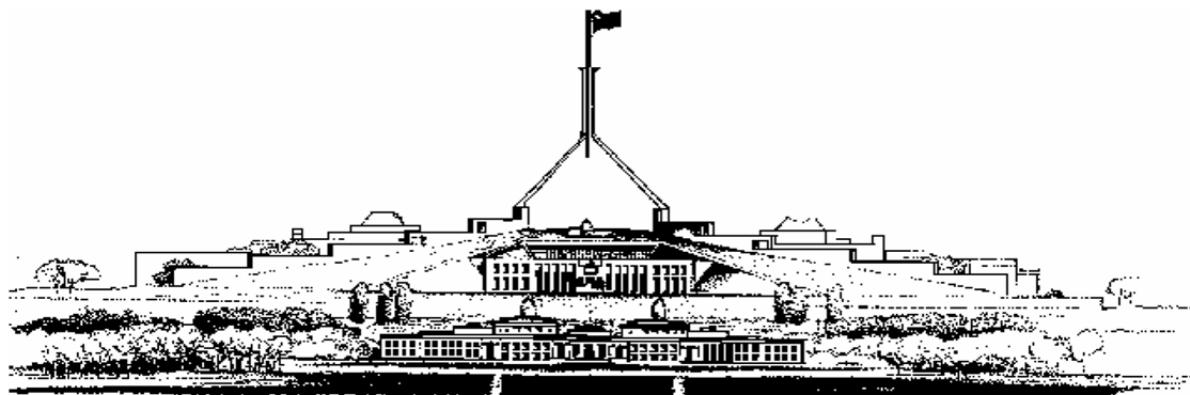




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 165, 1989
Wednesday, 1 March 1989

THIRTY-FIFTH PARLIAMENT
FIRST SESSION—FOURTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

THIRTY-FIFTH PARLIAMENT

FIRST SESSION—FOURTH PERIOD

Governor-General

His Excellency the Honourable William George Hayden, Companion of the Order of Australia and Governor-General of the Commonwealth of Australia.

House of Representatives Officeholders

Speaker—The Honourable Joan Child

Chairman of Committees—Mr Leo Boyce McLeay

Deputy Chairmen of Committees—Mr John Neil Andrew (from 23 May 1989),

Mr Cecil Allen Blanchard,

Mr David Bruce Cowan, Mrs Elaine Elizabeth Darling,

the Honourable James Donald Mathieson Dobie, Mr Ronald Frederick Edwards,

Mr John Barry Milden, Mr Percival Clarence Millar,

Mr John Graham Mountford, Mr Allan Charles Rocher and Mr Philip Maxwell Ruddock
(to 29 May 1989)

Leader of the House—The Honourable Kim Christian Beazley

Leader of the Opposition—The Honourable Andrew Sharp Peacock (from 9 May 1989),

The Honourable John Winston Howard (to 9 May 1989)

Deputy Leader of the Opposition—The Honourable Wallace Clyde Fife (from 29 May 1989),

The Honourable Andrew Sharp Peacock (to 9 May 1989)

Manager of Opposition Business—The Honourable Wallace Clyde Fife

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 Andrew Sharp Peacock (from 9 May 1989), The Honourable John Winston Howard (to 9 May 1989)

Deputy Leader of the Liberal Party of Australia—The Honourable Wallace Clyde Fife (from 29 May 1989), The Honourable Andrew Sharp Peacock (to 9 May 1989)

Leader of the National Party of Australia—Mr Charles William Blunt (from 9 May 1989),

The Right Honourable Ian McCahon Sinclair (to 9 May 1989)

Deputy Leader of the National Party of Australia—Mr Bruce Lloyd

Members of the House of Representatives

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

Members of the House of Representatives—*continued*

| Member | Division | Party | Member | Division | Party |
|------------------------------|-------------------|-------|-----------------------------|--------------------|-------|
| Moore, Hon. John Colinton | Ryan, Qld | LP | Shipton, Roger Francis | Higgins, Vic. | LP |
| Morris, Allan Agapitos | Newcastle, NSW | ALP | Simmons, David William | Calare, NSW | ALP |
| Morris, Hon. Peter Frederick | Shortland, NSW | ALP | Sinclair, Rt Hon. Ian Mc- | New England, NSW | NP |
| Mountford, John Graham | Banks, NSW | ALP | Cahon | | |
| Nehl, Garry Barr | Cowper, NSW | NP | Smith, Warwick Leslie | Bass, Tas. | LP |
| O'Keefe, Neil Patrick | Burke, Vic. | ALP | Snow, James Henry | Eden-Monaro, NSW | ALP |
| O'Neil, Lloyd Reginald Terr- | Grey, SA | ALP | Snowdon, Warren Edward | Northern Territory | ALP |
| ance | | | Spender, John Michael, QC | North Sydney, NSW | LP |
| Peacock, Hon. Andrew Sharp | Kooyong, Vic. | LP | Staples, Hon. Peter Richard | Jagajaga, Vic. | ALP |
| Porter, James Robert | Barker, SA | LP | Sullivan, Kathryn Jean | Moncrieff, Qld | LP |
| Pratt, Michael Philip | Adelaide, SA | LP | Taylor, William Leonard | Groom, Qld | LP |
| Price, Leo Roger Spurway | Chifley, NSW | ALP | Theophanous, Dr Andrew | Calwell, Vic. | ALP |
| Prosser, Geoffrey Daniel | Forrest, WA | LP | Charles | | |
| Punch, Hon. Gary Francis | Barton, NSW | ALP | Tickner, Robert Edward | Hughes, NSW | ALP |
| Reith, Peter Keaston | Flinders, Vic. | LP | Tuckey, Charles Wilson | O'Connor, WA | LP |
| Robinson, Hon. Ian Louis | Page, NSW | NP | Uren, Hon. Thomas | Reid, NSW | ALP |
| Rocher, Allan Charles | Curtin, WA | LP | Webster, Alasdair Paine | Macquarie, NSW | LP |
| Ruddock, Philip Maxwell | Dundas, NSW | LP | West, Hon. Stewart John | Cunningham, NSW | ALP |
| Saunderson, John | Aston, Vic. | ALP | White, Peter Nicholson | McPherson, Qld | LP |
| Sawford, Rodney Weston | Port Adelaide, SA | ALP | Duckett, MC | | |
| Scholes, Hon. Gordon Glen | Corio, Vic. | ALP | Willis, Hon. Ralph | Gellibrand, Vic. | ALP |
| Denton | | | Wilson, Hon. Ian Bonython | Sturt, SA | LP |
| Sciaccia, Con | Bowman, Qld | ALP | Cameron | | |
| Scott, John Lyden | Hindmarsh, SA | ALP | Woods, Dr Robert Leslie | Lowe, NSW | LP |
| Scott, Leslie James | Oxley, Qld | ALP | Wooldridge, Dr Michael | Chisholm, Vic. | LP |
| Shack, Peter Donald | Tangney, WA | LP | Richard Lewis | | |
| Sharp, John Randall | Gilmore, NSW | NP | Wright, Keith Webb | Capricornia, Qld | ALP |

PARTY ABBREVIATIONS

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

Third Hawke Ministry

(To 6 April 1989)

- *Prime Minister
The Honourable Robert James Lee Hawke, AC
- *Deputy Prime Minister, Attorney-General and Minister Assisting the Prime Minister for Commonwealth-State Relations
The Honourable Lionel Frost Bowen
- *Leader of the Government in the Senate and Minister for Industry, Technology and Commerce
Senator the Honourable John Norman Button
- *Deputy Leader of the Government in the Senate and Minister for Foreign Affairs and Trade
Senator the Honourable Gareth John Evans, QC
- *Treasurer
The Honourable Paul John Keating
- *Minister for Finance
Senator the Honourable Peter Alexander Walsh
- *Minister for Transport and Communications
The Honourable Ralph Willis
- *Minister for Employment, Education and Training
The Honourable John Sydney Dawkins
- *Minister for Defence, Vice-President of the Executive Council and Leader of the House
The Honourable Kim Christian Beazley
- *Minister for Primary Industries and Energy
- *Minister for Social Security and Minister Assisting the Prime Minister for Social Justice
The Honourable John Charles Kerin
- *Minister for Administrative Services
The Honourable Brian Leslie Howe
- *Minister for Community Services and Health
The Honourable Stewart John West
- *Minister for Trade Negotiations, Minister Assisting the Minister for Industry, Technology and Commerce and Minister Assisting the Minister for Primary Industries and Energy
The Honourable Neal Blewett
- *Minister for the Arts, Sport, the Environment, Tourism and Territories
The Honourable Michael John Duffy
- *Minister for Industrial Relations, Minister Assisting the Prime Minister for Public Service Matters and Minister Assisting the Treasurer
Senator the Honourable Graham Frederick Richardson
- *Minister for Immigration, Local Government and Ethnic Affairs, Minister Assisting the Prime Minister for Multicultural Affairs and Manager of Government Business in the Senate
The Honourable Peter Frederick Morris
- Minister for the Arts and Territories, Minister Assisting the Prime Minister and Minister Assisting the Minister for Immigration, Local Government and Ethnic Affairs
Senator the Honourable Robert Francis Ray
- Minister for Science, Customs and Small Business
The Honourable Allan Clyde Holding
- Minister for Justice
The Honourable Barry Owen Jones
- Minister for Veterans' Affairs
Senator the Honourable Michael Carter Tate
- Minister for Aboriginal Affairs
The Honourable Benjamin Charles Humphreys
- Minister for Housing and Aged Care
The Honourable Gerard Leslie Hand
- Minister for Employment and Education Services
The Honourable Peter Richard Staples
- Minister for Defence Science and Personnel
The Honourable Peter Duncan
- Minister for Local Government and Minister Assisting the Prime Minister for the Status of Women
The Honourable Roslyn Joan Kelly
- Minister for Resources
Senator the Honourable Margaret Reynolds
- Minister for Telecommunications and Aviation Support
The Honourable Peter Francis Salmon Cook
- Minister for Consumer Affairs and Minister Assisting the Treasurer for Prices
The Honourable Gary Francis Punch
- Minister for Land Transport and Shipping Support
Senator the Honourable Nick Bolokus
- *Minister in the Cabinet
The Honourable Robert James Brown

Third Hawke Ministry

(From 6 April 1989)

- *Prime Minister
The Honourable Robert James Lee Hawke, AC
- *Deputy Prime Minister, Attorney-General and
Minister Assisting the Prime Minister for
Commonwealth-State Relations
The Honourable Lionel Frost Bowen
- *Leader of the Government in the Senate and
Minister for Industry, Technology and Com-
merce
Senator the Honourable John Norman Button
- *Deputy Leader of the Government in the Senate
and Minister for Foreign Affairs and Trade
Senator the Honourable Gareth John Evans, QC
- *Treasurer
The Honourable Paul John Keating
- *Minister for Finance
Senator the Honourable Peter Alexander Walsh
- *Minister for Transport and Communications
The Honourable Ralph Willis
- *Minister for Employment, Education and Train-
ing
The Honourable John Sydney Dawkins
- *Minister for Defence, Vice-President of the Ex-
ecutive Council and Leader of the House
The Honourable Kim Christian Beazley
- *Minister for Primary Industries and Energy
The Honourable John Charles Kerin
- *Minister for Social Security and Minister Assist-
ing the Prime Minister for Social Justice
The Honourable Brian Leslie Howe
- *Minister for Administrative Services
The Honourable Stewart John West
- *Minister for Community Services and Health
The Honourable Neal Blewett
- *Minister for Trade Negotiations, Minister Assist-
ing the Minister for Industry, Technology and
Commerce and Minister Assisting the Minister
for Primary Industries and Energy
The Honourable Michael John Duffy
- *Minister for the Arts, Sport, the Environment,
Tourism and Territories
Senator the Honourable Graham Frederick
Richardson
- *Minister for Industrial Relations, Minister Assist-
ing the Prime Minister for Public Service Mat-
ters and Minister Assisting the Treasurer
The Honourable Peter Frederick Morris
- *Minister for Immigration, Local Government and
Ethnic Affairs, Minister Assisting the Prime
Minister for Multicultural Affairs and Man-
ager of Government Business in the Senate
Senator the Honourable Robert Francis Ray
- Minister for the Arts, Tourism and Territories,
Minister Assisting the Prime Minister and
Minister Assisting the Minister for Immigration,
Local Government and Ethnic Affairs
The Honourable Allan Clyde Holding
- Minister for Science, Customs and Small Busi-
ness
The Honourable Barry Owen Jones⁽¹⁾
- Minister for Justice
Senator the Honourable Michael Carter Tate
- Minister for Veterans' Affairs
The Honourable Benjamin Charles Humphreys
- Minister for Aboriginal Affairs
The Honourable Gerard Leslie Hand
- Minister for Housing and Aged Care
The Honourable Peter Richard Staples
- Minister for Employment and Education Serv-
ices
The Honourable Peter Duncan
- Minister for Telecommunications and Aviation
Support
The Honourable Roslyn Joan Kelly
- Minister for Local Government and Minister
Assisting the Prime Minister for the Status of
Women
Senator the Honourable Margaret Reynolds
- Minister for Resources
Senator the Honourable Peter Francis Salmon Cook
- Minister for Consumer Affairs and Minister As-
sisting the Treasurer for Prices
Senator the Honourable Nick Bolokus
- Minister for Land Transport and Shipping Sup-
port
The Honourable Robert James Brown
- Minister for Defence Science and Personnel
The Honourable David William Simmons
- * Minister in the Cabinet
- ⁽¹⁾ Minister for Science, Customs and Small Business and Minister Assisting the Prime Minister for Science and Technology from 9 May 1989.

THE COMMITTEES OF THE SESSION

FIRST SESSION: FOURTH PERIOD

STANDING COMMITTEES

ABORIGINAL AFFAIRS—Mr Snowdon (*Chairman*), Mr Blanchard, Mr Burr (to 1 June 1989), Mr Ian Cameron, Mr Campbell, Mr Cross, Mr Gayler, Mr Miles, Mr Smith (from 1 June 1989), Mr Tickner, Mr Webster.

COMMUNITY AFFAIRS—Mr O'Keefe (*Chairman*), Mr Blunt (to 29 May 1989), Mr Braithwaite (from 29 May 1989), Mr Cadman, Mr Connolly, Mr Dubois, Ms Fatin, Mrs Harvey, Mr Johns, Mr Katter, Ms McHugh, Mr Sciacca, Mr Wilson.

EMPLOYMENT, EDUCATION AND TRAINING—Mr Brumby (*Chairman*), Mr Cowan, Ms Fatin, Mr Free (to 11 May 1989), Mr Gear, Mrs Jakobsen, Mr Johns, Mr Price, Mr Prosser, Mr Ian Robinson, Mr Sawford (from 11 May 1989), Mrs Sullivan, Dr Woods.

ENVIRONMENT, RECREATION AND THE ARTS—Mr Milton (*Chairman*), Mr Burr (from 1 June 1989), Dr Charlesworth, Mr Chynoweth, Mr Dobie, Mr Ronald Edwards, Mr Peter Fisher, Mr Jenkins, Mr Lamb, Ms McHugh, Mr MacKellar (to 1 June 1989), Mr Sharp, Mr Webster.

FINANCE AND PUBLIC ADMINISTRATION—Mr Martin (*Chairman*), Mr Braithwaite, Dr Charlesworth, Mr Cobb, Mr Courtice, Mr Ronald Edwards (from 12 April 1989), Mr Gear, Mr Jenkins, Mr McArthur, Mr Saunderson, Mr Shipton, Mr Simmons (to 12 April 1989), Mr Wilson.

HOUSE—The Speaker, Mr Dobie (to 1 June 1989), Mr Goodluck, Mr Hollis, Mr Katter, Mr Martin, Mr Price, Mrs Sullivan (from 1 June 1989).

INDUSTRY, SCIENCE AND TECHNOLOGY—Mr Beddall (*Chairman*), Mr Baldwin, Mr Cunningham, Mr Grace, Mr Hawker, Mr Lloyd, Mr McArthur, Mr Mildren, Mr Allan Morris, Mr Nehl (from 29 May 1989), Dr Theophanous, Dr Wooldridge.

LEGAL AND CONSTITUTIONAL AFFAIRS—Mr Griffiths (*Chairman*), Mr Adermann, Mr Cadman (from 15 June 1989), Mr Charles, Mr Cleeland, Mr Kerr, Mr McGauran, Mr Moore, Mr Ruddock (to 15 June 1989), Mr Scholes, Mr Smith, Mr Tickner, Mr Wright.

LIBRARY—The Speaker, Mr Cross, Mrs Jakobsen, Mr Pratt, Mr Ian Robinson, Mr Smith, Mr Wright.

MEMBERS' INTERESTS—Dr Klugman (*Chairman*), Mr Adermann, Mr Donald Cameron, Mr Kent, Mr Lindsay, Mr Ruddock, Mr John Scott.

PRIVILEGES—Mr Gear (*Chairman*), the Leader of the House or his nominee, the Deputy Leader of the Opposition or his nominee, Mr N. A. Brown, Mr Donald Cameron, Mr Campbell, Mr Cleeland, Mr Kerr, Mr Millar, Mr Reith, Mr Tickner.

PROCEDURE—Mr Mountford (*Chairman*), Mr Donald Cameron, Mr Ewen Cameron, Mr Ronald Edwards, Mr Lamb, Mr Lindsay, Mr Millar, Mr Scholes.

PUBLICATIONS—Mr Jenkins (*Chairman*), Mr Blanchard, Mr Brumby, Dr Harry Edwards, Mr Nehl, Mr Sawford, Mr Taylor.

SELECTION COMMITTEE—Mr Leo McLeay (*Chairman*), Mr Donald Cameron, Mr Ewen Cameron (to 1 June 1989), Mr Cunningham, Mr Downer (from 1 June 1989), Mr Hicks, Mr Lamb, Mr MacKellar, Mr Millar, Mr Mountford, Mr Snowdon, Mr Tickner.

TRANSPORT, COMMUNICATIONS AND INFRASTRUCTURE—Mr Saunderson (*Chairman*), Mr Blunt (to 29 May 1989), Mr Ewen Cameron, Mr Downer, Mr Tim Fischer, Mr Gorman, Mr Halverson (to 1 June 1989), Mr Hollis, Mr Jull, Mr Langmore, Mr O'Neil, Mr Price, Mr John Scott, Mr Sharp (from 29 May 1989).

JOINT STATUTORY COMMITTEES

AUSTRALIAN SECURITY INTELLIGENCE ORGANIZATION—Senator Morris (*Presiding Member*), Mr Cross, Mr McGauran, Mr Milton, Mr Wright, Senator Durack, Senator Macklin.

BROADCASTING OF PARLIAMENTARY PROCEEDINGS—The Speaker (*Chairman*), the President, Mr Ronald Edwards, Mrs Harvey, Mr Hicks, Mr Jull, Mr John Scott, Senator Michael Baume, Senator Childs.

NATIONAL CRIME AUTHORITY—Mr Cleeland (*Chairman*), Mr Dubois, Mr McGauran, Mr MacKellar (to 1 June 1989), Mr O'Keefe, Mr Spender (from 1 June 1989), Senator Alston, Senator Cooney, Senator Hill, Senator Jones, Senator Macklin.

PUBLIC ACCOUNTS—Mr Tickner (*Chairman*), Mr Aldred, Mr Fitzgibbon, Mr Langmore (from 3 May 1989), Mr Martin, Mr Nehl, Mr Prosser, Mr Ruddock (to 1 June 1989), Mr Scholes, Mr Les Scott, Dr Woods (from 1 June 1989), Senator Bishop, Senator Giles, Senator McKiernan, Senator McMullan (from 3 May 1989), Mr Sawford (to 3 May 1989), Senator Watson.

PUBLIC WORKS—Mr Hollis (*Chairman*), Mr Gear, Mr Halverson, Mr Millar, Mr Mountford, Mr Taylor, Senator Burns, Senator Devereux, Senator Sheil.

JOINT COMMITTEES

AUSTRALIAN CAPITAL TERRITORY—Mr Langmore (*Chairman*), Mr Anderson, Mr Goodluck, Mr Scholes, Mr Uren, Senator Aulich, Senator Hill, Senator McMullan, Senator Reid, Senator Sanders.

FOREIGN AFFAIRS, DEFENCE AND TRADE—Mr Bilney (*Chairman*), Mr Baldwin, Mr Campbell, Mr Charles, Mr Cross, Mr Halverson, Mr Hicks, Mr Jull, Mr Katter, Mr Kent, Dr Klugman, Mr Langmore, Mr Lindsay, Mr MacKellar, Mr Nehl, Mr Ruddock, Mr John Scott, Mr Shipton, Dr Theophanous, Senator Childs, Senator Crichton-Browne, Senator Hill, Senator Jones, Senator MacGibbon, Senator McLean (from 6 March 1989), Senator Macklin (to 6 March 1989), Senator Maguire, Senator Morris, Senator Schacht, Senator Tambling, Senator Valentine.

JOINT STANDING COMMITTEES

ELECTORAL MATTERS—Mr Lee (*Chairman*), Mr Blunt (to 23 May 1989), Mr Cobb (from 23 May 1989), Mrs Jakobsen, Mr Lavarch, Dr Wooldridge, Senator Beahan, Senator Harradine, Senator Jenkins, Senator Schacht, Senator Short.

NEW PARLIAMENT HOUSE—The President and the Speaker (*Joint Chairmen*), the Minister for Administrative Services, Mr Dobie, Mr Dubois, Mr Tim Fischer (from 23 May 1989), Mr Lee, Mr MacKellar (from 1 June 1989), Mr Leo McLeay, Mrs Sullivan (to 1 June 1989), Senator Michael Baume, Senator Colston, Senator Devlin, Senator MacGibbon, Senator Reid, Senator Schacht.

JOINT SELECT COMMITTEES

CORPORATIONS LEGISLATION—Mr Ronald Edwards (*Chairman*), Mr Peter Fisher, Mr Kerr, Mr Lindsay, Mr Smith, Senator Alston, Senator Cooney, Senator Macklin, Senator McMullan, Senator Short.

MIGRATION REGULATIONS—Dr Theophanous (*Chairman*), Dr Charlesworth, Mr Cobb, Mr Ruddock, Mr Sciacca, Mrs Sullivan, Senator Collins, Senator Jenkins, Senator McKiernan, Senator Teague.

TENURE OF APPOINTEES TO COMMONWEALTH TRIBUNALS—Dr Klugman (*Chairman*), Mr Bilney, Dr Harry Edwards, Mr Nehl, Mr John Scott, Senator Aulich, Senator Cooney, Senator Dunn, Senator Durack.

VIDEO MATERIAL—Dr Klugman (*Chairman*), Mr Adermann, Mr Charles, Ms Crawford, Mrs Jakobsen, Mr Jull, Senator Collins, Senator Harradine, Senator Jenkins, Senator Walters, Senator Zakharov.

PARLIAMENTARY DEPARTMENTS

SENATE

Clerk of the Senate—H. Evans
Deputy Clerk of the Senate—A. Lynch
Clerk-Assistant (Table)—J. Vander Wyk
Clerk-Assistant (Management)—C. J. C. Elliot
Clerk-Assistant (Procedure)—P. O'Keeffe
Clerk-Assistant (Committees)—M. Cornwell
Usher of the Black Rod—R. Alison

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 (House of Representatives)—M. A. R. McGregor
Leader of Staff (Senate)—K. B. Ryder

LIBRARY

Parliamentary Librarian—H. de S. C. MacLean

JOINT HOUSE

Secretary—M. W. Bolton

Wednesday, 1 March 1989

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

STATES GRANTS (TECHNICAL AND FURTHER EDUCATION ASSISTANCE) BILL 1989

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

Second Reading

Mr DAWKINS (Fremantle—Minister for Employment, Education and Training) (10.01)—I move:

That the Bill be now read a second time.

The States Grants (Technical and Further Education Assistance) Bill 1989 gives effect to the Government's Budget decisions on Commonwealth assistance for technical and further education (TAFE), as announced in *TAFE 1989 Commonwealth Programs and Priorities*, which I released on 24 August 1988. The purpose of the Bill is to provide the legislative basis for the distribution of Commonwealth funds for technical and further education in the States and the Northern Territory for 1989. The Bill provides \$313.152m for technical and further education for 1989. Further details of this can be seen in an earlier second reading speech given by me on the States Grants (Technical and Further Assistance) Bill 1988 introduced late last year. I present the explanatory memorandum to this Bill. I commend the Bill to the House.

Debate (on motion by Mr Beale) adjourned.

STATES GRANTS (NON-GOVERNMENT BUSINESS COLLEGES) BILL 1989

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

Second Reading

Mr DAWKINS (Fremantle—Minister for Employment, Education and Training) (10.03)—I move:

That the Bill be now read a second time.

The States Grants (Non-Government Business Colleges) Bill 1989 provides the legislative basis for the distribution of Commonwealth funds for non-government

business colleges in the States for 1989. The Bill provides for the subsidies payments provided to non-government business colleges; it gives effect to the phasing out of the scheme as announced in *TAFE 1989 Commonwealth Programs and Priorities*, which was released on 24 August 1988. It also provides an additional \$1.5m to assist colleges in the first half of 1989 to adjust their financial bases following the withdrawal of the subsidies and meet commitments already made to students in respect of 1989. I refer the House to earlier debates on this matter which were held late last year. I present the explanatory memorandum to this Bill. I commend the Bill to the House.

Debate (on motion by Mr Beale) adjourned.

PRIMARY INDUSTRIES AND ENERGY LEGISLATION AMENDMENT BILL (No. 2) 1988

Second Reading

Debate resumed from 28 February, on motion by Mr Kerin:

That the Bill be now read a second time.

Mr GAYLER (Leichhardt) (10.04)—Last evening in my remarks on the Primary Industries and Energy Legislation Amendment Bill (No. 2) 1988 I made reference to the regulatory structure within the sugar industry, and I would like to continue in that vein. The benefits that have flowed to the industry through regulation have been bought at considerable cost to the industry.

One clear example is the Australian Bureau of Agricultural and Resource Economics estimate that savings totalling some \$180m—over 10 per cent of the gross value of sugar production and milling—could be made from more efficient harvesting and transport practices. Estimations such as these can be argued. But even if only 10 per cent of these projected savings could be achieved, they would still be important savings to the industry.

The self-imposed costs that I have been talking about may have been acceptable when the rest of Australia was also putting chains around itself. Those days have passed. Impediments to productivity growth are being removed right throughout the economy. We need to ensure that the sugar industry, like

others, has the capacity and freedom to react quickly to changed market circumstances. The sugar industry should be focusing on the development of the system that maximises grower flexibility and efficiency. The purpose should be to lower costs, boost returns and allow expansion to take advantage of profitable opportunities.

In making these comments I am mindful that recognition must be had of regulation to protect the intrinsic link between the growing and milling sectors of the industry. However, we should explore change and not merely implement change for the sake of change alone. One example would be the proposal for establishing a third pool price system for canegrowers on unassigned land and enabling the negotiation of independent agreements between growers and millers. These changes, together with an extension of roaming provisions, would offer an opportunity to relax what is presently a fairly rigid system.

It is absolutely essential that the industry be able to respond to increases in demand over the next five years or so. In this regard our past record of adjusting production levels through assignment increases has not been good. We have tended to lag the market by too much. Opportunities for profitable production have been missed. By the time increased assignments came on stream, the world market had turned down again. Another aspect of lagging the market is the manner in which assignments have been increased, especially in Queensland. The increase in assignments brought into play areas of average or below average production, thereby not ensuring that the most productive areas available were in fact put under sugar. While the sugar industry's contribution to the economic welfare of both Australia in general and local areas in Queensland in particular is undoubtedly, the regulation of the industry and the industry's reluctance to change have limited that contribution. No other industry limits its production for such little good reason.

I conclude my remarks on this Bill by outlining to the House and to the industry especially the part played by this Government in relation to assistance to the industry over the last three or four years. The industry came to this Government seeking assist-

ance during the world price slump in 1985. It was on that occasion that the industry indicated to the Government that, without an injection of some \$800m by way of assistance to the industry, it would collapse.

It is interesting to note that, whilst the Commonwealth made some \$100m available and, to a lesser extent, the Queensland Government made some \$50m available, the industry did not collapse. In fact, of the \$150m assistance given to the industry, only some \$40m has been expended or taken up by the industry. This Government's record in its attitude towards the sugar industry has been exemplary. There is no reason why, notwithstanding the changes brought about by the legislation, the Government cannot and would not monitor on a very regular basis the future of the industry having regard to lifting of the sugar import embargo. It was interesting to note some of the comments made by honourable members opposite in relation to this legislation. They showed an almost total ignorance of the industry by members of the National Party of Australia, who should know more about this industry. The silence of the Liberal Party on this legislation is somewhat deafening.

I refer to some of the comments attributed to members of the National Party. I lead by making comments about that luminary in the other place, Senator Boswell, whose closest connection with the sugar industry is that he lives in Queensland. He is on record as saying that the introduction of this legislation would mean a loss of some \$300m to the sugar industry. That is almost the total income from the industry's domestic market. The figure is ill-founded and only highlights Senator Boswell's ignorance of the industry. I move on to another member of the National Party, Mr Max Menzel from the Queensland State Government. He is the member for Mulgrave, a sugar growing district. In a recent comment to the media he said that the poor balance of trade figures for January this year were affected by the introduction of this legislation. No-one, I suppose, at this stage has had the opportunity to point out to Mr Menzel that this legislation does not come into effect until 1 July this year. So we have another ignorant statement made by a member of the National Party.

As members of the National Party have made statements about this legislation which do not gel, I must conclude my remarks by referring to a comment made recently in north Queensland by the Leader of the National Party of Australia (Mr Sinclair) when talking about the havoc this legislation would wreak upon the industry. I will not quote exactly, but I am certain of my words. He referred to the lifting of the export embargo—not the 'import' embargo; he has not worked out the difference between an export and an import embargo—being detrimental to the sugar industry. They are some of the comments made by members of the National Party on the sugar industry. I certainly hope that the sugar industry—cane growers especially—takes into account the ignorant and ill-advised comments flowing from the National Party, and the total silence of the Liberal Party, in regard to this legislation.

This Government has an excellent record of caring for and being involved in the sugar industry. That situation, under such a prominent primary industries Minister, will continue. I have no doubt that this change will in the longer term be in the best interests of not only sugar cane farmers on the east coast of Australia but also the industry in general.

Mr TUCKEY (O'Connor) (10.13)—As previous speakers have indicated, the Primary Industries and Energy Legislation Amendment Bill (No. 2) covers four different areas of agricultural activity. I wish to take the opportunity to speak on matters dealing with the changes to the Wool Marketing Act 1987. The legislation sets out to deal primarily with fraudulent use of wool sampling. A case is cited of wool samples purchased after they had been classed appropriately being then used as samples to sell some other lots. One can see that that would be a most undesirable situation. The matter of wool testing in itself has become a major concern to growers in my electorate because as time has gone by all the old skills of buyers actually going on to the floor and pulling and pushing and sighting the wool have been surpassed quite properly by scientific measurement. As this legislation identifies, that has to have a high degree of integrity because buyers are literally buying on the sample and, more importantly, on the description of the sample.

Sampling, of course, has been orientated towards buyers and towards the knitting mills. The farmers and certain wool selling agents in my electorate have discovered that there are sampling discrepancies occurring and that this is having an effect on the returns to individual growers. It is not a concern of much magnitude to our industry or to the purchasers of wool because they purchase in large quantities and these are plus and minus discrepancies. To a mill buying hundreds, or possibly thousands, of bales of wool that is averaged out and the mill gets a cloth that meets its requirements anyway. The concern is what we are going to do in regard to individual growers.

This matter came to my attention when I attended a meeting of some 300 woolgrowers on 30 May 1988 in Koojan, a town in my electorate. It was a meeting initiated by Wool Agency Co., a small auctioneer and a wool selling agent in the system in Western Australia. There I discovered the level of concern in documentation handed to me. It was pointed out that a tenth of a micron mistake or a tenth of one per cent miscalculation of the vegetable matter which is in the wool sample can vary the value of a bale of wool by \$100. A micron is very small. Wool of quite fine quality is in the order of 20 microns. A tenth of a micron or a tenth of one per cent of vegetable matter content can vary the value of a bale of wool by \$100.

The Wool Agency Co. has taken a considerable interest in this matter and has made comparisons. One of the problems confronting woolgrowers today in this regard is that we practically have only one wool testing authority—the Australian Wool Testing Authority (AWTA). I do not wish in any way to criticise its activities but to identify that the system has to be improved. Where other testing houses are available—there is one in Western Australia called Melden, where certain growers, on the recommendation of their agents, have had two tests conducted—these discrepancies start to show up. It is very significant. On the basis of prices late last year when I was receiving correspondence on this matter, it is not at all out of order to say that the variations between two tests on the same bale of wool have represented as much as \$450 a bale in what

a grower could receive, depending on who tested it.

The Wool Agency Co. gave me information on 20 September. It split 48 bales of wool. It had 24 tested at Melden and 24 tested at the Australian Wool Testing Authority. There was 4,677 kilograms in one lot of 24 bales and 4,619 kilograms in the other. The Melden tests showed a micron measurement of 21.8. The AWTA test showed 22.5, almost a one-micron differential. As I pointed out, a difference of one-tenth of a micron can have a big influence. In terms of vegetable matter both tests arrived at exactly the same count of 1.3. In terms of yield, which is to do with contamination or other matters in the wool such as lanolin or things of that nature, the Melden tests showed that the yield was 66 per cent whilst the AWTA test showed that yield would be 66.1 per cent. In this case the AWTA was the more generous.

We read in the papers less about vegetable matter content and yield than we do about micron counts. That is very significant, and it was particularly significant about six months ago when a very low wool count measurement was producing very substantial price differentials from that wool which was a little more coarse, or a little stronger as the trade would say. The wool tested by Melden brought a price of 767c a kilogram. Remember that all the wool came from the same flock. The price bid for the wool sold under the AWTA test was 672c a kilogram. Although the weights of the two quantities of wool were almost the same, the wool sold under the Melden test grossed \$35,872.59; the wool from the AWTA test grossed \$31,039.68. The farmer lost \$4,832.91 because half his wool was tested by an authority that gave him a worse measurement than that for the other half.

Of course, that is a matter of huge concern. Growers are really gambling on their choice of a wool testing authority. In the example I have given the Melden test was financially beneficial to the grower, but it could have been the other way round. Wool passed in at auction was also tested. The AWTA test result was 23.3 microns; the Melden test, which was a retest, showed 22.2. That is a one-micron differential, and

one-tenth of a micron can alter the value of a bale of wool by \$100.

