Federal Police and reformed into a uniformed gendarmerie which would undertake responsibility for the security of all Commonwealth property. Mr Justice Stewart recommended that this new 'national guard' should take over from the Australian Federal Police all duties then performed by uniformed members of the Australian Federal Police except the traditional uniformed policing duties performed in the Australian Capital Territory. In his report Mr Justice Stewart said:

The police force of the Commonwealth, by whatever name called, has undergone so many changes in the 60-odd years of its existence that this Commission is loathe to recommend further changes. One change however is so obvious and essential that the Commission must suggest it. A significant proportion of the Commonwealth's police are not engaged in investigative duties at all. They are responsible for guarding Commonwealth property and embassies of foreign countries. It is really a misnomer to call these police; their duties are far more what one would expect from military sentries. The Government has already indicated an intention of severing this group from the Australian Federal Police. They should be reformed into a gendarmerie called the national guard or some suitable name.

The Hawke Government acted quickly on this recommendation. The Australian Federal Police Amendment Act 1984 removed all reference to the protective service component from the Australian Federal Police Act 1979. A number of members of the protective service component of the Australian Federal Police were transferred to a separate protective service organisation within the Department of Administrative Services. The new body came into existence on 20 October 1984. The separation of the protective service unit from the Australian Federal Police has proved to be successful in distinguishing between the demands placed on an organisation which is intended to perform the duties of a modern police force and those of an organisation which is dedicated to perform the more specialised function of security of premises. Above all, severing the guarding component from the Australian Federal Police has meant that the quality of service offered by an organisation dedicated to a single task is considerably higher than that provided by an organisation responsible for two or more distinctive functions.

Since its establishment the Australian Protective Service has evolved into an efficient, cost effective, client responsive and flexible organisa-

tion. Its current strength is 670 personnel. Not only does it provide a uniformed guarding service to protect designated government facilities and personnel such as Australian Atomic Energy Commission establishments, high security government offices and official residences of the Prime Minister and Governor-General, but also it provides custodial service at the immigration detention centres in Sydney, Melbourne and Perth. Some prohibited non-citizens are housed in these centres to wait for their legal status to be resolved or to be deported. Detainees are treated according to international human rights and welfare standards. In his second reading speech the Minister said:

As the Service's role has grown it has become increasingly clear that relying on existing law is not really satisfactory. Commonwealth law on protective security has been built up on the assumption that the only major government body working in this area will be a police force.

Provisions to give appropriate powers to Commonwealth officers outside the police are generally very cumbersome when used for a body of over 600 people. And the law is unclear about just what powers of arrest are available to such officers and how they should exercise them.

This situation is untenable. Officers of the Australian Protective Service are public servants. They are not police and they do not have police powers. They rely on officer powers under pre-existing Commonwealth legislation covering aspects of security. Clearly, legislation to give statutory recognition to the existing Australian Protective Service and its functions is now necessary. The arguments in favour of this are manifold. Existing laws assume that Commonwealth guards will be police, not individual public servants. There is no provision for a specialised non-police protective security service. This Bill will help fill the gap.

The Australian Protective Service role is growing. It is moving into non-bodyguard personal protection; for example, of official establishments and visiting VIPs. This heightens the need for clear legal authority. There are also advantages—for example, in references in related legislation—in the clear legal identification of the Australian Protective Service. Officers whose duties involve a possible need to take offenders into custody are normally given statutory powers—for example, police, customs officers, migration officers and rangers. Common law powers are not clear enough to rely on and provisions under a range of unrelated Acts are too inconsistent for effective training and memorisation.

The Australian Protective Service Bill 1986 includes the following purposes: It gives legislative recognition to the Australian Protective Service as a body within the Australian Public Service providing personnel and property security and custodial services for and on behalf of the Commonwealth. It ensures that Protective Service officers acting in the course of their duties have the power to arrest a person committing an offence relevant to those duties, that in doing so they enjoy appropriate rights and are subject to appropriate restraints, and that persons arrested are promptly transferred to police custody. Finally, it removes the Australian Protective Service from State licensing and registration requirements directed to the regulation of private persons and institutions, which I will speak about later.

Clause 5 of the Bill establishes the Australian Protective Service as part of the Department. This provision amounts to statutory recognition of the existing administrative arrangements when the Australian Protective Service was created in October 1984. Clause 6 of the Bill gives a statutory basis for and limitation of the Australian Protective Service functions—for example, property protection for Commonwealth and foreign governments and authorities; personal protection for Commonwealth office holders and their households, and for internationally protected persons—it leaves close personal protection to the Australian Federal Police—and custody of immigration detainees. Clause 6 of the Bill also permits the issue of general orders consistent with the Public Service legal framework; creates a standard arrest power roughly equivalent to police arrest power for taking immediate action in response to an offence; restricts this power to specific relevant offences; protects rights of persons arrested by Australian Protective Service officers; and relieves Australian Protective Service officers from obligations under State and Territory licensing and registration laws.

Clause 13 of the Bill describes the powers of arrest of Protective Service officers and attachment A to the Bill details the list of offences for which officers of the Australian Protective Service have power to arrest without warrant. These offences include sabotage; destroying or damaging Commonwealth property; bribing a Commonwealth officer; espionage or similar activities; unlawful dealing with official secrets; illegal use of uniforms and official permits for purposes of espionage; shooting on or over prohibited areas; murdering, kidnapping or otherwise attacking or threatening to attack the person or liberty of an internationally protected person; and unlawfully

entering a prohibited area or making a record of anything therein. We do have joint facilities in this country. Clause 22 of the Bill removes the Australian Protective Service from certain State and Territory laws which concern such things as concealable firearms and handcuffs, the use of which is strictly controlled by the Service. The honourable member for O'Connor (Mr Tuckey) has spoken on that particular aspect. To sum up, this is an important and essential piece of legislation for the efficient operation of the Australian Protective Service. As the Minister said in his second reading speech:

It provides a good balance between providing an efficient and reasonable security and protecting the citizen against unreasonable use of government powers.

Mr UREN (Reid—Minister for Local Government and Administrative Services) (6.28)—in reply—I would like to thank my two colleagues on this side, the honourable member for Eden-Monaro (Mr Snow) and the honourable member for Herbert (Mr Lindsay), who just gave a very thoughtful contribution, and also the Opposition spokesperson for administrative services, the honourable member for O'Connor (Mr Tuckey) on his balanced and thoughtful contribution. The honourable member for O'Connor queried certain aspects of the Australian Protective Service Bill 1986, which I will answer to the best of my ability. First of all, let me put the record straight about the powers of the Minister. He had the idea that the Minister had greater powers than was thought. The purpose of clause 6 (1) was to constrain the Minister. The Minister can only take the jobs in accordance with the administrative arrangements. The time may come in the honourable member's political lifetime when he becomes a member of a government. If he becomes a Minister I have no doubt that he will find what the powers of administrative arrangements are. If he tries to stray beyond them, he will not get very far at all. There is no doubt in my mind about the powers. Both the then Special Minister of State, who was responsible for police, and I were very clear in the drafting of the legislation as to what the powers of the guards in the Australian Protective Service would be.

The honourable member also queried the powers of arrest. Those powers all relate to the present or expected functions of the guards. The guards are trained in relevant law. The purpose of the Bill is to clarify the powers, not to make more complex or extend powers. In most cases, it was thought that there was no need to define the powers, which exist in many Commonwealth Acts. But there was a problem and a legal opin-

ion was sought on whether a personal claim could be made against a guard who made a wrongful arrest. This legislation will protect and give confidence to the Service.

My colleague the honourable member for O'Connor is a very private enterprise oriented person and he was concerned about the cost of this Service as compared with the private sector. It is admitted that the cost will be a little higher than the private sector, but we are using the private sector in less sensitive areas. The people from this Service are used in areas which are very sensitive and selective—for instance, the joint defence facilities, defence establishments and the residences of the Governor-General and the Prime Minister. If the honourable member goes to the office of the Prime Minister, he will notice that on guard in his office is one of the people in the Service, so the Service undertakes the personal protection of the Prime Minister in this Parliament. I am not trying to boast about this, but the Australian Protective Service officers are more highly trained than officers in the private sector. That is an aspect of which I am quite proud, and as time goes on the pride in the Service will grow.

I turn to the question of demarcation. That is not a problem. The Australian Protective Service guards carry out only those functions that were set down by Sir Robert Mark for the guarding services. In other words, the police, who are more highly paid than guards, should not be wasting their time on guarding services.

As a person who has spent a long time involved with the police in relation to civil liberties, I was concerned about that aspect. I had discussions with my colleague the Attorney-General (Mr Lionel Bowen) about this matter. A person whom we mutually respected went over the proposed legislation with a fine toothcomb on the aspect of civil liberties. In fact, this legislation will minimise the power of the guards, particularly as to arrest.