I have had considerable correspondence with the Minister for Primary Industries and Energy (Mr Kerin), and I must say that he too has a concern about this matter. Recently the Government decided to introduce the Australian Wool Surveillance Authority as a means of overcoming these discrepancies and better judging the performance of wool testing authorities, but to date that has not achieved anything that will overcome these discrepancies.

I understand that a confidential document now circulating says that it is all too hard; that it is not a fault of the testing procedures, but just a natural occurrence. That is just not good enough. Let me say again at this stage of the game that testing was originally introduced to protect the buyer, not the seller. As far as the International Wool Testing Organisation is concerned, the procedures are satisfactory because it is not the case that measurements are all that far out on average. However, for an individual grower it can mean thousands of dollars.

Of course, as a representative of those individual growers, it is my responsibility to say to the Minister that he really has to lift his Department's game in this area because, on the evidence he has presented to me to this stage, not enough is being done to overcome the problem. I have corresponded with the Minister on this and, as a result of what I learned at a meeting with him, it is clear that the test procedure, which is adequate for the wool buyers, is also relatively cheap, and it has been at a similar price for many years. The wool is tested at \$30 a sample.

Spokesmen for the Australian Wool Testing Authority, spokesmen for Wool Agency Co. and others admit that they could do a better and more critical job if they charged more. At the meeting I attended this matter was discussed, and people said that when one is thinking about a \$400 differential on a bale of wool another \$20 or \$30 is a cheap outlay. I put that point to the Minister.

Nevertheless, those people present said that they did not want to give an open cheque to AWTA or anyone else to say, 'Look, we will have a \$50 test'. They would like to know what they were getting for that, and I think

they would like to know that it was an option. One of the present options which some growers are taking is to pay for two tests and then sell on the best result. That is not really the best solution because the result chosen might be inaccurate. So we want better testing procedures which farmers can avail themselves of. It is interesting that in that regard Melden has brought out from the United Kingdom a Mr Peter Baxter, who is apparently a very highly qualified testing scientist in this arena, asking him to produce the criteria for a super certificate, which will cost about \$60 but which I certainly, as a wool grower, will be availing myself of the minute it is available.

A super certificate will verify that certain critical procedures have been followed to 'prove' measurement: for instance, that the grease content in a scoured sample is less than the required 1.5 per cent maximum; that the total alkali insolubles have been proven to be dry instead of assumed to be under the International Wool Testing Organisation; that the ash remaining in the TAI is proven and not estimated on a correction factor by the International Wool Testing Organisation method; that a minimum of four subsamples are tested instead of two; and that four subsamples will be Shirley analysed and four samples tested for micron count in each of four airflow meters, giving 16 tests upon which to average. The thought is that many, if not most, woolgrowers will require to have at least some of their main lines super tested to remove the doubts, even if the cost is \$60 as opposed to a \$30 cheap certificate. According to information which has been provided to me, such a demand would absorb more than Melden's testing capacity and place demand upon the AWTA to provide an equal super certificate. I think that is exactly what is needed.

The Government has set up the Australian Wool Surveillance Authority. I think that was a proper move. We did request that it come up with solutions on these matters. From reading the correspondence, which deals a lot with the sorts of things that the Surveillance Authority might do—I will not say this critically—it has set out to guarantee further the integrity of the wool testing authorities in terms of their accuracy per sample and the level of assistance they provide.

One can see from the information I have brought before the Parliament that the current criteria are set down by the International Wool Testing Organisation. Its representatives come here and become involved in this controversy. They say, 'We are very satisfied with what you are doing on behalf of people who buy wool and turn it into cloth and clothing'. The problem is that the system is not giving adequate support to the farmer in terms of the return that he should expect for his wool. We need a super certificate as the dominant tester. The Australian Wool Testing Authority should have accepted that and should be offering a super certificate.

The solution is a better test as an option. From there on in, if the farmer thinks that by saving \$30 he is better off, that is his decision, but quite clearly the additional facilities can be offered, and the smaller testing authority to which I have referred is of the view that it will give farmers quite a substantial market by offering it. Of course, that is in Western Australia, and this is a national problem. Most farmers are not yet aware of it. It is a problem that needs to be addressed. Whatever the price of wool, no farmer likes to see himself not getting the proper price for it, and if he happens to get a bad test it can cost him dearly. Some might argue that over a period of years he will get a good one and a bad one and it will average out for him, but some of us who are less lucky than others know that sometimes we get all the bad luck. That is about my history with backing racehorses. The reality is that it is much better that the test be proper and accurate.

Mr White—Race your own.

Mr TUCKEY—Yes; that has not helped me much either. We have already discovered that the Government's proposal for the Australian Wool Surveillance Authority, although a good one—I am not criticising it—is not going to resolve this situation by a sort of overseeing method. It can undertake another role. The simple fact is that better and more tests have to be carried out to overcome this problem. This will result in additional expense but, as long as the tests are optional, they should be offered to growers immediately.

I know of the Minister's interest in this matter. I call upon him, while going down the road of this legislation, to instruct the Australian Wool Testing Authority to offer a better test and to encourage organisations like Melden, which is taking this step itself, to provide this sort of competition. When we have market dominance to the extent that the Australian Wool Testing Authority has it in this area and when, I understand, there is in Australia enough business, if it were spread around, to maintain about five wool testing organisations, it would be a good idea to encourage some more competition—if only to promote the sort of innovation that Melden is proposing. I am very pleased that the House has given me the opportunity today to say something about the sort of effort that the wool agency has made on behalf of its clients to bring this matter to public attention and to my attention.

The particular test that I cited is not an isolated example. I have literally dozens of other examples. For instance, I have details of a very interesting case involving the wool testing services of a London authority. The micron count of a sample tested by the AWTA was 20.8 while the result of the test carried out by the London authority was 20.3. The vegetable matter, which is measured in negative terms the higher it may be, was 3.6 in the AWTA test and 2.8 in the London test. The dry yield was 61.3 in the test conducted by the AWTA and 63.05 in the case of the London authority. So every part of the London test was in the growers' interest. As I say, I have cited only one example because of the time available to me and because I did not want to bore the Parliament with a lot of statistics, but the reality is that there is example after example and in all the examples given to me the growers are the losers.

Quite clearly, we need a better system. Apparently the equipment and the technology are available. The main restricting factor is that people are attempting to do it on the cheap. Although this would be acceptable to many growers, other growers should have the option of a super test. The super test should be introduced immediately by the AWTA.

Mr BRAITHWAITE (Dawson) (10.33)—In speaking to the Primary Industries and

Energy Legislation Amendment Bill (No. 2) 1988, I want to refer specifically to the sugar embargo. In doing so, I want to address some of the more wide-ranging conclusions that one must draw from this legislation—where the Government is at the moment and where it is heading.

Two Government members who hold sugar seats—the honourable member for Hinkler (Mr Courtice) and the honourable member for Leichhardt (Mr Gayler)—have already spoken in this debate. I must say that the honourable member for Hinkler, as he did on a previous occasion, used this chamber to knock in a general way the Queensland Government and its dealings with sugar and also to attack Senator Ron Boswell, who has done a lot in connection with sugar, particularly in respect of providing the mechanism for the Senate inquiry into the proposed tariff rates following the withdrawal of the embargo. I think it is quite unfair that the honourable member should have used the opportunity not to speak to the legislation, but to deal with other things, which indicated to me he finds a weakness in the Government's argument for bringing forward the legislation. In fact, up to this stage there has been a deafening silence from the three Government members who hold sugar seats in connection with the position of growers and of the industry and in connection with the state of the Senate inquiry. In fact, I would like to ask whether any of those members took the trouble to make a submission to that inquiry, as indeed they should have.

The honourable member for Leichhardt should remember that he was absent from the chamber when we were debating the tariff legislation under which the Government had intended to continue a rate of tariff of 10 per cent for European sugar. European sugar is the most corrupt of market resources, yet there was no sign of the honourable member in the chamber when that matter was raised. I say also to the honourable member for Leichhardt that his own district sugar council has put in a submission to the Senate inquiry to the effect that the embargo should not be removed, yet he again entered a debate in this chamber in his role as an apologist for the Government. I can only think that because the honourable member for Herbert (Mr Lindsay) has not

entered the chamber to join in the debate on this piece of legislation, he is too embarrassed to put the Government's position and then face the inevitable problems when he returns to his electorate.

We are dealing with a few issues. Some concern Government philosophy regarding the direction in which it believes the economy is heading and trade prospects for Australian industry. Of course, deregulation is a very strong point in this regard. In fact, the removal of the embargo will remove the only protection now afforded the sugar industry. This protection has been made available for many years. I do not think that the sugar industry, the primary producing industries generally or, certainly, the National Farmers Federation, would deny that, over time, for Australia to become a more competitive nation and in order to iron out the highs and lows in the Australian economy, tariffs should be lowered and that protection should be done away with. All of those industries would say—and the sugar industry is a great example of there being no consultation—'If you are doing it to us, if you are moving us down this line of deregulation, lower tariffs and no protection, you should look at the steel industry, the footwear and garment industries, the wharves and shipping'.

If the Government really wants to deregulate in a way which will even out all of those highs and lows, all it has to do is look at the industrial position. At the moment the centralised wage system is the biggest hurdle and the biggest burden that enterprises—be they primary or manufacturing industries—must face. The coalition has a very definite view on industrial matters. We would move away from the centralised system to a system which would enable people to regulate industrial agreement in the workplace. We believe that would be a far superior situation that would allow industry, right across Australia, to get back on its feet and compete with other nations that enjoy the same systems.

I also wish to make a comment, particularly from the point of view of the primary industry, about exchange rate deregulation. It has been claimed by the Treasurer (Mr Keating) that it is a hallmark of his Government that it has deregulated the financial industry and exchange rates. We heard only

yesterday that the Reserve Bank had to buy back the dollar in order to keep up the rate. When one looks at the rates of interest in Australia, one finds that they are partially a result of the Government trying to talk up the exchange rate, which is to the gravest disadvantage of our primary industries and to those people who want to sell overseas. This is an example of the Government saying, on the one hand, that it wants deregulation in some of our best and most efficient industries—I suppose that the sugar industry is one of our most efficient—yet, on the other hand, it turns a blind eye to those other aspects. It is no wonder that cane farmers throughout Queensland, including in my electorate, as well as industry people, are saying, 'One out, all out'. I believe that is a great old Labor Party tradition, particularly in the union movement. Why should it not observe it in this particular case?

The other issue is competition. The Minister for Primary Industries and Energy (Mr Kerin), the Prime Minister (Mr Hawke) and the Treasurer have mentioned on many occasions that we have to become more competitive. If they are going to use these instruments or levers to make us more competitive, that is great. But while we have hiccups in our own system on industrial matters, taxation and interest rates, we have to look overseas to see what the competitive situation is. We are not competitive with the European Economic Community (EEC), which is our major problem, particularly in the sugar industry. Nor are we competitive with the United States and Japan. Our inflation rate is basically double that of the Organisation for Economic Cooperation and Development countries, reaching as high as 15, 16 or 17 per cent while interest rates overseas are as low as 4 or 5 per cent. That makes the difference.

Who can say we have a level playing field when the EEC, the world market most protected by subsidies, has the advantage of a favourable exchange rate, a healthy balance of trade and good interest and inflation rates? Compare that with the miserable failure of our Treasurer, who has created an economic climate that has produced only troughs for industry. There can be no level playing field while current interest rates, inflation, exchange rates and industrial situations prevail,

and of course our level of taxes cripples incentive and efficiency and results in businesses going out of manufacturing very quickly.

I want to refer to foreign ownership. Recently a cane farm in the Cairns area was sold to foreign interests for \$23m. I believe that in a normal transaction, with the property remaining a cane farm, it would have brought \$1m at the most. This \$23m was offered because the property had good prospects for building developments. The real estate people indicated to me that the price was so high that even after development of the land the average Australian could not afford the allotments especially with the interest rates being charged at the moment. Those allotments will be on-sold from a plan to other foreign interests. So not only will the development itself be in the hands of foreign interests, but the final ownership will also go to foreigners.

Australians should look very carefully at this example of what is happening with foreign ownership in Australia. Senator Button said recently that Australia needs more savings for investment. He is dead right, but the Treasurer does not admit that. Figures show that by the age of 21, which was once regarded as the beginning of adult life, a person might have a debt of some \$6,000. It might be a debt on Bankcard or other credit card, or a debt on a car. I did not have anything when I turned 21, but at least I did not have a debt. Add the debt young people face when they marry and build a house and debt caused by the higher education charges now being imposed by this Government and we can understand the deficiency in savings in this country and why Australian nationals cannot compete with overseas interests.

Let us look at the other side of the coin. The economic climate and high interest rates in Australia encourage foreign investment. The yen equivalent of the \$23m paid for the cane farm is only half what it was three years ago. So overseas interests have picked up a half-price bargain because of the movement in exchange rates. All this would suggest to me that the Government's economic policies are discouraging investment by Australians in their own products while at the same time providing incentive for overseas people to come in and invest as they have.

I mentioned earlier that the first part of the debate on this matter concerned a tariffs Bill to set in place certain tariffs as from 1 July 1989 to compensate for the loss of the embargo on sugar imports. As a result of the introduction of that Bill, the Senate Standing Committee on Industry, Science and Technology was asked to look at the likely effects of customs tariff amendments on the whole sugar industry. I say again that the sugar industry and in fact all primary industries accept that in time protection must be lowered, and in this case the cane farmers agree that the embargo must go. But the industry must have reasonable alternative proposals for the tariffs which are now in place, and it would accept such proposals. We must bear in mind that when this was announced by the Treasurer in the May statement last year, no consultation or negotiations had been held with the sugar industry at any level. In fact, the industry was gearing up to provide another three-year State-Commonwealth agreement, which the embargo would be part of. While those negotiations were in process the Treasurer announced, through the Minister for Primary Industries and Energy, the setting up of a regime of tariffs to replace the embargo, which would be lifted at the end of June this year.

What the industry finds objectionable in the present negotiations and the present stance of the Government is that certain aspects concerning the freight component and the General Agreement on Tariffs and Trade (GATT) allow tariff exemptions to certain countries, such as those which are party to the Forum Island Countries Agreement, so that sugar can come into Australia without any tariffs that were mentioned. There is also to be a reduction in the tariff on sugar from developing countries which have a preference. The proposal is for an ad valorem tariff, whereas the industry believes that with a price below US12c per pound the tariff will not be as effective as the embargo. The industry has asked for a particular tariff pricing mechanism instead of the ad valorem tariff. As I mentioned 12c is the figure at which it becomes reasonable to accept the ad valorem tariff, but even today, I believe, the price of sugar is under 12c a pound. Over the last three years it has slid as low

as 3c a pound. The ad valorem duty is of no value whatsoever with such prices.

The industry has also asked for a fast track trigger mechanism for the implementation of anti-dumping arrangements. To date this has not been addressed. The industry also asked that the tariff apply to beet sugar imports at the same level as it applies to cane sugars from around the world. It also wants time to put into place appropriate arrangements for domestic marketing and the pricing of sugar.

The effect on the Australian sugar industry of the withdrawal of the embargo and the implementation of the proposed tariffs will give an equivalent protection to domestic sales when world prices are at 12c a pound or better at the current rate of exchange. World prices have since 1982 remained on an average under 10c per pound, reducing to 5c in 1985. The actual effects on domestic sales of the regime that the Government proposes will be dramatic, as the refiners and consumers will make deals offshore for imports or separately with the New South Wales industry which have the potential of disadvantaging the existing industry in Queensland.

The industry needs more time to adjust from the date of the removal of the embargo, which is proposed for 30 June 1989, and the reduction of tariffs to 15 per cent at 30 June 1992. The repercussions of the removal of the embargo can have many effects on domestic sales not contemplated by the legislators in the Government which will require time for the industry to address. The first is the monopoly that CSR Ltd has on the refining of white sugars in Australia. In this regard I believe the industry requires time to study whether to set up its own refineries or to negotiate with the Government and CSR for a share in the refinery process. Only time can allow for that. Secondly, the question arises as to how to address the industrial problems which would continue on a strictly regulated basis in an unregulated industry. Penalty rates, weekend harvesting and continuous crushing, all have industrial and social consequences which will require more than five months to be negotiated.

Another such matter will be the diversification into other products. There is a lot of

talk about the production of paper or cardboard from bagasse and the alternative supply of energy, the production of ethanol. Many of these alternatives are sensitive environmental issues which require very close scrutiny, yet the removal of the embargo at 30 June will not allow for proper study and diversification. There should also be an examination of the wharf costs in the production of refined sugar for export, and a new system pioneered by TNT Ltd on the world market of bulk in, bag out cargoes should be thoroughly examined. All of this is happening in the rest of the world but has not yet come to Australia.

The industry will be encouraged to find its way in a deregulated market if the effects of the loss of the embargo can be staged or ameliorated. Figures produced at the Agricultural Outlook Conference on 18 January by Rosalind Warren indicated that Australian producers received less for their returns for raw sugar than any other nation and that they are the least protected of the world's producers. This reflects the efficiency of the Australian industry and the fact that Australian producers compete against corrupt and subsidised world market trade.

We say that there is a need for a committee report. We believe that this legislation should not have been brought into this House until the Senate Committee had reported. This is again a matter of the Government seeking confrontation instead of negotiation. There has been a lot of argument about the Queensland Government, the sugar industry and the farmers, but over time the farmers have moved, out of necessity, because of drought and low market prices, to deregulation. There is no longer approval for the transfer of cane assignments within the same mill area. This is a great achievement. Cane can also be grown in a variety of areas, which has favourable environmental consequences as against the previous intensive use. This is part of deregulation. Every farmer and every mill in the industry have had to financially reconstruct their affairs over the last couple of years. Unfortunately, some of this financial reconstruction has meant that people have left the land. They have had to sell out, some through bankruptcy and some because they could not continue their enterprises. Some of those enterprises have been

in the families for decades. There has been major amalgamation of mill interests. This has happened particularly in the electorate of Dawson, where five cooperatives have acquired a CSR mill and taken the whole crop within the Pioneer Valley, which has meant the closure of some of the smaller mills. That again has social implication, but they have done it. There has been a reorganisation of the associations. There has been a desire to improve the industry by increased assignments, if not by increased peaks.

It is interesting that while Labor members in this chamber criticise the Government in this regard, it was their own State Labor member, the shadow Minister for agriculture, Mr Casey, who condemned the Government for not increasing quotas and at the same time not realising that assignments were going to be increased. Some of the major companies, such as CSR, have positioned themselves to take whatever advantage they can of the current market situation, and I believe the removal of the embargo will help them in that regard. I believe that there should be more negotiations. There should not be confrontation. The industry must have time to adjust and the embargo measures should be addressed together with the Senate Committee report.

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

Mr HUMPHREYS (Griffith—Minister for Veterans' Affairs) (10.53)—On behalf of the Minister for Primary Industries and Energy (Mr Kerin) I thank all honourable members for their contribution. The Minister tenders his apologies for not being here. He had to go to an important engagement in Tasmania.

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 Humphreys) read a third time.

BROADCASTING (OWNERSHIP AND CONTROL) BILL (No. 2) 1988

Second Reading

Debate resumed from 30 November, on motion by Mr Willis:

That the Bill be now read a second time.

Mr BLUNT (Richmond) (10.54)—The Opposition is not going to oppose the Broadcasting (Ownership and Control) Bill (No. 2). If we look closely at the second reading speech of the Minister for Transport and Communications (Mr Willis) we see that the purpose of the Bill is to correct an error that the Government made in drafting the original legislation. We are certainly prepared to cooperate with the Government to fix a mistake in its policy. Unfortunately, it is indicative of the Government's approach to broadcasting, which is very much ad hoc.

If one goes back to when the Government announced in the Budget changes to broadcasting legislation one will see that some of its proposals, particularly for radio ownership and the granting of new licences and the conversion of licences from AM to FM, stood for only a few weeks. Caucus took exception to it. Some of the friends of the hierarchy of the Australian Labor Party did not like the proposals. Lo and behold, what was announced in the Budget was not translated into legislation some three or four weeks later. As I said, this Bill's prime purpose is to correct an error in the grandfathering provisions of the previous legislation. We have no objection to the Government fixing its mistakes. We hope that it does not make too many more in the future. We support the 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 Humphreys) read a third time.

TRANSPORT LEGISLATION AMENDMENT BILL (No. 2) 1988

Consideration resumed from 21 December.

Second Reading

Mr ROBERT BROWN (Charlton—Minister for Land Transport and Shipping Support) (10.55)—I move:

That the Bill be now read a second time.

The Transport Legislation Amendment Bill (No. 2) contains amendments to a number of Acts administered by the Transport and Communications portfolio. The amendments are of a kind which it has been the practice, in recent years, to make in an omnibus Bill of this nature.

Navigation Act 1912

Under the Act there exist numerous administrative discretions for which there is no avenue for review other than a court of marine inquiry (CMI). Courts of marine inquiry usually deal with marine accidents or casualties but for administrative review they are an expensive, cumbersome and outdated mechanism. This is evidenced by the fact that a CMI has not reviewed an administrative decision in over 60 years.

In addition, the Senate Standing Committee on Regulations and Ordinances has been concerned about the lack of a simple review mechanism for decisions taken under the Act and its subordinate legislation. In light of the Government's policy to centralise administrative review functions as far as possible in the Administrative Appeals Tribunal, a review of all administrative decisions under the Act was conducted in consultation with the Attorney-General's Department. The results of this review are implemented in the Bill. The Bill will insert new part IXA into the Act which lists, section by section, all the administrative decisions appropriate for review by the Administrative Appeals Tribunal.

Ships (Capital Grants) Act 1987

The Act is to be amended to ensure that funds it provides are used to best effect. The intention underlying this Act is to provide financial incentives to promote the introduction of modern, advanced technology trading ships which put in place the improvements in shipboard productivity and work practices recommended by the Maritime Industry Development Committee (MIDC). An integral part of these improvements is the introduction of multi-skilled crews, smaller than the existing norms within the industry. It has become apparent that there is the possibility

of a diversion of funds under the Act to provide what amounts to windfall gains to operators of small passenger ships intended for the coastal cruising market. Such ships are eligible for grants under the Act as it is presently drafted, but their crew training and operational requirements fall outside the scope of the MIDC recommendations. Consequently, the payment of a grant to operators of these ships is not warranted. The Government estimates that if no action is taken to remedy this situation up to \$6m could be paid to such operators over the next two years. The Government has therefore decided to amend the Act and target it more carefully. This will be done by making it clear that the focus of the Act is substantial cargo carrying ships—that is ships over 60 metres in length—and by excluding ships intended wholly for the carriage of passengers from the Act.

The original definition of trading ship in the Act was intended to include commercial ferry operations, such as those across the Bass Strait. Such ships are in the mainstream of Australian shipping and are capable of achieving the efficiency and productivity improvements generated as part of the Ships (Capital Grants) Act package. Accordingly, the amended Act will still enable a large ferry operation to qualify for a grant, provided it carries a significant amount of cargo in addition to its passengers. To protect the revenue from claims for ships which are to be excluded by these changes, the amendments are to take effect from 1 September 1988, being the date of introduction of this Bill in the Senate. Applications made before that date will remain valid.

Protection of the Sea (Prevention of Pollution from Ships) Act 1983

This Act gives effect to the International Convention for the Protection of Pollution from Ships 1973-78. Annexes III and V of the Convention relating to pollution by harmful packaged substances and by garbage will come into operation shortly. The Bill will extend the parts of the Act relating to annexes III and V to ships normally under State/Northern Territory jurisdiction, until the States and Northern Territory have parallel legislation in place. The amendments are necessary for Australia to meet its international Convention obligations and have

been agreed by the State/Northern Territory marine Ministers.

Other Amendments

The remaining amendments in the Bill are to correct drafting errors and make minor editorial improvements.

Financial Impact Statement

On the basis of the number of potentially eligible passenger ships on order in Australian shipyards for domestic delivery, it is estimated that the amendments of the Ships (Capital Grants) Act 1987 could save the Government up to \$6m over the next two years. No figures are available beyond 1990, but it is possible the total savings could be double this amount by 1992, when the Act expires. There will be no significant costs, revenues or savings to the Government arising from the other amendments in the Bill. I commend the Bill to the House and present the explanatory memorandum.

Leave granted for debate to continue forthwith.

Mr BLUNT (Richmond) (11.02)—As the Minister for Land Transport and Shipping Support (Mr Robert Brown) explained, the Transport Legislation Amendment Bill (No. 2) 1988 is an omnibus Bill which seeks to amend several pieces of legislation—the Navigation Act, the Ships (Capital Grants) Act, the Protection of the Sea (Prevention of Pollution from Ships) Act—and there is a series of other amendments affecting the Airlines Equipment Act, the Civil Aviation Act, the Federal Airports Corporation Act and, of course, the Navigation Act again. The Opposition does not oppose this legislation. We somewhat regret that the only initiative taken during this Government's term of office in this Parliament in terms of the waterfront is this sort of legislation.

One remembers that, after the election, both the Prime Minister (Mr Hawke) and the Treasurer (Mr Keating) said that the hallmark of the third term of the Hawke Labor Government would be micro-economic reform and that it would focus on coastal shipping and the waterfront. We were all holding our breath waiting for something to happen. Now this is the type of legislation with which we have to deal. I notice that the Minister for Land Transport and Ship-

ping Support, who is at the table, is very pleased because there will be some legislation in here very soon and he will be able to go to the people and say, 'We have actually done something'. I look forward to seeing the Bill when it comes into the House.

As we are now debating this legislation let us address some of the major issues. We have no problems with the proposals for changes to the Navigation Act as they affect the review of decisions under the Act and the Administrative Appeals Tribunal. In relation to the Ships (Capital Grants) Act, we would like an assurance from the Government that the proposed change will not have any impact on commercial ferry operators, such as people who operate across Bass Strait. I know that that is not the Government's intention, but the House will note that there was in fact a drafting error in the previous Bill that we considered and the Government was forced to correct it. I would like the Minister and his staff to consider this and to give us an assurance in summing up this debate that it is not the Government's intention to affect commercial ferry operators and that, if by some misjudgment of the draftsman, the legislation does have an impact on that sort of operator there will be a very prompt and retrospective correction to the date of the introduction of this legislation.

The amendments that affect the Protection of the Sea (Prevention of Pollution from Ships) Act are very important. They are part of Australia's obligations to an international convention and they should be supported by any country that has a commitment to protecting and preserving the quality of our environment. The seas of this world are extremely polluted. I have seen surveys that indicate that there is an immense amount of plastic debris floating around the oceans of the world. Closer to home we have the problems that relate to spillages and dumping from ships. This sort of behaviour cannot be countenanced and there is a need for Australia to fulfil its obligations to the rest of the world. Our endorsement of this convention is, of course, welcomed.

The other amendments, which as the Minister said, basically concern drafting errors, corrections and editorial changes to the other pieces of legislation I previously mentioned, are acceptable to us. We regret that the

Government is not addressing the more substantial issues that are of concern to the community about the Civil Aviation Act and the Federal Airports Corporation. I am sure that his ministerial colleagues will be moving in the near future to restore some order to the chaos which is developing in Australian aviation. I hope that the Government will dump its untenable policy with respect to the development of Sydney (Kingsford-Smith) Airport and give us a third runway in the not too distant future. Unless it does, it is really looking for trouble. I would not like to be the Minister responsible for aviation in this country when the inevitable unfortunately happens in Sydney, and it will happen unless something is done about the quality of the service that is available through the number of runways, the slots available and the quality of air navigation equipment available. It is not just Sydney airport that is a problem. The problems range from Perth through to Melbourne, Sydney, Brisbane, Townsville and Darwin. They are inextricably linked to the Government's approach to legislation with respect to the Civil Aviation Authority and the Federal Airports Corporation. With those remarks I offer the Opposition's support.

Mr CUNNINGHAM (McMillan) (11.07)—The Transport Legislation Amendment Bill (No. 2) is an omnibus Bill containing amendments to a large number of transport related statutes. The Navigation Act 1912 provides the Minister with a large number of discretionary powers and functions, most of them entailing administrative decisions. Under the Act the only avenue of appeal from such administrative decisions is through a court of marine inquiry (CMI), except a decision to cancel or suspend a certificate issued to a seafarer, a decision to refuse to issue in respect of a ship a marine pollution certificate, and a decision by marine council that a seafarer is unsuitable for engagement, which decisions are reviewable by the Administrative Appeals Tribunal (AAT). A court of marine inquiry is an expensive process both for a complainant and the Government. The Bill will amend the Act to limit CMI jurisdiction to marine casualty inquiries and to establish access to the AAT for the review of all appropriate administrative decisions. There are some ministerial

functions in the Act which are not of an administrative nature, which do not affect the rights of individuals or for which there are more appropriate alternative avenues of appeal available. Such decisions have been excluded from the ambit of the proposed amendments.

I would like to speak a little about our international shipping. For Australia to engage successfully in international shipping its fleet must be technologically and economically efficient and must have well trained, effective crews. There are benefits to the Australian economy by Australia being able to provide efficient shipping services of its own and there is potential for developing Australian flag shipping as a service trade, revenue earner and generator of employment. Australia has the fifth largest shipping task of the world's trading nations on a tonne per kilometre basis. Yet Australian ships carry only about 3 per cent by volume of our overseas trade. Commercially viable Australian ships can carry our exports and imports, thus enabling Australia to retain their earnings, expand its employment base and generate more activity by servicing its own shipping industry.

It is estimated that the cost of freight is approximately 11 per cent of the total value of Australia's overseas trade. This is a major problem for Australia, one that was neglected for a considerable time by those opposite when they were in government. Importers and exporters today must be made aware of the potential benefits from the utilisation of Australian shipping. Australian ships effectively operate in the competitive international liner, dry bulk and tanker trades. Recently negotiations have been concluded to allow for substantial participation by Australian manned ships in the North West Shelf-Japan liquefied natural gas (LNG) trade, one that will be very important to Australia in the near future, particularly as our presently indicated oil supplies are declining at the moment and will further decline from about 1995.

The size of Australia's balance of payments deficit underlines the need to diversify Australia's industries. Australian shipping can service Australia's trade, but also has the potential to be a greater service export in its own right. The Australian shipping industry

can demonstrate to its customers that an efficient and reliable service is available. The recent liner shipping report found:

Where no commercial disadvantage would be sustained it would be in Australia's national interest if shippers increased their patronage of Australian flag vessels.

The report also recommended that all shippers should consider the potential national benefits which would flow from the use of Australian flag ships in terms of employment and tax revenue gains.

The Australian maritime industry still has room for improvements and can modernise its practices in a number of areas. For example, the worldwide trend to smaller crews will need to be followed by Australia. Smaller crews have not been achieved overseas simply by reducing numbers. Instead the skills of seafarers have been upgraded and crews organised to work more effectively as a unit. With the breaking down of the social and industrial barriers between seafarers, further reductions in the number of maritime unions are anticipated, allowing further changes in work practices and job structures to be addressed at the same time. To complement these shipboard developments there is a requirement for continuing improvements in shore-based support mechanisms. This is part of the overall restructuring process that Australia is going through and it is very important for our future. To survive in international trades, the Australian shipping industry has to be efficient and competitive in the service it provides to Australian shippers.

Over the past six years there have been several inquiries, reports and task forces which have produced findings and recommendations concerning the development of Australian shipping. The basic finding of these reports is that Australian shipping has a role to play in the economic development of Australia and that the industry should be encouraged to become more efficient and competitive and develop on a planned and orderly basis. In 1984 the Crawford package was introduced involving tax concessions for ships with reduced crew sizes. This package resulted in 12 new ships with crew sizes some 20 per cent lower than previous generation ships. The Crawford package has been replaced by the more comprehensive pack-

age developed by the Maritime Industry Development Committee (MIDC), which introduced new shipboard organisation and work practices to maximise the benefits of modern ship technology. The new shipboard structures provide immediate benefits with crew reductions on new ships of 20 per cent over the Crawford generation ships, and also allow for further reductions in crew sizes in the light of technological and industry developments.

There have been encouraging developments in the Australian industry. The *Portland*, the first ship to be operated with the new crewing arrangements developed by the MIDC, was commissioned earlier this year. In addition to the *Coral Princess*, six firm orders for MIDC ships have been placed to date: the Broken Hill Proprietary Co. Ltd crude carrier, the Caltex, Mobil and Ampol product carriers, the ICI liquid petroleum gas carrier and the replacement Antarctic research ship. A number of other companies have also indicated that they have plans for new ships. So far interest has been expressed predominantly in replacement tonnage and expanding the coastal bulk fleet.

There are also orders in place for a number of ships which, while not eligible for a grant under the Act, will take advantage of the MIDC crewing arrangements. Included in this category are the two Australian flag LNG tankers under construction for the North West Shelf project and the Australian National Line car carrier. This means that by 1991 there will be at least 11 ships operating at MIDC standards. This result, achieved a little over one year into the scheme, is comparable to the results of the previous Crawford scheme, whereby 12 new ships were introduced. The bulk of the effect of the MIDC scheme is yet to be felt due to the lead times involved. However, it is expected that most new ships will be introduced in 1991-92.

It gives me great pleasure to support the Bill. It is another indication of this Government's approach to restructuring, this Government's ability to be able to work with all sectors of the Australian community. For a continent like Australia, which is surrounded by water, shipping is a very important part of our trade and one that I am sure this Government will be able to go to the people

with with a good record when we front up at the next election.

Mr TIM FISCHER (Farrer) (11.15)—I support my colleague the honourable member for Richmond (Mr Blunt) in terms of the legislation before the House, the Transport Legislation Amendment Bill (No. 2) 1988. It essentially relates to two groups of amendments—navigation and shipping on the one hand and aviation and aviation equipment on the other hand. In 1989 we are facing a developing crisis of confidence with modern transport technology. The public at large has reasons to be very concerned that despite all the advances made in recent decades we have a litany of failures at sea by quite large and modern ships—running aground constantly around the world. I am not specifically talking about Australia. The *Singha Sea* incident was caused by a ship failing completely by breaking in half just to the west of Perth not so long ago.

On the one hand this Bill has to do with the shipping side of things and on the other hand it has to do with aviation in which tragedies are abounding. We have had technology failures where a 737 aircraft was cross-wired in terms of its engine firefighting equipment and its engine fire warning equipment to the cockpit, resulting in the crash of that aircraft in the Midlands of the United Kingdom earlier this year. More recently we saw the spectacular but very sad tragedy of a United Airlines Boeing 747 aircraft just out of Hawaii which was caused by a breakdown in modern technology rather than any terrorist action. This led to the deaths of many people in the case of that 747. I suppose as a balancing item I should say to the House that it speaks volumes for the overall structure of the 747 and for the expertise, bravery and competence of the technical crew that notwithstanding all that happened with the blowout of that cargo door, the ripping aside of a large section of the fuselage and the decompression of the plane, it continued to fly for some considerable time and made it back on two rather than four engines—both of those engines operated on the one side of the aircraft which creates control difficulties for the pilot—to land at Hawaii, thus saving the lives of literally hundreds of passengers. Equally, it has to be said that

clearly the cargo door should never have failed in the first place.