The honourable member for O'Connor dealt quite fairly with this matter in his speech, but he confused the aspect of the use of firearms. Whenever arrest powers are given, it is important, both to the officer and to the person who may be arrested, that the powers and rights are clearly defined. Firearms can be used only for the protection of a guard not to protect the property being guarded, but for the protection of the guard personally. If a person is running away, be that as it may; he or she will be caught another day. Under no circumstances will guards be taking pot-shots at people. It has been clearly

defined that they should not do that. The main job of the guards is to protect Commonwealth property and the residences of the Prime Minister and the Governor-General.

I want to make it quite clear that the guards' powers are limited, their use of firearms is limited, they are trained, and it is well known what they can and cannot do. I again thank the House for the consideration it has given to this Bill.

Question 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 Uren) read a third time.

ADJOURNMENT

**Rural Economy—Kurnell Peninsula—
Department of Veterans' Affairs—Tourism
Overseas Promotion Scheme—Mr Ernest
Marty—Low Income Groups—Thailand:
Australian Aid Programs—Littering of
Beaches—Depreciation Allowance—Television
Program: *The Winners***

Motion (by Mr Uren) proposed:

That the House do now adjourn.

Mr TIM FISCHER (Farrer) (6.37)—I rise tonight to highlight to the House, on its second day of sitting for 1987, the parlous state of the rural economy and the fact that two economies are operating side by side. One economy is more capital city orientated which, to some extent, in certain sections, is moving along quite nicely, and the other relates to small business, primary producers and the rural sector, where there is a great deal of economic agony at present. It is high time that the Federal, State and local governments realised the extent of the rural economic decline. That decline is sweeping across a number of primary industries into the provincial towns and cities and is doing great damage to Australia's economic infrastructure, to its export opportunities and export income and, therefore the standard of living of all Australians. I put to the House that what is required is some concrete and constructive action by the Federal Government in consultation with the National Farmers Federation, State rural organisations and the rural sector to see that this situation is turned around.

I speak on a day when the gross national debt has reached an all-time high of \$101 billion. I put another very relevant perspective. Honour-

able members should consider this: From 1900 to 1983 governments of all persuasions, including even the Whitlam Government, and with two world wars intervening, built up a debt of some \$14 billion. That was the Federal Government component of the national debt. In the past four years the Hawke Labor Government has doubled that debt and saddled future generations with repayments which, associated with the weak dollar, will require massive outlays in future Federal Budgets just to repay loans. That burden will sweep across the whole economy and further jeopardise the rural economy, where very real economic agony exists at this time.

I refer to the rice, wheat and citrus industries, to name some specific industries from a wide range, which are suffering from, in part, international commodity prices and market decline, but equally are suffering from the heavy burden conferred on them by this Federal Labor Government and a range of State governments in terms of the taxes and charges applied which undermine the viability of many primary producers and, through interest rates and related structures, undermine the viability of many small businesses right across Australia. It is high time that the Federal Government, and in particular the Treasurer (Mr Keating), took the advice—it has been tendered often enough—to get out not only into the supermarkets but also on to the farms and stations, right out into rural Australia to such places as Berrigan, Bunaloo, Balranald, Bourke or beyond, to see what is really happening and have some interface, eyeball to eyeball, with the massive rural problems facing Australia. The Treasurer would learn that there are people with diet deficiencies in Australia at this time as a consequence of the rural economic tragedy. He would learn of the need for urgent action and a range of strategies.

I commend to the House in this regard the work of the Deputy Leader of the National Party, Mr Hunt, who produced on 1 February, following consultations with the Bureau of Agricultural Economics Outlook Conference, some specific strategies, including the injection of substantial additional funds into the rural adjustment scheme. We face the problem of a farm debt set to exceed \$10 billion as outlined on the front page of a provincial daily, the *Border Morning Mail* based at Albury in my electorate. That is why the rural sector wants action and why it wants more liaison. It wants to see the man who is the Treasurer for the time being, and for a little longer only, get out of Canberra and out of the capital city circuit and visit rural Australia.

Mr CUNNINGHAM (McMillan) (6.42)—I refute the arguments put to us by the previous speaker, the honourable member for Farrer (Mr Tim Fischer). For the last 18 months I have had the privilege of chairing the Prime Minister's rural taskforce and we have been looking at rural Australia. We have very good members on that committee from the regional seats we hold in Australia, such as McEwen, Burke, Ballarat, Bendigo, Calare, Rankin and others. We on this side of the House represent more of rural Australia than honourable members opposite represent. They might represent more land, but we certainly have more farmers in our electorates than they have. In this debate we have heard about the downturn in the rural sector. There is no doubt about that; there has been a drastic cut in the income coming into Australia from the downturn in the demand for some of our primary products, mainly wheat. Because of the actions taken by the Treasurer (Mr Keating), his tax reform measures, the deregulation of the financial structure in Australia and the float of the dollar, there has been a levelling out and the returns coming to Australia are equal to what they were prior to the collapse of the prices.

Let us look at a couple of the industries. When we average figures we can clearly say that there has been a downturn right across agriculture in Australia, but some agricultural industries are suffering much more than others. It is quite obvious that in the wheat area wool is doing very well. At the Outlook Conference which the honourable member for Farrer mentioned there was some dispute as to how long the boom in the wheat industry would continue. They were not talking about a depression. The wheat industry is doing quite nicely. Six months ago cotton farmers spoke to our committee. Some of those cotton farmers sold early when the market started to move and are now very sorry because the market has continued to move. Cotton is once again looking very prosperous.

Look at the dairy industry. Eighteen months ago we had National Party leaders in my area kicking the sides of the car of the Minister for Primary Industry (Mr Kerin) because of moves we were taking to deregulate the industry and put it on to a market oriented basis. Oh no, the National Party stood against that deregulation. Joh can stomp the country and talk about free enterprise but when it comes to the nitty-gritty they do not want deregulation. Just talk to the people in Victoria now to see where the dairy industry is moving. The president of the Victorian Dairy Farmers Association, Jim Saunders, last week put a letter in all the local papers

throughout Victoria telling the farmers that there will be a shortage of supply; that they have to gear up to meet demands because they have more orders than they can fill. It is not that the surplus butter and cheese around the world has disappeared; the industry has been restructured and is now taking the initiative to produce products that the market wants. Therefore, the policies of this Government that have been put into place are working and are being recognised in the country. That message is coming through to our committee.

Opposition members come into this House and criticise, saying that the policies that we have put in place are not working. I challenge that. There is no doubt that the wheat industry is in difficulty because of a world-wide oversupply. That has nothing to do with the Government. The industry has to look at how much wheat it will be able to sell in the future to countries such as India and China as they become self-sufficient. The reality is that this Government has put the correct policies in place. The smart money men know where the good things will be in Australia in the future. They are moving in very quickly and buying shares that are profitable and the land that is productive. They are giving a clear indication that the policies are correct.

But we have this mad push within the conservative parties for control. They want the opportunity to go to the people on false premises. They want to take advantage of what will happen in the future. They will not succeed. Our committee has been getting good vibes around Australia and I am confident that in the next 12 months things will be on the move. We will see a swing to this Government—more so now because the coalition is in total disarray, with the tempest coming down from Queensland and attacking on all sides.

Mr DEPUTY SPEAKER (Mr Leo McLeay)—Order! The honourable member's time has expired.

Mr DOBIE (Cook) (6.47)—Last year I brought to this House's attention the actions being taken by residents of my electorate living at Kurnell to fight against the development of further toxic, noxious industries on their peninsula. Kurnell, as I am sure all honourable members now know, is the birthplace of Australia thanks to Cook having landed there nearly 217 years ago. I am pleased to report to the House that the residents of Kurnell have won a major victory after more than a year's fighting with the New South Wales Labor Government. The

giant chemical group, Bayer, has now announced that it will not relocate its chemical formulation plant at Kurnell. The company's decision came after the completion of a commission of inquiry into the development application at which more than 90 per cent of the 314 submissions presented were opposed to the project. I might add that when Bayer's decision not to go ahead with the development was announced, this action was immediately embraced by the New South Wales Labor Minister for Environment, Mr Bob Carr. This is the same person who was unable for so long to find the time to even meet with a delegation from the Kurnell Action Committee. However, those of us who have been around a while, and are perhaps a little more cynical than some, believe the timing of Mr Carr's announcement might just have had something to do with the fact that the crucial State by-elections in Heathcote and Bankstown were, at the time, just around the corner. It is no accident that the preferences of the conservation candidate in the Heathcote by-election, Jim Powell, were influenced by the Government's belated show of concern for Kurnell.