This legislation relates to the question of safety in shipping and aviation. It is disappointing that in 1989 we are having these tragedies occurring due to some form of breakdown on the technological front. The various safety checks, the various equipment inspections and the various 101 provisions which exist to ensure these things do not happen are failing the travelling public in 1989. They are failing the world at large and affecting so many nations and so many families in the worst possible way. As I have said before, this whole question of transport safety and transport infrastructure efficiency is vital, especially for Australia as we enter the competitive decade of the 1990s. Unless we get our transport infrastructure equation correct and efficient we face horrific problems on the economic front, quite apart from any other front, as we have to do battle with the huge trading blocs emerging in Europe, the United States of America, Canada and elsewhere in the world in the early part of the next decade.

As we consider this legislation before the House, I guess it is sad that we have to recall the shocking record of recent times with regard to safety in transport at large—shipping and aviation. I wish to make two points. Firstly, I remind the House and the nation that on a straight-out safety equation rail as a mode of transport—I am referring to slow, conventional trains and very fast high speed trains—is streets ahead of either road or air in any comparison based on passenger safety and passenger fatalities. There are still accidents on the railways. Last year France had two spectacular accidents on its conventional system—not its TVG system—which forced the resignation of the president of the railway authority, the SNCF, because some 50 or more people had died in those two rail accidents. It was a bittersweet pill for that president when he looked at the road statistics and wondered whether the Minister for Roads in that country should have also resigned because in that particular year thousands died on French highways and roads. But no resignation was demanded of the opposition number on the road front.

I remind the House that rail is underestimated in terms of its safe operations and its

fundamental efficiencies. A steel wheel on a steel rail has from one-seventh to one-tenth of the friction of a rubber tyred wheel on a bitumen surface. I also remind the House that on the safety front the new generation rail systems, such as the very fast train or the TGV, have been operating in recent years in France with no blemish to the passenger safety records. But as is well known, one driver committed suicide on TGV by winding down the window of the locomotive cabin just north of Lyon. I was shown the spot the day after Boxing Day when I had the privilege of riding in the driver's cabin of the TGV between Paris and Lyon. He jumped out and committed suicide. Even in that situation the TGV system operating that day shut down safely and no passengers were hurt. The driver in question was killed but the whole situation was recovered without any loss of passenger life. When I threw that criticism at the French railway officials—I say this on a slightly lighter note—they came back very quickly and said, 'Hang on, Monsieur Fischer, we have read our history. We know the Cobb and Co. coaches operated in Australia and we are sure at some stage a Cobb and Co. coach driver jumped off his coach and committed suicide. Therefore, you should not object too strongly. We cannot predict the actions of drivers who are determined to commit suicide but our system still retrieved the situation'. All I could say in response to that was 'Touche!'.

I say again to the House that the whole mode of rail transport has been neglected by degrees over recent years. Some progress has been made. As we look at the safety dimensions conferred by this legislation before the House, I remind honourable members that there is far greater scope for the development of new generation rail on safety grounds alone, let alone economic or environmental grounds. In terms of the greenhouse effect and the ozone layer, the very fast train between Sydney and Melbourne would be five times more efficient in terms of energy than either road transport—travelling on the Hume Highway—or air transport. That fact is a very strong reason why one should argue in favour of the development of that very fast train between Sydney and Melbourne by the best possible route, preferably via Albury. In any event, it should be by the best,

most economic and most environmentally satisfactory route that is available.

Finally, in terms of this question of rail perhaps I should relate to the House a decision made this morning by the Minister for Transport and Communications (Mr Willis) to grant a term of reference to the House of Representatives Standing Committee on Transport, Communications and Infrastructure, as a result of my urging and other members' urging, to look at Australian National in a constructive way. I commend the Minister for granting that reference early this morning. The Committee has decided to take that up. It will look at east-west freight movements and passenger movements of Australian National and will also look at the synergy which could be developed by transferring Australian National's eastern terminal from Broken Hill to Parkes and altering the ownership of a line as may be necessary between Parkes and Broken Hill. For example, two-kilometre freight trains could operate from Parkes to Perth with massive efficiency and economic advantage.

I realise the main purpose of the legislation before the House is to amend navigation legislation and aviation and aviation equipment legislation. That leads me to say that on both those fronts, in government inspections on aircraft equipment and ageing aircraft and inspections; on navigational equipment servicing our coastal shipping and other shipping operating in the area of Australia, one cannot take anything for granted. If there is a lesson to be learned from the tragedies of the last year or so, it is simply that, as always, the only way to approach this safety equation is to operate on the basis of the worst case scenario, because if it can happen it will happen. I instance problems of avoiding collision with oil production platforms in Bass Strait, problems of simply running aground around the coast of Australia and beyond and the problems with aircraft worldwide which I alluded to earlier.

The Opposition is not opposed to this legislation. It consists of functional, routine amendments which the honourable member for Richmond has supported. In closing, I take the opportunity to remind the House of the safety advantages, quite apart from any other advantages, which would be conferred by the early adoption of the Qantas submis-

sion for a stubway or third runway at Mascot. The Qantas submission does not involve any resumption of land or abolition of housing; it does not involve any alteration to the recently completed expressways in the vicinity of Mascot. It is a sensible, workmanlike approach to a very difficult problem. I concede that it is a very difficult problem, but I do know that the Minister for Telecommunications and Aviation Support (Mr Punch) cannot claim accurately that Badgerys Creek could be operating within three years.

Mr DEPUTY SPEAKER (Mr Mountford)—I ask the honourable member not to transgress into that area. I have allowed him to pull a long bow on his rail journeys, but I think he should wind up his remarks on the content of this Bill.

Mr TIM FISCHER—As I said, the Bill does relate quite significantly to amendments to aviation legislation. I note that other members speaking in this debate made reference to Mascot but, in terms of safety overall, in this year, 1989, nothing should be taken for granted, because tragedies are occurring far too often. Clearly, some of the larger companies, some with excellent reputations, must lift their game if they are to satisfy members of the travelling public that they are safe when their travel involves equipment produced by those companies.

Mr HOLLIS (Throsby) (11.29)—I am pleased to speak on this important legislation. It is fairly narrow legislation but, with the indulgence of the Chair, I might range a little widely, though not quite as far as Mascot unless it is going to be serviced by a very fast train or something like that. However, with the indulgence that has been given to preceding speakers, I might wander a little bit myself from time to time.

As has been pointed out, the Transport Legislation Amendment Bill (No. 2) contains amendments to a number of Acts administered by the transport and communications portfolio. It is not a great, shattering statement that Australia is a maritime nation. Few nations are as dependent on shipping as we are for our imports or, indeed, for our very important exports. It is essential that Australia have a modern, economic shipping industry. I must say, as a member of this

Government, that since this Government came to power I have been very pleased to see the important measures taken to see that Australia does have an adequate shipping industry. The measures before the House that we are debating today will further contribute to this.

The shipping industry has to be seen as integrated with other aspects of Australian industry. For example, if we are going to have an efficient shipping industry, we must also have an integrated transport infrastructure. This should cover roads, rail and shipping. It is for this reason that I am bitterly disappointed that the current New South Wales Government has not supported my campaign, the campaign by local councils of the Port Kembla Harbour Task Force and others, for a new road at Caloola Pass linking the southern highlands part of my electorate to the Port of Kembla. A lot of work has been going on at the Port of Kembla but without this road Port Kembla will not reach its full potential as an export port. The funds for the road would have been provided under our national arterial road program but, because the area I represent is a Labor area, the New South Wales Greiner Government in its pettiness, to punish the people of the Illawarra, would not recommend this vital road for funding.

In addition to amending the Navigation Act 1912 to make it more relevant, this Bill will amend the Ships (Capital Grants) Act 1987 to ensure that the funds it provides are used to the best effect. I note that the Opposition has not opposed this. How could it oppose it? It is a measure that we are taking to see that the money that the Government provides goes where it is supposed to go. It was possible under the current Act for funds to go to small passenger vessels engaged in the tourist trade. Basically, what we are talking about is freight-carrying ships. This amendment was developed to prevent this unintended diversion of funds under the Act to provide what would amount to windfall gains for operators of small passenger cruise ships. Based on the number of passenger ships for the domestic market on order in Australian shipyards, it is estimated that up to \$6m could have been paid in grants to operators of such ships by the end of 1989,

and further payments would have been made before the Act expired in 1992.

The amendments also deal with the protection of the Sea (Prevention of Pollution from Ships) Act 1983. That Act gives effect to the International Convention for the Prevention of Pollution from Ships 1973-78, and the convention relating to pollution by harmful packaged substance and by garbage will come into operation very shortly. The Bill will extend the parts of the Act relating to annexes III and V to ships normally under State and Northern Territory jurisdiction, and this will occur until the States and the Northern Territory have parallel legislation in place. The amendments are necessary for Australia to meet its international convention obligations and have been agreed to by the State and Northern Territory maritime Ministers.

It is very important that we protect this vital resource, the sea. I recently travelled to Antarctica. According to international law, below the Antarctic Circle nothing is supposed to be thrown overboard. Although this is stated in the international convention, it does not happen. It does not prevent discharge of garbage from ships. It is a matter that I think either the Minister for Land Transport and Shipping Support (Mr Robert Brown) or someone else should have a look at, because garbage is disposed of from ships operating in the Antarctic area.

Honourable members have alluded to some of the changes that have been needed in the Australian maritime industry. I know that from time to time in this House some of the seagoing unions have been the subject of very strong criticism. I have been known on occasions to rise to my feet in defence of those unions. Let me place some of those comments in *Hansard* once again. As the honourable member for McMillan (Mr Cunningham) said, it is very important that our crews be adequately trained. The seagoing unions recognised this some 10 years ago. They did not have to have government decrees in order to face up to the reality of what was happening and about to happen in the shipping industry. Some 10 years ago the Australian unions faced up to the fact that it was necessary to reduce crew levels on Australian shipping if that industry was to remain competitive. They saw that this could

be done through the amalgamation of their unions. This would open the door to a number of cost saving advantages. It would eliminate many job demarcations. We are often criticised by the other side of the House, but let me tell the other side that unnecessary demarcation disputes often frustrate us too. Nevertheless, the union recognised that this action would eliminate many job demarcation disputes and open the way for multi-skilling, thereby making it possible to have smaller crews.

Today the amalgamation process is all but complete. Where there were seven unions, now there are only three, and the intention of the two officer unions to merge will soon reduce the number of shipboard unions to one. When the Opposition is in full flight criticising the seagoing unions we very rarely hear these points made. This amalgamation, of course, is very much in line with the 1982 report of the Crawford Committee on Revitalisation of Australian Shipping. The maritime unions saw the need to change their work practices and set about doing so. Today they are in the vanguard of change in Australian unionism, and their example is constantly held up for others to emulate.

It should also be considered that we can have modern work practices only in modern industries. Crewing levels can with safety be brought down to an economically competitive level only on ships that are specifically designed for modern operation. The honourable member for McMillan mentioned the *Portland*. The *Portland* is the first of what I hope will be many new highly efficient Australian ships. For the first time in Australian shipping, the *Portland* makes safe working practices possible by a multiskilled crew of 21, which is the crewing benchmark of the Maritime Industry Development Committee (MIDC). This ship and its highly skilled crew represent a major breakthrough in efficiency and safety for Australian shipping. This, not the opening up of our shipping lanes to flag of convenience rust buckets with their poorly paid crews who live in squalor and constant fear of their lives, is the way ahead. We should have more ships like the *Portland*. It is all very well for the Opposition and the newspapers to point to Australian crewing levels and say that they are far too high, but crewing levels will come

down only if we have the proper ships to permit that.

The honourable member for Farrer (Mr Tim Fischer) in his contribution drew our attention to the need for safety. He was right in what he said about safety. No-one would argue with him about that. He ventured as far as to talk about safety on aeroplanes. I agree with him entirely on the matter of safety. One of the reasons that I am so opposed to privatisation is this very question of safety. It has been suggested—and I am not saying that it is true—in some countries which have embraced the privatisation argument with a degree of enthusiasm that as profit is such a motivating force safety aspects are often treated in a cursory manner or overlooked so that costs can be cut. Our own safety record, especially in the air, is excellent. One of the reasons for its excellence is that the Government insists on safety measures. This is one of the reasons that I am so strongly opposed to the privatisation push that raises its ugly head from time to time.

I also support the honourable member for Farrer, as I have before in the House, in his enthusiasm for rail transport. It concerns me that we have perhaps not given rail transport the amount of support that we should have. It is one of the most economic ways, if not the most economic, of conveying freight. There is no comparison between the cost of moving freight by rail as opposed to road, with all the hidden costs that have been imposed on the Australian taxpayer. Rail will win out every day. Road transport is no quicker than rail transport, and it is often not necessary to have a comet-like delivery. If we want a comet-like delivery we have Comet to do it. It would be much better for the taxpayer if many of these things going between Sydney and Melbourne went by rail. Having said that, I hope that the honourable member for Farrer will convey his enthusiasm for rail—I know that it is genuine—to his colleagues in the New South Wales Government and suggest to them that the act of vandalism they committed on coming to power in stopping the Maldon-Dombarton rail link, which would have been one of the great boosts for my region, should be reversed so that that work can proceed.

I do not share the honourable member's enthusiasm for the very fast train. I do not think it will ever become a reality. It is the flavour of the month at the moment. Everyone is talking about it at the moment and jumping on the bandwagon—or jumping on the fast train. I think it will be prohibitively expensive. I cannot see private industry coming up with the money. It will be coming to the Government asking it to match its contributions dollar for dollar. If I have any say in it, we most certainly will not be doing that. Environmentally, I think it will be a nightmare. Imagine going to all the local councils to get permission to go through their areas. We might try to pass an Act of Parliament, but then we would have an uproar. Our population is not big enough to justify the project. We are only 16 million people. It is going to be a very fast train, so-called, between Sydney and Melbourne—

Mr DEPUTY SPEAKER (Mr Mountford)—Order! I ask the honourable member to come off the trains and come back to aviation and shipping.

Mr HOLLIS—I will, Mr Deputy Speaker. As the honourable member for Farrer brought this matter up I was just replying to him. I was just concluding my comments on that matter. I will make just one point on it and then move back to the legislation. I say in reply to the honourable member that every town on the route thinks that the very fast train will stop there. I know of about 18 towns on the route. If the train stopped at all these 18 towns, there is no way that it would be a very fast train; indeed, it would be a very slow train.

Under your benevolent guidance, Mr Deputy Speaker, as you have referred me back to the legislation I will mention, as did the honourable member for McMillan, the Antarctic research ship that is being built under the auspices of the MIDC. Mr Deputy Speaker, having visited the Antarctic, you may share with me the concern, important as it is for Australia to have this research ship, as to whether we need two ships and not one. At the moment we have to hire two ships to carry out our work in the Antarctic. We hire a German ship and a Canadian ship. The Antarctic research ship, *Aurora Australis*, which is being built at Newcastle—and the Government is contributing funds to

this under the MIDC—will be doing essential research, but perhaps we should look at having a second ship there. Quite frankly, it amazes me that we have to hire a Canadian ship and a German ship in order to get to the Antarctic. We have to rely on Russian maps to direct us there. If we ever get stuck in the ice we have to rely on either the Soviets or the Japanese to come and rescue us. None of our naval vessels can get further than Macquarie Island, yet we claim 43 per cent of Antarctica. Quite frankly, that is a joke.

I support very strongly the *Aurora Australis* concept. I think it is important that we should have a vessel which is strengthened to operate in the ice. Maybe we should ask our navy to operate an ice strengthened ship to allow it to rescue the foreign ships that convey us to and from the Antarctica. Perhaps Australia itself should be building a resupply vessel as well as this research vessel.

Before you pull me up, Mr Deputy Speaker, I point out that the matter I am raising is covered in the legislation that is before us. I am referring to the amendment which deals with the funding of the research ship that is currently being constructed in Newcastle. Mr Deputy Speaker, I thank you for your indulgence. I have ranged rather widely, as have previous speakers in this debate. But I welcome this legislation. This might not be the most momentous legislation that will ever come before this chamber and I suppose that is evidenced by the overflowing number of members in the chamber at present and the number of people in the gallery!

Mr Price—But it is a good speech.

Mr HOLLIS—I thank the honourable member for complimenting me on my speech. Nevertheless, it is important legislation because it tidies up many small loopholes and anomalies relating to the Transport and Communications portfolio. This legislation is part of the successful attempts by the Hawke Labor Government to make Australian shipping more modern and more relevant to 1989. That is what we are about. We realise that we are a maritime nation. We depend on our shipping industry to transport imports and exports. We live by our exports, so it is essential that we have a modern and efficient

shipping industry. This legislation is just one more step in achieving that. I commend the legislation to the House. I especially compliment the Minister for Land Transport and Shipping Support on bringing forward for debate this important legislation at this most appropriate time.

Mr COWAN (Lyne) (11.48)—Mr Deputy Speaker, I appreciate that the Transport Legislation Amendment Bill (No. 2) 1988 is a rather narrow piece of legislation. This omnibus Bill is important because it raises some very important features so far as this country is concerned, especially in terms of aviation and navigation. Firstly, I would like to mention the dumping of waste at sea which is occurring right throughout the world. This activity is of special significance so far as Australia is concerned because we are rather isolated and, as previous speakers have said, most of the goods that come into and go out of Australia are transported by ship. I have always been concerned about the possible effect that exotic diseases could have on our cattle numbers, our national herd, as well as on our sheep industry, and in this respect it is very important that we pay particular attention to the dumping at sea of ships' garbage. We must always be prepared to legislate in this area. I commend the relevant Minister for the action that he has taken in this respect. I also commend previous administrations for the action that they have taken.

I believe that the Government is aware of the importance of this matter, particularly in view of the future of our stock and the possibility that foot and mouth disease could be introduced to Australia. Such an occurrence would be tragic so far as our national exports and our primary industries are concerned. We do not want to have to suffer such a disease. Whoever may sit on the right of the Speaker in this House has a responsibility, supported by legislation of the various States, to do everything possible to keep exotic diseases out of Australia.

Australia has a very long shoreline and it would be so easy for this disease to be brought ashore as a result of the dumping of garbage at sea. I want to sound that warning. It is important that we do something so far as our primary industries are concerned. Oil spills and other types of pollution also pollute the seas of the world. Experts tell us

that pollution is growing enormously and we must be aware of this in Australia.

I agree with what previous speakers have said with respect to the importance of shipping to this country. The Government has spoken about micro-economic reforms. I would support any measures that the Government may take relating to the waterfront in Australia. The honourable member for Throsby (Mr Hollis) spoke about the amalgamation, outlook and policy of unions. Whoever may take the administrative reins in Canberra should look realistically at the problems of the Australian waterfront. We have had problems of delays on the waterfront. I read in a recent press report that it takes four days for a ship to get into an Australian port and four days for it to be started to be unloaded. We are told that in Singapore and other major shipping ports of the world, boats can come into port in the morning, unload, reload and be back at sea again within a day.

I say to the Minister for Land Transport and Shipping Support (Mr Robert Brown) that this is what we must be aiming at in Australia. We cannot have in this country a situation where it is costing so much to ship our goods from Port Lincoln to Brisbane or to ship iron ore from Broome to Sydney or Wollongong. This sort of thing is costing us and industry generally a great deal. I believe that a cargo can be sent from Townsville to Japan at maybe less cost than to send it around Australia. So there is a great need for reform so far as we are concerned. It would be wonderful so far as this country is concerned if the legislation before the House could increase our efficiency.

When one looks at the world scene in respect of the manufacture of ships, I do not know whether this country is in the position of being able to achieve the reforms which are proposed in this legislation. At present most ships are built by countries such as Japan, Sweden, Taiwan and Korea. I was told on a recent trip to China that those countries are now finding it rather expensive to build ships and they are now going more into the electronic side of industry. Countries such as China, Brazil and the Argentine, which we recognise as belonging to the Third World, will come into the shipbuilding scene. Australia has a problem in being able to compete with those countries.

Because of high wages and the high cost of production in this country, I fear for the future of some of our boatbuilding firms. The boatbuilding industry is efficient in Australia. Carrington Slipways Pty Ltd is located in my electorate. This tremendous firm is building wonderful boats for Australia for use in the international and coastal trade. Stebercraft Pty Ltd in my town of Taree is building 52-foot boats. In fact, I visited this firm on Friday afternoon. Mr Deputy Speaker, I know that this is off the track somewhat because these boats do not receive a subsidy, but these boats are being built and exported. The firm is manufacturing wonderful pleasure craft, fishing craft and professional boats. The firm has just visited a Japanese trade fair, together with a number of other Australian firms.

I sound the warning that, unless we are very careful, in the years ahead Australia will not be able to compete in the competitive field of shipbuilding. We want to make sure that we are competitive, because this situation is a reality. It is an industry that we have a responsibility to support by giving help to it, improving the waterfront and making sure that we are able to compete with overseas firms.

The matter of safety has been raised. That is very important. The other day I looked at a motor car that was manufactured in this country. I was disappointed with the quality of workmanship. It surprised me. Three people showed me the vehicle—I will not mention the make—and pointed out the poor quality of workmanship. We have to aim for better quality; this is an important factor. It is no use for private enterprise or government instrumentalities trying to cut costs unless we have a will to aim for better workmanship. If we are to be able to compete with imported machinery, vehicles or ships, we have to be able to manufacture here and turn out efficient products.

The Minister states in his second reading speech that he hopes there will be a saving of \$6m. I hope that is the case. The legislation concerns all cargo carrying boats over 60 metres in length. The Minister explained that ships trading with Tasmania will be able to carry both passengers and cargo. I do not know whether this will occur by way of a 50:50 arrangement. The Minister might be

able to explain, when he replies at the end of the debate, the fine line that he sees.

In regard to the importance of the tourist industry, is the Government saying, 'It is only cargo carrying ships or the ones covered by the 50:50 arrangement to which we will pay a subsidy.'? There is potential around the coast to take advantage of tourism. I refer to Australian tourists and people from overseas. Perhaps we should look at paying a little by way of subsidy to passenger ships that are benefiting Australia. I know that the Government would like to save money. If we want to encourage shipbuilding and tourism here, maybe we should look at this situation because it is very important.

Aviation has been referred to. One would love to say something about Sydney (Kingsford-Smith) Airport, especially in relation to technical matters and the additional runway that the Government has absolutely refused to build. One would love to say something about road funding in Australia. I know that the Minister and the Government are very vulnerable—

Mr Nehl—Say it.

Mr COWAN—No, I respect you, Mr Deputy Speaker, as I also act in that position. I know that you are a very fine Deputy Speaker and we must not transgress the rules that you have set for this debate. The honourable member for Farrer (Mr Tim Fischer) spoke about the railways. We should be realistic and sensible about this matter. Only a train can run on a railway line. One cannot drive a motor car across or walk across the sea. Only boats and ships can sail on water. Their only competition is air and road transport. I think we have neglected rail in Australia. The New South Wales rail services have a deficit of \$3m a day. The honourable member for Farrer and Government members are correct: we must be realistic, settle down and appreciate that we have to do something about rail transport in order to remove heavy transport vehicles from roads in the States and Australia generally.

Shipping is essential to Australia's imports and exports. We depend upon exports. Nobody knows better than the Government, with regard to the balance of payments deficit, how important it is that we sell as much

as we can. Our primary industries are terribly dependent on exports. We are dependent on imports, too. We should have firmly in our minds that, in any legislation or policies that the major political parties have, we must make sure that rail and sea are paramount so far as our trade and services are concerned. I am pleased to support the legislation and to have been able to raise a few matters.

Mr PRICE (Chifley) (12.01)—I am pleased to take part in this wide-ranging debate concerning the Transport Legislation Amendment Bill (No. 2) 1988. I wish to respond to some of the comments made by my colleague from the National Party of Australia, the honourable member for Lyne (Mr Cowan). He talked about the state of the railways. I agree with some of the comments he made. The sort of standard management text always quotes the railways as being a classic example of an industry that does not know what industry it is in; that is, it perceives itself as being in the railway industry and not in transportation. When there were dramatic changes in transportation it missed the boat—to coin a pun—and consequently went into rapid decline. From a pre-eminent position in terms of transport, from playing a vital role, it went into serious decline and is still in decline today. I question whether the New South Wales railways is losing \$1 billion a year, but I concede that it is losing a lot of money.

In looking at what our responsibilities are, we need to take into account some of the social costs of using other forms of transport and question whether we have an appropriate distribution, for example, of freight between the various forms of transport. I sympathise with the honourable member for Lyne in his comments and I think we ought to avoid some of the mistakes of the past. In talking about some of the mistakes of the past, the construction of different railway gauges was a tragic mistake for our continent. I know there is a lot of talk about the very fast train project and the impact that that will have. Previous speakers have commented on that. Members of parliament are being asked by the public where they stand on the issue of the very fast train.

Mr Hollis—Not on the line.

Mr PRICE—Not on the line, my colleague interjects. I certainly try to avoid standing on the line. The public is asking ‘Where do you stand; are you in favour of it or are you opposed to it?’. Let me say that I have not taken either of those stances because it is just too early to tell. We are in a feasibility mode. I suggest that there is a real need to look at a very fast train service between Badgerys Creek and Mascot. I think that could be looked at. I would certainly strongly support it.

The honourable member for Lyne mentioned rural exports. It is true to say that in this country we continue to rely on the massive contribution provided by rural industries and by the mining sector and we will continue to do that. No scenario that I have seen indicates that we still will not look forward to that contribution that has been historically made and will continue to be made. It is certainly true that we want to diversify.

In relation to transport, one of the limiting factors in New South Wales is that we do not have a 24-hour airport. We can use road and rail—

Mr DEPUTY SPEAKER (Mr Ruddock)—Order! I am not altogether familiar with every facet of this legislation. The honourable member may care to help me and, perhaps, the House, by giving some indication as to where his remarks are relevant, particularly in relation to the substantial matters that the Bill appears to deal with. We have dealt with rail and we now want to deal with air, but I notice that most of the legislation has to do with the sea and navigation. Perhaps if the honourable member gives me some guidance I might be able to help him on the question of relevance.

Mr PRICE—I thank you for your intervention, Mr Deputy Speaker. Unfortunately you have not had the pleasure of sitting through this wide-ranging debate. If you had, you would know that I am responding to some of the valid points that have been raised by Opposition members and that are deserving of response. I am only attempting in a courteous way to pick up some of the issues that have been referred to.

As you point out, Mr Deputy Speaker, this is an important Bill, and I am happy to

pick up some of the important issues in it. For example, let me explain why the amendments to the Ships (Capital Grants) Act are so important. This Government, the trade union movement and industry have worked together in a number of ways, and I will outline the way that, by working together, we have tried to get productivity improvements, to get industry fired up and contributing not only domestically but internationally, via exports. We have set some macro-policy measures in place. For example, through the national wage case we negotiated the productivity-superannuation trade-off. I want to compliment the trade union movement for the responsible way it entered into these negotiations and accepted the result. In that instance, the unions, rather than insisting on having the cash in hand, said they would take it as savings. That was done by way of a 3 per cent superannuation contribution. Furthermore, in the second tier arrangements the trade union movement said it would sit down with the employers, factory by factory, and determine what sorts of improvements could be made to the operations of industry to make it more efficient, more effective and capable of contributing nationally. That was done, and we ought to applaud all three parties involved: the Government, the trade union movement and the employers.

Today, of course, we face the introduction of a most historic measure: award restructuring. All the things I have mentioned are being done on a macro-basis, are being done willingly by the working men and women of Australia through their representative organisations, the trade union movement. These things will have profound effects. That is on the broad scale but, specifically, this Bill deals with another approach of the Government: industry by industry interventions and developing plans. We on this side of the House are proud of that approach. We strongly support, and have always supported, employers and trade unions sitting down and working things out, cooperatively, for the long term benefit of the organisations involved, of industry and of the men and women who work in it. The Maritime Industry Development Committee package is an example of that. Seagoing unions have said they will enter into crewing agreements in

accordance with specified crewing benchmarks, for example, and the owners have said that ships registered in Australia will be crewed by Australian residents and that there will be an impetus towards new ships, with second-hand tonnage not being employed. The Government has provided a 7 per cent taxable grant to encourage and facilitate those arrangements. I would hope all of us in this House are proud of that.

I have to refer to the airways to make my next point, and I apologise for that, Mr Deputy Speaker. In the international arena we do have overseas carriers coming in—and I have already strayed and talked about cargo and the availability of 24-hour airports to facilitate the export of horticultural goods; I will not do that again—but we also have Qantas Airways Ltd, our government owned carrier. In years gone by conservative governments could have sold it off, and we could have gone the way our shipping industry has gone. We do retain a significant proportion of our international air trade. It is to be regretted that we do not have much more of our national shipping owned and operated by Australians and servicing Australian industry, in particular our rural industry. This means we are leaving our rural producers, including our miners, in the hands of conference shippers that from time to time exploit those people and do not act in the best interests of Australians and Australia. That is the price we are paying. I would hope that through initiatives such as the Maritime Industry Development Committee we will increase the percentage of Australian shipping and regain some of our sovereignty. That is what the present situation boils down to: a loss of sovereignty. Compared to most international traders—and Australia is right up there in the amount of goods and services that flow in and out of the country—we are overly dependent on overseas operators.

What mechanisms are we using to encourage a reversal of this situation? We are not featherbedding; we are not introducing restrictive work practices; and we are not jumping into bed with the Australian Council of Trade Unions or the maritime service unions. We are doing none of those things that we are so frequently accused by the Opposition of doing. We are allowing the

industry to work it out. We are facilitating negotiations between shipowners and the maritime unions. I know the honourable member for Throsby (Mr Hollis) has worked tirelessly for Australian shipping. He is pleased about that development, as I am, and I know the Minister at the table, the Minister for Land Transport and Shipping Support (Mr Robert Brown), coming from Newcastle, is proud of it. That is what a Labor Government is all about.

Honourable members opposite have confused maritime unions with those that operate on the wharves, referring to them almost synonymously in debate. This Government has said that if we want to improve our export potential, if we want to improve the efficiency of our industry, we have to look at what infrastructures they are dependent on. We had a very comprehensive statement in May last year on the communications industry, which involves Telecom Australia, the Overseas Telecommunications Commission, related manufacturing industries and also Australia Post. The statement indicated we must see how we can make these organisations more efficient, how we can deliver a better quality service at a more affordable price and a service that is specified by customers, meeting customer demand.

Of course we also have the waterfront on our agenda. This Government has peeled away the rhetoric and is determined to make the same sort of improvements on the waterfront that it has made elsewhere. We are not just going to talk about it. It will not be something we will use to bash people around the head with but, as in all reforms we have introduced, we will talk to employers. We have already had one report on the industry—I am not altogether happy with it—but we will talk to the employers and the trade unions concerned and I am sure at the end of the day, at the end of that process, we will see a more efficient and effective waterfront service and one making an even stronger contribution to Australia.

We cannot talk about the sea these days without expressing concern about the environment. Going back to my days in local council, I remember espousing the desire that we should have more trees in the western suburbs of Sydney. I was looked upon as some sort of quaint greenie. How things have

changed since those days. I am always very pleased to acknowledge that I was a founding chairman of the greening of the city of Blacktown.

Mr Hollis—What an honour.

Mr PRICE—I thank the honourable member. People often forget about the urban environment. It does not matter whether we live on the coast, in the western suburbs as I do, where the honourable member for Throsby lives or the Minister at the table lives, or even in outback Australia: our concern about the sea and its environment is fundamental. The image of Australia held by people overseas and Australia's own self-image is of a clean environment which has existed for many millions of years and which we have a responsibility to treasure and nurture and to ensure is there for future generations. But, of course, this is not always so. In Sydney there is an enormous amount of concern about pollution of the beaches. Mr Deputy Speaker, you might say that comes from the overflow of the sewerage system during wet weather, and you would be right. But there is also an element of pollution from ships, and I think we ought to be concerned about that. I am very pleased that the Government has taken action to try to strengthen provisions in that regard. I am sure that when I say that I enjoy the support of both sides of the House.

This has been a wide-ranging debate, with your indulgence, Mr Deputy Speaker, and with the indulgence of other Deputy Speakers. The honourable member for Lyne mentioned airline safety. It is fair to say that, whilst it is not specifically dealt with in this Bill, it is an issue of concern to many people in Australia. I suppose I should lay my cards on the table and say that, given the projections of the Boeing Corporation—which, incidentally, the former Department of Civil Aviation continually disregarded—and the current projections for airline traffic, it is clear that Sydney (Kingsford-Smith) Airport will not cope. I naturally support the Badgerys Creek proposal and I sincerely hope that Cabinet will consider all the issues and will be making an announcement shortly. Our reputation for air safety must be maintained at all costs. It is just like our pristine environment. These are some of the things that attract overseas tourists. Tourism is

booming, as the honourable member for Lyne has said, and, I am pleased to say, is very much encouraged by this Labor Government.

I wish to conclude on this point: Different industries at different times have opportunities to get involved and to maximise their options. I suppose opportunities were available for seagoing cargo freight in years past, but nationally we failed to take them. If they present themselves in the future, it will be in a very limited way. We cannot afford to decline to accept the opportunities provided by legislation such as the Ships (Capital Grants) Act.

One of the reasons why this legislation has been brought before the House is that a certain company—I am loath to say it was a Queensland company—was taking advantage of the situation because it was not really envisaged that ships would come within the scope of the original Committee's report. We are bringing this measure down to clarify that situation.

The changes to the Air Navigation (Charges) Act allow wider opportunities for appeals, as we have consistently allowed in other legislation, directing some to the Administrative Appeals Tribunal. I hope the Tribunal will not put up a work value case or ask for more staff, as all tribunals seem to do. They say to us, 'We are vital, but we need more staff and higher pay'. I am assured that this measure will not lead to an avalanche of appeals. I am pleased to support the Government's legislation. I particularly thank you, Mr Deputy Speaker, for your indulgence.

Mr DEPUTY SPEAKER (Mr Ruddock)—I am glad the honourable member has finally found time to make his speech at least relevant to what I can see in the Bill.

Mr NEHL (Cowper) (12.21)—It is a great pleasure to speak in this wonderful new Parliament House for the first time in 1989, but it will not be the last. I do not intend to harass the Government today, as that can come later. This has been, as I think every speaker has said, a very wide-ranging debate. We have gone from Antarctica to France, from sewerage to the waterfront—

Mr DEPUTY SPEAKER—The honourable member also wants to test me, does he?