At this juncture I would like to offer congratulations to the Kurnell residents, and particularly all those members of the Kurnell Action Committee who carried this fight. I know they would wish me to pass on their thanks publicly in the national Parliament to everyone in the wider community who supported them. Nevertheless, to borrow that old cliche, the battle is won but not the war. All of us now realise that the next stage is to see that the 4 (C4) zoning which would allow noxious and toxic industries to relocate at Kurnell is changed. This is in fact what the war is all about. This is the issue which Mr Carr has skirted around. He has ducked for cover each time the Kurnell Action Committee has attempted to solicit his attention. Last week I received a letter from the Kurnell Action Committee and I quote in part from that letter. It thanked me, Mr Deputy Speaker, as you would fully understand, for the work I did. The letter stated:

We realise only too well that Bayer Australia was really a test case and the real battle will not be won until the 4 (C4) zoning is replaced. Therefore, although we are overjoyed at the outcome of the Bayer Inquiry, we are being neither complacent nor over-confident and will most certainly continue our campaign. Once again, our sincere thanks for your help and assistance.

The New South Wales Labor Government has a quaint history in relation to dealings with Kurnell. An overt attempt was made by the Wran Government to wind up a 1981 commis-

sion of inquiry, but that did not work, and the commissioners, to their credit, went on to present a report which found that the proposed zoning for Kurnell as a 4 (C4) zone was not soundly based. As history shows, that State Government ignored the advice and the unfavourable zoning for Kurnell went ahead. That, I dare say, is what New South Wales Labor Party democracy is all about.

I had intended to quote at length from speeches and letters written by Mr James McClelland, a former ALP senator and former Chief Judge of the New South Wales Court of Land and Environment, but time is running out. Let me just say that he has been very critical of his own Party's governments in that State. Therefore, the ball is still with the Unsworth Government. If it has any environmental credibility at all, as it so often claims, I hope that it will act with expedition in answering the cries of Kurnell residents not only to endorse Bayer's decision not to move there but also to change the zoning classification given to Kurnell. Come on, Minister Carr; let us have your views on this.

Mr LEE (Dobell) (6.51)—I add my congratulations to those of the honourable member for Cook (Mr Dobie) to the New South Wales State Minister for Planning and Environment in making the right decision in not proceeding with the Bayer company's proposal to build a factory at Kurnell. I am glad to see that the New South Wales Labor Government's fairly earned reputation for protecting the environment has once again been shown to be correct.

Tonight my comments will be directed to the Veterans' Affairs portfolio. I am pleased to see that the very capable shadow Minister, the honourable member for Farrer (Mr Tim Fischer), is in the chamber. I am sure he is well aware that a large number of veterans throughout Australia are concerned at rumours that the Department of Veterans' Affairs is to be abolished and perhaps amalgamated with either the Department of Social Security or the Department of Community Services.

Mr Humphreys—That is a vicious rumour by Mr Ruxton.

Mr LEE—It would be of great interest to Mr Ruxton. I am sure that a large number of honourable members have received letters from veterans from Returned Services League sub-branches seeking assurances that neither the Government nor the Opposition intends to abolish the Department of Veterans' Affairs. I am pleased to say that both the Prime Minister (Mr

Hawke) and the Minister for Veterans' Affairs (Senator Gietzelt) have given guarantees both to the Labor Caucus, in the Prime Minister's case, and to the Senate, in Senator Gietzelt's case, that the Labor Government has no proposals to abolish the Department of Veterans' Affairs.

I am very keen to know—I know that a large number of veterans are keen to know—what the Opposition's policy is on proposals by the New Right to abolish the Department of Veterans' Affairs. I wish to quote from an interesting article in last week's *Bulletin* magazine regarding an interview with the honourable member for Bradfield (Mr Connolly), who is the Opposition spokesman on Public Service reform. The article states:

Howard is toying with the idea of introducing a "super-ministry" structure in which some portfolios would effectively be relegated to junior status and their ministers made accountable to an inner cabinet corps.

It goes on:

Replacement of the existing structure of 27 federal ministers with 25, including 10 cabinet ministers to whom 15 junior ministers would report.

It is quite clear that two departments would disappear. I wish to know which two departments the Opposition intends to abolish. If one looks at the advice coming to it from groups of the New Right, such as the Australian Institute for Public Policy, one sees some interesting departments being nominated for abolition. I quote from a paper produced in 1985 when the Labor Government was looking at expenditure cutbacks. It is well known that that Institute's journal is produced by Brian Buckley, who used to work for the former Deputy Leader of the Liberal Party, Sir Phillip Lynch. After going through a series of recommendations for expenditure cuts, Mr Buckley commented:

It is also recommended that some departments be abolished: Arts, Heritage and the Environment and Sport, Recreation and Tourism for example. In a really draconian exercise many other departments and programmes could have been listed: Veterans' Affairs, Special Minister of State, Resources and Energy, to name but three.

So there we have it. The New Right argues that the Department of Veterans' Affairs should be considered as a department to be abolished. I know that all honourable members on this side of the chamber would be totally opposed to the proposals put forward by the New Right and its friends in the Liberal and National parties to abolish the Department of Veterans' Affairs.

I was also interested in an aside—perhaps it was a slip never intended—by the Leader of the

Opposition (Mr Howard) in an interview on the *Carleton-Walsh Report* last night. Mr Max Walsh said:

Well Sir Joh argues, as much as one can gather from what his policy is, that he will cut expenditure.

The Leader of the Opposition replied:

Well, I would like to see where. I mean, I've got more expenditure cutting nerve than anybody in the Parliament and I'll match it against him. I mean, his own record in Queensland doesn't bear great scrutiny—

I agree with that comment—

but the reality is that if you really want to cut personal tax you've got to cut spending in a way it's never been cut before, and if you want to go further, you've got to broaden the indirect tax base.

Mr Walsh went on to ask:

Can you tell me where you'd cut expenditure?

The Leader of the Opposition replied:

Well, I'll tell you where I'd cut. I'd abolish a lot of departments. I would abolish a lot of commissions.

Mr Andrew—Hear, hear!

Mr LEE—The honourable member for Wakefield says: 'Hear, hear'. The Opposition would like to abolish a lot of departments. Can it tell us which departments it would abolish? Can it give us a guarantee? Will the Leader of the Opposition come clean and tell us whether he intends to abolish the Department of Veterans' Affairs?

Mr DEPUTY SPEAKER (Mr Leo McLeay)—Order! The honourable member's time has expired.

Mr WHITE (McPherson) (6.56)—I am sorry that the Minister for Sport, Recreation and Tourism (Mr John Brown) is not present, because we had a little exchange last night. I ask him in all sincerity to reconsider his decision announced last night that the audio-visual contract for the Australian pavilion at Expo '88 is to go to an American company, because we will be the laughing stock of the world if it does. Tonight I wish to raise another matter which is also within the Minister's responsibility; that is, the operation of the tourism overseas promotions scheme.

Mr Humphreys—You've got some good leaks in that Department.

Mr WHITE—I would be concerned if I were the Minister. It is leaking all over the place. That usually happens before there is a change of government. The tourism overseas promotions scheme is a very important scheme in the tourism industry in Australia because it means that some of our entrepreneurs can go overseas, with some government assistance, promote Australia

and increase the number of overseas tourists coming to this country. The problem is that the scheme is always running into hiccups. To be more precise, it is always running out of money. Five million dollars was budgeted for last August. By November the Department of Sport, Recreation and Tourism had run out of money. A further \$4m has been allocated but in the meantime approvals are being held up. People want to know whether they can go overseas, whether they can get a brochure printed, and whether they can undertake a program. They are being held back until more money becomes available. By the time they are told they may go it might be too late.

The problem is that under the scheme one must have forward approval before one can go ahead, and then one puts in a claim later. So there is a hiccup again. The approvals that have been given are being paid when the claims come in. People seeking forward approvals for brochures or any other promotion overseas are having their submissions sat on because there is no money to cover them. The Department, quite rightly, cannot approve them until there is money to cover them. How long that will go on we do not know. In the meantime half of our entrepreneurs—those who wish to develop and improve the flow of international tourists to this country—are told that no approvals will be granted until more money is received.

The Minister was warned last December that the Department was running out of money. I understand that a minute has gone to the Minister for Finance (Senator Walsh), but nothing has come back. In the meantime we see many submissions seeking prior approval under this very important scheme. Tourism is the only growth industry in this country. It is timely to say so with our overseas debt now running at over \$100 billion. Here is an opportunity to reduce that overseas debt by bringing in international visitors, but the whole scheme is in limbo. I ask the honourable member for Griffith (Mr Humphreys) to relay to his mate the Minister for Sport, Recreation and Tourism the importance of this scheme. The Minister has just entered the chamber. I am glad to see him. This TOP scheme is important but, as the Minister well knows, there is another hiccup. There is no money in the system to allow submissions for forward approvals to proceed and so we have all our tourism entrepreneurs sitting around twiddling their thumbs. Perhaps the Minister might care to respond. As he is here, I repeat a plea I made earlier: Please reconsider the decision to allow that contract to an American com-

pany for audio-visual work at Expo '88 to proceed because it will make him and this country the laughing stock of Expo.

Mr LAMB (Streeton) (7.01)—I wish to record the death of a friend of mine and a most professional gentleman, Ernest Marty, who died yesterday after a very short and unexpected illness. I realise that raising such a matter in an adjournment debate is quite unusual but I wish to add my respects to those of senators who did so last night in another place.

Ernest was a lobbyist here for some 27 years—longer than all but a very few of us have been here. He was well known to all members and officials in this building. Ernest was a lobbyist with a difference. Whilst professional, he was quiet and reliable, representing his clients with information and argument rather than with threats or badgering. He never sought to misrepresent. I first got to know him back in the Whitlam years when I was the member for La Trobe. He not only approached me on various issues but also became a friend. He and his wife Judy taught me a lot about the coal and wine industries, particularly the wine industry. They visited my family in Melbourne and stayed at our home—not an invitation usually handed out to lobbyists. Such was his friendly manner. I doubt whether he ever voted for this side of the House, but he did encourage those he believed in, whatever side they were on. He often told me during my nine years absence from this Parliament not to give in, and he kept in contact even though I would have been of very little use to him in his lobbying at that time. He was one of the first to congratulate me on my re-election.

In recent years he and Judy greatly assisted me in setting up the Labor Caucus wine evenings, selling the industry's interests to us while we were educated by the visiting wine makers on the delightful side of the industry. It is a credit to him that the Minister for Primary Industry (Mr Kerin) often attended those evenings. Several Caucus colleagues who attended those wine evenings have asked me to join them in this tribute. They will miss him greatly. I am pleased that his wife Judy has decided to carry on the 26-year tradition, and she can be assured of a continuing welcome from members of this chamber. My condolences go to Judy on the loss of her husband, and to his five children. I thank Judy for the opportunity she has given to my wife Belinda to conduct the funeral service tomorrow. Parliamentary duties prevent members attending the funeral, and this is one small way we can acknowledge his friendship over the years.

Mr ANDREW (Wakefield) (7.04)—I join with the honourable member for Streeton (Mr Lamb) in his expression of condolence to Judy Marty on the death of her husband and to Ernest's family. This side of the House shares not only with the honourable member for Streeton, but I would have thought all members on the other side, sadness at Ernest's passing. I rise to speak as a mark of respect to the services he gave to this Parliament in his professional way. Ernest Marty, as the honourable member for Streeton has said, very effectively represented the wine industry in the corridors of this Parliament. He was also an effective lobbyist for the coal industry and an effective lobbyist for horticultural industries. He showed a particular interest in the plant variety rights legislation, has always been involved in and concerned for plant quarantine in Australia and was, in addition, a passionate pilot and one interested in civil aviation in this nation.

He began his working life as a journalist in Pakistan when he was aged little more than 20 years, and he came to Australia when he was 22. He has for 27 years been a part of this Parliament and a part of representing the wine industry and the other industries I have mentioned in this Parliament. For 17 of those years he has shared his business partnership with his wife Judy.

I too came into this Parliament having inherited from my predecessor, Mr Geoff Giles, some involvement in the wine industry in the Parliament through the wine industry appreciation group. The Opposition parties had for some time had a group which endeavoured to allow members to be familiar with the industry while they appreciated the finer qualities of the wine industry. It is a tradition that has now been taken up by the present Government. Of course, the Opposition continues with its wine appreciation group and it too is grateful to Ernest for all that he has done to organise appropriate winemakers to meet with the wine appreciation group and to inform members of the particular strengths and virtues of the wine industry across Australia. I have to pay tribute to a man who as a lobbyist was always straightforward, always bipartisan, always honest, never frivolous and always good humoured.

The honourable member for Streeton has questioned whether Mr Marty ever voted for him. I would like to pay tribute to a man about whom one could never be sure which way he voted because he was entirely bipartisan and fair in the way he dealt with every member of Par-

liament in the interests of the industries he represented. I, along with every other member in this Parliament, join the honourable member for Streeton in this expression of condolence to his family and to his wife Judy whom we hope to see back serving the family partnership in this Parliament in a short time.

Mr HAND (Melbourne) (7.07)—Around about this time last year, as honourable members will probably recall, most members of the House were visited by people from the Low Income Network in Melbourne, a single mother and child group and the Campaign for Economic Justice. You will be aware, Madam Speaker, that they are back here again today. On the last occasion they presented us with a tree, which I attempted to have incorporated in *Hansard*, as a memento of the message behind the presentation of the tree. I have here a bunch of flowers and I will present it to you, Madam Speaker, after we finish. I notice that you have taken excellent care of the tree and that it is doing very well.

This group represents low income people, including those on fixed incomes as well as those who are referred to now as the working poor—people on minimum rates. The groups come from a wide range of areas. They include Community Link groups and representatives from the Coalition of Low Income Earners from Mildura, the Bairnsdale Community House, the Women's Education Support and Awareness group in Mildura, Parents Without Partners in Victoria, Bendigo community groups, the Campaign for Economic Justice in Fitzroy in my electorate, the St Kilda Income Stretchers, sole parent groups and many others. Those types of groups are here in Canberra this week.

I had the pleasure of farewelling the group from Fitzroy in Melbourne on Sunday and it will be here for the whole week. I make the point to all members of the Parliament that if these people do knock on their doors and wish to see them, they have a very interesting message, and in fact a very sad message, to pass on to us concerning the state they currently find themselves in. It is not an issue that one necessarily wants to start scoring points on here tonight but the plight of these people is extremely serious. More importantly, they are here with their children to put the case of their children. It is the 850,000 young children who now find themselves in this incredible situation of poverty that exists in Australia today. That has been created over many years for a whole range of reasons. It seems to me that this Government,

through the social security review currently taking place, will be able to address that problem in the coming months.

Honourable members will be pleased to know that work has already begun on a family package along the lines that I suspect has been referred to in the submissions from the Low Income Network and from the Campaign for Economic Justice. It is simply not good enough for us all to see these people and let them wander back to the electorates which we represent. We must approach the matter in a very positive way—all of us—learning and understanding more the problem that these people face. There are children in this country who are hungry. Today these people provided a lunch at the front of Parliament House at a value of 81c for each meal. This amount is based on the family allowance. A number of people took part in that luncheon.

Mr Cadman—I hope they blamed the Government.

Mr HAND—The people were not there to blame anybody; they were there to show others what they were experiencing. To their credit, they did not engage in blaming one party or another. The point I am trying to make here today is that we all had an opportunity to go to the lunch and to experience the 81c meal which was provided for all members of parliament and a number of people did that. Children were sitting there telling us about their experiences. I will always remember that and not necessarily find it as humorous as some people do. I make the very serious point again and, as I did last year, I urge the Government—and I urge all members of this House to get behind the Government's attempts—to improve the lot of the children.

Mr HICKS (Riverina-Darling) (7.12)—Recently the honourable member for Farrer (Mr Tim Fischer), who is also the shadow Minister for Veterans' Affairs, and I travelled to Thailand. Madam Speaker, Thailand, as you know, is a wonderful country but it has a number of problems. While we were there we had a look at a number of the Australian aid programs in Thailand. We inspected the Thai-Burma railway—the railway on which so many Australians died during the Second World War—and a number of other interesting projects.

I want to speak tonight about the drug problem in Thailand and the part that Australia is playing to try to overcome the problem in that nation. We travelled to the north of Thailand. In Bangkok we had the opportunity to speak

with the Office of the Narcotics Control Board. Madam Speaker, as you would know, the National Party of Australia in particular and the Liberal Party of Australia are very concerned about the drug problem in Australia. One of my colleagues in the National Party, the honourable member for Gilmore (Mr Sharp), heads the coalition drug investigation committee. He is doing a tremendous job there. The honourable member for Farrer and I had interviews with a number of people on the ONCB, one being Police Major-General Koson Limpichart. He gave us a very intensive briefing on what is happening in that part of the world.

As most honourable members would know, one of the major drug producing areas in the world, particularly of the opium poppy, is the Golden Triangle, which takes in northern Thailand, Laos and Burma. I suppose it is called the Golden Triangle because of the money that is made by some people from the drugs that come from that area. One of the works being undertaken by the Thai Government in co-operation with Canada, New Zealand, a number of other countries and the United Nations is trying to help the northern hill tribes to develop other crops such as coffee, tomatoes, corn, potatoes and lettuce to try to give them an income to replace the income from the opium poppy. This process takes a number of years and, of course, Thailand needs a great deal of support. As we spoke to the ONCB it became clear that the Office and the Thai Government are very grateful to the Australian Government. The Thailand Narcotics Annual Report of 1985 states:

As the achievement of the narcotics control work largely depends upon adequate and accurate data, a computer has been brought into use since 1983 with the assistance of the Australian Government. The ONCB Computer Centre was officially inaugurated by the Australian Foreign Minister and the Thai Deputy Foreign Minister on July 31, 1984. During 1985, development on various systems of narcotics control work, including the ONCB administrative work, was done. Some systems were completely developed and some were in the process.