Mr NEHL—No, I have no desire to test you, Mr Deputy Speaker. Your indulgence, tolerance and understanding are well known and acknowledged by all sides of the Parliament. But I must make some reference to a number of points made by the honourable member for Throsby (Mr Hollis). If we had been debating trains, as a train buff he would have been on very sound ground but, alas, he was not on particularly sound ground when he spoke about shipping for Antarctica. He made some reference to the *Aurora Australis* as a research vessel. Undoubtedly it is designed and will have some capacity and facility for undertaking research, research which is very important to the future of Australia and the world. He said we would need a resupply vessel. I am pleased to be able to tell the honourable member for Throsby that the *Aurora Australis* is a resupply vessel with some research capacity. He is also under the impression that the Royal Australian Navy could suddenly get an ice-strengthened vessel which could go charging through the pack-ice to rescue the *Aurora Australis* and the *Icebird* when they frequently become stuck, as was the poor old *Nella Dan*, which is now at the bottom of the sea. But we need more than an ice-strengthened naval ship of any kind for rescue operations: we need an icebreaker. There is a very significant difference between an ice-strengthened vessel and an icebreaker. I say that merely by way of preamble to assist my friend the honourable member for Throsby to put his knowledge of the Antarctic iceship program in a little more order.

The honourable member for Chifley (Mr Price) mentioned air safety. Mr Deputy Speaker, you and I are very concerned, as is every other member of this Parliament, with the increasing number of accidents which are occurring around the world. I think it is necessary, even though Australia has a magnificent air safety record, to do everything possible to make sure that that air safety record is not only maintained but also improved. I will come back to that point.

The honourable member for Lyne (Mr Cowan) spoke most eloquently about the problems of ships at sea dumping garbage, the possibility of oil spills and the absolutely disastrous possibility of exotic diseases such as foot and mouth coming in from garbage

dumped at sea. I certainly support his comments on that.

I am very interested to see that the Minister for Land Transport and Shipping Support (Mr Robert Brown), who is at the table, is with us today as we discuss this important Bill, the Transport Legislation Amendment Bill (No. 2) 1988, which he is putting through. I was about to say 'pushing through', but that is far from the case. I am sure that the gag and the guillotine will come later when he tries to stop us speaking on other issues on which he does not want to be stood up. But let me say to the Minister right now that he has an invitation to drive on the Pacific Highway so that he can see for himself the outrageous state of that road.

Mr Cowan—Hear, hear!

Mr NEHL—I thank the honourable member for Lyne. The Minister would see the absolute need to have it turned into a four-lane dual carriageway. I commenced campaigning for this during the election campaign in late 1984 and I am pleased to say that at least we have the first part of a four-lane dual carriageway which I am sure, Mr Deputy Speaker, you will take great pleasure in driving over.

Mr DEPUTY SPEAKER—Order! The honourable member should cease his campaign in this speech and return to the Bill.

Mr NEHL—Mr Deputy Speaker, I was not actually campaigning, although it could well be said that any good member of parliament starts campaigning for the next election on day one of the parliament he or she gets elected to. I know that the Minister for Land Transport and Shipping Support has embarked on such a magnificent program to ensure his re-election, too. With the greatest respect, Mr Deputy Speaker, again I invite the Minister to get in a car with me and drive the length of the Pacific Highway from Hexham to the Queensland border.

Mr Cowan—Can I come?

Mr NEHL—Of course the honourable member can come. We will take a caravan.

Mr DEPUTY SPEAKER—If the invitation were by sea it might have more relevance to the Bill.

Mr NEHL—I will get back to the sea very shortly because bounding the Pacific

Highway is the Pacific Ocean and the marvellous beaches of the electorates of the honourable member for Lyne, the honourable member for Page (Mr Ian Robinson) and the honourable member for Richmond (Mr Blunt) and of my electorate, and we are concerned about maintaining the pristine beauty of those beaches.

Mr Cowan—We will drive up and sail back.

Mr NEHL—That suggestion is a good idea. The Minister might even get his vessel, the *Rig Seismic*, to go to Brisbane and we could do a little exploratory trip to see whether there is any oil off the north coast of New South Wales. Who knows what we might find? By driving up the Pacific Highway we would find an outstanding need for the highway to be converted to a four-lane dual carriageway. I will come back to road transport in a little while.

Mr DEPUTY SPEAKER—I trust not.

Mr NEHL—We will just have to see how it unfolds. The transport portfolio is an absolute living testimony to the failure of the Hawke Government's ability to attack micro-economic reform. This Government will not come to grips with the real transport issues—the waterfront, coastal shipping and the railways. There is no competition between the various modes of transport. The Economic Planning Advisory Council (EPAC) has estimated that reform of the transport industry could reduce our transport bill by \$2 billion per year and, at the same time, boost gross domestic product by 1.6 per cent. According to EPAC there are savings of \$850m to be made on the waterfront, of \$200m in coastal shipping and trans-Tasman shipping, and of a massive \$700m if only we grasped the nettle and got bulk transport for coal and wheat. We are not taking any real action. For too long the current Government's behaviour has been just to talk. We have to do far more than that.

Before I go back to roads, Mr Deputy Speaker, it is absolutely essential that I make some reference to air transport. The honourable member for Chifley and other speakers made more than passing reference—I am not introducing new ground—to the need for a third runway at Sydney Airport. The

honourable member for Chifley stated his support for having a second Sydney airport at Badgerys Creek. I know that it will come as no surprise to you, Mr Deputy Speaker, that I for one do not disagree with the concept that Sydney must have a second airport; it is absolutely vital that it should do so. But it is a long way away. As for the Minister for Telecommunications and Aviation Support, the honourable member for Barton (Mr Punch)—

Mr DEPUTY SPEAKER—Order! The honourable member knows that I have allowed him to state his position and that is all I let the previous speaker do. It is not relevant to the debate before the Chair to canvass extensively airport arrangements in Sydney.

Mr NEHL—Thank you, Mr Deputy Speaker. I appreciate your guidance in this matter. Had you been in the chair earlier, perhaps others might have had very short speeches indeed. It is indeed unfortunate that you have been occupied—as I know you are—with reading all of the Bills and Acts and all the reports of the Joint Standing Committee on Foreign Affairs, Defence and Trade as well as all of the recommendations and reports of the Joint Committee of Public Accounts. I am sure that you were at the Public Accounts Committee meeting which I should have been at. That is why you did not hear the previous debate and are therefore not aware of how indulgent your predecessor was.

Since you have asked me to move on, it is probably relevant that I should talk about air safety. This has been accepted by you and by the previous occupant of the chair as being a relevant part of the debate. There has been general agreement by all speakers in this debate that air safety is relevant.

Mr DEPUTY SPEAKER—It appears to arise out of the section dealing with the Civil Aviation Act 1988 and the definition of 'operators' and certain other words that might be omitted. If the honourable member wants to discuss those matters, I am sure he will be perfectly relevant.

Mr NEHL—I am delighted to have your approval, Mr Deputy Speaker. I want to refer to a report of the special projects group, New South Wales region, of the Department

of Aviation. The report was compiled by Mr K. Gale, Mr C. Gorrick and Mr F. Paterson in July 1985. On the front cover it states very clearly:

The aim of this report is to demonstrate how Sydney Terminal airspace capacity can be improved so as to allow Sydney Airport (KSA) capacity to be fully utilised.

The basis for the investigation was that the overall framework of the project was that of air space management. Sydney Airport and the surrounding terminal air space is the busiest and most complex in Australia. This report was prepared in 1985. It refers to the 1968 Department of Aviation submission to the House of Representatives Standing Committee which said:

Sydney Airport poses a particularly acute problem. Delays to aircraft are increasing to the stage where some action needs to be taken to reduce the delays until additional runway capacity can be provided.

In 1982 another departmental submission to the Standing Committee on Environment and Conservation said:

Sydney is the only airport in Australia at which traffic demand consistently exceeds the Airport capacity.

This is the situation we are faced with today. Anybody in this country, in this Parliament, who is seriously concerned about air safety has to realise that we are actually on the brink of a potential disaster at Sydney Airport.

Mr McGauran—There is no question of it.

Mr NEHL—As the honourable member for Gippsland says, there is no question of it. I refer briefly to some of the points made clear in 1985 in this report:

Sydney clearance delivery . . . Seen as over-loaded and operating inefficiently at times due to lack of flight plan details, restricted VHF coverage leading to some procedural functions being transferred directly to radar positions, and high levels of repetitive or basic co-ordination.

Sydney's departures radar . . . Seen as being over-loaded and unnecessarily complex due to lack of VHF coverage, competing priorities, high level of co-ordination, and interface with Bankstown and Sydney towers. The major problem contributing to this situation is the inadequate level of radar information available to the controller.

Sydney approach radar . . . Seen as over-loaded and unnecessarily complex due to airspace restrictions . . .

This was back in 1985—and they are still operating. Every time the Minister for Land Transport and Shipping Support and I fly into and out of Sydney, along with tens of thousands of our fellow Australians, people are still operating on the equipment which was introduced in the 1960s and which was seen in 1985 as being ineffective and over-loaded. The Sydney approach radar was seen as being overloaded and unnecessarily complex due to airspace restrictions, noise abatement and the rest. The report continues:

Arrivals radar . . . Problems stem from severe restrictions on air routes, holding requirements in busy or high density periods and high levels . . .

What we need in terms of air safety is immediate action to upgrade the radar for Sydney Airport—not just for Sydney Airport but for the men, women and children of Australia, for the tourism industry of Australia and, most importantly, for the lives of our fellow human beings.

Mr McGauran—Who is at fault here?

Mr NEHL—The present Government is at fault for not taking action in the last five years and, if we are going to be fair, reasonable and rational, previous governments should have been taking steps to upgrade the facilities. The most recent coalition government had the third runway in place and ready to go in Sydney. If I am going to be fair I need to lay a fair part of the blame—not all of it—at the feet of the present Government.

Mr McGauran—Not all, but what about Minister Punch?

Mr NEHL—Of course the action of that particular Minister, I believe, is not satisfactory. In fact, I do not even know whether he is aware of a new report, titled *The Capacity of Sydney (Kingsford-Smith) Airport With a Third Runway*, which was issued in January 1989. The report is by R. B. White, Physical Measurement Laboratory of Gladesville in Sydney. I received a copy of this report when I was acting shadow Minister for Transport and Aviation. I attended a meeting about a third runway in Sydney last Monday week. I was very lucky to get there because of the pilots strike. However, I was able to fly from Kempsey by Eastern Australian Airlines, which was very satisfac-

tory. The generally accepted wisdom about a second north-south runway, or a third runway, in Sydney is that it will increase capacity by 40 per cent. That is the conventional wisdom, but the report clearly states:

The major finding of this study is that, on the available public information, there is good reason to believe that an additional parallel runway to the east of the existing North-South runway could increase the airport's capacity by up to 111 per cent, assuming that all other aspects of the facility are adequate.

I will not diverge from the subject of the legislation, which I have kept to closely throughout most of my speech, as you would agree, Mr Deputy Speaker, except to say that I commend this report not just to the Minister but to every member of the Government.

As I said at the beginning of my speech, I have no argument whatsoever with the proposition that there should be a second airport for Sydney. It is essential. But it will not be provided at Badgerys Creek in three years, as the Minister for Telecommunications and Aviation Support suggested only a couple of weeks ago. That was fairyland. In reality, because the present Government has not acquired even half the land, Badgerys Creek, I believe, is the next century's airport. I do not believe that it will be operating fully before the next century unless an amazing amount of money is put into it. We have to cope with demands and with safety in the 1990s, and coping with demand and air safety in the 1990s in Sydney demands that a second north-south runway be put in.

The findings of this report have major implications for the environmental impact of a third runway. It finds that noise levels would fall dramatically—we are all concerned about noise pollution—in the densely populated areas under the flight paths of the east-west runway. It is proposed that the east-west runway no longer be used, except in emergencies. So there will not be the delay, sitting there waiting with motors burning fuel while the lights come in from the Blue Mountains. That would be eliminated. Greater safety would be achieved and there would be a faster take off period. The heavy aircraft would use the longer north-south runway and the shorter runway would carry the light to medium aircraft. So there would be far less danger of light aircraft being

overturned by vortex turbulence, which means that aircraft will take off in a much shorter timespan. This is how that 111 per cent increase in runway capacity, or airport capacity, could be achieved.

I commend that report to all members of this Parliament. If they give it a fair reading and understanding they will accept that we have to have some action now; we must not just start to get under way on Badgerys Creek, but we must get Australia a second north-south runway as a matter of great urgency.

Mr DEPUTY SPEAKER (Mr Ruddock)—Order! As it is approaching 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

DISPOSABLE INCOME

Mr PEACOCK—My question is directed to the Treasurer. Is it a fact that the real disposable income of a taxpayer with a working spouse, both earning average weekly earnings, and with two children, has declined by \$72 per week since the Hawke Government came to power in March 1983?

Mr KEATING—We have rejected these fictitious, phoney numbers from the Opposition before. The whole question is put against the background, over the same period, of the Opposition opposing every wage increase for the same people it is using in its example. I indicated yesterday that that position would have meant a reduction of about 34 per cent in the wages of a person on average weekly earnings. It may annoy the Opposition to think that it had household income falling to pieces as household earners went onto the unemployment queues in those last two years that the Opposition was in office. Unemployment was running at 600,000 people until 1983. We now have 1.27 million extra household wage and salary earners in work, which means that household disposable income has risen in every year the Government has been in office. That is a fact.

The Opposition is coming along with these mealy-mouthed questions which ask about tax consequences while it opposes—the Op-

position is pretty good at this—every wage increase that comes along. It is now trying to murky the water by saying, 'We will now pay a wage increase on the basis of labour productivity'. Strong employment growth means that its labour productivity measures are down because there are simply more people employed in the productive process. Therefore the Opposition says, 'We will give you whatever the productivity is which, if it is small, maybe one per cent or 1½ per cent'. Does the Opposition think that will stick as a wages policy? In other words, it is really saying, 'We will not give you cost of living adjustments; we will let real wages fall'. At the same time it is arguing about tax cuts, just as it is arguing about interest rates paid by home owners. In fact, most members of the Opposition are saying that interest rates ought to rise.

ECONOMY

Mr LAMB—Can the Treasurer advise the House on the significance of today's business investment, retail trade and government financial estimates figures?

Mr KEATING—Today three particularly important series of figures came out from the Australian Government Statistician—coincidentally, on the one day—which indicate much of what the Prime Minister and I have been saying for weeks. The economic policy mix and the economic strategy upon which that mix is based—that is, strong investment, moderate consumption and falling public expenditure—are correct. The first release I will refer to is headed 'Private New Capital Expenditure'. In it we find that business investment figures for the December quarter show a rise in real terms of 24 per cent in equipment investment. That is a rise in one month of 24 per cent real in business investment. It shows a fall of 5 per cent in buildings investment which overall indicates a rise in total business investment for the quarter of 14 per cent. Is it any wonder that some of this massive growth in equipment investment is spilling over into imports when we have numbers as strong as 24 per cent real in one quarter?

In the same release we have the first numbers from the Statistician for next year. He says that the expected capital expenditure increase for 1989-90 indicates an increase of

over 24 per cent next year—that is, 1989-90 over 1988-89. So the Government's story that investment is running strong is a great story indeed. It is correct. The investment that we did not get for 20 years under the Opposition, which left the economy so vulnerable and exposed to its incapacity to supply goods and services to itself, is now coming strongly into play. We are seeing it massively coming through equipment investment with buildings investment falling. If honourable members opposite want to look at the graph, which most of them could read, they will see that it shows the building figure going down, equipment going up, the total going up and 24 per cent as the figure for next year over this year. That is the first element—strong investment and moderate consumption.

Today the retail sales figures also came out. They show that again consumption was very moderate for the month of December. The December retail sales figures show a continuing trend in moderate consumer spending. Seasonally adjusted, the figure for the month of December was plus 1.3 per cent nominal—not 1.3 per cent real—bringing down the monthly trend estimates to 0.2 per cent. This demonstrates through the charts over the last year what the Government has been saying, that is, that our story about consumption is correct as well. We have moderate consumption in relation to retail sales.

In the third element of falling public expenditure we have the Government financial estimates for 1988-89 which were published by the Statistician. They show that the public sector spending of all levels of government is declining. I will read the first paragraph of the main features:

The net financing requirement for all levels of government combined is expected to move into surplus in 1988-89 with an increase of 3.7 per cent in the combined State and local government deficit NFR. That is an increase of 3.7 per cent for the States from \$3.799 billion to \$3.938 billion being offset by an increase of 50.5 per cent in the Commonwealth Government surplus from \$2.757 billion to \$4.149 billion.

In other words, it is a surplus of \$4,149 billion on the Commonwealth's account against a deficit of \$3.9 billion on the States' account coming to a zero on the public sector borrowing requirement (PSBR). The next line shows current outlays for the Common-

wealth Government of \$4.1 billion nominal, the States being \$7.5 billion nominal. We can see where the restraint is. The Commonwealth surplus is turning the PSBR into a zero figure while the States continue to run a substantial deficit, but overall there is a reduction in public expenditure.

The three series figures indicate what the Government has been saying: strong investment, moderate consumption and falling public expenditure. In other words, the mix is as the Government said. The strategy and the Budget is there as the Government said. While we have had a runover in the current account deficit, why would we not with these equipment investment numbers coming through this strongly? I say to honourable members opposite who are offering advice and who are grinning and smirking that that is the mix which will bury them at the next poll, whenever it is taken.

SYDNEY (KINGSFORD-SMITH) AIRPORT

Mr COWAN—Does the Minister for Telecommunications and Aviation Support stand by the decision of his Government not to construct a third runway at Sydney (Kingsford-Smith) Airport? If so, is the Minister still confident, as reported recently in a statement by him, that the new Badgerys Creek airport will be operating in three years time?

Mr PUNCH—I think everyone in this House would have to acknowledge that as we enter the 1990s Sydney (Kingsford-Smith) Airport cannot continue to cope. The third runway will not and cannot save that situation for Kingsford-Smith Airport. The Government, in the next few weeks, will address this question that the honourable member has raised. Whilst I cannot canvass the debate fully here, I can say to all honourable members in this House that this Government not only has the will but will fix the problem, which is a damn sight more than we can say about the record of the coalition Government in seven years. As I have said publicly and as I say again, the solution for Sydney's airport needs is a second Sydney airport. As I have said publicly and as I have already made very clear—

Mr Fife—Madam Speaker, I raise a point of order. The Minister is misleading the

House. He has said quite clearly that the coalition did not do anything about it. We started the runway; he stopped it.

Madam SPEAKER—The honourable member does not have a valid point of order, and he knows it. He will not take such a point of order again.

Mr PUNCH—As I have said publicly and as I say again here now—a point from which I do not resile for a moment—the actual construction time for a second Sydney airport can be three years. For the information of the House, might I point out that the Government's own construction service, Australian Construction Services, within its full project time frame has pointed out to the Government a construction period from commencement on site to full operation of three years and eight months, based on normal procedures. Does anybody honestly believe that if we are fast tracking a project of such national importance we cannot reduce that three years and eight months to three years?

If that is not enough for honourable members opposite, I would like to inform them that yesterday the Lend Lease Corporation and its subsidiary, Civil and Civic, one of Australia's largest construction and engineering companies, if not the largest, advised the Government that it could build an international airport in four years. It said work could 'physically start on site in approximately six months, with major earthworks commencing in about one year, with a further three years of construction allowing completion of this first stage of development'. That is the answer for Sydney. It is nothing like the 15 years that the right honourable member for New England has been going on about in the bush. This Government is about solving Sydney's airport problems on a long term basis, not another patchwork job as advocated by those opposite.

Let me say this in conclusion, and I make no apology for it: for the sake of one runway, I will not be a party to imposing more misery on about one million people living in Sydney around Kingsford-Smith Airport. The close spaced runway such as was advocated during the coalition's term would add a mere

15 per cent capacity and in all likelihood would be useless before it was built.

Mr Blunt—Madam Speaker, I have a point of order. Will the Minister table the papers from which he was so obviously reading?

Madam SPEAKER—Was the Minister reading from a public document?

Mr PUNCH—I have some confidential notes. I am quite happy to table the letter from the Lend Lease Corporation.

FORMER MR JUSTICE STAPLES

Mr CHARLES—My question, addressed to the Prime Minister, concerns the situation surrounding former Mr Justice Staples. Can the Prime Minister explain why the Government did not appoint Mr Staples to the new Industrial Relations Commission? Further, does the Government concede that, by not appointing Mr Staples, it has interfered with the independence of the judiciary?

Mr HAWKE—In all the circumstances, I welcome the question from the honourable member for Isaacs. For the benefit of some of those opposite and of certain members of the legal fraternity, let me balance with a few facts the contrived nonsense being spouted about how the non-appointment of Mr Staples constitutes some sinister threat to the independence of the judiciary. Against the contrived nonsense, here are the facts.

Fact one: Mr Staples had done little useful work for nearly a decade. Mr Staples only sat on the occasional Full Bench between 1980 and 1986.

Mr Spender—Why was that?

Mr HAWKE—You will get your turn in a moment. Since 1986 he has not been given any work at all. That is fact No. 1. Fact No. 2: this situation had nothing at all to do with the present Government. In the first place, it pre-dated the coming to office of this Government by some years. In the second place, the Government had no role whatever in the internal administration of the Australian Conciliation and Arbitration Commission. It was successive presidents of the Commission who had difficulties with Mr Staples and who declined to allocate, first, the usual duties to Mr Staples and, then, any duties at all.

Fact No. 3: while various objections have been raised on the assumption that Mr Staples was a member of the judiciary, the reality is that, although he was entitled to be referred to as 'Justice' by virtue of his legal qualifications, he was a member of a non-judicial body. Fact No. 4: as a consequence of the repeal of the Conciliation and Arbitration Act effective from midnight last night, the Conciliation and Arbitration Commission ceased to exist and the offices of all its members were abolished, including that of Mr Staples.

It should be stressed that it was the Parliament, not the Government, that abolished Mr Staples's position. In this regard I note that the Parliament debated the legislation establishing the new Commission for 30 hours and that the Opposition moved over 40 amendments to the legislation, but it introduced no amendment concerning Mr Staples, despite the fact that the new legislation contains clear recognition of the possibility of the non-appointment of former presidential members to the new Commission. So let us get rid of all the hypocrisy that has come from the other side. There has been 30 hours of debate in this Parliament and 40 amendments, and nothing to do with this issue.

In considering appointments to the new Commission, it was incumbent upon the Government to take account of the unsatisfactory and, I suggest, the increasingly intolerable situation regarding Mr Staples. He was being paid almost \$100,000 a year to do nothing. This tawdry collection opposite should spare us their usual cynical and hypocritical opportunism on this issue.

Mr Tuckey—On a point of order, Madam Speaker: you have made remarks about personal references. 'Tawdry' is an unnecessary word and, furthermore, it is antagonistic. If the Prime Minister wants me to call him a little——

Madam SPEAKER—Order! The honourable member for O'Connor will resume his seat. He is out of order.

Mr Tuckey—I ask that the word 'tawdry' be withdrawn.

Madam SPEAKER—I do not consider, in the context in which we run this Parliament, that the word 'tawdry' is unparliamentary.

Mr Tuckey—Thank you for that. I will give you some other examples.

Madam SPEAKER—The honourable member will resume his seat or I warn him that the Chair will deal with him. It is for the Chair to decide which words are unparliamentary and which are not. It is the Chair's judgment that this one is not.

Mr Sinclair—Well, you are tawdry.

Madam SPEAKER—Were you remarking on the Chair? Was the Leader of the Opposition remarking on the Chair?

Mr Sinclair—Madam Speaker, you said the word 'tawdry' was not unparliamentary, so I said that in that climate you were a very tawdry Speaker.

Madam SPEAKER—It was the Leader of the National Party who said that. The Leader of the National Party will not reflect upon the Chair. It was undoubtedly—

Mr Sinclair—Madam Speaker, I am not reflecting on the Chair. I am using the word 'tawdry'.

Madam SPEAKER—The right honourable member will resume his seat. I ask him to sit down. The manner and the words used by the Leader of the National Party showed a complete contempt for this Parliament and for the Chair. The Leader of the National Party will withdraw his reflection upon the Chair. The manner in which he used the expression showed complete contempt for the Chair. He will withdraw.

Mr Sinclair—Madam Speaker, I withdraw the word but suggest to you that the ruling you have just given is absolutely incomprehensible. You have told the Prime Minister that he may use the word 'tawdry' with respect to any member on this side of the House. When I use the same word with respect to you, you say it is unparliamentary. I suggest that you be consistent in your rulings.

Madam SPEAKER—The Prime Minister did not use the word 'tawdry' in connection with one individual.

Mr Sinclair—He did, Madam Speaker. You have just ruled on it.

Madam SPEAKER—I ask the right honourable member to sit down. This Chair

is not going to submit to being bullied by the Leader of the National Party.

Mr Tuckey—Madam Speaker, on a further point of order: Are you suggesting to this House that the Opposition has no status in this place, that we can have a tawdry Opposition but not be a tawdry individual? Is that what you are telling us?

Madam SPEAKER—The honourable member will sit down. The Prime Minister did not use the word 'tawdry' towards any individual. He used it collectively.

Mr HAWKE—As I was saying in regard to the question of Mr Staples, we ought to be spared the cynical opportunism from those opposite. I remind the House of these facts: In 1977 the Fraser Government, in order to get Mr Staples off the Commission, appointed him to undertake an overseas investigation into human rights. In 1979 the Fraser Government was obliged to amend the relevant Act because of the refusal of Mr Staples to make a finding of a dispute concerning Telecom Australia. The Fraser Government, according to the Deputy President himself, tried to force his resignation from the Commission. In the light of all those facts, let me finally say that the Government does not propose to go further into detailed reasons for its decision. Our principal concern must be to ensure that the country's industrial relations operate effectively with the confidence of all participants in that process, and we are confident that the decisions we have made will ensure that outcome.

WESLEY VALE PULP MILL

Mr BURR—Does the Treasurer agree that the Wesley Vale pulp mill project would create a substantial number of jobs for Australian workers? Does he agree that the project would process Australian raw materials in Australia? Does he agree that the project would make a valuable contribution to reducing Australia's balance of payments deficit? In light of the fact that the Tasmanian Government and North Broken Hill Peko Ltd have reached agreement on the construction of the \$1,000m pulp mill, will the Federal Government give an undertaking not to interfere in the project by using the artificial excuse of foreign investment approval or export licences?

Mr KEATING—Anything that adds value, particularly if it is an exporting or import competing facility, will diminish the current account or improve our external accounts and generally add to gross domestic product. I do not think that is in dispute. What may be in dispute is whether the net addition to our national product will be as the company claims. But there are other issues associated with the project, of which the honourable gentleman is aware, including environmental issues. They will be studied by the Commonwealth, and the Commonwealth will take an attitude towards the project on the basis of all the considerations, economic and environmental.

CHILD POVERTY

Ms FATIN—Can the Minister for Social Security tell the House what has been done in the Social Security portfolio to meet the Prime Minister's pledge that by 1990 no child need live in poverty? How has the position of lower income families changed compared with their position under the previous Government?

Mr HOWE—As people will be aware, the Prime Minister did make quite an explicit commitment in the policy speech at the time of the last election. He said:

By 1990 no Australian child will be living in poverty.

And to this end, my Government will establish a new program of family help—a program designed to lift more than 1 million Australian children into security and to help the more than half a million Australian families in greatest need, the hardest pushed, the most disadvantaged.

Labor's new Family Allowance Supplement will be paid, to mothers, on the basis of family income and family size.

That clearly was a very explicit commitment. As was referred to yesterday, what that commitment meant in terms of the financial assistance we provided was made clear. In other words, for the first time for any Federal political party, and in practice for the first time for any government, we set such standards for any child payment. We said families with children under 13 would get 15 per cent of the married rate pension per child. We said families with children aged 13, 14 or 15 would get 20 per cent of the married rate pension per child. As I suggested, this is the first time that any Federal

government has not only made that commitment but is well advanced towards achieving it. The Prime Minister yesterday referred to so-called *Future Directions*, which has a lot in it about families. On page 53 it is stated in passing:

Labor policies which have attempted to shield certain groups in the community from the effects of a reduced national income.

The Government makes no apology for attempting to shield certain families, certain groups, from the effects of structural change as they have impacted on the Australian economy.

I ask the House to recall the period in which the present Opposition formed the Government of this country. It is very instructive, particularly if we look at family payments for low income families, to see the meaning behind that quotation from so-called *Future Directions* in government. Those opposite were in government for seven years. Despite the fact that over that period the number of children in pension and beneficiary families increased from 383,000 to over 800,000, only once—in 1980—in that seven years was the plate passed around the Cabinet room and was there a dollar or more for children. In 1980 the payment was increased from \$7.50 a week to \$10 a week. This happened only once in that seven-year period in government. I have made it clear that in 1983 no-one questioned the fact that one in every five children in Australia was living in a poor family. That was the outcome of those macro-economic policies; it was the outcome of the lack of commitment with respect to families.

Contrast that with the record of this Government. I think we have been a government which has a reputation internationally in terms of maintaining a very tight fiscal stance. In every year that we have been in government we have increased the payments for the lowest income families. In 1983 we increased the payments from \$10 to \$12; in 1984 from \$12 to \$14; in 1985 from \$14 to \$16; in 1986 from \$16 to \$17; in 1987 from \$17 to \$22 for younger children and \$28 for older children; and in 1988 from \$22 to \$24 for younger children and from \$28 to \$31 for older children. So there is the comparison—seven Budgets and seven decisions under Labor, whereas lower income families

were excluded six times under the previous Government. Under our Government, no matter how difficult the Budgets, we still took a step further towards our commitment to low income families.

Of course, only the most ignorant in terms of social policy would suggest that all that poverty is about is income support. Of course, anyone who is informed about social policy at all would know that, whatever else poverty is, what is absolutely fundamental is that one has to address the issue of the distribution of income, particularly to the lowest income families. The Prime Minister did not say, 'We will meet that commitment in terms of those benchmarks of 15 and 20 per cent and that is all we will do'. Let us go back to the policy speech. He said:

....it is just impossible, with any credibility, to proclaim concern for families and then proceed to smash every part of the social infrastructure that determines the welfare of Australian families.

Yet that is a measure of our opponent's hypocrisy. While they come into this place and bleat about poverty, the fact of the matter is that they created mass poverty by their inability to maintain the social infrastructure. Of course, this Government——

Mr Howard—Why don't you have a debate on it? Why don't you stop telling lies and have a debate?

Madam SPEAKER—Order! The Leader of the Opposition will cease interjecting.

Mr HOWE—Does the honourable gentleman want me to go back over the figures again? Under this Government there has been an increase every year in family payments for low income families; this happened on one occasion during the time of the previous Government.

As the Prime Minister said, it means child care; it means that we have to tackle education; it means employment; and it means health care. The Government has that broader commitment. I do not need to go over the whole program of the Government. I simply make the point that, when one is talking about poverty and inequity and the exclusion of people, one has to look at the whole policies of the Government. Of course we will build on our reaching of the commitment to the 15 and 20 per cent.

Let me conclude by taking just one example. I think it is generally recognised in the welfare community that the poorest group of those 800,000 children are the 400,000 children who are in sole-parent families. Let me consider one example of a sole-parent family with two children aged 13 and eight. In 1976 that family received \$57.75c; in 1983 it received \$103.25c; in December 1988 it received \$191.25c. So under the previous Government, that family's standard of living dropped by 7.76 per cent in real terms. Under Labor, the same family has had a real increase of 24.1 per cent. If we are talking about credibility in relation to poverty, this Government has a record in terms of assistance to low income families that is stronger than that of any previous government and certainly contrasts massively with the tawdry record of the Opposition.

INTEREST RATES: PROMISE BY PRIME MINISTER

Dr HEWSON—My question is directed to the Treasurer. Does the honourable gentleman recall being asked a question at a press conference held prior to the Western Australian election—on Tuesday, 31 January 1989—about the Prime Minister's promise on interest rates? I ask whether the Treasurer responded:

Well, I can't remember his precise quote but he was talking about the prospect of some declines at the end of the financial year and that is possible.

Why was the official transcript issued by the Treasurer doctored to exclude the word 'financial'?

Mr KEATING—Madam Speaker, as I said, I do have press conferences; I have lots of them. But the shadow Treasurer does not. He keeps hiding in his office, or he has an interview with a journalist, or he gives a doorstop interview. What he will not do is sit down and answer the constant questions about his stance on fiscal policy, on monetary policy and on wages policy.

Mr TUCKEY—Madam Speaker, I take a point of order. The question put to the Treasurer is very clear. It asks why he doctored a press conference when he had a tape recording of what he said. He should answer the question. It is a question of integrity and honesty.

Madam SPEAKER—Order! The honourable member for O'Connor will resume his seat.

Government members—Ha, ha!

Mr Tuckey—If you think honesty is a joke, keep laughing.

Mr KEATING—Political argument from the honourable member's side of the House would be a novelty.

Mr Tuckey—Are you going to answer it?

Madam SPEAKER—Order! I warn the honourable member for O'Connor.

Mr KEATING—The fact is that this side of the House is accountable all of the time in respect of economic policy. There is no accountability on the other side. The shadow Treasurer and the Leader of the Opposition do not account about fiscal policy, monetary policy or wage settings, and slide through without that degree of accountability.

What we are seeing now is a question from the shadow finance spokesman about monetary policy. We have seen a lot of that in the last year or so. The main contribution that he made on monetary policy in the last year was to say that the Governor of the Reserve Bank of Australia and I trick up interest rates at elections, for which he was rebutted roundly and soundly by the central bank Governor and given the appropriate admonition he deserved. Now he feels that he has to ask questions about interest rates and monetary policy because the shadow Treasurer cannot cut the mustard in the House of Representatives on economic policy. Indeed, a matter of public importance about interest rates has been listed by him for debate today, although that is clearly within the responsibility of the shadow Treasurer. Apparently we now have a shadow shadow Treasurer. In the desperation of the debate that took place yesterday, the only response that I could get from the shadow Treasurer was a flurry of comment about how he runs ahead of me in ratings, in the polls—nothing to do with economic policy. I made the point that nobody runs ahead of you-know-who by a factor of three to one in the same polls. So the fact is that we now have the Opposition shadow finance spokesman up on interest rates. Let me just say—

Mr Sinclair—Madam Speaker, I take a point of order. There is a requirement that Ministers be relevant. The Standing Orders require them to be relevant. This question is specifically about the Treasurer fiddling the figures—whether he doctored a press report or whether or not he honestly believed that the press report or the transcript was accurate. It is not about the personalities of either the Treasurer or the shadow Minister for finance.