The report then lists the systems being put on to the computer. We were told while we were there that a number of drug runners coming into Australia were caught as a result of this computer system being installed. It has a number of systems in it, including immigration and passport systems and it can cross-check people coming into and going out of Thailand. The problem is that although Australia has donated several million dollars to this project, which is of great assistance not only to the Thai Government but also to Australia because it prevents the inflow of heroin to this country, Thailand needs a fur-

ther amount to complete the work on this system, which should be completed within two years. I speak tonight to implore Cabinet to look very seriously at the amount of aid given to Thailand and to ensure that this project is completed. It will save the lives of many people throughout the world, certainly many people in Thailand and many Australian citizens. I ask the Cabinet to look seriously at this matter and to complete the work already done by the Australian Government in providing aid for this very important project to stop the flow of heroin into Australia and other countries.

Mr RONALD EDWARDS (Stirling) (7.16)—I wish to address a few matters to this chamber this evening. The first one is pleasing to all of us. In the early stages of the run-up to the America's Cup there were reports to me, which I was able to check out myself, that a substantial amount of litter from spectator craft was being washed up on beaches in Perth. Clearly, that would present a problem for beachgoers during the summer. We drew this to the attention of the Fremantle Port Authority and the Marine and Harbours Department. Sensibly, they commenced an education program to try to encourage people to do the right thing and not to throw litter over the sides of their vessels.

Even people who are not familiar with Perth would recognise the well-known phrase 'Fremantle doctor', which is a south-westerly wind. It means that because of the proximity of the America's Cup course to the Perth beaches there would have been a lot of flotsam on the beaches from people in pleasure craft watching the races. My colleagues, the honourable member for Curtin (Mr Rocher), the honourable member for Cowan (Ms Jakobsen) and the honourable member for Moore (Mr Blanchard), and I recently checked with beachgoers in the coastal suburbs and found that that was not a problem. I commend the Fremantle Port Authority, the Marine and Harbours Department and the people who were on the water because I think they showed great responsibility. The thousands of beachgoers in Perth during the summer were able to use beaches normally without having to deal with what at the outset looked to be a serious litter problem. The people of Perth and those who came to Perth might take just credit for that.

The second matter I refer to is serious and it concerns the depreciation allowance on new capital investment. We ought to be looking at doing something extra to induce investment activity in the buildings area. One of the issues I have

discussed with the Master Builders Federation of Australia Inc. and other people in the industry is depreciation allowance on new capital investment in buildings. We ought to be looking seriously at extending that allowance from 4 per cent to 8 per cent. It is the sort of move that would provide some extra stimulus to the building industry. A Minister in this place who has substantial experience in business recognises this as an important issue which we ought to be taking seriously.

The third matter I raise is the football program *The Winners*. Madam Speaker, you would be aware that the Australian Broadcasting Corporation dropped *The Winners* from its programming last week. This was drawn to my attention.

Mr John Brown—It dropped this lot; it dropped the losers.

Madam SPEAKER—Just concentrate on *The Winners*.

Mr RONALD EDWARDS—I will. The ABC, in its new program schedules, was seeking to drop *The Winners*. I was concerned because people in Western Australia in particular can be disadvantaged by communication. Also, people in country areas can miss out on the better forms of communication that eastern Australia experiences. We decided to run a telephone poll and we received 2,529 calls in two days. I thank all the people who called for their enthusiasm in watching and supporting the ABC. They made many favourable comments about the presenter and the production crew who regularly put *The Winners* to air. The people who rang felt that *The Winners* was an important part of their viewing of the ABC. I am also pleased to advise the House that the ABC, very sensibly, has reversed that decision and *The Winners* is to remain in place. People in this place would have close affection for particular teams. I know, Madam Speaker, that looking back on 1986 you would feel particularly happy about the experience you had as a follower of Hawthorn. Many people here would look forward to the Victorian Football League coverage continuing to be available throughout Australia, and certainly in Western Australia. On an ecumenical note, I also endorse the ABC's coverage of rugby league from Sydney. It was pleasing to many of us to note that that was provided to places in Western Australia.

I conclude by saying that I think the ABC's decision to reverse its original decision was sensible. It is a tribute that the Managing Director, David Hill, was able quickly to recognise that

there was a market out there, particularly in the country areas, that would not be served if *The Winners* were dropped. I congratulate the ABC and the many people who showed determination in their support for it.

Motion (by Mr West) put:

That the question be now put.

The House divided.

(Madam Speaker—Hon. Joan Child)

| | |
|--------------------|-----------|
| Ayes | 69 |
| Noes | <u>56</u> |
| Majority | 13 |

AYES

| | |
|----------------------------|--------------------|
| Baldwin, P. J. | Jakobsen, C. A. |
| Beazley, K. C. | Jenkins, H. A. |
| Beddall, D. P. | Jones, Barry |
| Bilney, G. N. | Kent, L. |
| Blanchard, C. A. | Klugman, R. E. |
| Blewett, N. | Lamb, A. H. |
| Bowen, Lionel | Langmore, J. V. |
| Brown, John | Lee, M. |
| Brown, Robert | Lindsay, E. J. |
| Brumby, J. M. | McHugh, J. |
| Campbell, G. | McLeay, Leo |
| Charles, D. E. | Maher, M. J. |
| Chynoweth, R. L. | Martin, S. P. |
| Cleeland, P. R. | Mayer, H. |
| Cross, M. D. | Mildren, J. B. |
| Cunningham, B. T. (Teller) | Milton, P. |
| Darling, E. E. | Morris, Allan |
| Dubois, S. G. | Morris, Peter |
| Duncan, P. | Mountford, J. G. |
| Edwards, Ronald | O'Keefe, N. P. |
| Fatin, W. F. | O'Neil, L. R. T. |
| Fitzgibbon, E. J. | Price, L. R. S. |
| Free, R. V. | Punch, G. F. |
| Gaylor, J. | Scott, J. L. |
| Gear, G. | Simmons, D. W. |
| Gorman, R. N. J. | Snow, J. H. |
| Grace, E. L. | Staples, P. R. |
| Griffiths, A. G. | Theophanous, A. C. |
| Hand, G. L. | Tickner, R. E. |
| Hayden, W. G. | Uren, T. |
| Holding, A. C. | West, S. J. |
| Hollis, C. | Willis, R. |
| Howe, B. L. | Wright, K. W. |
| Humphreys, B. C. (Teller) | Young, M. J. |
| Hurford, C. J. | |

NOES

| | |
|------------------------|-----------------------|
| Adermann, A. E. | Hicks, N. J. (Teller) |
| Aldred, K. J. | Hodges, J. C. |
| Andrew, J. N. (Teller) | Hodgman, W. M. |
| Beale, J. H. | Hunt, R. J. D. |
| Blunt, C. W. | Jull, D. F. |
| Braithwaite, R. A. | Katter, R. C. |
| Brown, N. A. | Lloyd, B. |
| Burr, M. A. | McArthur, F. S. |
| Cadman, A. G. | MacKellar, M. J. R. |
| Cameron, Donald | Macphee, I. M. |
| Cameron, Ewen | Miles, C. G. |
| Cameron, Ian | Millar, P. C. |
| Cobb, M. R. | Moore, J. C. |
| Connolly, D. M. | Peacock, A. S. |
| Conquest, B. J. | Porter, J. R. |
| Cowan, D. B. | Reith, P. K. |
| Dobie, J. D. M. | Rocher, A. C. |
| Downer, A. J. G. | Shack, P. D. |
| Drummond, P. H. | Shipton, R. F. |
| Edwards, Harry | Sinclair, I. McC. |
| Everingham, P. A. E. | Slipper, P. N. |
| Fife, W. C. | Spender, J. M. |
| Fischer, Tim | Sullivan, K. J. |
| Fisher, Peter | Tuckey, C. W. |
| Goodluck, B. J. | Watson, D. J. H. |
| Hall, Steele | Webster, A. P. |
| Halverson, R. G. | White, P. N. D. |
| Hawker, D. P. M. | Wilson, I. B. C. |

PAIRS

| | |
|----------------|----------------|
| Dawkins, J. S. | Carlton, J. J. |
| Cohen, B. | Coleman, W. P. |

Question so resolved in the affirmative.

Original question resolved in the affirmative.

House adjourned at 7.29 p.m.

PAPERS

The following papers were deemed to have been presented on 18 February 1987:

Acts Interpretation Act—Statements relating to extension of specified period for presentation of periodic report—Australian Broadcasting Corporation—Report for 1985-86.
 Excise Act—Declarations pursuant to section 78B, dated—
 12 December 1986.
 13 January 1987.
 10 February 1987.