Mr KEATING—Madam Speaker, there are so many tape recorders on the table when any of us give press conferences in this place that the press well and truly and clearly understand what we have been saying. So, if those opposite think this is high politics and of some political importance, all I can say is, 'Fellas, you are going to stay over there a lot longer'.

UNITED AIRLINES: AIRCRAFT ACCIDENT

Mr MARTIN—My question is directed to the Minister for Transport and Communications. In view of the tragic accident involving a United Airlines B747 flight near Honolulu en route to Australia last week, can the Minister advise the House on the safety and operational requirements applying to foreign international airlines flying to Australia and the steps that Qantas Airways Ltd has taken to ensure safety of its B747 fleet in light of the United Airlines accident?

Mr WILLIS—I thank the honourable member for his question, which concerns what was indeed a tragic episode involving the loss of life of nine passengers and a terrifying experience for a few hundred others. I understand that the United States Federal Aviation Administration, the National Transportation Safety Board and the Boeing Aircraft Co. are investigating the United Airlines accident. Although it is too early at this stage to determine what may have caused that accident, I am aware, and I am sure that the House is aware, of reports suggesting that a fault in the cargo door may have been a factor in this accident. Whether this is so will not be known until the investigation is completed later this year. However, I assure the House that any corrective action recommended as a result of the accident will be applied without delay by the Civil Avia-

tion Authority (CAA) to Australian based aircraft as appropriate.

I also inform the House that all international airlines which enter Australia come from countries which are contracting states of ICAO, the International Civil Aviation Organisation. The aviation regulatory authorities in these countries are responsible for ensuring that their international carriers meet the ICAO agreed standards and operational standards. I am also advised by Qantas that it has one Boeing 747-100 aircraft—an aircraft of the same series as the United Airlines 747 aircraft involved in the accident. The cargo door locking mechanism modifications as required by the American Federal Aviation Administration were ordered by the Australian body, the CAA, last year and were carried out on this Qantas aircraft some months ago. The cargo door locking mechanisms on the rest of the Qantas fleet are being modified as well. A couple which have not been completed at this stage will be completed within the next few months.

HOME LOAN INTEREST RATES

Mr PEACOCK—I refer the Prime Minister to his statement of 27 January that home loan rates would not rise further this year. Is it not true that the banks subsequently raised their rates to 15½ per cent?

Mr HAWKE—The rise in bank interest rates to which the honourable member referred took place. I made it clear at the time, and when this matter has been raised previously, what the sequence of events was. I was asked whether interest rates would fall. That was the question I was asked. The obvious answer which I gave was yes, because that question was asked in January. I am quite confident that the answer that I gave then was correct and that, by the end of this year, they will fall.

TAX CUTS

Mr SCHOLES—I ask the Treasurer whether he is aware of suggestions that tax cuts should be financed by cuts in Government expenditure. Is he able to indicate whether he has examined this course of action and what the likely consequences would be?

Mr KEATING—I thank the honourable member for that question. It comes in handy to demonstrate a point that was raised yes-

terday by the shadow Treasurer. In his contribution to the debate on a censure motion, when pressed by interjections from this side of the House, he said he believed that tax cuts ought to be financed by cuts in Government expenditure. He repeats these kinds of statements. When we ask the Opposition what the stance of fiscal policy should be—in a debate which is primarily now about the size of the investment surge, whether that investment surge can be accommodated within our own savings, why that spill-over and call upon overseas savings is there, and what should therefore be the stance on public expenditure—the Opposition is mute.

Honourable members on this side of the House do not know, and the press does not know, whether the Opposition would run a surplus larger than we have, a surplus less than we have, as the shadow Treasurer indicated last year, or what its position is. We do know one thing since yesterday: the Opposition thinks tax cuts ought to be financed by cuts in government expenditure. It is months and months overdue in releasing its tax statement which is portending further tax cuts.

Mr Peacock—No, we are not. We are ahead of time.

Mr KEATING—It was supposed to have been released last August and then last October, so it is now running nine months behind. We do not know at this stage what tax cuts are proposed by the Opposition. Therefore, we do not know about its expenditures. One thing we have not heard from the honourable member for Mackellar when he was shadow Treasurer or from Senator Stone and now from the honourable member for Wentworth is what expenditures of the Commonwealth would be cut by a coalition government. We do not know that; we do not have any detail whatsoever. We are now well over half way through the life of the current Parliament and we do not know what the Opposition's stance on fiscal policy or cuts in expenditure would be, having regard to the kind of policy it espouses. The Prime Minister has just reminded me of the shadow Treasurer's promise on the *Sunday* program in April 1988. He said:

Well, I think that if you contain your enthusiasm you will see it, that is our tax policy, before the end of this year.

It is not in place. In February 1988 the Leader of the Opposition said:

To expect the Liberal and National Party seven months after an election, 2½ before the next one, to have released a detailed policy is nonsense. I have said all along that the timetable for policy release by August is going to be adhered to.

He was referring to August 1988. We know what his game is. He will do what he did last time: the moment the bell rings, he will try to cobble together a policy and he will try to fudge all the expenditure cuts. I can only say that I hope that he does, and we will give him the Box Hill reception that we gave his mate in 1987.

BURNING OF AUSTRALIAN FLAG

Mr COBB—Madam Speaker, I wish to direct a question to you. This morning on national television a film clip was shown of what I presumed to be an Australian citizen or citizens burning an Australian flag in front of Parliament House. As I understand it, the laws of this country make it an offence to burn an Australian flag unless it has been worn out. This action of burning our treasured flag has angered and offended nearly all Australian citizens, especially the veterans who fought under it. Because the burning of our flag took place within the parliamentary precincts, Madam Speaker, I ask that you do all that you can to facilitate the process whereby the police be allowed access to the individual or individuals responsible for the offence, if this is thought necessary. Could you also inform the House what measures are in existence to prevent what took place and what further measures can be taken to ensure that it does not recur?

Madam SPEAKER—A proper answer to the honourable member's question will be prepared. I am expecting a report from our Security Controller this afternoon on the incident.

PRESENTATION OF PAPERS

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

The schedule read as follows—

Chicken Meat Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Tobacco Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Cotton Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Grape and Wine Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Dairy Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Grain Legumes Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Research Councils Selection Committee—Annual Report 1987-88—section 60 of the Rural Industries Research Act 1985.

Canberra Theatre Trust—Annual Report 1987-88—including the Auditor-General's Report—section 63M of the Audit Act 1901.

Registrar of Co-operative Societies—Annual Report 1987-88—section 12 of the Co-operative Societies Ordinance 1939.

Canberra Retail Markets Trust—Report for the period 1 July to 31 October 1988—section 27 of the Canberra Retail Markets Ordinance 1971.

Nominal Defendant—Annual Report 1986-87—section 84 of the Motor Traffic Ordinance 1936.

Pig Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Honey Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Sugar Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

Oilseeds Research Council—Annual Report 1987-88—section 30 of the Rural Industries Research Act 1985.

REORGANISATION OF DEFENCE INTELLIGENCE

Ministerial Statement

Mr BEAZLEY (Swan—Minister for Defence)—by leave—I wish to announce today some changes to our defence intelligence arrangements. At present we have the Joint Intelligence Organisation (JIO) which combines military expertise from the three Services and civilian analysts in an organisation that provides both current military intelligence and longer term strategic assessments,

and we also have a small intelligence group established in the Australian Defence Force headquarters to provide direct operational support to the ADF. From 27 March these functions will be combined in JIO. Later in the year—when the necessary legal changes are made—JIO will become the Defence Intelligence Organisation, or DIO. The new name will better reflect its central role in the preparation of intelligence assessments for defence and the provision of operational intelligence for the ADF.

These changes are part of the process of developing our self-reliant defence effort, which has been the central theme of this Government's defence policy. For Australia, high quality intelligence assessment of our security environment and assessing the possibilities for military threat is a front line defence capability. It is at the core of our defence planning and guides the decisions we make about our force structure, the location of our forces, and their levels of readiness.

Good intelligence is also critical to our military effectiveness in the event of conflict. Australia is investing heavily in modern high technology intelligence collection and surveillance systems. We are also developing the communications and data systems necessary to use intelligence effectively and to provide timely support to operational commands. We have introduced new command and control arrangements under the Chief of the Defence Force (CDF) for the conduct of independent operations for the defence of Australia. By combining our national defence intelligence assessment effort in the one organisation we will strengthen JIO's central role in monitoring Australia's regional environment and preparing defence assessments. At the same time we will ensure that the Australian Defence Force headquarters and the functional commanders are provided with an integrated and up to date operational intelligence service. In periods of tension or hostilities the demands for intelligence to support the planning and conduct of operations and to protect against enemy action will grow dramatically and the system for providing that intelligence and informing appropriate countermeasures has to be able to expand accordingly without the need for disruptive reorganisation or demarcation dis-

putes over responsibilities and allocation of resources.

Additionally, the system that meets the needs of the CDF and other senior defence policy makers has to also provide the senior commanders of the ADF at the operational level with the intelligence they need but cannot provide by employing their own resources. Existing arrangements for intelligence support to the ADF have evolved over the last 20 years. They therefore do not necessarily match contemporary military strategy and defence self-reliance nor meet fully the ADF's requirements. For these reasons we will gain considerably from integrating the ADF headquarters intelligence staff into JIO. It means that, instead of a small group in the headquarters being responsible for operational intelligence, the military planners in the headquarters will now be able to draw directly on the full resources of JIO—without the need to go through coordinating channels. The interaction can occur at a number of levels which greatly helps operational efficiency in a crisis situation.

The new JIO—and, later, DIO—will be headed by Major-General John Baker who took up his appointment as Director JIO last week. General Baker will have the task of overseeing the transition from JIO to DIO and he will be responsible for the conduct of a comprehensive review of the arrangements for the supply and management of intelligence to support the command structure of the Australian Defence Force. That review will be conducted during this year and there will be scope for further adjustments to our defence intelligence arrangements in the light of General Baker's report.

In announcing these changes I want to pay tribute to the excellent work done by the Joint Intelligence Organisation since its formation in early 1970. JIO has a well-deserved reputation for carefully considered and authoritative judgments of military and security situations, and this is particularly so in its work in the area of warning time, which continues to be a poorly understood concept in Australian defence thinking. I think it is poorly understood in part because people think about warning time as an exercise in prophecy. They resile from any notion that we can predict the future and they draw on a whole wealth of historical experience to

demonstrate that surprise is at least as common in human history as accurate prediction. But that is not what warning time is about. Rather, the Australian concept of warning time is about calculating the possibilities for a major attack on us by placing limits on what is physically possible in terms of the forces and equipment available to a putative enemy, and the time that would be required to improve them.

This leads to a central point in our defence planning. There have been, and still are, possibilities for lower levels of conflict in our region which could arise with very little warning and which could be very demanding of our defence effort. I make no predictions about these, nor do I assess any of the possibilities as being particularly likely; but simple prudence demands that we have the military capacity to deal with them. This Government's defence policy has paid critical attention to these contingencies, whilst still maintaining the skills and equipment necessary for expansion to meet higher levels of threat.

It is important in considering such possibilities to determine the limits to the military capacity that might be employed against us. This is not an exercise in prediction. Rather, it is a matter of counting and measuring regional military forces and assessing how they might be most effectively employed against us should presently favourable political intentions towards us change. In this effort we have the advantage of access to modern intelligence systems and techniques that allow us very great confidence in our assessments. These systems and techniques are at the very heart of JIO's capabilities.

Intent to use force is, of course, rather more difficult to measure. We have examples in recent history where governments have seen military preparations but misjudged the intentions of their adversary. There are less well-known examples of the converse—where both capabilities and intent have been properly judged and deterred. But again, simple prudence requires that we acknowledge the possibility of misjudgment of intent and that we are prepared to deal with the consequences of miscalculation. This reinforces the need to have the military capacity to deal with situations which could arise in fairly short time scales—which, as I have stressed,

has been a consistent theme of this Government's defence policy.

I want to say something here about the claim that the Fiji coup represented some kind of intelligence failure. Of course, we did not know that there was going to be a coup, and very few others did either. Indeed, according to General Rabuka's account, he did not finally make up his mind until just beforehand. Thus, the precise prediction of such a decision is not likely to be possible and we cannot expect intelligence to do so. What good intelligence assessment does is to help to understand the circumstances that give rise to such events and to guide our policy responses. I make the further point that, while deeply tragic, what happened in Fiji did not represent any fundamental undermining of our national security. There was no consequent military threat to Australia, or any risk of threat. The only defence response required was to position our forces so that they could assist in the evacuation of our citizens should this be necessary. I add that, contrary to some reports, the ADF carried out this task efficiently and with great professionalism.

To deviate somewhat from the statement, I just add that in the one or two situations that have arisen in the South Pacific I have found that to be the case. Of course, in all these situations one learns a great deal. One finds gaps in both one's procedures and one's capabilities. However, in this situation and in all the things that we wanted to do we had total confidence that we had the capacity to do them when we needed to do them. I must say that, to some degree, that came as a surprise to me; nevertheless, it was a very pleasant one. I have not had an opportunity to congratulate those in the headquarters of the ADF and elsewhere in the Defence Force on their performance in those situations and for the confidence that they gave to Government at the time.

In considering possibilities for serious assault on Australia, we necessarily enter the world of speculation and assumption. This is sometimes a recipe for all kinds of loose, if imaginative, thinking about how Australia might be attacked with massive military force at some future time. But what we need are careful assessments of what would be necessary for sustained assault against Australia.

We need to compare that to what is available in the region now and we need to judge how long it might take for any country to acquire the capabilities that would be necessary. Over 15 years ago such a judgment was commissioned by a previous Labor government—and it was parodied as 'the no threat for 15 years' assessment. But, in fact, the careful work of the then JIO, which was endorsed by the Defence Committee in the *Strategic Basis of Australia's Defence Policy* document of 1973, has been borne out by subsequent events.

It is not sensible for a Defence Minister to speculate about friendly countries attacking us at some future time, but I think it is important in the interests of an informed public debate that I set down in general terms the broad conclusions of some of the work done by JIO intelligence staffs and defence strategic planning staffs as it has been conducted over many years. A central conclusion is that a very considerable military force would be required to launch and sustain any kind of major assault against Australia. If, for a moment, we put aside motive and contemplate the kind of force that would be necessary to mount a sizeable assault against Australian territory, we are talking about a minimum of a divisional group—that is, an organised and balanced force of some 15,000 to 20,000 men.

Some might argue that such forces are already in existence in the region. Even if we accept this, those forces have little relevance unless they are deployable across the formidable realities of the sea-air gap to our north. The distances involved are many times greater than the English Channel, which has been so effective in deterring invasion of Britain for the last 900 years. An adversary seeking to invade Australia would first have to dominate the sea and air approaches to our continent and sustain that control for the period of conflict. This would be a most difficult task requiring massive amounts of specialised and long range air power and naval forces and forward logistic bases close to Australia capable of supporting such forces. These things are not available now to any regional power. They could not be acquired quickly or easily and they certainly could not be acquired without our knowing about them.

To take this point a little further, we might consider the kind of air power that would be necessary to control the sea-air gap. We are not talking here about short range fighters or ground attack aircraft that are in plentiful supply in many parts of the world. We are talking about advanced long range surveillance and strike aircraft equipped with the most modern weapons and avionic systems. Australia is one of the few countries to have these in significant numbers. It takes time to acquire such aircraft and even longer to know how to use and support them. As the Australian Minister for Defence, I know only too well how difficult and time consuming it is to develop the highly skilled manpower necessary to operate and support such aircraft, and yet I consider myself very fortunate in that Australia can draw on a population that is well educated and technically competent, and certainly so on any regional standards.

There are many assumptions in this kind of analysis and I have given but two examples of the kind of problems any country would face in contemplating a major assault on Australia. It will be properly pointed out that an adversary may well see maritime harassment or interdiction as a more profitable means of putting military pressure on Australia. Indeed, this consideration is reflected in the emphasis that Australia placed on developing its maritime capabilities. There is nothing in the region that matches our maritime combination of P3 aircraft, submarines, surface combatants and long range strike aircraft, and this Government is putting in place a force structure for the 1990s and beyond that will improve impressively our maritime forces with the new construction submarines and the Anzac frigates.

It might also be properly pointed out that it is difficult to conceive of a motive for any kind of major assault on Australian territory. Again this is acknowledged by the Government. But we cannot assume that any and all possible adversaries would reach the same conclusion in all future circumstances. This is why we need a dedicated organisation in the JIO which devotes its considerable talents to constantly monitoring Australia's strategic circumstances.

This leads to what, I think, is a central conclusion that should be drawn from the

work on the idea of warning time, and has been done for some time now in JIO. It is not sensible to think of warning time as a finite period in which we will not be faced with military threat of any kind. Rather, the concept provides a basis on which we can assess our own priorities for defence preparation and the time scales for our own defence effort. Should there be a trend in regional defence preparation towards the development of substantial power projection capabilities, we would have to consider what we would need to do to maintain the relativity of military strength we now enjoy. Monitoring these trends and assessing our own requirements are thus central to our defence planning effort.

Under the new arrangements for defence intelligence these responsibilities for longer term assessment will continue to be at the core of the work of JIO, and later DIO. What we are doing is to add to those core responsibilities the vital task of ensuring that the ADF is provided with comprehensive and timely intelligence in support of operations. This will include not only supplying more timely current intelligence to the maritime, land and air commands, but also developing a more integrated approach to foreign intelligence collection with information on the north of Australia and Australia's territories. By combining the major responsibility of these intelligence functions in the one organisation we are ensuring that the totality of our defence intelligence needs is properly met.

It remains for me only to congratulate General Baker on his appointment, to wish him well with the tasks that lie before him, and to thank the staff of JIO for the ability, dedication and commitment they have shown over the years. I present the following paper:

Reorganisation of Defence Intelligence—Ministerial statement, 1 March 1989.

Motion (by Mr Robert Brown) proposed:

That the House take note of the paper.

Mr WHITE (McPherson) (3.06)—I thank the Minister for Defence (Mr Beazley) for the timely copy of the paper, which I have read with interest and with bemusement at some of the conclusions he draws, some of which I will comment on in a moment. The Opposition welcomes the changes that the

Minister has foreshadowed, but we wonder why it has taken so long to achieve them, given that they were canvassed by Mr Dibb as long ago as 1983, and again in the Dibb White Paper in 1986. It is true that no defence force can operate effectively without timely intelligence. I acknowledge the general effectiveness of Australia's agencies to date. I think it is time that we also acknowledged—as I am sure the Minister does—the very great assistance that we get from our allies. If we did not have that, our budgetary bill for support would be massive. That is something that New Zealand might like to ponder, as its present Government consistently refuses to meet its responsibilities in this region.

I raise one matter which is obliquely concerned with intelligence gathering, and that is the question of why the honourable member for Groom (Mr Taylor), when I paid him a visit in his electorate last week, was excluded from visiting one of the regiments. I bring that subject up while the Minister is here as I think it is something he should look at.

One of the other concerns about the establishment of the Defence Intelligence Organisation (DIO) is whether it will get proper support. I notice Mr Dibb has recommended that an additional \$10m should be allocated over a five-year period to keep those agencies up to scratch. As the Minister is now scouring the defence forces—‘terrorising’ might be a better word—to find more savings for the next cut in the defence budget, we wonder whether the money so recommended by Dibb is going to be forthcoming or whether we will see yet another grand plan collapse, like the 1987 White Paper.

Another concern about the DIO relates to its role being partly to support the functional commands with tactical intelligence. The question of priorities has always bedevilled intelligence gathering and assessment organisations. Priorities will have to be sorted out between the functional commands and the responsibilities to those and the field commanders and to the Commander of the Defence Force and Australian Defence Force Headquarters. There are three main assessment organisations in Australia: the Office of National Assessments (ONA), the Department of Foreign Affairs and Trade and the

Joint Intelligence Organisation (JIO), soon to be the DIO. In the past there have been considerable problems in coordinating the activities of these three major organisations. The division of responsibilities between ONA and JIO has sometimes caused considerable difficulty, as has the relationship between ONA and JIO and some of the departments. I hope that in this reorganisation of defence intelligence we will see a diminution of some of those difficulties.

Like the Minister, and, I am sure, all members of the House, we wish this new organisation well. I particularly wish General Baker well. He is an old classmate of mine from 1957. I hesitate to go back that long. He is a very capable officer and I am sure that he is the man for the job.

This paper is about intelligence. The Minister rightly says in his paper that intelligence is the core of our defence planning. It decides on the force structure, the location of the forces and the level of readiness. In that case, it is of some wonder to me and to others on this side of the House why his intelligence does not tell him to abandon his present priorities and defence policies based, as they are, on the defence of the Australian mainland and does not tell him that he should put more effort into an involvement in regional forces. Australia's security does not start at the shores of Australia.

If one looks at what has happened in our region in the last couple of years, one will see the token involvement of this Government in the region, and it is fair to ask: Why does the Government not take some notice of intelligence reports that it undoubtedly receives. For example, Papua New Guinea is currently experiencing some difficulties. Military aid to Papua New Guinea is, I think, about \$24m. For example, \$58m is given to the Australia Council. There is some imbalance of priorities when one looks at it in that way.

In this paper the Minister has stated that an assault on Australia is unlikely; and we agree. Why are all our priorities devoted to preventing an assault on the Australian mainland? This year we will spend \$100m on Kangaroo 89. This will absorb almost all the exercise and training funding this year. God knows what it will do to next year, as

the Minister will appreciate. He will suck up all these resources—\$100m—and put them into this one exercise, when he says, time and time again, that there is no foreseeable threat to Australia. The simple question that must be asked when looking at what has happened in Fiji—which I will come to in a moment—in Vanuatu, in Noumea and in Papua New Guinea is: Why does the Government not put extra resources into securing and maintaining the peace and helping these countries in our region which are so crucial to our security instead of concentrating on this isolationist policy of defending mainland Australia. To get the money—presumably part of it for Kangaroo 89—the Minister has instructed the defence forces to find even further savings options. The Chinooks at Amberley have obviously gone. At least one of the F111 squadrons is under threat. The situation was not helped when the Chief of the Air Staff made a statement there the other day. I do not know what he said in effect. One report had it that both squadrons were safe. Another report had it that one squadron was due to go. When I checked, out of fairness, with the Air Force, after a day of toing and froing of phone calls, I still had no answer. To this day, we still do not know whether the Chief has said that two squadrons will remain or one will go. In any case, I would have thought that that was a matter for the Minister, who has remained mute on the subject.

Other reports indicate that one of the F18 squadrons is under threat. HMAS *Stalwart* might be taken out of service. One brigade might be reorganised. That would be another 1,000 men out of the Army. And so it goes on and on. Of course, the effect of these further cuts on the morale of the Defence Force—at Amberley in particular—is immense. While we have all this happening, the personnel programs which we have covered ad nauseam in this House are still unfunded. To say that the Government is presiding over the demise of the ADF, as we knew it, is not putting it too strongly. The grand plan that the Government brought into this House for the Australian Defence Force in its 1987 White Paper is falling down around its ears.

In his statement the Minister mentions the Fiji coup. No-one has ever suggested—cer-

tainly not that I am aware—that the soldiers who took part in the deployment to Fijian waters in 1987 did not act effectively, efficiently and very professionally. But they did not get the support of the Government. They did the very best with what they had. I see the Minister shaking his head. This happened two years ago; I will go through it in a little bit of detail again. The Minister says that we learn lessons. Two years on what have we learnt? What has he done with the prospect perhaps of having to become involved or give some aid to Papua New Guinea? Are we any better off? From a Government point of view, that deployment was a fiasco. The Government changed the warning time given to the troops. One moment they were on a week's notice, and the next they were on two days notice. If the Government wants them on a week's notice, give them a week. If it wants them on two days notice, give fair notice.

Mr Beazley—You've got no idea. What do you do? You ramp up the warning time.

Mr WHITE—You give them fair warning time. The Minister obviously does not understand. When the troops are given a week's warning, they expect that they will be deployed at the end of seven days. But when they are told that they are to be ready within a week and then, the following day, the Government says, 'No, we've changed that; we want you ready in two days', it is no wonder that they are scattered all around the country. At that time they had done no training for the sorts of operations that they were likely to be involved in—no individual training or any joint service training. In other words, there had been no contingency planning. From the Government's point of view it was an ad hoc operation from start to finish. The troops were poorly equipped. They had to scrounge the barracks to get the necessary equipment. There was a lack of radios, night vision equipment and, for some extraordinary reason, to which the Minister might like to respond, they were ordered not to take their machine guns. I have never heard of infantry troops being deployed and being told to leave their machine guns at home. If the Minister has a reason for such an order, we would all be delighted to hear it. I presume that he thinks that sending troops with machine guns is being provocative.

In my view it is highly irresponsible to send infantry troops into a situation which is unknown without the necessary equipment. Of course, we come back to the hoary old problem of few troop-lift helicopters and certainly no ship in which to transport them.

On page 3 of today's statement, the Minister says:

This reinforces the need to have the military capacity to deal with situations which could arise in fairly short time scales . . .

I would have thought that what happened in Fiji would have encouraged the Government to look at what might happen in other places in which we might be involved. I do not see any sign, with New Guinea or any other place for that matter in mind, that we are any better prepared two years later. Apparently there has been no training in aid to the civil power that I am able to establish. There has been no program with joint service training.

The ADF had a major exercise in Shoalwater Bay towards the end of last year. It had great difficulty in getting, I think, one LST and had great difficulty in doing any joint service training with the Air Force. Do we have an amphibious squadron to replace the one that the Minister disbanded? Has it been put back? No. Do we have a helicopter lift ship that can carry Blackhawks? No. The conclusion we must come to is that we are no better prepared two years after the Fijian deployment than we were at that time. Although this is basically a debate on the reorganisation of intelligence, the point I am making is that the Minister raised all those issues in his paper.

Mr Beazley—I agree. I also talked a bit about intelligence, so perhaps you might.

Mr WHITE—The point is that there is no use having an intelligence capacity without a backup. It is all very well to know what is going on, but what is the use of that if we do not have the capacity to react? That is the crunch of what we are talking about. We are talking about the capacity to react. The Government did not have that capacity in respect of Fiji and things are no further advanced. The Minister keeps defending the Fiji situation; it was an absolute fiasco. What I am saying—and the point was raised by the Minister and his own Party—

is that it is all very well to have a very good intelligence organisation, but if we do not have the capacity to react we have nothing at all. Until the Minister reorganises his defence priorities from an obsessive concentration on the defence of mainland Australia to a meaningful involvement in our region, which is vital to our security, all this intelligence means nothing at all.

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

Mr CHARLES (Isaacs) (3.21)—I congratulate the Minister for Defence (Mr Beazley) on his statement. I will elaborate on that a little more, but before I go on I must admit that I have been stunned once again by the reply of the honourable member for McPherson (Mr White). I should not be, because every time he comes into the House he contradicts himself; he makes contradicting statements time and again. He has done it again today in such a way that I am really a bit nonplussed as to how to reply to such a lot of drivel. In fact, he spoke very little about intelligence, which was what the Minister's statement was about. One could say that once again he brought forward the problems the Opposition is having in bringing forward policies—in this case a defence policy. The Opposition is saying, in fiscal terms, that it wants to cut spending on education, health and other things. The Opposition, through the honourable member for McPherson, is not saying anything about defence. I suggest that he is not saying too much about defence spending because he knows that, if he came clean, he would have to say to the public, 'In order to do all the economic things that we will thrust on you, you will have less to spend on defence too'. We will have to make some drastic cuts somewhere else if we follow the Opposition's scorched earth policy to its logical conclusion.

The statement today by the Minister is more than welcome. I am pleased to see that at the outset the Opposition actually supported the Government's decision to bring the intelligence organisations together. The Joint Intelligence Organisation (JIO) will come under the Defence Intelligence Organisation (DIO) in a few months' time when the appropriate legislation is passed. The JIO has a well-deserved reputation, as the Min-

ister said, for carefully considered and authoritative judgments. It is interesting to quote something the Minister said in his statement. Something he put his finger on is not readily recognised. He said:

The JIO has a well-deserved reputation for carefully considered and authoritative judgments of military and security situations, and this is particularly so in its work in the area of warning time, which continues to be a poorly understood concept in Australian defence thinking. I think it is poorly understood in part because people think about warning time as an exercise in prophecy.

The latter part of that quote from the Minister's statement is very important. People think we have bureaucrats or members of the Government running around prophesying what may happen. In fact, it is not just a mythical act of prophecy by some prophet; the intelligence we receive is well thought through. We cannot prophesy every conceivable situation. We are looking at long term situations. As the Minister noted, short term harassments can occur and the Government and the defence forces are prepared for that, but in the long term situation in regard to a major invasion of this country one has to look at the intelligence that comes forward from the JIO and others within the Government and that has always been correct through successive governments and not disputed by the Opposition. In this regard this Government has done well. It is this Government, keeping in mind that intelligence, that brought forward the White Paper in 1987 and that looked at a program of capital equipment that is much needed. We are not going back over the re-equipment mentality of 'Jeez, we have 100 tanks that are worn out, let's replace them'. In the old days we would have replaced them without thinking. No-one ever thought about whether we needed them. Two reports which I have in my hand, namely, the report of the Dibb Review of Australia's Defence Capabilities and the White Paper, went through all those scenarios and brought forward a program of defence equipment, of the capabilities we require running into the twenty-first century. The Government has gone down this track.

The sale of Williamstown Dockyard has been successful. The frigate program is on time. I understand one will be launched in May several months ahead of schedule. When that frigate program is finished, or before it

is actually finished, the tender process, which is under way, for 12 light patrol frigates—I cannot comment on that but they are beavering away up on Russell Hill through thousands of pieces of paper, probably millions of pieces of paper, to try to find a successful tenderer—will be completed. The Government will announce the successful tenderer some time around the middle of the year. Hopefully, 12 light patrol frigates will be launched over the next decade for Australia and New Zealand. This is coupled with our submarine program—the most advanced and, in a sense, destructive conventional submarine anywhere in the world. The first one will be launched in four or five years' time. That program will run into the turn of the century. (*Quorum formed*)

The calling of the quorum shows the seriousness with which the Opposition looks at a very important debate on national security matters. Here we are talking about very important intelligence and national security matters and we have this gaggle on the Opposition front bench who cannot treat this debate at all seriously. It is important to look at the 1987 White Paper. I quote from paragraph 1.35:

This Government is concerned to sustain a favourable regional strategic environment for Australia. In the years ahead, our capacity for security co-operation in the South-West Pacific and South-East Asia will expand because the numbers of major naval vessels in our fleet will increase, our Air Force will have an in-flight refuelling capability, our Army will be more mobile and deployable, and the Defence Force generally will have a better surveillance and patrol capacity.

In all those areas we have started down the right track. In regard to cooperation in the south-west Pacific, for example, we have seen a vast extension of naval visits. The defence cooperation program in the south-west Pacific that I saw for myself last year is going very well. The increase in naval vessels is something I have already talked about. Under the frigate program, the light patrol frigates will come on stream over the next few months. The in-flight refuelling capacity within the Air Force is under way. We will see the FA18s and the F111s combined with that. Our Army will be more mobile and deployable. All of that is part of what I was talking about before the silly interruption brought upon us by the Opposition. In re-

gard to defence capability of this country, under 30 years of coalition government, it did not lead us anywhere constructively. We had the replacement mentality on stream. Some honourable members opposite are still running around looking at aircraft-carriers although we cannot really put anything on them. The experts said that we really needed three of them. It would amount to \$10 billion if we were going to put three aircraft-carriers into operation with the appropriate planes and helicopters.

It is important to note all those things because, as I mentioned, when one looks at fiscal policy the Opposition has no policies. It will not bring forward a defence policy because it knows it cannot fund the nonsense that it comes forward with every few weeks and spouts about in this Parliament. It knows that the Government's program is correct. If it were to fund it, it would blow a hole right through its economic policy. It does it every time.

As I said, I have not mentioned parts of the intelligence area, particularly another part of the capability program in regard to the Jindalee over the horizon radar. There is an extension of that program right across the northern part of Australia. The in-flight refuelling, the airborne warning and control system and the over the horizon radar—

Mr White—When is it going to be operational?

Mr CHARLES—All we get is barbs coming across the chamber. The Opposition did not do anything about it. It was in government for 30 years and all it talked about was whether it was going to let some admiral run around in an aircraft-carrier. The Joint Committee on Foreign Affairs and Defence, on which the Opposition had the majority at that stage, was chaired by one of the Opposition members who came forward and said, 'What a lot of nonsense. We do not need it'. He told the then coalition government to forget about that policy. That really put Fraser in a predicament. The Committee which the Opposition had the numbers on said, 'Don't go down the track; it's a nonsense policy'. The honourable member for McPherson was not here then but the right honourable member for New England (Mr

Sinclair) was. That is when it was fair dinkum.

The over the horizon radar and the very important intelligence program that we are talking about—JIO, later to be called the Defence Intelligence Organisation which is in progress today and will be in legislation later this year—are a very important and very good move by this Government. They bring all the areas under one wing. It will be much more efficient and will do Australia proud.

I wish Major-General Baker well in his appointment. His predecessor, Mr Dibb, did an excellent job. I wish them both well. I am sure that we will see this come about in the next few months. I am sure that Australia, through its intelligence, which is a very important part of defence and defence planning, will come out of this with a lot of good.

Mr SINCLAIR (New England—Leader of the National Party of Australia) (3.35)—This paper on the reorganisation of defence intelligence addresses one part of Australia's total intelligence organisation. It is only part of that which will continue within defence. It is not a total reorganisation of Australia's intelligence services. There are a number of others that are not part of this debate today. As far as the Australian Defence Force is concerned, however, there is no doubt that the necessity for adequate intelligence was reflected in the comments made by the Minister for Defence (Mr Beazley) and accepted by anyone looking at the regional responsibilities that are inevitably ours and ones for which our Defence Force needs to be structured. It is almost paradoxical that Paul Dibb, the man who is leaving the post, was the author of the report which virtually downplayed the need for us to have a regional responsibility. I am delighted that the White Paper moved away from the Dibb report. At least in the conceptual stage the understanding of the need for us to have a wider role in the regional defence of the part of the world in which Australia lies is comprehended, albeit not very critically of the way in which the Minister has applied this policy and the way in which the resources of the Department of Defence are no longer able to meet them.