ANSWERS TO QUESTIONS

The following answers to questions were circulated:

Pensions: Division of Parkes

(Question No. 1052)

Mr Cobb asked the Minister representing the Minister for Veterans' Affairs, upon notice, on 10 May 1985:

(1) In the Electoral Division of Parkes up to 10 May 1985 how many pensioners who had their pensions cancelled had assets of total value in the following ranges (a) if single and a homeowner (i) \$116,000 to \$150,000, (ii) \$150,000 to \$200,000 and (iii) \$200,000 to \$250,000, (b) if single but not a homeowner (i) \$177,000 to \$200,000 and (ii) \$200,000 to \$250,000, (c) if married and a homeowner (i) \$177,000 to \$200,000 and (ii) \$200,000 to \$250,000, (d) if married but not a homeowner \$227,000 to \$250,000 and (e) for all categories (i) value of assets unknown to the Minister's Department, (ii) \$250,000 to \$500,000, (iii) \$500,000 to \$1,000,000 and (iv) greater than \$1,000,000.

(2) How many pensioners in each of the categories and in each of the assets test value ranges were farmers.

Mr Holding—The Minister for Veterans' Affairs has provided the following answer to the honourable member's question:

(1) and (2). The information sought is not available. An enormous amount of effort would be needed to extract information in the form sought and the Minister is not prepared to authorise the provision of resources for this purpose.

Fringe Benefits Tax

(Question No. 2031)

Mr Andrew asked the Treasurer, upon notice, on 8 October 1985:

Which fringe benefits of (a) employees of the Australian Public Service, (b) employees of Commonwealth statutory authorities and (c) members of the Australian Defence Force (i) will be and (ii) will not be, affected by the provisions announced in the Treasurer's statement to the House on 19 September 1985.

Mr Keating—The answer to the honourable member's question is as follows:

Fringe benefits tax will generally be payable on fringe benefits provided to employees of the Commonwealth (including employees of the Australian Public Service and members of the Australian Defence Force) and its Commonwealth statutory authorities in the same way as for fringe benefits provided to private sector or State government employees. As I announced on 26 August 1986, the tax will not apply to the provision of full medical services to members of the Defence Force.

Nomad Aircraft

(Question No. 4764)

Mr Lloyd asked the Minister for Defence, upon notice, on 15 October 1986:

(1) How many Nomad aircraft were manufactured by the Government Aircraft Factory.

(2) What was the total cost of the project, including promotion overseas.

(3) How many aircraft were sold and how much income was received from their sale.

(4) How many aircraft remain unsold.

(5) Where are the unsold aircraft located and what is their sale price.

Mr Beazley—An answer to this question was tabled on 26 November 1986. The information provided has been re-examined and, as a result, the answer should be amended to read:

(1) 170.

(2) \$193.8m, including promotion overseas.

(3) 146 aircraft were sold realising \$90.0m. One has since been rebought and two aircraft were destroyed.

(4) 23 aircraft remain unsold of which five are demonstrator models. 21 aircraft, comprising 14 N22 and seven N24 models are available for immediate sale. The remaining two aircraft are being used for fatigue analysis testing and certification of all-up-weight modifications.

(5) 18 of the aircraft remaining for sale are located at Oaklands (NSW) and three are currently in use as demonstrator models. My predecessor's ministerially approved sale price is \$930,000 for N22 models and \$1,250,000 for N24 models.

Sporting Boards: Payments to Members

(Question No. 4812)

Mr White asked the Minister for Sport, Recreation and Tourism, upon notice, on 17 October 1986:

(1) What costs, including travel and payments to members were incurred in 1985-86 by the boards of the (a) Australian Sports Commission, (b) Sports Aid Foundation and (c) Australian Institute of Sport.

(2) What payments were made to members of these boards for attendance at each meeting.

(3) What was the total of attendance fees paid to each board member in 1985/86.

Mr John Brown—The answer to the honourable member's question is as follows:

(1) (a) \$64,049.00

(b) \$880.00

(c) \$52,902.00

(2) Daily sitting fees payable to members of the Australian Sports Commission (ASC) and the Australian Institute of Sport (AIS) in 1985/86, are as follows:

| | AIS | |
|---------------------------------------|-----------------|------------------|
| ASC | pre 14.11.85 | post 14.11.85 |
| Chairman | \$ 286.00 | \$ 163.00 |
| Deputy Chairman | 211.00 | 169.00 |
| Member | 131.00 | 131.00 |
| Member who is Chairman of a Committee | 181.00 | 136.00 |
| | | .. |

Those Directors of the Australian Sports Aid Foundation who are also members of the ASC receive the same daily sitting fees for meetings. Other Directors do not receive a sitting fee.

(3) (a) Australian Sports Commission

| | \$ |
|----------------|---------|
| A. E. Harris | 2980.00 |
| H. Elliott | 1893.00 |
| R. Masters | 1937.50 |
| J. Newman | 2204.00 |
| P. Coles | 2309.50 |
| M. Fitzpatrick | 180.00 |
| J. Cardwell | 942.00 |
| P. Clohessy | 787.00 |
| N. Fraser | 302.00 |
| A. George | 272.00 |
| C. Hayes | 136.00 |
| G. Kenny | 670.00 |
| A. Lederer | 989.00 |
| R. Lindwall | 471.00 |
| G. Nunn | 267.00 |
| M. Pewtress | 1365.00 |
| W. Pritchard | 942.00 |
| M. Tonelli | 879.00 |
| J. Yates | 460.00 |
| B. MacDonald | * |

(b) Australian Sports Aid Foundation

(c) Australian Institute of Sport:

NIL

\$

| | |
|----------------|---------|
| J. Bloomfield | 1334.00 |
| J. Coates | 1373.00 |
| J. Brown | 801.00 |
| L. Curry-Kenny | 534.00 |
| E. Darlison | 1617.00 |
| P. Montgomery | 1607.00 |
| G. Pollard | 1345.00 |
| M. Wenden | 1350.00 |
| J. Landy | 398.00 |
| B. MacDonald | * |

* Mr MacDonald does not receive sitting fees for attendance at meetings.

Australian Institute of Sport

(Question No. 4820)

Mr White asked the Minister for Sport, Recreation and Tourism, upon notice, on 17 October 1986:

(1) What costs, including travel and payments to members were incurred by the board of the Australian Institute of Sport in 1982-83.

(2) What payments were made to members of this board for attendance at each meeting in 1982/83.

(3) What was the total of attendance fees paid to each board Member in 1982/83.

Mr John Brown—The answer to the honourable member's question is as follows:

(1) \$31,150.00

(2) Daily sitting fees payable to members of the Australian Institute of Sport in 1982-83 are as follows:

| | \$ |
|--------------|----------|
| Chairman | 130.00 |
| Member | 105.00 |
| (3)— | \$ |
| J Bloomfield | 1 489.00 |
| J Daly | 280.00 |
| P Hyland | 640.00 |
| S Richardson | 560.00 |
| J Cheadle | 710.00 |
| J Devitt | 630.00 |
| W Reid | 160.00 |

Roads: Classification

(Question No. 4859)

Mr Lloyd asked the Minister for Transport, upon notice, on 11 November 1986:

(1) Which States use the same road classifications as the Commonwealth.

(2) How are the systems used by those States which use different road classifications similar to (a) the Commonwealth and (b) each other.

(3) What progress is being made in achieving a uniform system.

(4) How different is the Victorian "unclassified" category from the Commonwealth "local" category.

Mr Peter Morris—The answer to the honourable member's question is as follows:

By way of general background, until the late 1960's no uniform, Australia-wide system of roads classification existed. Because the number of legal classes and the definition of each class differed from State to State, the then Commonwealth Bureau of Roads (BOR) was unable to derive meaningful comparisons between States for funding allocation purposes. The BOR therefore introduced a functional classification system of roads so that such comparisons could be made. This system is the basis of the current Federal roads categories although the latter involves fewer categories for reasons of simplicity. The BOR classification has also been adopted by the National Association of Australian State Road Authorities (NAASRA) which has since had minor adjustments. The States, however, continue to use their traditional classification systems for their own administrative purposes although for Federal road program administrative purposes they are required to use the Federal system.

The Federal Government classifies the road system in Australia (in each State and the NT) into four categories. These are national, urban arterial, rural arterial and local roads. The national roads consists of national highways and developmental roads.

Table 1 below shows approximate correspondence between Federal and NAASRA classifications and Table 2 lists the State classifications.

The declared National Highway network consists of the key links between adjacent mainland capital cities and also includes the Canberra connectors, the Brisbane/Cairns and Burnie/Hobart/Launceston links. The existing national highway system was identified and declared by the Federal Government in 1974.

The developmental roads are those which aid the development of particular industries or energy resources, facilitate trade or commerce with other countries and among the States, or significantly facilitate tourist travel. These are declared from time to time for funding from national roads allocations. These roads derive this special status during the period of their construction and revert back to their original classification when projects are completed.

Arterial roads are roads which mainly cater for traffic between and through major regions or areas including important connecting links with the national highway system. Arterial roads which fall within Federally de-

clared urban areas are declared urban arterials and others are rural arterials.