To John Baker, who is taking over the role, I think a very interesting responsibility

will fall. I have a great deal of respect for Major-General Baker. He is an outstanding military officer. I believe that the reorganisation will certainly be facilitated by Major-General Baker's presence. I like too the idea of bringing together the independent intelligence organisations of the three services, and combining them with the Joint Intelligence Organisation (JIO). The name change is perhaps symbolic of the consequence of that amalgamation. I think that perhaps there are other fields of defence that could be incorporated. For example, the Defence Signals Directorate could well be incorporated under the same umbrella. It might well be that in the nature of things the present responsibilities of the Office of National Assessments (ONA) may or may not have been benefited if they had been brought within this embrace. Those are matters that are not in this specific statement. But they do follow because the JIO interface with ONA has always been important. Within the provision of information to JIO there has always been a significant input from each of the independent intelligence services within the three independent arms of the service.

My concern and reason for wishing to speak out relate to what seems to me to be the anomaly of the development of an intelligence organisation which properly is addressing itself to the overall threat situation, the degree to which in our region changing pressures and the changing political situation affecting individual countries are really setting down the parameters for defence itself. Over the years there has always been a strategic defence basis paper prepared. The Dibb report was, in essence, a reassessment of the preparation of those defence bases. The White Paper was, as on so many earlier occasions, an attempt to relate what is happening in the Defence Force to the intelligence assessment.

My worry in the Defence Force is that we are not seeing anything like the capacity in the Defence Force to react to the changing intelligence assessment. I know there is no imminent threat and I am not suggesting that. But the Minister's paper addresses one circumstance where Australia might well have been involved in a different manner from the way it was. We all read this morning that the Papua New Guinea Government has ap-

proached the Australian Government and apparently made a request to it. So there are other nations which could impose out of the ordinary requirements and requests on the Australian Defence Force. There is a long standing commitment which I am pleased to see the Government is maintaining. Australian engineers will participate in the peace force in Namibia. The Prime Minister and the present Foreign Minister—it might well have been his predecessor—have made an offer for Australia to participate in a defence force in Cambodia which may eventuate. If the media is to be believed it could require something like 1,000 personnel. So we have a commitment in peace forces. Without going over it, let me say that I remain very critical of our withdrawal from the Sinai, albeit I know there is a need for a rotary wing capability in the Australian Services. My worry is that we have now a new defence intelligence structure directed towards assessing the threat in our region—the Minister's statement mentions Fiji—a region seen to be increasingly volatile.

We have a commitment to two defence forces, and we have a marked run-down of personnel. We have some build-up in military capability, but it is largely still on the wish list. The Anzac frigate is still the subject of dialogue between our Government and the Government of New Zealand. The nature and character of that program are such that the ships are certainly not going to come into commission for some considerable time. We all know that there is talk of the *Stalwart* going out of commission. I hear that one F111 squadron feels the threat of disbandment, and I hope that the Minister will rebut that suggestion because I think it would be very detrimental to Australia were that to happen at this stage. I am pleased to see that there has been some movement towards upgrading the avionics on those F111s. I think we all need to understand that the capacity of Australia to react to the very intelligence situations the DIO is going to address will be very markedly affected if we do not retain those F111s in service.

We have seen, sadly, a marked run-down in personnel. It is not all a matter of money. We all know it is a combination of morale, changing environment and a loss of feeling of commitment that arises from a combina-

tion of factors. I remain very critical that neither the Minister nor the Minister assisting him has really been able to come to grips with the human problems that are involved in service in peacetime corps.

Because of the pressures on them, it is not easy for the spouses of service men and women to retain their own separate careers. I am not at all happy, in spite of all the rhetoric that we get constantly in the House from the Minister for Defence Science and Personnel (Mrs Kelly) suggesting that all is well. All of us who talk to service men and women know that there is a real malaise. It cannot be allowed to linger. If it festers, as it is, our ability to react to any of the intelligence situations envisaged is just not going to be adequate.

Of course, there is another facet to this change which I think one needs to reflect on, and that is that the Minister is great in bringing out these grand designs and grand designs have a place—but there is a problem in trying to assimilate some of the changes, particularly at a time when personnel are running down. I suppose that one of my concerns is that there is a bit of dead wood in the present Joint Intelligence Organisation and it would be better if some people were moved out. Although I have said that I am concerned about this new structure being a grand design and worry about whether it is capable of being implemented, I think we should encourage better analysts and effective analysts and allow a continuation of the career of the analysts both in the JIO and in each of the intelligence services. One thing that has long worried me is that, with the progress of technology, there is an enormous amount of data available. The problem is to assimilate it, digest it and interpret it according to Australian circumstances.

I think it is important that we understand that this Defence Intelligence Organisation will only be as good as those who are going to contribute information to Major-General Baker and those who work with him. I hope that he will be given considerable flexibility in determining who will remain as analysts, how they can be transferred, and that there will be a capacity to move on some of those who seem to me to have been in JIO for too long. One of the worries of those service personnel who are getting concerned about

the future is that there seems to be an immobility among those who ought to get out, and that those who are brighter, more capable, perhaps better trained, more adapted to perform in the market-place unfortunately tend to be the victims of the system. They move on; it is those people we meet around the various civilian places where service personnel have found employment.

I commend the Minister for the change but express concern that it should not just be a facade. If this body is to be allowed to operate, it should not necessarily be restricted just to the field that the Minister's paper now addresses; there are other intelligence organisations where perhaps this body in its new form might be able to perform better or perhaps perform slightly differently from the way it has in the past.

I hope that it is recognised that the personnel problems have caused real pressures and that some of the people who remain in the Defence Force central, and certainly in JIO, are people who perhaps should be allowed to go so that the brighter and better people can be given the promotion they need. I also think the analysts must be given the incentive they need, given proper training, allowed to perform their role and, if need be, moved into other intelligence areas. With the development of other defence facilities, in Western Australia, for example, there is going to be a need for cryptoanalysts and interpretative analysts, and we need to make sure that we train people and that the better people are given motivation, given reward, for the whole of our intelligence effort is going to be significantly dependent on their capability.

There are a few unseen factors in this paper. I do not know whether the Minister has deliberately omitted them or not. For example, I am quite interested to know how this particular body will liaise and operate with New Zealand. As everybody knows, in the aftermath of the sad events of the election of Prime Minister Lange in New Zealand and the failure of the Hawke Government effectively to take the steps that I believe would have been possible to allow New Zealand to remain in some type of ANZUS arrangement, there has been a withdrawal of exchange of intelligence information. I would be interested to know whether

the DIO intends to address that problem. I suspect it does not. I suspect it represents just a reorganisation within the Department of Defence. This is a matter which members of this House would be interested to know about, and it is certainly one which affects Australia's defence capability.

Above all, the important part about the Defence Intelligence Organisation is not just that it is a collating body, but whether, when information is passed on to the defence chiefs, and from the defence chiefs to government, there is a capacity to react. In my view, the Government would not have been able to react as it may well have needed to in Fiji if circumstances had been worse than in fact was the case. I am apprehensive about deteriorating circumstances in a number of island nations in the Pacific—I do not believe there is an immediate threat, but I believe there is one—where Australia has a unique and peculiar responsibility. If New Zealand is still pursuing her separate ways and if we are going to operate in a way which would seem to develop our defence capability to defend continental Australia instead of playing a role in the region around us, it may well be that the Defence Intelligence Organisation will give the Government the information, but there will be nothing we can do with it.

In that respect, I will be very interested to see the degree to which Kangaroo 89 succeeds or fails. Kangaroo 89 is already prejudiced. Many individual units have lost necessary preliminary training at the unit level because of the need to save funds so they can participate in Kangaroo 89. This is a joint exercise of generally admirable dimensions, and I believe that it has many facets which both sides of the House would support. However, we need to understand that Kangaroo 89 has very little relationship to the sort of intelligence to which the Defence Intelligence Organisation will be directed. If the DIO is necessary to address the changing strategic situation, how much more important is it that we have a Defence Force trained and exercised to be able to meet the situation I believe the DIO might well disclose.

Mr LEE (Dobell) (3.49)—I welcome the fact that the Minister for Defence (Mr Beazley) has taken today's opportunity to make a statement to the House on the Defence

Intelligence Organisation and his plans for the future of defence intelligence in Australia. I think one of the most refreshing changes that we have seen under this Minister for Defence is the fact that at every opportunity he has sought to inform the Parliament about changes in Australia's defence policies. I congratulate the Minister on doing more than, I believe, any previous Minister for Defence in seeking to ensure that the Parliament is informed and allowing members of parliament an opportunity to express opinions and have vigorous debate about these issues, which are of great importance for our country.

Mr Peter Fisher—You have been here for only 12 months.

Mr Tim Fischer—Is he a very good one?

Mr LEE—To respond to some of the interjections coming from the Opposition, I simply contrast the contribution of the Minister for Defence in this House today with that of the spokesman for the Opposition, the shadow Minister for defence, the honourable member for McPherson (Mr White). His contribution to this debate today was another trip to Disneyland, a trip to Fantasyland, as he attempted to argue that the big problem in Australia is that the Hawke Labor Government does not spend enough money on defence. That is the premise on which he based his contribution today.

Of course, that is nothing new from Opposition members. If we have a debate on social security they say, courtesy of the shadow Minister for social security, the honourable member for Bradfield (Mr Connolly), that this Government should spend more on social security. If we have a debate on road funding, the shadow spokesman on road funding, the honourable member for Richmond (Mr Blunt), says that we should spend more money on roads. If we have a debate on veterans' affairs, the shadow Minister for veterans' affairs, the honourable member for Farrer (Mr Tim Fischer)—he is a good shadow Minister and I hope he continues to make a contribution as shadow Minister for many years to come—expresses the belief that the Hawke Government should spend more money in that area.

Mr Tim Fischer—In order of priorities.

Mr DEPUTY SPEAKER (Mr Leo McLeay)—Order! The honourable member for Farrer will cease interjecting.

Mr Cadman—Well, he is a good one.

Mr DEPUTY SPEAKER—And the honourable member for Mitchell will cease interjecting.

Mr Cadman—Yes.

Mr DEPUTY SPEAKER—I warn the honourable member for Mitchell.

Mr LEE—At the same time we have the shadow spokesman for finance, the honourable member for Wentworth (Dr Hewson), and the shadow Treasurer, the honourable member for Kooyong (Mr Peacock), stating time after time that government spending has to be cut so that we can re-order Australia's priorities. They cannot have it both ways. The shadow Ministers for veterans' affairs, roads, social security and defence cannot be allowed to come in here during debates on those issues and say that we should spend more money on their particular hobbyhorses and allow the shadow finance spokesman and shadow Treasurer to say that government spending has to be cut. Some of the people can be fooled some of the time, but not all the Australian public all the time. One cannot get away with that fiscal irresponsibility.

I simply remind the House of the suggestion in the contribution by the shadow Minister for defence, the honourable member for McPherson, that the Government look at building or purchasing another aircraft-carrier. When the Minister for Defence nailed him down on the cost associated with that, he said, 'Don't worry; perhaps we could convert an oil tanker or a bulk ship carrier into an aircraft-carrier'. I can imagine how that would survive at sea if ever there were any hostilities around Australia. It is a ridiculous proposal.

I turn to the statement made by the Minister for Defence on the newly announced Defence Intelligence Organisation. The Minister has again emphasised that the Government's policy is to increase Australia's self-reliance. That is the central theme of this Government's policy on defence, and it is something which I thought would have deserved the support of both sides of this

House. The statement which we are debating today announces that the Minister and Cabinet have decided that the Joint Intelligence Organisation (JIO) should be amalgamated with the Australian Defence Force (ADF) headquarters intelligence staff. I think that is a significant announcement, which I hope will be supported by both sides of the House. Of course the Joint Intelligence Organisation has for many years provided many defence Ministers and the Cabinet with important intelligence assessments. I believe that the Government is working in the right direction by amalgamating the resources and staff of the Joint Intelligence Organisation with the specialists at the ADF headquarters. This will ensure that the information being provided in the defence area is well coordinated and is not contradictory. It will allow for more vigorous debate amongst those involved in this area to ensure that the Government and the people making the decisions in the defence forces receive all the appropriate information.

I congratulate Major-General John Baker on his appointment as the officer in charge of this new organisation. I understand that the Minister has announced today that there will be a comprehensive review of arrangements for the supply and management of intelligence in the defence area. Once again, this Government and this Minister are announcing a cleaning up of the current system so that we can optimise the output from this organisation to ensure that the Government and the people get the greatest benefit from the work that is done by our intelligence staff. Of course, through the joint defence facilities and other facilities which are operated by the Australian Defence Force, we have the advantage of having access to modern intelligence systems and the information which we can obtain through those systems. We should not forget that the Government is not simply relying on joint defence facilities or information to strengthen our defence capability. I believe that the Government has already clocked up a number of major achievements in the defence area that will ensure that Australia's defence forces stand ready to look after our interests. I remind the House that it has been under this Government that the defence cooperation pro-

gram with our regional allies has been expanded.

We now have the Pacific patrol boat program, which has provided a large number of patrol boats—made in Australia and creating jobs in Australia—to our friends in the South Pacific. Why have we provided these South Pacific countries with patrol boats? The answer is that we believe that the most important thing for our South Pacific neighbours is their wish to look after their economic independence. They wish to ensure that there are not fishing boats from other countries poaching their maritime resources, that the Japanese, the Americans or anybody else are not illegally fishing in their territorial waters. So the patrol boat program not only wins friends for Australia in the South Pacific but also creates jobs here. I think that has been one of the great successes of our defence policy in recent years.

In addition, we have under this Minister expanded maritime surveillance throughout the north-east and north-west of Australia and into the Pacific to ensure that not only Australia but also our allies in the region know who is in those waters. We can also ensure that we are keeping an eye on what is happening in our immediate region. Of course, the Government's capital equipment program covers completing the purchase of the FA18 Hornets, which Australia desperately needs, but the Minister has also announced that the Government will be purchasing—(Quorum formed)

I thank the large number of Government members who have entered the chamber. I would point out to the House that although the shadow Minister for defence, the honourable member for McPherson, has not been present in the chamber during this debate, the Minister for Defence has been in the chamber listening to everything that has been said. It must be very embarrassing for the Opposition that the shadow Minister for defence is not even in the chamber. Perhaps the Opposition Whip called the quorum to try to remind the shadow Minister that he should be in the chamber listening to the debate.

I would point out to Government members who have kindly come into the chamber the inconsistency in the arguments put by the Opposition earlier this afternoon. We

have the shadow Minister for defence saying that the problem in defence is the need for more money. Yet, the Opposition spokesman on finance and Treasury tells us day after day that government expenditure has to be cut. Of course, the Opposition is totally hypocritical in the whole area of defence. The Opposition tries to walk down both sides of the street at the same time, whether it be dealing with road funding, veterans' affairs, social security or anything else. It tells one group of people that it will increase government spending in their area but at the same time, of course, its real, hidden agenda is to cut government spending—to cut money for the veterans, social security and the defence area.

Mr Tim Fischer—Cut aid to Africa—\$10m to front-line states.

Mr LEE—The shadow Minister for veterans' affairs interjects that the Opposition would cut foreign aid. I remind the shadow Minister that the patrol boat program has resulted in jobs being created in Australia. This Government has provided those patrol boats, which have been built in Australia, to our friends and allies in the South Pacific. This has been in our interests. I am pretty disappointed that someone like the honourable member, with his knowledge of foreign affairs, would seek to suggest that our overseas aid program in providing those patrol boats is not good.

Of course, the statement by the Minister on the future arrangements for Australia's defence intelligence organisations is of vital importance to the Parliament. I commend the Minister once again for encouraging another debate in this chamber on these issues. I think it is a pity that past Ministers for Defence from the other side of politics did not see fit to give the Parliament opportunities such as this to debate these issues.

Mr TIM FISCHER (Farrer)—Mr Deputy Speaker, I claim to have been misrepresented. I seek leave to make a personal explanation.

Leave granted.

Mr TIM FISCHER—The honourable member for Dobell (Mr Lee) just accused me of being opposed to aid. I am very concerned about that in view of my work in Asian countries particularly. My comments

related entirely to aid to Africa and front-line states and not to the other parts of the aid package.

Mr MILLAR (Wide Bay) (4.04)—Might I instantly say that one would be churlish not to support the objective stated and implicit in the statement that the Minister for Defence (Mr Beazley) made to the House today—to better coordinate and facilitate the Joint Intelligence Organisation functions for the betterment of Australia. I have one reservation, and that is that we could well finish up somewhat like the farmer who was descended upon by experts determined to educate him on how to farm better. He was aghast at this proposition and pleaded that they go away because he simply was not farming half as well as he now knew how. I make the point that if we achieve the Government's objective, which is laudable in itself, we may have a quite perfect intelligence system but we could lack the wherewithal to give it practical effectiveness. That is the point that the honourable member for McPherson (Mr White) laboured today. It does not matter if one is in a position to know exactly what is going to take one out or wipe one off the face of the earth. This knowledge has relevance only if it gives one the capacity to deal with the situation that is emerging. Somewhere or other we have to strike a balance between those two requirements.

It is acknowledged that Australia, with its vast distances, its particular place under the sun and its limited financial resources, cannot attain a defence capability which would give us the degree of independence and security that characterises the forces of the United States of America and Russia and the third line countries that could possibly claim to be reasonably self-sufficient in defence. So we resign ourselves to the fact that we will have a limited defence capability. We have it now and our concern is that it should not be eroded. We have, by dint of judgments made by various governments over the years, a very effective spearhead to our defence forces. We have a capability in terms of our F111s, F18s and other instrumentalities and devices, but it will not withstand attrition. We have to be able to use our forces quickly and effectively.

If intelligence tells us that there is a threat emerging from wherever, we have to beat the other party to the punch. It is no good if our forces are wiped out on the ground because we did not know that something was going to happen. One's mind goes back to World War II, for heaven's sake, when the Japanese came halfway across the world to our door. Nobody allowed for the possibility that they could do it. So much for intelligence. It is alleged, apocryphally or not, that on that fateful December day in 1941 as the sky was falling in upon the Americans and the guns and defences were blazing away one seaman said, 'I did not even know they were mad at us'. The United States Navy was virtually blown out of the water because there was no effective intelligence.

The full responsibility is not being placed on the Defence Intelligence Organisation here because clearly external intelligence organisations, including the Department of Foreign Affairs and Trade, will have an input into the totality with which Australia may best measure its circumstances and future requirements. But Australia will be in a position where it will know that within any conceivable situation the defence requirement will be such and such to deal with whatever it might face. But we cannot do this absolutely. As the Minister mentioned in his speech, our neighbouring seas are much more substantial than is the English Channel. That statement of fact overlooks the reality that it took considerably longer to cross the English Channel in the days when it had relevance as a fortification than it would take us to cross the Pacific now with modern military aircraft. So one cannot assume that Captain Hawke at the helm of a jet assisted *Victory* will be able to drum forces up the channel as happened before. That has no real relevance. We need the intelligence to equip us to do what must be done.

The Minister has been insistent that what happened in Fiji had nothing to do with the reorganisation of defence intelligence. He said that the Australian Defence Force behaved commendably and effectively and in a praiseworthy fashion after the event. It is a matter of public record that they did. He said that General Rabuka himself did not know until the day before the event that a coup would take place. Can honourable members imag-

ine General Rabuka getting out of bed one morning, putting up the blind, stretching himself, possibly breaking wind and saying, 'I feel like a coup'? How nonsensical. The threat of a coup was on and we lacked the intelligence to cope with it. The circumstances were predisposed. With all due respect to the Minister, I have no doubt that one of the motivations in this restructuring has arisen from what happened in Fiji and what could happen in a number of potential festering spots in our part of the world. Let that be so. The Opposition endorses that action that might be seen as necessary to achieve a desirable outcome. But do not let us fool ourselves. Let us stay with the facts of the matter, because if we do we are better assured of getting a satisfactory outcome.

The arrangements will, of course, also provide a base for instant wartime or conflict expansion. We cannot afford to be caught flat-footed again. It will be too late if we do not act. These things are not geared up overnight; they are not geared up in a month. They have to be in place and functioning smoothly and constantly.

Of course, we must strike a balance between the various inputs. Military men, predictably and allowably, have a bias—I use that word without offensive connotations—to matters military. They may make a judgment from a defence angle that may not reconcile with a broader view. We must consider the totality. We must not be too impetuous in our reactions. The defence men must know, on matters that will affect defence, the nature and the potential of the threat that may emerge, and they must be ready to act.

I am the Vice-Chairman of the Public Works Committee. As recently as last week the Committee conducted public hearings at the Royal Australian Air Force (RAAF) base at Wagga and the Australian Defence Force facility at Bandiana—and I salute the Chairman of the Committee, the honourable member for Throsby (Mr Hollis), who is present—on referrals to replace World War II facilities in our defence forces. It is unreal. I mention this not as a criticism of any particular government, but simply as an indication that government resources—no matter which party is in government—are limited. If the broad populace is not mindful

of defence requirements or requirements in any other field of government responsibility, governments are unable to act wisely. They are obliged to govern within the parameters of acceptability by the electorate. If the electorate is not amenable to forgoing in order to build up our defence forces, governments will make very heavy weather of doing so should the consequence be to displease the electorate and affect their ambitions in other areas.

I have an admission that does not altogether please me because it rather dates me. Human conceit is such that it is not a circumstance that one would instantly embrace. During World War II, I was a member of a joint intelligence unit under General MacArthur. I was a member of the RAAF. Now, some 45 years later, to my knowledge the secrets of all that we did and achieved have not yet been revealed. Indeed, I may be breaching some rather stringent requirement and honourable members may not see me again, although I would not like to buoy their spirits prematurely in that respect! I am very mindful of the occasion when we disposed of Admiral Yamamoto, whom the Americans regarded as the greatest threat to the American war machine, simply by having the Japanese code throughout the war. They never realised that we had their code. I was a modest radio spy. That gave me an awareness of the extraordinary value of intelligence. In that simple situation, when we got Yamamoto, General MacArthur said that by that one act we had shortened the war by six months. That is extremely relevant to what we are considering today: we should establish the framework to ensure that we are as well equipped as we possibly can be to identify and cope with threats that may imperil our well-being.

I do not know that I have anything more to say that has not already been said by honourable members who have spoken in this debate. This is one of the joys that comes one's way when one is sixth on the speakers list. It impresses me that generally there seems to be a unanimity of view and a harmony in this debate, which is in stark contrast to many matters which occupy our time.

Mr CROSS (Brisbane) (4.13)—It is always a pleasure to follow the honourable

member for Wide Bay (Mr Millar), who talks so sincerely and sensibly about the issues of the day. It was interesting to hear him reminisce about his experiences as an intelligence officer in the Second World War while a member of the Royal Australian Air Force (RAAF). The statement made by the Minister for Defence (Mr Beazley) today is just another step in a process that has been going on for a long time of giving Australia a better controlled, better coordinated Defence Department and Australian Defence Force and subjecting to scrutiny all of our existing operations, even those that have gone quite well, to ascertain where they might be improved. It is pleasing that the Opposition has supported this step forward, recognising it as having been made sincerely and in the best interests of the Australian Defence Force.

When one looks at the paper, one might think that it involves a fairly minor change—a change of name. Additional resources are involved. It is a drawing together of some elements that have existed for a long time in order to ensure that the Chief of the Defence Force (CDF) and, through him, the Minister and the Government get the best advice on intelligence matters that can be given. It is interesting to consider what has happened in this Parliament over the past 20 years in terms of the trend towards more effective control at what is now CDF level in the Australian Defence Force. It is probably not inappropriate to look back, as the honourable member for Wide Bay did in another sense, at the progress that has been made.

Prior to 1972 we had individual service portfolios. They vied with one another to make competing bids. There was continuous criticism about the allocation of money for certain items of equipment. It was the turn of either the Royal Australian Navy or the Air Force. There were people who said it was never the Army's turn, because the Air Force and the Navy purchased rather more expensive and spectacular items of equipment. There was also a Department of Supply. We have brought the departments together to make up a Defence Department. We now have a Minister for Defence Science and Personnel. At the time of the Tange report in 1973, I was one of those people

who, being aware of the workload carried by the then Minister for Defence, the then honourable member for Bass, Mr Barnard, believed that a sensible allocation of responsibilities was to have a Minister assisting with defence personnel matters. The defence subcommittee of the Joint Committee on Foreign Affairs, Defence and Trade at the end of last session brought down a report on wastage from the Australian Defence Force which is designed to focus much more attention on personnel matters than has been given in recent times.

Mr Tim Fischer—You didn't fix up defence service home loans.

Mr CROSS—That matter has not been within the charge of the defence subcommittee. That is a matter, I imagine, about which one must criticise the Government. The new intelligence arrangements also take into account better facilities that are being provided in order to gather intelligence.

One should not let a debate on intelligence pass without pointing to the importance of the exchange of intelligence between this country, the United States and other friendly countries. This country has the capacity to gather intelligence in its own area. In terms of the worldwide perspective that is so important for our Defence Force, and given the long distances in our part of the world, in South East Asia and in the Pacific, a very valuable contribution is made by the information that we receive from other friendly countries. That is brought about by an element of trust and exchange of information that has grown up over the years. I refer to the confidentiality with which we have been able to secure the information that is given us and the value of the intelligence that we collect through our intelligence collecting systems and pass on to our allies and other friendly powers.

I notice that the Minister, in his statement, dealt with the importance of intelligence in order to be able to assess a threat and the response that might be necessary. He has spelt out again a judgment about the extent of any likely threat in the immediate short term and how that would be responded to. I believe that the statement is very worth while. I think that the decisions that have been made will prove to be wise. While we have learned a lot of lessons over time, we have

all learned the lesson in this country in recent times that we have to be careful with the way in which we spend taxpayers' money to get the best value. Good intelligence enables us to ensure that the Defence Force is adequately and responsibly equipped to deal with the various levels of defence expenditure. Investment in better intelligence is not only some academic exercise; it is also sound economics, just as investment in defence surveillance is sound economics. I was pleased to see the Minister some time ago make a statement about airborne early warning aircraft, which, of course, will supplement the Jindalee over-the-horizon radar, enhance our surveillance capacity and also enhance our intelligence capacity. I am very pleased to support the statement made by the Minister.

Mr WEBSTER (Macquarie) (4.21)—It is always difficult in this House to follow two gentlemen such as the honourable member for Wide Bay (Mr Millar) and the honourable member for Brisbane (Mr Cross), who both are very dedicated members of the Parliament and who go out of their way to say whatever they possibly can that is pleasant and nice. But, having said that, today we have seen the Minister for Defence (Mr Beazley) bring down what can really be described only as a complacent response to the need to review and upgrade this country's defence intelligence services and systems. Therefore, I will have to make a few critical points. Even so, I must say, as have others, that the Opposition welcomes the decision to address the inadequacies of operational intelligence within the Australian Defence Force. The processing and communication of intelligence through the ADF headquarters to field and combat commanders, within time scales necessary for effective use in operations, was identified three years ago by Paul Dibb in his report *Review of Australia's Defence Capabilities*.

Of course, that was only one of the areas identified by Mr Dibb as requiring attention. Other areas—they need to be mentioned again—included, firstly, the surge capacity of our intelligence systems to meet the demands of a developing crisis or conflict situation; secondly, the development of a regional intelligence database; thirdly, the need for a level of redundancy and overlap in surveillance capacities; and, finally, the totally in-

adequate level of survey and charting resources, especially for nearby maritime areas.

Honourable members will note the insignificance attached to intelligence in the 1987 White Paper which has been mentioned quite a few times here this afternoon. Intelligence was dealt with in a single paragraph in that paper. Honourable members will note that, in what is the Minister's first statement on intelligence services and systems, no reference is made to these problems or to how they are being addressed by the Government.

I want to deal primarily with what this statement is not telling the Parliament and the people of Australia about the Joint Intelligence Organisation (JIO). Before doing that let me say that the most commendable aspect of the statement is the public announcement that Major-General Baker is to head the new Defence Intelligence Organisation (DIO) and to undertake a preceding review of JIO. I have been advised that Major-General Baker is an outstanding officer in whom this Parliament and the Australian community can have full confidence—that is, if he is given the support he will need to revitalise JIO under its new name and structure. I was very pleased to hear that a gentleman of the quality of Major-General Baker was a classmate of our very fine, upstanding and capable shadow Minister for defence, the honourable member for McPherson (Mr White). However, with regard to the support that will be given to Major-General Baker, the question the Minister must answer is: Will he be given that support that he needs?

I will now address the expression of confidence in the JIO by the Minister in his statement. I am advised from my own intelligence sources that it is quite misleading. It is five years since this Government was advised by Mr Justice Hope, via the Royal Commission on Intelligence and Security, to review JIO's priorities and to improve the guidance for and monitoring of the JIO by the Government and defence community. It is five years since this Government was advised by Mr Justice Hope that:

JIO's product and its internal structure need to be orientated primarily to the needs of the consumers within the defence organisation. I believe that there is scope for these needs to be more clearly articu-

lated and for their fulfilment by JIO to be more carefully monitored.

It is five years since Mr Justice Hope warned the Government to guard against the JIO becoming set in a fixed mould. I am advised that over the last five years there has been a gradual decline in the quality and performance of JIO. The Minister goes to great lengths to defend the JIO. In particular, he praises its work on warning times and the Fiji crisis. Yet I am advised by the people in the defence community that in the key areas of strategic interest to Australia—Papua New Guinea, the South Pacific and Indo-China—JIO's work is not of high quality. It is out of touch and its expertise is quite weak. The Minister in his statement referred to Fiji, as have others. I ask him to confirm the reports that at the time of the coup our defence forces in their contingency planning could not be supplied with comprehensive and up to date maps of Fiji or any information on port facilities in that country.

The reality is that the JIO has become fixed in a mould, as Justice Hope said it would be. After being allowed to stagnate, it now only rarely produces high quality and timely intelligence. Its good work is increasingly patchy. Capable analysts do not stay long and morale is low. There is no active head-hunting or recruiting designed to gather in high performing or promising analysts. That is a fact. Further, many senior people in the JIO have been responsible, it would seem, for its rundown and indeed have been associated with past intelligence failures and are therefore less than objective about the JIO.

Much of the problem has to do with inadequate resource and political support from this Government. This statement today is strangely silent about the funding and resource base for Major-General Baker and the new DIO. A simple indicator of the Joint Intelligence Organisation's inadequate resource allocation, and a reason for current weaknesses in regional intelligence work, is the inability of the Joint Intelligence Organisation's desk officers to get regular first-hand tours and information in the areas for which they are responsible. Because of Government penny pinching, the JIO is therefore increasingly out of touch; it is out of date and dependent on secondary information from

allied intelligence groups. The Minister told us none of that in his statement.

Today's statement, narrow though it is, is still to be welcomed. However, what we need from the Minister is an assurance that Major-General Baker will be given the authority and resources to deal with the issues that I have raised and to clean up JIO. He needs to be given authority for civilian as well as military personnel—that is a very important factor to be looked at—that is, personnel who are assigned to senior positions in the DIO. It appears that Paul Dibb failed to tackle this problem in his term as head of JIO. Major-General Baker must not fail in his new role as the head of DIO.

As I have said, this statement's focus on operational intelligence and the announcement of a review of centralised and decentralised intelligence systems integration is absolutely necessary. However, when will the Minister come into this place and put defence and security issues ahead of the need to manipulate political perceptions? today's paper is inadequate precisely because it is shaped to meet the need to manage the political response to Government oversight in this policy area.

I finish by noting that two hours notice of statements such as this hardly reflects respect for the process of parliamentary debate and parliamentary oversight of the Executive in general, and defence matters specifically.

Mr BEAZLEY (Swan—Minister for Defence) (4.30)—I thank the honourable members who have participated in the debate and I congratulate the last speaker, the honourable member for Macquarie (Mr Webster), for being I think the only speaker in the debate actually to concentrate on intelligence throughout his speech.

Mr Downer—He had the intelligence to do so.

Mr BEAZLEY—The suggestion is that he had the intelligence, meaning by that I suspect that he had the information to do so. A great deal of his information is quite incorrect, but I do appreciate the fact that he wanted to concentrate on intelligence in his remarks. He asked me to give guarantees that Major-General Baker would have full authority over both civil and military personnel within the Defence Intelligence Organi-

sation and that he would be given the resources to do the job once he had completed his review and worked out what was needed. I can quite gladly give that set of assurances. I thank the honourable member for Macquarie and honourable members on both sides of the House who have expressed confidence in General Baker.

The honourable gentleman's assessment of the capabilities of the Joint Intelligence Organisation (JIO) is more than a little overdrawn. JIO is an assessment body and not an intelligence gathering body, so any weaknesses that may be perceived from time to time in information that we might have to hand are not in the first instance the responsibility of JIO. Weaknesses in assessment might be, but not in information that is to hand. In fact we do get timely information on most of the sorts of problems that the honourable gentleman talked about. Whether they actually predict a particular event is, of course, a different matter. In the paper that I presented to the House I was trying to give an accurate picture of the type of information we have sought from our intelligence assessment bodies in the past and what we will be seeking from them in the future. We do not expect them to clothe themselves in white robes and go to the oracle, then say that at 10 p.m. on the 27th of whatever month General Rabuka will march into parliament and seize control of it. That is not expected of them, although I think the press occasionally expects that they ought to be able to present that type of information. Other matters in regard to the availability of information were dealt with by the honourable member. I cannot really get into any discussion of what are effectively operational details, except to say that what was considered to be a weakness there in fact largely was not. More than that I do not particularly want to say.

The Opposition defence spokesman, the honourable member for McPherson (Mr White), suggested that entailed in this discussion was a rationale for greater attention to regional affairs. He suggested that we could give greater attention to regional affairs. I would not completely disagree with his point. What I would disagree with is his assessment of what this Government has been doing over the last few years. There can be

no argument about the fact that there is basically no relationship between the defence cooperation program that proceeded under the Liberal Government and that which we are proceeding with now in the South Pacific. The increase in expenditure under this Government on the defence cooperation program in the South Pacific is so enormous that the comparison is purely invidious. All I can say, as an excuse to our predecessors in that regard, is that the political problems probably did not present themselves to them so starkly as they do to us now in the South Pacific. But in terms of amounts of expenditure devoted by the defence portfolio to assistance, it is chalk and cheese as far as this Government and our opponents are concerned. We spend much more.

As far as assistance to Papua New Guinea is concerned, we have increased assistance to the Papua New Guinean defence forces through the defence cooperation program in each Budget since I have been in office, from my recollection. This is in contrast to other sections of the aid program to Papua New Guinea which, for other policy reasons, are being reduced. But I do not think it is legitimate to make that complaint.

Mr White—Do you think it is enough, though?

Mr BEAZLEY—The question of whether anything we do is enough in any section of government is always going to be a matter of argument. But in a period of financial stringency, when assistance is actually increasing, I think a certain amount of forbearance can be directed towards the administration of the portfolio when quite clearly that very important country is benefiting from an extension of generosity.