Local roads are public roads which are not declared as national highways, developmental roads or arterial roads and may include bicycle paths not associated with roads.

Against this general background, the answer to the specific questions are as follows:

(1) and (2) Each State has its own unique road classification system which is different to every other State's and to the Federal Government's system.

(3) The BOR in the late 1960's derived an Australia-wide functional classification system which forms the basis of the road categories used by the Federal Government. This system has also been adopted by NAASRA (see Table 1). However, the States continue to rely on their traditional classification systems for their own administrative purposes (see Table 2). However, they are required to use the Federal system for the purposes of Federal road programming and comply with this requirement.

(4) Some two thirds of "unclassified roads" in Victoria fall into the Federal category of local roads and the balance are arterial roads.

Table 1
APPROXIMATE CORRESPONDENCE BETWEEN FEDERAL AND NAASRA CLASSIFICATIONS

| Federal classification | NAASRA functional classification | |
|------------------------|----------------------------------|---|
| | Class identification | Definition |
| National roads | 1 | Rural areas Those roads which form the principal avenue for communications between major regions of Australia including direct connection between capital cities. |
| Rural arterial roads | 2 | Those roads, not being Class 1, whose main function is to form the principal avenue of communications for movements: (i) between a capital city and adjoining States and their capital cities; (ii) between a capital city and key towns; (iii) between key towns. |
| | 3 | Those roads, not being Class 1 or 2 whose main function is to form an avenue of communication for movements: (i) between important centres and Class 1 and Class 2 roads and/or key towns; (ii) between important centres; (iii) of an arterial nature within a town in rural areas. |
| Urban arterial roads | 6 | Urban areas Those roads whose main function is to perform the principal avenue of communication for massive traffic movements (Arterial Roads) |
| | 7 | Those roads, not being Class 6, whose main function is to supplement the Class 6 roads in providing for traffic movements or which distribute traffic to local street systems (Sub-Arterial Roads) |
| Local roads | 4 | Rural areas Those roads, not being Class 1, 2 or 3 whose main function is to provide access to abutting property (including property within a town in a rural area) |
| | 5 | Those roads which provide almost exclusively for one activity or function and which cannot be assigned to Classes 1, 2, 3 or 4. |
| | 8 | Urban areas Those roads not being Class 6 or 7, whose main function is to provide access to abutting property. |
| | 9 | Those roads which provide almost exclusively for one activity or function and which cannot be assigned. |

Table 2
LISTING OF STATE ROAD CLASSIFICATIONS

| New South Wales | Victoria | Queensland | South Australia | Western Australia | Tasmania | Northern Territory |
|-----------------------|--------------------|--------------------------|-----------------------|--------------------|-----------------------|--------------------|
| Freeways | Freeways | State highways | Main roads (3) | State highways | Highways | Highways |
| State highways | State highways | Main roads | District roads (3) | Main roads | Main roads (1) | Arterials |
| Trunk roads | Main roads | Developmental roads (2) | | Secondary roads | Development roads (2) | Secondary roads |
| Main roads | Tourist roads | Secondary roads | | Unclassified roads | Secondary roads | Local roads |
| Development roads (2) | Forest roads | Urban arterial roads | | | | |
| Tourist roads | Unclassified roads | | | | | |
| Secondary roads | | Urban sub-arterial roads | | | | |
| Unclassified roads | | | | | | |

1. The roads are grouped as Subsidiary Roads.
2. Development Roads are classified in New South Wales, Queensland and Tasmania are not the same as the Federal category of Development Roads.
3. This classification is under the S.A. Highways Act 1928 but S.A. uses Federal road categories for all practical purposes.

Community Employment Program
(Question No. 4950)

Mr Mildren asked the Minister for Employment and Industrial Relations, upon notice, on 26 November 1986:

(1) How many Community Employment Program (CEP) project applications were (a) received and (b) approved in the Electoral Division of Ballarat in 1985-86.

(2) What CEP (a) projects, (b) jobs and (c) funds were allocated to (i) the City of Ararat, (ii) the City of Ballarat and (iii) the Electoral Division of Ballarat in 1985-86.

Mr Willis—The answer to the honourable member's question is as follows:

- (1) (a) 78
(b) 63
- (2)—

| (a) Area/Project | (b) Jobs created | (c) Funds allocated |
|---|---------------------|------------------------|
| (i) City of Ararat Local Government Area | | |
| City of Ararat— | | |
| Kerb and Channelling | 8 | 78,577 |
| Greenhill Lake Bicycle Path | 9 | 115,091 |
| Greenhill Lake Development | 6 | 74,256 |
| Community Facilities Beautification | 9 | 95,777 |
| Health Commission of Victoria— | | |
| Five Year Forward Look Program, Aradale | 3 | 20,895 |
| Aradale Recreation Area Project | 4 | 33,080 |
| Aradale Safety and Beautification | 4 | 38,222 |
| (ii) City of Ballarat Local Government Area | | |
| Australian Red Cross Society Victorian Division— | | |
| Ballarat Red Cross Centre | 1 | 15,568 |
| Spastic Society of Victoria Ltd— | | |
| Volunteers Co-ordinator/Day Centre Aid | 1 | 16,607 |
| Institute of Catholic Education Aquinas Campus— | | |
| Automated Retrospective Cataloguing Project | 5 | 62,419 |
| Ballarat Community Education Centre— | | |
| Computer Software Register | 1 | 12,102 |
| Career Options Project. | 2 | 40,850 |
| Australian Trust for Conservation Volunteers— | | |
| Victorian Field Team Training | 67 | 634,905 |
| Project Officer Course | 7 | 68,890 |
| Wendouree High Technical School Council— | | |

| (a) Area/Project | (b) Jobs created | (c) Funds allocated |
|---|------------------------|---------------------------|
| Office Administration Training Scheme | 3 | 32,337 |
| Ballarat High School Council— | | |
| Typist position | 1 | 8,862 |
| Central Highlands Regional Housing Council— | | |
| Support Worker Training Program. | 1 | 12,802 |
| City of Ballarat— | | |
| JOLOR Construction of Bicycle Path. | 7 | 67,331 |
| Playground Development | 5 | 50,459 |
| McKenzie Reserve Beautification and Development | 4 | 35,347 |
| Lianberris Reserve Beautification and Development | 6 | 67,310 |
| Lake Esmond Botanical Gardens Stage Two | 6 | 62,925 |
| Rehabilitation of Yarrowee Creek Reserve | 6 | 64,175 |
| Department of Water Resources— | | |
| Computerisation of Records | 1 | 8,165 |
| Ballarat and District Aboriginal Co-op Ltd— | | |
| Aboriginal Arts and Crafts | 3 | 31,219 |
| Cultural Awareness and Education Program | 4 | 86,157 |
| (iii) Electoral Division of Ballarat | | |
| City of Ballarat— | | |
| JOLAR Construction of Bicycle Path. | 7 | 67,331 |
| Playground Development | 5 | 50,459 |
| McKenzie Reserve Beautification and Development | 4 | 35,347 |
| Lianberris Reserve Beautification and Development | 6 | 67,310 |
| Lake Esmond Botanical Gardens Stage Two | 6 | 62,925 |
| Rehabilitation of Yarrowee Creek Reserve | 6 | 64,175 |
| Shire of Ballarat— | | |
| JOLOR Stage III. | 9 | 82,811 |
| School Cluster, Outdoor Construction. | 5 | 54,925 |
| Parks Improvement and Development | 8 | 91,694 |
| City of Ararat— | | |
| Kerb and Channelling | 8 | 78,577 |
| Greenhill Lake Bicycle Path | 9 | 115,091 |
| Greenhill Lake Development | 6 | 74,256 |
| Community Facilities Beautification | 9 | 95,777 |
| Shire of Ararat— | | |
| Reconstruction of Bridges and Culverts | 3 | 37,430 |
| Roadside Beautification Program | 4 | 45,990 |
| Shire of Bungaree— | | |
| Roadworks Maintenance and Construction | 3 | 27,139 |
| Shire of Buninyong— | | |
| Buninyong Cycle Paths. | 7 | 75,108 |
| Buninyong District Community Centre | 10 | 115,274 |
| JOLOR 1986 | 4 | 36,880 |
| Shire of Creswick | | |
| Maintenance Works on Local Roads | 2 | 22,819 |
| Borough of Sebastopol | | |
| Construction of Bicycle Paths | 3 | 38,257 |
| Community Youth Worker/Co-ordinator | 1 | 16,760 |
| Construction of Underground Drainage (1985) | 4 | 50,809 |
| Construction of Underground Drainage (1986) | 4 | 52,179 |
| Concreting and Tree Planting Program | 4 | 50,021 |
| Shire of Talbot and Clunes | | |
| Price's Dam Revegetation Project | 6 | 25,000 |
| Shire of Ripon | | |
| Maintenance on Roads and Road Furniture | 4 | 18,443 |
| Buninyong Primary School Council | | |
| Creative Skills Development Assistant | 1 | 10,955 |
| Ballarat Italian Association Inc | | |
| Build Association Clubrooms. | 3 | 46,155 |
| Regional Galleries Association of Victoria | | |
| Trainee Conservator for Painting and Paper | 2 | 33,120 |
| Australian Red Cross Society Victorian Division | | |
| Ballarat Red Cross Centre | 1 | 15,568 |