As far as the rest of our overseas responsibilities are concerned, we took a decision to rotate ships on a permanent basis throughout South East Asia, which we are now doing, so that we will always have at least one Australian warship, but usually more, operating in South East Asian waters. We have not had such a substantial naval presence there since the 1950s. The position that this Government has adopted on its relationship through the five power defence arrangement and other elements of the relationship with South East Asia has been com-

mented on very favourably and publicly by the South East Asian governments with whom we do business. So the suggestion that somehow the Government has walked away from its very important regional responsibilities is not borne out by the facts. It is all right to make the argument, but the argument is clearly made in a vacuum.

The suggestion has been forthcoming that we can walk away from our defence of Australian requirements, or afford to downplay them, and go in another direction as far as the structure of our armed forces is concerned. That is advocated by the Opposition spokesman on defence. I suspect I am beginning to detect in what he is saying the means by which he intends to come to grips with what are the undoubtedly fiscal problems associated with the defence policy that he would wish to run. I think I detect a position that will be elaborated on further to expand on his off-hand comment during the last election campaign that perhaps we can now afford to run down the Government's expenditure commitments in the north and west of the country and the equipment vote that we have under way in order to do these other things.

All I can say is that if that is his intention, it is highly misplaced. We must establish a credible capacity to deal with our own defence requirements in the uncertain environment which is developing in the South East Asian and Asia-Pacific regions and which is predicted to exist for the next 20 years or so. We have to address that problem, otherwise we will not appear to be a reasonable defence partner and we will not be able to structure our defence forces sensibly. One of those equipment programs, the light patrol frigate program, will substantially increase our capacity to deploy naval power in the South Pacific area. I would have thought that for out of area activities that would be as essential as it is to the defence of Australia's immediate approaches in a hot war situation. So why run down that program in order to be able to construct a helicopter ship?

Since the events of Fiji and Vanuatu those inside our defence forces have thought a great deal about what our requirements might be. They have been subjected to an internal review, some of which we are prepared to

make public and some of which we are not. One of the things that are quite obvious from that review is that an amphibious capability—this is perhaps something of a surprise—does not really assist our initial response at all. If we were to rely on amphibious capability, we would have a serious problem with timeliness of response. So one of the things we have been looking at is improving the capabilities of the airborne elements to be able to deal with those sorts of problems. Without commenting on the policy implications, the Indian response in the Maldives was very impressive indeed in that regard. If a force hangs about for the five or six days or longer that it takes to mount an amphibious response to any of these problems, the types of threats to Australian people or tourists in these countries will already have emerged and we will have foreshadowed our punches for weeks. That creates a very dangerous situation of its own.

So I believe that if the Opposition spokesman is trying to sell to his leader the notion that that amphibious capability ought to take precedence over, for example, upgrading the airborne capabilities of the armed forces, which is in fact a much cheaper thing to do, I think he will find his advice is greatly misplaced. There was no fiasco in Fiji, as was suggested by the honourable member. The decision not to employ machine guns with the troops was taken not at the level of Ministers but at the level of the defence forces themselves, on the basis of the instructions that were given to them about the purpose of the deployment. It was not a deployment to fight against the Fijian armed forces but to assist them if the need arose. If we had had a different policy in that or any other situation, clearly different elements of equipment would have been employed. But given that we did not have that different policy, what was done was entirely appropriate and the criticism is silly. We found that the command arrangements made at the time worked perfectly adequately.

The Opposition spokesman on defence suggested that there was confusion about whether we were going to seven days alert or two days alert, and that people expect that if they have been told to go on a seven days alert with a company, they will be deployed at the end of seven days. That alert

status is an assessment based on an assumption of how long it would take to get everything—manpower, equipment and everything else—in place for a particular deployment. It would take seven days to come up to the necessary level. If one goes on to a seven-day warning, one goes to a point which positions all the men and equipment. It does not mean that they will go after seven days. They could stay on the seven-day warning for the rest of their lives. But that is not the point. When one thinks that they will have to go, one brings a deployment of seven days back to two days.

A two-day warning has different implications as to where manpower is positioned, what leave is cancelled, and what sort of equipment is obtained. It is a quite simple process that is gone through with no particular difficulty at all by the defence forces. Even though the shadow spokesman for defence, the honourable member for McPherson, was a battalion commander at one stage in the Townsville area, it seems that he has forgotten this concept. The fact is that the Australian Defence Force and the parachute battalion are being kept to an equipment standard that will enable them to meet these sorts of problems should they arise. Where there are gaps, they are small gaps. Those gaps, on the basis of our experience, are now being addressed.

All of this, I might say, had precious little to do with what I was talking about in the paper that I presented here. But, as I said, virtually the only persons who went to the heart of the matter of warning times, in regard to the question of the reform of the JIO were the honourable member for Macquarie and the Leader of the National Party of Australia (Mr Sinclair). It is true that there has been advice before the Government for some considerable time that we should be taking the steps that we are now undertaking; I do not resile from that for a minute. It was not just advice before us; it was also advice before our predecessors in previous reports. It has taken an awful long time to get round to doing it. It is unfortunate that it has taken that time. There are many institutional reasons why that is the case. Most of those institutional reasons are now being overcome by the Government. The structure that will eventually come into

place under Major-General Baker will serve this country and our defence forces very well.

Question resolved in the affirmative.

ECONOMY: INTEREST RATES

Discussion of Matter of Public Importance

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

The devastating impact on the Australian economy caused by the Treasurer's mismanagement of interest rate policy.

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—

Dr HEWSON (Wentworth) (4.43)—The matter of public importance before the House today is indeed very important to my mind. It is about the devastating impact on the Australian economy caused by the mismanagement of the Treasurer (Mr Keating) of interest rate policy. I begin by asking: Where is the Treasurer? He has this capacity to disappear whenever we raise matters of public importance of this type. Obviously he now knows that I know that he does not know what he is doing and he is not prepared to come in here and debate the issue. I guess it was for the same reason that I was bounced out of the Australian Broadcasting Corporation's *Four Corners* program on Monday night. I have yet to have a head to head debate with the Treasurer. He is obviously a wimp when it comes to substantive economic debate.

His mismanagement of interest rates is a very sad and shoddy story. It is a very poor record. It is a record of political expediency; it is a record of deception; it is a record of cynicism; and it is a record of dishonesty. Indeed, he has displayed a complete lack of knowledge and understanding of the workings of financial markets. In some cases he has even shown outright contempt for the working of financial markets and those involved. On occasions he has shown a complete lack of integrity and generally a lack

of professionalism in the way he has managed the interest rate situation.

Through all this he has been backed up by the Prime Minister (Mr Hawke) who, more than anybody else, should have known better, given his economic background and his period on the Board of the Reserve Bank of Australia from 1973 to 1980. It boggles the mind how the Prime Minister can so knowingly misrepresent the situation with interest rates. He has done this on a number of occasions throughout the life of his Government. The impact of all this on the economic situation in Australia is quite devastating. It has very much put the Australian economy on a roller coaster. We have been through periods of boom, followed by periods of bust, followed by periods of boom. For example, in 1983-84 the economy was booming away. We had a substantial bustup in 1985-86. It boomed away again from 1987 to the present time. The big question is: Are we about to go back into a period of bust again? I suggest to the House that there are very real risks in the way that the Treasurer has now locked himself into interest rate manipulation in the leadup to an early Federal election. There is a very substantial risk of overkill. There is a very substantial risk of another bust.

There should be no doubt in anybody's mind that this Treasurer has consciously manipulated interest rates for short term political ends. Previously in this House I have documented what I have described as the bank holiday massacre in August 1984 in the run up to the December 1984 election when the Treasurer forced the Reserve Bank to lower interest rates. From February to June 1987—in the run up to the July election—we again saw official cash rates driven down. In the period from December 1987 to January 1988 we again saw official interest rates driven down prior to the New South Wales election. Of course, last year we also saw the delay in the upward adjustment of interest rates in the run up to the Victorian election and in the run up to the Oxley by-election. Further tightening of monetary policy was recently delayed, this year, in the run up to the Western Australian election. It is a very clear cut record of interest rate manipulation for short term political ends. Honourable members do not have to take my word for

it; they can look at movements in official cash rates and they can look at the dates and they will see that a very distinct pattern is followed.

It is interesting that the Treasurer has absolutely no regrets about this. In his interview with Michelle Grattan in the *Age* of Monday of this week he dealt with the issue of whether he had made any mistakes in the past. It is not a question he would deal with logically or quickly. He did admit that in one sense he might have done things a little differently. I have to quote it because it is so rare:

The only thing I might have done is on the monetary side, perhaps we might have lifted interest rates to these levels earlier than now. That is, in tightening up from April 1988 we might have tightened more rapidly.

It is interesting: he admits that he did not do enough quickly enough, but he did not go back to before April 1988. He would not have started the process earlier because of the New South Wales election and the desperate attempt to save his mate Barrie. Despite what the Treasurer said in this House in attacking me this week, there should be no doubt that he has total control over the interest rate situation. He has total control over the Reserve Bank. Despite what he says, he has total control over official interest rates. Nobody could be more damned by words out of his own mouth than the Treasurer, who, on Thursday, 16 February, in a press conference on the January balance of payments, was asked some questions about whether he was losing his grip on monetary policy. As honourable members can imagine, he got pretty toey with that sort of question. He said:

They do what I want, I can assure you of that. That you can bet your money on, but that's official rates you are talking about. Monetary policy in this country is not conducted as in the USA with a division of responsibility between the central bank and the Treasury . . . I can just say never at any stage that I have been Treasurer have monetary conditions or monetary policy been at all out of line with the arrangements. Basically I have agreed with . . . the Governor.

That is a fairly straightforward account of the extent of the man's influence. It is interesting to note the number of times he has attacked me for suggesting that he has been leaning on the Governor of the Reserve Bank.

Here is an example: Back on 9 November he claimed that I had been arguing that the Reserve Bank Governor was on a string and was being run by the Government, while at the same time he accused me of saying that interest rates were being held down by the Bank and by that Governor in response to political pressures. Yet when he made that statement in this House he had a very clear idea of just how much he had been leaning on the Governor of the Reserve Bank. He attacked my statement on that occasion by saying:

There is not one ounce of veracity in that comment made by the Opposition's finance spokesman . . .

I think the record stands for itself—16 February proves that I was right and that he was wrong. The Treasurer was being dishonest. He is totally responsible for what happens to interest rates in this country. The interesting thing is that he is about to complete that process. There are rumours in the press that he is about to appoint a new Governor to the Reserve Bank—somebody from Treasury, one of his old mates who will fully politicise the Reserve Bank just as he has politicised the Treasury. As he sits there absolutely hog-tied by bad economic forecasts he ought to think of the damage he will do to himself and everybody else if he persists with that sort of process.

I mentioned examples of dishonesty, deception and cynicism. There is a host of such examples. I mentioned one in the Parliament today: changing transcripts, leaving out key words. Ultimately he says, of course, that it is a typographical error. There is no doubt that the man who stood on the other side today to my mind looked very guilty. Did honourable members notice that he did not comment on the situation? He had a chance to say that it was a typographical error. He had every opportunity, but we did not get any of that. There are a host of examples over the last 12 or 18 months of his saying one thing yet proceeding to do another. Most notably, on a number of occasions—and there is a long list of them—he has denied that monetary policy was being tightened when it clearly was. For weeks on end he would deny it but ultimately would have to admit it.

I will take one example from the April-May period. In answering a question at a

press conference on 20 April as to whether he would tighten monetary policy to deal with the fact that the economy was overheating or running a bit too fast, he said no. The Deputy Leader of the Opposition asked a question in the Parliament the next day, 21 April. He asked:

Does the Treasurer support the apparent attempt—it was apparent because market rates and official rates were moving—of the Reserve Bank of Australia to tighten monetary policy?

He answered:

Obviously there is now, was last year and the year before and will be next year some increase in interest rates. How the market reacts to that and the implications of that for demand and exchange rates are basically up to the market.

It was not until 27 May, some six weeks later, that he actually admitted that he had tightened monetary policy and that he had been tightening it from the early part of April. I can go through a host of similar experiences in relation to the period September-October-November. There was a series of denials by the Treasurer on 26 September, 3 October, 15 October and finally on 8 November in this House when he took a Dorothy dixer from one of his colleagues, using that device to make an announcement that he had tightened monetary policy over that period. He said:

In the June quarter monetary policy was tightened as the economy weathered the crash and started to pick up speed . . . since then the Government has not stood in the way of market moves to lift interest rates . . . In this way monetary policy has tightened further and the Government has complied in this tightening because it would be foolhardy to allow an already strong economy to run ahead even faster.

That is yet another of a series of examples of denials followed by the ultimate admission that he has, in fact, been tightening monetary policy. Of course, the whole process was repeated in the context of the Western Australian election, and the doctoring I referred to today was an example.

Not only has there been dishonesty and deception; a conscious and a blatant contempt has been shown on certain occasions for financial markets and the people in them. Some of his attacks on foreign exchange

dealers are well documented. One disturbing one of late that should be quoted occurred at a press conference on the January balance of payments on 16 February. He said:

But there is a great degree of uncertainty in financial markets about the direction of policy.

That is the way we like to keep them, somewhat uncertain.

What a classic statement from a man who has the absolute responsibility for and total control over interest rates in this country. What are the consequences of all this for the Australian economy? I suggest that the real effect is evident when we go through periods of easing of monetary policy for political reasons and the Government is subsequently forced by market pressures or other effects to change that policy and to go to a much tighter stance. We get a very roller coaster effect, which is shown clearly in the chart I have before me. Periods of ease are followed by periods of tightness. The economy is going up and down as the Treasurer, over and above everything else that happens, manipulates interest rates for political ends.

One perfect example is how he overheated the Australian economy through 1987 into early 1988. His boys in Treasury may not have read the terms of trade pick-up accurately, but they should have recognised that there had been a substantial devaluation—35 per cent or 40 per cent—in 1985-86 which was very stimulatory. When that is followed by a commodity price boom and he then plays politics with interest rates, he should not be surprised that the economy is overheating. He has created the boom. He is the one who should bear the full responsibility for overheating the economy and he is the one who should now bear the full responsibility for the consequences of that on economic activity.

The tragedy from the point of view of the Australian electorate is not only that those interest rates are doing enormous damage to many average families in terms of increased mortgage repayments but also that the Treasurer has locked himself into these interest rates with no room to manoeuvre. If anything goes wrong, if there is any bad economic information, up go interest rates again. The danger of overkill in these circumstances should not be underestimated. There is a substantial risk that against this

scenario interest rates will be sucked to very high levels. They were put there by the Treasurer, validating movements in market rates in response to bad economic data only to see the economy move again, as it has done on two previous occasions, from boom to bust. He eased monetary policy in late 1984 in the run-up to the election. We had an exchange rate crisis on three occasions in 1985-86. We are very close to having the same sort of thing in present circumstances as a result of the inept, inefficient, dishonest and cynical manipulation of interest rates by this Treasurer.

One of the most interesting things to note is the quite dramatic way in which this Treasurer has suffered since he lost his main economic adviser, Professor Barry Hughes. He is not the same man. Honourable members will notice that he is even more poorly briefed in the Parliament than he has usually been. Barry Hughes has been out there warning everybody in the financial markets that this bloke cannot be trusted, that this bloke has got it wrong. After the last Budget Barry Hughes publicly warned his old boss that the 1988-89 Budget was wrong. In particular, he questioned the forecasts for the current account deficit, inflation and wages growth. The Treasurer should have listened. In the last few days Barry Hughes has told us to expect the unexpected. He points out, I think quite decisively, that the balance of payments has got his old boss in a stranglehold, that it will wipe out the basic economic strategy—what I would call the political strategy—of his old boss and that we will see some fairly significant consequences in terms of economic activity in this country as a result of the Treasurer's total misunderstanding of the sort of role he is meant to play and his very cynical manipulation of interest rates for what are just short term political ends. It is about time we got some honesty, it is about time we got some clear cut statements about his policy intentions, and it is about time he had a much greater concern for the average Australian than we have seen so far.

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

Mr CUNNINGHAM (McMillan) (4.58)—The honourable member for Went-

worth (Dr Hewson) is here today for one reason only: because the Opposition failed to put a glove on the Government yesterday on economic policy. Instead, it went backwards. Let us look at the main commentaries in this morning's newspapers. In the *Melbourne Age* Michelle Grattan said that the Government had prodded the Opposition over the weakest point in its attack—the fact that it has not yet spelt out the detail of its own fiscal policy. Geoff Kitney in the *Australian Financial Review* says that the failure of the Opposition to declare what it would do has 'emerged as a vulnerable point for the Opposition'. If we ever needed proof we have seen it this afternoon: the shadow Treasurer has flopped.

The honourable member for Wentworth has come forward today, the second day of the sitting of Parliament. Yesterday the shadow Treasurer, the honourable member for Kooyong (Mr Peacock), put forward a matter of public importance. He was swept aside because the Opposition decided to move a censure motion, and today he has been swept aside again. There is clear evidence that the shadow Treasurer is falling from grace within the Liberal Party. The Federal shadow Treasurer should recognise the honourable member for Wentworth as the real shadow Treasurer. Perhaps that has been recognised by the Opposition but it is not saying so at this point.

I am confident, in taking up the point raised by the honourable member for Wentworth in relation to the Treasurer debating him, that, as soon as the Leader of the Opposition sacks the failed shadow Treasurer and gives the honourable member for Wentworth the job, he will get all the debates he wants with the Treasurer. When the Leader of the Opposition agrees to resume debates with the Treasurer, the Treasurer in turn will agree to debate the shadow finance Minister.

The real purpose of today's discussion is to debate the economy. We should look carefully at what the honourable member for Wentworth said today. It is almost as if he is still the media commentator he used to be at Macquarie Bank. His most telling point is that he argued all last year that interest rates should have gone up higher and sooner. All along he has been the high interest rate

specialist. I turn to a press release put out by the honourable member for Wentworth when he addressed the Institute of Public Administration on 27 October last year. Following some discussions in relation to the United States economy, he turned to the Australian economy and, on page three, said:

Domestically our main problem is that the economy is overheating and I fear quite significantly. The marginal tightening of monetary policy since April of this year seems quite insufficient to have dealt with these forces.

As was correctly pointed out by the Treasurer when asked that question in the Parliament, monetary policy was being managed correctly and it looks as though we are talking about an emphasis at the margin as to how tight monetary policy should be. That is the crux of the debate that we are having today. The fact that the Opposition has come forward once again claiming that there has been a devastating impact on the Australian economy caused by the Treasurer's mismanagement of interest rate policy is a clear indication that members of the Opposition are once again prepared to say to the people that, if they had been in control of the treasury bench—that is, if we can believe that this is the real shadow Treasurer—they would have put the screws on the economy much harder; they would have raised interest rates much higher; and they would have taken, as this document *Future Directions* has obviously shown, a line which does not take into consideration the total community. They are not future economic managers that the Australian people could possibly be happy with.

We would once again see the approach that the honourable member for Wentworth spoke so strongly about in his speech when referring to booms and busts. In his speech he accused the Treasurer of being responsible for overheating the economy and said that, because the Treasurer was responsible for overheating the economy, he should have taken the sorts of policy positions that we saw when the economy was in trouble under the Liberals—in other words, increase interest rates, create unemployment, throw people on the scrap heap and have a real dive up and down in the boom and bust. He has cited the following: a boom in 1984, a bust in 1985-86, another boom now, and a bust,

later. Any movements in a graph of that nature since 1984 would have no semblance of reality compared to the boom and bust operation under the present Leader of the Opposition when he was Treasurer of this country.

The honourable member for Wentworth has attacked the Treasurer in another way today. He had misunderstood the Treasurer's quote in relation to the Governor of the Reserve Bank. Once again he is back to an issue on which the Governor of the Reserve Bank commented emphatically when he went public about interest rates and slammed the Opposition in an article last October. He said:

I find it a very severe slur, not only on the board but the staff of the bank, in relation to what the member for Wentworth said.

The honourable member for Wentworth is back on to that same approach today—attacking the Governor. He has said that the Treasurer leant on the Governor. He has no need to do so. What the Treasurer did say was that he has never disagreed with the actions taken by the Governor of the Reserve Bank. There is no need to lean. The Governor of the Reserve Bank was making the appropriate adjustments to the economy in line with the Government's policy and no leaning was required.

The honourable member for Wentworth then proceeded to really show his immaturity in this place. He has now said that a Treasury officer, if appointed Governor, would be, to quote his words, 'a political mate' to 'politicise' the Reserve Bank. This is the most disgraceful statement that I have heard in the nine years that I have been in this Parliament. It is totally irresponsible, he says, that the Treasury is the political body it is. I am sure that there will be plenty more heard in relation to the approach of the honourable member for Wentworth in relation to that matter.

Given the strength of the economy now evident—and the honourable member for Wentworth mentioned this—had we had all the statistics that we have available today, we could have seen monetary policy tightened earlier; but the monetary directions being taken were correct at the time. It is nonsense for the honourable member for

Wentworth to construe that as support for his high interest rate policies. There is no doubt, following today's speech, that he is a scorched earth specialist, one who believes the threat of rising unemployment should be used as the shock absorber of the economy. The Liberal Party has not learned anything from its experience over the last 30 years in relation to this matter. This Labor Government is not the least bit embarrassed by the fact that it has not followed the advice of the honourable member for Wentworth to force up interest rates to the heights that destroy jobs and living standards in Australia.

Australians deserve better from an Opposition which claims to have economic expertise. Apart from this business on interest rates, what else does he have to say? Absolutely nothing. The Opposition is presenting no alternative economic strategy to Australia. The shouts of outrage about recent statistics are a contrived sham. Those opposite are saying nothing different from what they were arguing about when Parliament got up at the end of 1988. There has been no call from the Opposition for a change in economic strategy. Perhaps the honourable member for Wentworth could tell us just where he would make those fiscal cuts that he talked about. Does he not believe that he should tell the people of Australia where the cuts would come from? We are still waiting for that.

Members of the Opposition talk big. For instance, the other shadow Treasurer said in the real debate yesterday that the Opposition would act on fiscal policy. Who is right? Is the honourable member for Wentworth on the same line as the other shadow Treasurer? Where is the list of spending cuts? Where are the cuts to take place if this policy is to be put into operation? How big a roller-coaster do they want the Australian economy to go on? Will it be back to the days of 1981-82 when we lost 300,000 jobs in a very short period? There will always be in an economy such as Australia's, which is based on commodity prices, need for adjustments, as we had to have when we had the 15 per cent decline in the commodity price regime of Australia and when we were battling a 16 per cent decline in our standard of living. That has come back now to a 20 per cent turn in the other direction.

Throughout the record of Australia that has been the case.

There have been many times—for instance, in 1949 and 1961—when we have seen commodities come on to the Australian market and improve the standard of living and overheat the economy, as the honourable member calls it. But there are two distinct ways in which this can be handled. It can be handled by a Labor government in a sensible way, which is the way in which all Australian people would expect it to be handled. Or it can be handled from a vested interest position, which we have often seen in the past, of using harsh policies such as unemployment and job destruction as a means of bringing control because those opposite have no other policy methods.

Who is responsible for the fact that at the moment the Opposition has no integrity? It said it would deliver its policies on these issues last year. The Australian people have seen nothing of them. It is quite obvious that the commitments to produce a policy are not worth the paper they are written on. Let me read a couple of quotes from last year. The first is the Leader of the Opposition (Mr Howard) on Australian Broadcasting Corporation radio in February 1988:

To expect the Labor and National Parties, seven months after an election, two what, two and a half years before the next one, to have released a detailed policy is nonsense and you know it.

John Elliott said at the Liberal Party Council meeting on 8 April 1988:

John Howard has told all his Shadow Ministers that their policies have to be finalised by August this year, and that will give us at least 14 months to clearly communicate the Liberal plan before the next election.

The second shadow spokesman, the honourable member for Wentworth, today told us what his policies are: monetary policy, higher interest rates, and nothing else. The shadow Treasurer, the honourable member for Kooyong, favours fiscal policy, but where is it? Where is the fiscal policy which was promised last August? The shadow Treasurer said on the *Sunday* program on 24 April 1988:

Well, I think that if you contain your enthusiasm you'll see it (the Tax Policy) before the end of this year.

There is no sign of that tax policy. Not one solitary word was said yesterday in the debate on the censure motion as to what policies the Opposition would put in place if it implemented fiscal policy and cut government expenditure. On the *Sunday* program of 24 April the honourable member for Kooyong said:

All we'll be announcing a tax policy later in the year, but it's important that all elements of the Party, particularly those in the party room, be stating their views at this moment.

All those views are still being stated at the moment. We have an amazing situation here today, the second day of this sitting period of the Parliament. Yesterday we watched the Treasurer (Mr Keating) not receive a single question at Question Time. We then had a censure motion against the Prime Minister and the Government. Today the other shadow Treasurer came forward with this ridiculous matter of public importance:

The devastating impact on the Australian economy caused by the Treasurer's mismanagement of interest rate policy.

The Australian public deserves better representation than it is getting in this Parliament from the Opposition. People certainly do not deserve the sort of dillydallying that is going on on the Opposition benches. They do not deserve an opposition party which has a leader so intent on preserving his own position that almost anything goes so long as he holds that position. We are quite happy to see the Opposition continue along that path. We wish it well on that path because it is an absolute certainty that if it continues the Australian people will support us as they have for the last six years—and it is almost six years to the day of our election—and we will continue to be in charge of the economy and the treasury bench of this nation.

Mr BLUNT (Richmond) (5.13)—I am quite disgusted that the Treasurer (Mr Keating) has not seen fit to participate in this debate, because what we are really talking about here is not just economic statistics; we are talking about the future of this country and the impact that this Government and this Treasurer's economic policies have on people, on families and their kids. It may be all right for the Minister for Employment and Education Services (Mr Duncan) to sit there at the table and smile smugly, but

perhaps he is too remote from the people of Australia also.

What this Government really has to understand is that a combination of its high tax policies and its high interest rates means that the average family has precious few dollars left at the end of the week to pay for anything except a mortgage. They do not have money to support their kids through school; they do not have money for annual holidays; they do not have money to buy new cars; they certainly cannot afford to buy the clothing they need. Of course, homelessness is rising.

All we get from the Minister—of course, he is the representative of the Government in this House right now; there is no-one else on the Government side except two back-benchers—are snide comments across the table. I think if this Government really understood the problem that Australia has Government members would all be in here and would be taking this debate seriously, and it would not be limited to two a side; we would have a full debate. Instead of that, the Government does not have enough business, and the House is getting up at 6.30 tonight.

What we are really facing here—and it has been recognised by a number of economic commentators—is a crisis situation for Australia. Let me quote a few things that the Treasurer has said in the past. Let me go back to April of 1988. I am going to refer to his famous banana republic comments. He said in April 1988:

When I made the 'banana republic' remarks a couple of years back, it was to say that if we didn't make the changes we would just end up like a South American economy. And now I am happy to say, and the CAI has recognised it, that we are returning to what we should never have come away from—that is a modern industrial state.

Let us see what some respected economic commentators around this nation have got to say about Australia's position at the present time. Maximilian Walsh, someone who has quite often heaped praise upon the Treasurer, wrote on 28 February that it was only some three years ago that the Economic Planning Advisory Council (EPAC) was keen to reassure the Australian public that we really were not in a desperate situation. He said:

In those countries for example the level of foreign debt as a percentage of exports was 243 per cent compared with the 199 per cent figure for Australia.

Therefore, because we were only 199 per cent as a percentage of the debt to exports, we were in pretty good shape because the measure of a banana republic was 243 per cent. He went on to quote the latest official figures, which are totally out of date now. They do not include the last blow-out in the balance of payments and they do not take into account the blow-out in the consumer price index. He said of those last official figures:

Debt was 238 per cent of export and interest was 19.2 per cent of export income.

So we are now at 238 per cent, foreign debt to exports, and the measure of a banana republic three years ago, according to EPAC, was 243 per cent. That is what another three years of the Treasurer's stewardship has done for this country; yet the Government is not even prepared to debate this issue, and the House is getting up at 6.30 tonight. Maximilian Walsh concluded his argument by saying:

While Treasurer Keating is determined to project a calm and confident view of Australia's economic position the reality is that we are closer than ever to his banana republic scenario.

This is three years after the Treasurer was telling us what great progress we had been making. It was only a matter of a few years ago that he told us we were returning to a modern industrial state. Maximilian Walsh said yesterday that we were closer than ever to a banana republic.

We are nearly at the sixth anniversary of this Government's election, and what has it got to show for six years in office? High interest rates, a balance of payments crisis, a blow-out of inflation, and homelessness that is rising. If we look at the plight of the average Australian family under this Government, we see that in March 1983 the average monthly loan repayments on a housing loan were \$350, 19.2 per cent of income; in September 1988—and they have gone up quite a bit since then—they were \$778 or 30.7 per cent of income. Of course, if we look closely at what the Government says we cannot believe a word of it. Just before the Western Australian election the Prime Minister (Mr Hawke) was asked:

Can you give voters here any assurance that interest rates—hard pressed home owners—that interest rates are going to go down this year?

The Prime Minister, in an effort to support the Labor Government there, said:

They'll go down this year.

He was further asked:

Is there a chance the rates might rise before they fall?

The Prime Minister said:

No I don't believe so.

He should have been speaking to his Treasurer because the Treasurer knew exactly what he was going to do. In fact, the Treasurer knew exactly what he was going to do when he made the statement in support of his Prime Minister's comment that interest rates would continue to rise. Of course, everybody understands that nothing the Prime Minister says can be believed. Let us go back to March of 1986. The Prime Minister told this very House:

The Government remains committed to the retention of the (13.5 %) ceiling on housing interest rates.

What are they today? How long did that promise last? How long was he committed to that promise? How long can this man continue to wander around playing games with the future of Australia and the standard of living of Australian families? Respected bankers around this country are predicting interest rates on home loans of 17 per cent. Will Bailey from the Australia and New Zealand Banking Group Ltd (ANZ) says that interest rates could go as high as 17 per cent. Citibank Ltd is saying they could reach 16 per cent. The chief economist of the ANZ also predicts 16 per cent.

Mr Duncan—One news story does not mean an election.

Mr BLUNT—The Minister has a marginal seat. He should talk to a few of those people paying home loans in his marginal electorate and see how happy they are about the Prime Minister's lack of credibility on this issue. Of course, the Prime Minister says that if we do have interest rate rises the Government is going to compensate people. When he was campaigning in the Oxley by-election he said, 'To the extent that interest rates did move . . . then that's a factor that would be taken into account in wage movements'. So what are we going to do?

We are actually going to compensate through wage determinations for interest rate rises. The Treasurer is currently negotiating with Bill Kelty as to how he is going to mix the tax and wage policies over the next few months. What happened to the Oxley by-election statement? That obviously had a use by date on it. It was the day after the by-election.

The Treasurer is quite proud of his current economic policies which everybody else with any economic literacy thinks are a disaster. Let me quote what was said about him in a newspaper article:

The Treasurer is quite unapologetic about interest rates. 'We think the interest rates are starting to hurt,' he said. 'But if you don't hurt, you don't slow the economy down.'

What we have to do is to look at what people who know something about economics say. The Governor of the Reserve Bank of Australia, Bob Johnston, and the Secretary to the Treasury, Bernie Fraser, are telling the Treasurer that he had better be careful because if he keeps going the way he is, he has got a problem. They are starting to talk about over-reliance on monetary policy and the need to use fiscal policy also. The problem is that the Treasurer is just a veneer. He is an economic illiterate. He has relied heavily on inadequate economic forecasting and advice from Treasury. He is about to put the same people into the Reserve Bank. We are not going to have any alternative advice, and that is wrong. The track record of this Government is appalling. The track record of the people in the Treasury who advise the Treasurer is appalling. We have got a major problem.

There are quite significant divisions within the Government's own ranks. The Minister for Industry, Technology and Commerce (Senator Button) came back from overseas and started talking about Australia's appalling savings records and about the need to provide incentives for saving. Let me just spell out for the members of the Government who are listening to this debate—the two backbenchers who are in the chamber—that one can only do two things with money: spend it or save it. If the Treasurer really wants us to reduce the amount of consumption in this country, then one way to do it might be to encourage people to save a bit

more. What did Senator Button say? He said that we should have policies that provide incentives for saving. What did the Treasurer say? He said 'You can't do that. What we are going to do is continue with our high interest rate policy'. So even within the Government some people doubt the Treasurer's competence.

This debate today is specifically about high interest rates, and the Government has failed that test because what it does not understand is that its high interest rate policy is having a desperate impact on Australia's economic performance and Australian families. What this debate is really about is the economic competence of the Treasurer and his capacity to fill that office. It is about time that there was a shuffle over there and that someone with a more compassionate and a more rational approach who is not committed to defending the mistakes of the past occupied the Treasurer's position.

Mr SIMMONS (Calare) (5.23)—The significant question that should be asked at the start of this debate—and it was a comment raised by my colleague, the honourable member for McMillan (Mr Cunningham), in his contribution this afternoon—is why the honourable member for Wentworth (Dr Hewson) has brought forward a matter of public importance in relation to interest rates. Of course, that canvasses the very vexed issue of who opposite is actually trying to be the shadow Treasurer. Why is the honourable member for Wentworth debating the matter of public importance today? Clearly, any logical assessment of yesterday's efforts by the Opposition to embarrass the Government backfired. There is all sorts of evidence, including the obvious evidence of the Opposition's own back bench of the backfiring that took place yesterday, which is followed up by the media assessment of the reaction to that ill-debated censure motion.

Clearly the Treasurer (Mr Keating) is prepared to come into this House and debate the real issue of monetary and fiscal policy, of wage policy and taxation policy, but what the Opposition has got to do is decide who is going to be the shadow Treasurer in this place. The Treasurer is not going to waste his time coming in here to debate the honourable member for Wentworth. If the

Leader of the Opposition is prepared to debate some of the real issues in this place, I am sure that the Treasurer will more than accommodate him. We saw evidence of that yesterday in this House when not one question was directed to the Treasurer by the Opposition. Yet we had this feigned indignation, particularly in the contribution a few moments ago by the honourable member for Wentworth. He came in with a bleeding heart and crocodile tears about what is happening to Australian families as a result of the Government's monetary policies.

Mr Barry Jones—He is the shadow shadow Treasurer.

Mr SIMMONS—Maybe we have got a third one, a shadow shadow Treasurer, as the Minister for Science, Customs and Small Business comments. So who is actually trying to make the running on the question of monetary and fiscal policy so far as the Opposition is concerned?