| (a) Area/Project | (b) Jobs created | (c) Funds allocated |
|--|------------------------|---------------------------|
| Ballarat Fine Art Gallery | | |
| Computer Cataloguing | 2 | 23,574 |
| Ballarat Taskforce | | |
| Youth Organisations Secretary Pool | 1 | 9,792 |
| National Trust of Australia | | |
| Mooramong Conservation Project | 4 | 38,940 |
| Spastic Society of Victoria Ltd | | |
| Volunteers Co-ordinator/Day Centre Aide | 1 | 16,607 |
| Ballarat Regional Alcohol and Drug Dependence Association | | |
| Typist-Receptionist | 1 | 18,426 |
| Institute of Catholic Education Aquinas Campus | | |
| Automated Retrospective Cataloguing Project | 5 | 62,419 |
| Ballarat Community Education Centre | | |
| Computer Software Register | 1 | 12,102 |
| Career Options Project | 2 | 40,851 |
| Australian Trust for Conservation Volunteers | | |
| Victorian Field Team Training | 67 | 634,905 |
| Project Officer Course | 7 | 68,890 |
| Mount Pleasant Primary School Council | | |
| Playground Development and Landscaping | 2 | 25,172 |
| Ballarat and District Aboriginal Co-op Ltd | | |
| Aboriginal Arts and Crafts | 3 | 31,219 |
| Cultural Awareness and Education Program | 4 | 86,157 |
| Ballarat Regional Association for Community Education | | |
| Extension of Community Education Facilities | 2 | 19,975 |
| Wendouree West Community House | | |
| Clerical Assistant | 1 | 12,821 |
| Humffray Street Primary School Council | | |
| Student Publishing Program | 5 | 110,069 |
| Ballarat Community Education Centre Co-operative Society | | |
| Library/Audio Visual Training Project | 1 | 21,730 |
| Ballarat Light Opera Company Inc | | |
| Performing Arts Development Centre. | 5 | 98,772 |
| Ararat Technical School | | |
| Training Program | 3 | 28,524 |
| Wendouree High Technical School Council | | |
| Office Administration Training Scheme | 3 | 32,337 |
| Napoleons and Magpie Primary Schools | | |
| Teacher Aide/Typist | 1 | 8,334 |
| Ballarat Community FM Radio Co-operative Society Ltd | | |
| 3BBB-FM Staff Development and Relocation | 2 | 44,130 |
| Mount Clear Technical High School | | |
| Mount Clear Video Maker | 1 | 25,811 |
| Central Highlands Regional Housing Council | | |
| Support Worker Training Program. | 1 | 12,802 |
| Ballarat Urban Landscape Committee | | |
| Ballarat Urban Forest Study Implementation | 2 | 22,380 |
| Health Commission of Victoria | | |
| Five Year Forward Look Program, Aradale | 3 | 20,895 |
| Aradale Recreation Area Project | 4 | 33,080 |
| Aradale Safety and Beautification | 4 | 38,222 |
| Department of Conservation, Forests and Lands | | |
| Ballarat Regional Works | 3 | 28,823 |
| Department of Water Resources—Shire of Creswick | | |
| Fencing of Cosgrave Reservoir | 3 | 24,552 |
| Tree Planting at Creswick Sewerage Treatment Works | 2 | 14,426 |
| Department of Water Resources | | |
| Computerisation of Records | 1 | 8,165 |
| Ballarat High School Council | | |
| Typist position | 1 | 8,862 |

Universal Child Immunisation

(Question No. 4986)

Mr Ruddock asked the Minister for Foreign Affairs, upon notice, on 28 November 1986:

(1) Does Australia support UNICEF's goal of achieving universal immunisation of all the world's children by 1990.

(2) Does Australia endorse the programs of UNICEF and WHO to give effect to this obligation, other than through contributions to the core budgets of each organisation.

(3) Has Australia provided special purpose funding to the Third World Health Group's recommendation of an additional \$30m to the Child Immunisation Program over the next 5 years.

Mr Hayden—The answer to the honourable member's question is as follows:

(1) Yes.

(2) Australia endorses the immunisation programs of UNICEF and WHO. It does not provide financial support to any specific WHO immunisation activities other than through core budget contributions. In the case of UNICEF, Australia provides direct support for immunisation activities in Indo-China and for other programs with an immunisation component, as well as more general support through the core budget.

(3) No.

Taxation: Fraud Cases

(Question No. 4700)

Mr Tickner asked the Attorney-General, upon notice, on 7 October 1986:

(1) How many tax fraud cases have been successfully prosecuted in each year since 1980-81.

(2) What was the amount of money involved in each case.

Mr Lionel Bowen—The answer to the honourable member's question is as follows:

(1) Tax fraud cases successfully prosecuted in each year since 1980-81 are as follows:

| |
|-------------|
| 1980-81—Nil |
| 1981-82—Nil |
| 1982-83—2 |
| 1983-84—1 |
| 1984-85—2 |
| 1985-86—13 |
| 1986-87—11 |

These figures represent the number of persons prosecuted. In some instances two or more persons were involved in the one tax fraud scheme. The cases mainly comprise tax related offences, such as company stripping cases, which were prosecuted under the *Crimes Act* 1914. They do not include administrative type offences involving failure to comply with requirements under taxation laws, which may or may not be fraud related. Numerous such cases are prosecuted each year, most of which are not prosecuted by the Office of the Director of Public Prosecutions.

(2) The amount of money involved in each case was:

Moore and Gamble (1982-83)—\$193,000

Denis (1985-86)—\$18m

Coghill (1985-86)—\$47m

Baker and Leaver (1985-86)—\$16m

Rubin, Starke and Risstrom (1985-86)—\$128,000

Buntman (1985-86)—no amount alleged on plea

Donnelly and Maher (1985-86), Hurley (1983-84), Faint (1984-85) and Spence (1986-87)—not less than \$23m

Young and Freedman (1985-86)—not less than \$1.09m

Opitz (1986-87)—\$3m

Rumpf (1986-87)—\$20m

Beames (1985-86) and Lockyer and McTrusty (1986-87)—\$16m

Cerullo (1986-87)—\$139,000

Aston, Burnell and Thompson (1986-87) and Streckert (1984-85)—\$537,000

Ahern (1986-87)—not less than \$1.3m

Huston (1986-87)—not less than \$50,000

These figures are the amounts identified and attributed to the offences as proved at the trial or agreed at the plea. It should be noted that in prosecuting major "bottom of the harbour" trials it is usually necessary to select representative samples of companies stripped and tax evaded. As a result in some instances these amounts while reflecting the gravity of the offences, fall far short of the total amounts of tax alleged to have been evaded by those involved in the scheme.

Airspace: Cairns Area

(Question No. 4920)

Mr Moore asked the Minister for Aviation, upon notice, on 19 November 1986:

(1) Is it a fact that (a) between 1980 and 1986, 69 in-flight pilot errors occurred in airspace in the Cairns area and (b) in a report, dated 11 May 1984, his Department recommended that radar services be introduced at the Cairns Airport due to the expected and forthcoming increase in air traffic as a result of the booming tourist industry.

(2) Will he seek to improve the unsatisfactory safety measures which exist in airspace in the Cairns area by recommending that techniques at the airport which have been in use since the 1950's be replaced with radar services.

Mr Peter Morris—The answer to the honourable member's question is as follows:

(1) (a) The Bureau of Air Safety Investigation has been able to find only 9 breakdowns of separation in the Cairns area where pilot related factors were present, in the seven year period from 1980 to 1986.

(b) My Department is not aware of any Departmental report dated 11 May 1984. There was an internal minute of that date which requested radar at Cairns.

There are many requests for radar throughout Australia. Proposals are developed into a national plan based on requests from both within my Department and the Aviation Industry who have to bear the additional cost of each new radar system.

The introduction of a radar service is only economically justified when the costs to the Aviation Industry from aircraft delays become excessive and outweigh the attributable cost of the radar service.

My Department's Airways Plan includes the extension of radar coverage up the Queensland Coast into the Cairns area over the next five to ten years. The Airways Plan has been discussed with the Aviation Industry and staff associations. Consultations on the details of the radar program and its cost are planned for early 1987.

(2) Cairns Airport operates under International Civil Aviation Organisations (ICAO) non-radar procedures as do numerous other airports, both in Australia and overseas. These procedures continue to provide safe aircraft operations throughout Australia.