We have to hear from the shadow Minister for Finance, the honourable member for Wentworth, some indication of where he stands in relation to fiscal policy. The honourable member for Wentworth's job, as I see it and certainly as the Government sees it, is to outline the sort of approach to fiscal policy that the Opposition would adopt if in office. I would have thought that the role of interest rate policy was more appropriately one to be taken up by the shadow Treasurer, the Deputy Leader of the Liberal Party, the honourable member for Kooyong (Mr Peacock). Yet again in this debate we have heard not one single contribution on Opposition policy in relation to so-called expenditure cuts.

The problem is that Opposition members come into this chamber and consistently talk about the need for further pruning of Government expenditure. Yet they are racing around the electorate panning the Government's economic policy and promising the world. So there is a certain inconsistency there between what they are saying in this House and what they are doing out there in the electorate. Quite clearly, in relation to the relative responsibilities of the honourable member for Wentworth and the honourable member for Kooyong, they have dismally failed to live up to those respective jobs.

Once again in this debate we have had the question raised about what is happening to Australian families as a result of the so-called 'devastating impact', to use the words of the matter of public importance that has been addressed here this afternoon. What is happening to the Australian family? As the Prime Minister (Mr Hawke), the Treasurer and other people have commented in this House from time to time, there are a number of basic tests one can apply to make some sort of determination as to what an average family is all about. It would seem to me that those tests are just as valid today as they ever were. For example, the capacity of a family to have at least one breadwinner would seem to me to be a very significant contribution to the well-being and the standard of living of an average family. So when one contrasts what the Opposition is saying with what it did when it was last in government, one can see that it is totally discredited. It was under the stewardship of the current Leader of the Opposition (Mr Howard) that in 1981-82 we saw 300,000 Australians hit the wall in the most devastating downturn in employment for many years.

The second point is the need to have some sort of fair adjustment to wages from time to time. That would seem to me to be a reasonable test of an average family's standard of living. As was indicated in this House yesterday, over the last six years this Opposition, through its various spokesmen in relation to Treasury and Finance matters, has opposed every single national wage increase. As was indicated yesterday, if that had been the policy that had been followed by the Conciliation and Arbitration Commission the average weekly earnings would be reduced by about 33 per cent. So much then for the concern for what is happening to the average family.

It would also seem to me to be a very valid test of the standard of living of an average family in terms of what the Government is prepared to do, in terms of income support for those families, particularly at the lower end of the socio-economic scale. Never was there such a strong and instructive indication of what this Government has done than in the contribution made today by the Minister for Social Security (Mr Howe). He

clearly contrasted the efforts of this Government in trying to even out the inequalities in this country with the record of the Opposition when it was in government.

At the moment the Opposition seems to be totally preoccupied with the so-called devastating impact of interest rates. Apart from the honourable member for Wentworth, no person in this House would get up and say that he is in favour of high interest rates. We are not masochists.

Mr Cunningham—He is the only person.

Mr SIMMONS—Exactly. The only person in the House I can nominate who has consistently argued for high interest rates is the honourable member for Wentworth. I congratulate him for his consistency. Yet, he had the audacity to come into this chamber today after saying for months and months in public statements and in media releases that he sees the need for a tighter monetary policy. I think his actions today must be totally discredited. He may have had some second thoughts about what he has been saying over the last few months. If he has, he certainly did not give that impression today. He is on the public record as consistently advocating higher interest rates.

There are a number of elements in economic policy. There are a number of instruments that governments use and one of them is monetary policy. The Treasurer, the honourable member for McMillan, the Prime Minister and I have asked the question: if the Opposition is talking about a tighter fiscal policy, can it say something about it? Can the Opposition tell us whether it would cut out Medicare? Can it tell us whether it would remove the family allowance supplement? Can it tell Government members and the Australian public whether or not it would cut the consumer price index adjustment to pensions? Would the Opposition reduce defence expenditure? Would it reduce education expenditure even though it has been running around talking about the need to improve educational and training opportunities further? They are the big ticket items in government. They are the sorts of items that obviously would have to be looked at if the Opposition were ever to be in a position to make those sorts of judgments. So the Opposition has to come clean. It cannot run

around the countryside talking about the need to cut expenditure without spelling out the details.

The Opposition consistently criticises the tight monetary policy that the Government has in place to try to ease the domestic demand causing this country to import far more than we should be importing at present. Everyone recognises that there is a problem with our current account. The way to reduce the demand for imported goods and to encourage import replacement goods is to adopt a policy which will place tighter controls on the capacity of people to spend and to consume imported goods. There also needs to be a climate in which there is a capacity to invest. Over the last few months we have seen figures which suggest that there is strong investment phase.

I think the shadow Minister for finance, the honourable member for Wentworth, can now add his name to a long list of Liberal Party failures. The honourable member for Mackellar (Mr Carlton) got his sums wrong when he was the shadow Treasurer. The former shadow Minister for finance, Senator Stone, talked big but could not get the list right before he was sacked.

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

Dr HEWSON (Wentworth)—Mr Deputy Speaker, I seek to make a personal explanation.

Mr DEPUTY SPEAKER—Does the honourable member claim to have been misrepresented?

Dr HEWSON—Yes.

Mr DEPUTY SPEAKER—The honourable member may proceed.

Dr HEWSON—On several occasions during this debate it has been suggested that last year I was advocating higher interest rates. As I understand it, the honourable member for McMillan (Mr Cunningham) used a quote from an address called *Australia's Economic Outlook* which I gave at the Hyatt Hotel, Melbourne, on 27 October 1988. The honourable member referred implicitly and explicitly to the following quote:

The marginal tightening of monetary policy since April of this year seems quite insufficient to have dealt with these forces.

Mr Deputy Speaker, I want to make the point that this quote has been taken completely out of context in terms of that page and the whole speech. Perhaps I might be permitted to put those remarks in context in order to explain the misrepresentation. In the paragraph before those comments I said:

Domestically, our main problem is that the economy is overheating and, I fear, quite significantly.

The marginal tightening of monetary policy since April of this year, seems quite insufficient to have dealt with these forces.

That is not advocating a tightening of policy; that is simply pointing out that what has been done is not enough to deal with the problem. I went on to say:

Admittedly, the overheating is not yet across the board. But in some sectors, like housing, it's extreme. I went on to document the nature of that overheating. I then listed for the Government eight policy options—

Mr Simmons—Mr Deputy Speaker, I take a point of order. I would argue that the honourable member for Wentworth is arguing the case and not indicating where in fact he has actually been misrepresented.

Mr DEPUTY SPEAKER—I am conscious of that matter and I will draw the honourable member's attention to it as he winds up his remarks.

Mr Cunningham—Mr Deputy Speaker, I take the same point of order. The honourable member has quoted back exactly the words that I quoted. They speak for themselves and I think that his personal explanation should be now complete.

Mr DEPUTY SPEAKER—I think the honourable member is entitled to put the words in context. I ask for him to do so briefly.

Dr HEWSON—Thank you, Mr Deputy Speaker. I pointed out the options that were available for the Government, one of which was further tightening, and I linked this to the fact that this is the course that the Government foreshadowed in the Budget and which is referred to in terms of monetary policy's 'vital balancing role'. I then went to describe the way in which the Government had been using that activity. I would like to

conclude my remarks by quoting that part of my speech. I said:

However, there should be no doubt, despite the Treasurer's continuing assurances to the contrary, that the Government has been tightening monetary policy, by raising official interest rates. Not surprisingly, they began to raise official interest rates in the first business day after the Oxley by-election.

I went on to detail those matters. I then said:

It should also be recognised, as noted above, that while such interest rate increases can, in time, dampen domestic demand, they can have adverse short term consequences in terms of the flow through to home mortgage costs—

Mr Cunningham—I take a point of order. This has gone way beyond a personal explanation. The honourable member is now debating the issue once again and therefore he is totally out of order.

Mr DEPUTY SPEAKER—I appreciate the point that the honourable member is taking. Debate is not permitted. As I understood it, the honourable member was saying he wanted the quote used put in the context of a specific speech in which a number of other points were made in relation to it. The honourable member wanted to quote that part of his speech and he is still doing so. I asked the honourable member to do so briefly. I hope that the quotes are not excessively long. Is the honourable member about to conclude his personal explanation?

Dr HEWSON—I pointed out then that this policy could not only work against the Government's inflation objectives but it could work against the balance of payments by appreciating the exchange rate. I went on and pointed out the possibility of a currency crisis.

Mr DEPUTY SPEAKER—I hope we do not have to hear the whole speech.

Dr HEWSON—The point is, Mr Deputy Speaker—and I will finish on this—that—

Dr Klugman—Mr Deputy Speaker, I take a point of order. Why is the honourable member trying to deny something on which he was right for once?

Mr DEPUTY SPEAKER—I am not sure whether the honourable member is taking a point of order. I do not think we can have the whole speech.

Dr HEWSON—The context of the speech is such that it is quite clear that I was very critical of the Government's sole reliance on monetary policy.

Mr Barry Jones—On a point of order, Mr Deputy Speaker: I think there is a grave danger in allowing this sort of precedent in respect of a personal explanation. The honourable member is essentially debating the matter. What he is raising is a matter of interpretation. The real purpose of a personal explanation is to say, 'I have been defamed, I have been wronged. Somebody has made an accusation about me. They have not made an interpretation about what I have said but there has been an imputation of impropriety or something and I want to correct it'. Mr Deputy Speaker, I think it would be an unhealthy precedent to establish if we got into the business of making this a substitute debate.

Mr DEPUTY SPEAKER—I agree that this certainly should not be a substitute for debate. I understand that. But it seems to me that if a few words are put in a particular context, the context is a matter that can be clarified. I do not think the whole speech should be read, but I think context is an important matter particularly in the case of a personal explanation if a member claims that he has been misrepresented.

Mr CUNNINGHAM (McMillan)—Mr Deputy Speaker, I wish to make a personal explanation. I have been misrepresented.

Mr DEPUTY SPEAKER (Mr Ruddock)—Does the honourable member claim to have been personally misrepresented?

Mr CUNNINGHAM—Yes, I do. The honourable member for Wentworth (Dr Hewson) just alleged that I had used a quote in a context which put a different emphasis on the actual meaning of what I read into my speech. In doing so he has accused me of putting words into his mouth which he claims he did not say.

Mr Price—He did say them.

Mr CUNNINGHAM—That is right, he did say them. They are on record. He also said that the Treasurer (Mr Keating) was manipulating the Governor of the Reserve Bank of Australia, which has been denied by

the Governor. If anybody has been misrepresented, it has been me.

Mr DEPUTY SPEAKER—I suspect that the honourable member for McMillan has been canvassing the issue in debate, which is not appropriate in a personal explanation. The discussion has concluded.

CUSTOMS TARIFF (COAL EXPORT DUTY) AMENDMENT BILL 1989

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

Second Reading

Mr BARRY JONES (Lalor—Minister for Science, Customs and Small Business) (5.40)—I move:

That the Bill be now read a second time.

This Bill proposes amendments to the Customs Tariff (Coal Export Duty) Act 1975 to continue an existing exemption from export duty in respect of certain coal, where that exempt coal is blended with other coal. I am delighted that the Minister for Primary Industries and Energy (Mr Kerin) is here to support me. By way of background, the Act was introduced in 1975 to impose a revenue duty to channel to the community a proportion of the windfall profits then being made by coal export producers. Since then, our coal exporters have experienced intense competition on the international scene for their coal markets, and the Act has been amended on several occasions to introduce exemptions to the customs duty in order to maintain a competitive edge for our coal exports.

At present, the only coal which remains dutiable under the Act is high quality coking coal mined from depths no greater than 60 metres in open-cut mines in production before 1 July 1980, but even here there are exemptions to the export duty. In practice, duty is currently only paid on production from six mines in Queensland. Against this background, in 1983 the Government received representation from CSR Ltd and Thiess Dampier Mitsui Coal Pty Ltd for relief from the export duty on production from the Moura and South Blackwater mines located in the Bowen Basin in Queensland. Both mines must blend significant quantities of higher quality coal from their underground operations with coal from their open cuts in order to obtain product of a quality

suitable to meet export contract specifications. The addition of higher cost underground product to their open-cut coal increased costs to the point where the imposition of the export duty on the open-cut coal in the exported product was having a significant impact on the rate of return to the producers.

In order to assist the viability of these operations, the Government decided to exempt from duty open-cut production provided it contained a minimum 15 per cent underground coal, and was all produced from the same mine. This was effected by amendments to the Act in 1984. The 1984 amendments, however, were framed in such a way that Moura and South Blackwater coal blends would be exempt from coal export duty if exported as single blends, but would lose the exemption if they were further blended with coal from other mines before export. It now transpires that such further blending is indeed commercially advantageous and commercially possible, following recent corporate restructuring in the affected mines. The Government is therefore proposing in clause 3 of the Bill that exempt coal from the mines mentioned will not lose its exempt status by reason of being blended with other coal. This decision reflects the Government's commitment to the maintenance of underground operations in the Bowen Basin in order to retain skills which will ultimately be of benefit to the industry as a whole in that region. It also demonstrates the Government's concern to assist employment security in the industry in the present difficult international marketing environment.

Financial Impact Statement

This measure has no direct financial implications, as its sole purpose is to maintain an existing exemption from liability to pay customs duty. There will be no overall coal export duty revenue loss as a result of the proposed change. I commend the Bill to the House and present the explanatory memorandum to the Bill.

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

CUSTOMS TARIFF (URANIUM CONCENTRATE EXPORT DUTY) AMENDMENT BILL 1989

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

Second Reading

Mr BARRY JONES (Lalor—Minister for Science, Customs and Small Business) (5.45)—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 proposal tabled in the House of Representatives on 23 August 1988 as part of the 1988-89 Budget. That proposal, which increased the export duty on uranium concentrate produced in the Alligator Rivers region in the Northern Territory region from \$1.02 to \$1.15 as from 23 August 1988, is incorporated in clause 3 of the Bill. Clause 4 of the Bill provides an exemption from the increased levy where uranium concentrate was loaded onto a vessel, or was part of a consignment, the loading of which was commenced prior to the 23 August 1988 commencement of the Bill.

The levy, which applies only to exports of uranium concentrate produced in the Alligator Rivers region of the Northern Territory, is imposed partially to offset the special costs of environmental monitoring and research activities undertaken by the Commonwealth to protect the Alligator Rivers region. The increase in the level of the levy reflects the Government's position that the costs associated with protecting the environment from the potential adverse effects of uranium mining should be borne as far as is practicable by the industry carrying out those operations, and not the ordinary taxpayer. Successive governments throughout the 1980s have recognised that the Alligator Rivers region, which includes Kakadu National Park, requires special measures to ensure that its sensitive environment receives adequate protection from the possible adverse effects of uranium mining.

The significance of the Alligator Rivers region should not be underestimated. Those parts of the area within Kakadu National Park stages 1 and 2 have received interna-

tional recognition by being placed on the World Heritage List. Australia has specific obligations under the World Heritage Convention to ensure these areas are not degraded. The Commonwealth's contribution to the protection of the Alligator Rivers region is through the operation and research undertaken by the Office of the Supervising Scientist (OSS), and other Commonwealth agencies, and by providing funds for the provision of services by agencies of the Northern Territory Government on behalf of the Commonwealth. The services provided by the Northern Territory on behalf of the Commonwealth include the application of national codes of practice relevant to nuclear materials, safety, health and mining regulations and environmental monitoring. The costs of these services are offset by contributions from the Commonwealth in the annual revenue grant to the Northern Territory Government.

The Supervising Scientist's research program has continued to make significant and innovative progress in the fields of geomorphology, aquatic biology, environmental modelling and environmental physics. The detailed development of a set of biological toxicity testing protocols represents an important advance in the environmental control of waste water release. Field trials continue on the design of residual structures important in safe rehabilitation on long lived hazards such as tailings containments. OSS research has enabled scientists to distinguish between certain types of radioactivity that are derived from a uranium mine from those arising from the general background environment. Site-specific mathematical and computer techniques have been developed that will enable prediction of the extent of possible flooding of parts of the Ranger mine site. The Government's continued commitment to the Alligator Rivers region will ensure that the natural beauty of the region, and the Kakadu National Park, remain for the enjoyment of generations of Australians in the future.

Financial Impact Statement

The proposed increased duty is expected to raise an additional \$0.8m during 1988-89. Based on current projected imports, the levy in total will recover \$4.5m during the 1988-

89 financial year, although yearly fluctuations in exports will cause the total amount raised by the levy to vary. I commend the Bill to the House and present the accompanying explanatory memorandum.

Debate (on motion by Mr Miles) adjourned.

JOINT SELECT COMMITTEE ON THE TENURE OF APPOINTEES TO COMMONWEALTH TRIBUNALS

Mr DEPUTY SPEAKER (Mr Ruddock)—Madam Speaker has received the following message from the Senate transmitting a resolution:

Message No. 303

The Senate transmits to the House of Representatives the following resolution which was agreed to by the Senate this day:

- (1) That a joint select committee be appointed to inquire into and report on the principles that should govern the tenure of office of quasi-judicial and other appointees to Commonwealth tribunals and, in particular, to inquire whether the provisions of sections 24 and 28 of the Industrial Relations Act provide proper and adequate provision for the tenure of office of Presidential members and Commissioners of the Australian Industrial Relations Commission.
- (2) That the committee consist of 9 members, 3 members of the House of Representatives to be nominated by the Government Whip or Whips, 2 Members of the House of Representatives to be nominated by the Opposition Whip or Whips, 2 Senators to be nominated by the Leader of the Government in the Senate, 1 Senator to be nominated by the Leader of the Opposition in the Senate and 1 Senator to be nominated by any minority group or groups or independent Senator or independent Senators.
- (3) That every nomination of a member of the committee be forthwith notified in writing to the President of the Senate and the Speaker of the House of Representatives.
- (4) That the committee elect a government member as its chairman.
- (5) That the committee elect a deputy chairman who shall act as chairman of the committee at any time when the chairman is not present at a meeting of the committee, and at any time when the chairman and deputy chairman are not present at a meeting of the committee the members present shall elect another person to act as chairman at that meeting.
- (6) That 4 members of the committee constitute a quorum of the committee.

- (7) That the committee have power to send for persons, papers and records.
- (8) That the committee have power to move from place to place.
- (9) That the committee report by 30 June 1989.

The Senate requests the concurrence of the House of Representatives in this resolution.

Ordered that the message be taken into consideration forthwith.

Mr PETER MORRIS (Shortland—Minister for Industrial Relations) (5.50)—I move:

That this House concurs in the resolution transmitted in message No. 303 of the Senate relating to the appointment of a joint select committee on the tenure of office of quasi-judicial and other appointees to Commonwealth tribunals.

I just want to indicate at this stage that the Government concurs with the appointment of the Committee. In some ways it questions the need to establish a committee, but the best thing to do in these circumstances is for me to outline the history of this matter and to remind honourable members how Mr Staples was dealt with by previous governments, and how we come to be in this situation.

In 1976 the Fraser Government, in order to get Mr Staples off the Australian Conciliation and Arbitration Commission, appointed him to undertake an overseas investigation into human rights. In 1979 it succeeded in changing the Conciliation and Arbitration Act with what became known as the Staples amendment. The effect of that amendment was to allow the President of the Commission to remove a matter from a single member to a Full Bench. This followed Mr Staples's refusal to make a finding in a dispute concerning a Telecom Australia matter. After this incident, Mr Staples was placed under considerable pressure by the Fraser Government to resign. That information is available from Mr Staples's letters to the Attorney-General reported on 6 February 1987 and in the *Age*. An attempt was also made to persuade Mr Staples to accept a transfer to another statutory office. That was referred to in Senate *Hansard* of 19 March 1980 at page 773 when a question was asked by Senator Button of Senator Durack. Senator Button referred to 'reports that Mr Justice Staples had been approached through a third person to persuade him to accept a transfer to the Law Reform Commission', and asked whether that report was

correct. The answer from Senator Durack was:

The reports to which Senator Button refers are correct, I think, in broad terms.

I will not take up the time of the House in dealing with the text of the answer, but Senator Durack was further asked by Senator Button:

Did he make his approach as a result of a Government decision that he should do so? The Minister, in his answer, replied 'as a result of discussions within the Government'. The supplementary question is, therefore: Was there a decision of the Government or not?

The reply from Senator Durack, the then Attorney-General, was:

I do not propose to add to the answer. How Governments make decisions is a matter which I do not propose to disclose and which I do not disclose.

As I said, the approach was made as a result of discussions that took place within the Government.

So that matter was under way at that time and was referred to on 19 March 1980. We have now seen from the honourable member for Menzies (Mr N. A. Brown) what I interpret as an expression of mock self-righteousness about this issue. It is a matter that began in the time of the previous Government. It is a matter that has been in train for quite some years and a matter of which the Opposition has full knowledge of the circumstances.

I want to make it clear that we on this side of the House have no agenda relating to the personality or the person of Mr Staples. The performance of his duties and the tasks allocated to him were solely a matter for the President of the Commission in the time of the Fraser Government and during the life of this Government. At no time has this Government ever attempted to influence the nature of the working of the Commission or the management of the Commission by the President.

With the establishment of the new Industrial Relations Commission, this matter comes up for consideration. As the Prime Minister (Mr Hawke) pointed out today, a person on the Commission, a deputy president, is being paid the salary of a Federal judge—at the moment almost \$100,000 per year—to do nothing. Those are circumstances that no government could accept, and they are circumstances that I am certain the public could

not accept. I do not believe that the Opposition supports that position; certainly it did not by its acts in earlier years.

I will go through the detail of what happened in this case. We have a problem which began in the life of the previous Government. It attempted to address it. The legislation which was originally introduced into the Parliament for the establishment of the Australian Industrial Relations Commission and the termination of the old Conciliation and Arbitration Commission provided for circumstances in which a member of the Conciliation and Arbitration Commission was not appointed to the new Industrial Relations Commission. That information and those provisions were in the original Bill. They were in the Bill that was passed in the latter part of last year. It was a Bill to which there were some 40 amendments by the Opposition and on which there was some 31 hours of debate, during which I am quite satisfied in my mind that the circumstances of this case were in the minds of, but were not raised by, members of the Opposition.

The Industrial Relations (Consequential Provisions) Act 1988 provided for the repeal of the old Conciliation and Arbitration Act, and it also provided for circumstances in which a deputy president on the old Commission would be deemed to have reached pension age for the purposes of the Judges Pensions Act if he were not appointed to the new Industrial Relations Commission. That legislation was specifically aimed at the expiring Commission. Everybody knew about that. The Opposition knew about that. That is why I find it rather offensive to see this matter raised in the way in which it has been raised. All those who now express a concern about this matter did not express it at the time. I rather suspect that some of the people who expressed views at that time may have had some knowledge of the purpose of the provisions within that legislation. So the Government just sees what is happening at the moment as a totally unsatisfactory situation and sees some of the actions over current days as transparent and in effect contemplating sheer opportunism.

The question has been raised that this is not constitutional—that judges can be removed only in accordance with the Constitution or by an address to the Governor-

General from both Houses of Parliament. I make the point that the Australian Conciliation and Arbitration Commission was not a Chapter III court. The repeal of the Conciliation and Arbitration Act extinguished all offices created under that Act.

The question of natural justice has been raised. The advice that I have from the Attorney-General's Department is that this is not a case in which the Government has to give to a person whose appointment is extinguished the opportunity to comment on the Government's not recommending his appointment. There is a precedent for the Government's approach. That precedent is the reconstitution by the Fraser Government of the Trade Practices Commission in 1976, as a result of which a member of that Commission, Mr Venturini, was not reappointed. The question about reasons has been raised. I have referred to that and I have referred to the statement by the Attorney-General in 1980, Senator Durack.

Mr N. A. Brown—Will you table that advice?

Mr PETER MORRIS—I will give consideration to the honourable member's request, but I would rather deal with what he has raised.

Mr N. A. Brown—I have not raised anything.

Mr PETER MORRIS—The honourable member has raised most of it publicly. The point to make in all of this is that Mr Staples was never a judge. He was appointed a deputy president of the Conciliation and Arbitration Commission. As he had legal qualifications, he became entitled under section 7 (5) (a) of that Act to have the same designation, rank, status and precedence as a judge of the court. At no stage was he appointed a judge. He was appointed a deputy president. It was the Parliament's decision to terminate the old Commission and to determine the conditions of establishment of the new Commission. It was also the Parliament's decision that in the new Industrial Relations Commission deputy presidents be appointed fresh to the Commission, not being deputy presidents who have come over from the previous Commission, and that they would not have the right to use the designation of a judge that I referred to under the

old section 7(5) (a). In the current Industrial Relations Act section 9(3) states:

A Presidential Member or former Presidential Member is entitled to be styled "The Honourable".

The section of the Act deals specifically with that matter. The important point I make here is that the Parliament decided that deputy presidents would in future be referred to as deputy presidents, being deputy presidents newly appointed to the Commission and not those being newly appointed who previously had the right to use the designation of judge. So in this matter the Government has acted with the utmost propriety. The matter is a long-standing one. The Government has dealt with this in terms of the decisions made by the Parliament. There has been ample opportunity for those who have different views to express those views in the Parliament. That has not been the case. So the Select Committee which is now to be established to examine the arrangements under the current Act will deal with the situation in the future. It will deal specifically with sections 24 and 28 of the new Act which relate to the termination of service of presidents and commissioners of the new Australian Industrial Relations Commission.

I make the point again: we have not acted vindictively; we have acted strictly in accordance with the decisions of the Parliament. I find it quite spurious and quite misleading for the Opposition to run an argument on the basis that somebody is a judge when those making that pronouncement know full well that the person concerned was appointed as a deputy president and when they participated in the decision that brought about the provisions of the new legislation.

In those circumstances the Government supports the establishment of the Committee and rejects the kind of transparent criticism about this matter and what I see as just mock self-righteousness and mock self-interest on the part of some of the people involved.

Mr N. A. BROWN (Menzies) (6.03)—The Opposition did not understand that there was to be a debate on industrial relations or on the detailed history of what we might refer to as the Staples matter this afternoon. I do not have the authority of the Opposition to engage in any such debate. Our understanding was that the proposal passed by the

Senate yesterday for a joint select committee would be put forward and any debate would be confined to that. Nevertheless, I would clearly be failing in my duty if I did not reply, albeit briefly, to what the Minister for Industrial Relations (Mr Peter Morris) has said by way of so-called history on the matter.

Dr Klugman—I would anyway.

Mr N. A. BROWN—I am indebted to the honourable member for Prospect, and he would do it far more eloquently than I would. Nevertheless, it is appropriate to make a few brief points on that so-called history. The first thing that should be said—I will try to put these points as briefly as possible—is that it is true, as the Minister said, that during the term of office of the Fraser Government the situation arose where Mr Justice Staples, as I understand it, was not performing all of the full work of a deputy president of the Conciliation and Arbitration Commission to the extent that for some time he sat only as a member of the Full Bench. The point to be made about it, by way of reply to the Minister, is that the Fraser Government did not abolish the Arbitration Commission in order to get rid of Mr Justice Staples or any one else.

The most extraordinary thing that has emerged from the Minister's remarks is that we now seem curiously, at this late stage, to have had an admission from him, on behalf of the Government, that in fact Mr Justice Staples and his history are the reason why the Government has gone through this contortion of abolishing the Arbitration Commission—simply to get rid of him. That is the extraordinary thing which has emerged from this history. It must be said quite clearly, but nevertheless factually, that on the basis of what the Minister has told us this is now apparently the reason why the Arbitration Commission has been abolished and why the new body has been established.

The third thing that must be said—and it emerges not simply from what the Minister has said but also from what the Prime Minister (Mr Hawke) said in Question Time today—is that there is a long history of Mr Justice Staples's dealings with respective presidents of the Arbitration Commission, the object of those dealings being to reduce the work which was available to Mr Justice

Staples. What the Prime Minister did not say, of course, and it should be said, is that when he was President of the Australian Council of Trade Unions he took a very major part in having that work taken away from the judge, as he then was.

The Minister also says, 'Why is it that at this late stage this argument arises? Why is it now, when the argument was gone through in the House and the legislation passed, at this late stage people start complaining about a matter of principle which has arisen?'. What the Minister did not say was that it was only on 22 December—so we now know from documents that have been widely circulated—that the Minister wrote to Mr Justice Staples, as he then was, to inform him of the fact that the Government would not be appointing him to the new Australian Industrial Relations Commission. It was only as late as 22 December, after the legislation had been passed and after the debate had been gone through, that the Government apparently decided that Mr Staples, as he now is, would not be appointed as a deputy president of the new body. So it is not in any sense of the word inconsistent that the issue should be raised and argued at this stage.

I say also in reply—I interjected to this effect—that the Minister has apparently relied upon some advice from the Attorney-General's Department to the effect that it is not obliged to offer any position to Mr Staples or to give him an opportunity to explain why he should be appointed to the new body. I simply say that if the Minister is prepared to stand up and rely on that as one of his separate and substantial arguments, why not table the advice? Let us see that to see the full extent of the advice the Government has had on this.

It would seem that the Government is supporting this motion for the establishment of a select committee. Having listened to the Minister's speech, we would be excused for thinking it was in fact opposing it. All the arguments he was advancing seemed to be directed towards opposing the resolution. I understand that the bottom line is that the Government is supporting the motion and therefore there is no need to speak at length in support of it.

However, some things should be stated concisely so that those who are interested in an accurate history of how this matter came about can at least find it in the *Hansard*. The first point to be made—this probably emerged from the raw history given by the Minister—is that its genesis is to be found in the decision of the Government to abolish the Conciliation and Arbitration Commission and establish the new body called the Industrial Relations Commission. Mr Justice Staples, as he then was, was a member of the former body, but he is not to be appointed as a member of the latter body. He maintains, and a number of other people share this view, that he is therefore being removed from office before he attains the age of 65 and without the provisions in the Conciliation and Arbitration Act providing for his removal from office being followed. Those provisions contained in the Conciliation and Arbitration Act provide in effect that a presidential member of the Commission shall not be removed from office except in the manner provided by the Act for the removal from office of a judge of the court, meaning the Australian Industrial Relations Court. The manner provided for the removal of a judge is that he may be removed only by the Governor-General, and then only on an address from both Houses of the Parliament in the same session praying for his removal on the grounds of proven misbehaviour or incapacity.

So the argument has been that Mr Justice Staples has been removed from office, not by the means set out in the Act—that is clearly the case—and therefore that the Government is in breach of the Act. As I have already said, there is no need for me to address the merits of this argument because the Act has now been repealed; there is a new Industrial Relations Act. The Conciliation and Arbitration Commission no longer exists. A new Industrial Relations Commission has been established.

Finally, we all know that Mr Justice Staples, as he then was, is no longer a member of the Commission. But that does not mean the issue is dead. Indeed, an important issue has arisen as a result of this matter and it is that issue which is the subject of the motion now before the House. This motion proposes to set up a joint select committee to inquire

into the principles that apply to those that hold quasi-judicial office on Commonwealth bodies and, in particular, whether the provisions of sections 24 and 28 of the new Industrial Relations Act provide proper and adequate provision for the tenure of office of presidential members and commissioners of the new Australian Industrial Relations Commission.

There is a need for this motion to be passed so that the Committee can be established to inquire into the matters that I have referred to. If there is to be a statement of the history of the matter, upon which the Minister for Industrial Relations has apparently wanted the House to embark, it really must be said that the thread that runs through the history is that it certainly reflects no credit on the Government whatsoever. Indeed, the Government, by its refusal to give any account of its conduct during the whole of the Staples matter, has allowed the issue to be generated. It is quite extraordinary that the Prime Minister and the Minister for Industrial Relations should criticise others for not having raised the issue earlier when it is only today that we have been able to get anything out of them at all.

A debate has been raging through the newspapers and through the whole community about this matter. The Attorney-General (Mr Lionel Bowen), who is undoubtedly responsible for the wider issue, has remained silent through the whole debate. Although he clearly has a heavy responsibility to promote public confidence in our judicial and semi-judicial institutions, he has remained silent. The Minister for Industrial Relations has until today remained silent. The Prime Minister, to his permanent discredit, has remained silent except for the one smear that he was prepared to make on the judge, as he then was, by saying that there was a problem about Mr Justice Staples without staying to give any particulars. Rather, he left it hanging in the air in the typical way in which the Prime Minister smears people and moves on.

I thought that the Australian Labor Party had a concern for individuals; we certainly do. We certainly will not let that sort of conduct pass by unchallenged. The unfolding history of this matter has given rise to enormous public disquiet and, in particular, con-

cern amongst the judiciary of this country and those holding quasi-judicial office. That concern is that the Government seems to have no respect for the tenure of office of those holders of quasi-judicial positions that they thought the Government had. That has been brought about by the Government's stubborn refusal to explain itself throughout this matter and by its conduct. No matter what the merits of the argument may be, one simply does not have a situation arise in which five judges of the New South Wales Court of Appeal, 10 judges of the District Court of South Australia and some of the major law societies in the country come out and express concern, unless there is some basis for concern. When that concern emerges, whether this matter is founded in fact or not, it is one of the Government's responsibilities to promote confidence amongst the public in our institutions and to support principles such as the principle of tenure of office of judicial and quasi-judicial office bearers.

In fact, the Government failed in its responsibility not only in not responding to the criticism being expressed in the community, not only in failing to contribute to debate, but also in its responsibility by doing everything to destroy public confidence in those principles. The Government should be ashamed of its conduct during this matter. A simple statement by the Attorney-General during this debate may have put public concern at rest. But because of the silence until today of the Attorney-General, the Prime Minister and the Minister for Industrial Relations, public concern has increased to the point where there really must be some doubt whether the Government has any concern at all about these basic matters.

If before the Minister spoke today there was no doubt, surely now there must be doubt. It is quite obvious, after a speech from the Minister which, if anything, seemed to be a case against the motion and against setting up the proposed joint select committee, that the Government is supporting this motion very reluctantly. For those reasons, we support the motion. It should be unnecessary to have it. It should be unnecessary to establish this joint select committee. But it is necessary to have it established only

because the Government has stood by and failed in its responsibilities. It has allowed this debate to run on and it has allowed public confidence in our institutions to be continually eroded during the currency of this debate.

Dr KLUGMAN (Prospect) (6.16)—I preface my remarks by saying that I have known Jim Staples for, I suppose, 40 years. I met him at university; he was a contemporary for part of the time I was at university. He has been a friend for the last 25 to 30 years. People who know me know that that does not mean that I agree with him on every issue or necessarily on most issues, but I do think that he has been treated very shabbily. Both the Government and the Opposition have been at fault. Both are being hypocritical and contradictory. I have raised this issue before so it is not a question of doing it just now. I have raised it at meetings of the Federal Parliamentary Labor Party. I think I previously raised it in this House when there was a letter on the issue to Madam Speaker. At that stage, when I made representations on the issue that he was not given any case work, I was told by the relevant Ministers that they could not interfere because it was a court and the independence of judges and the independence of the judiciary had to be protected. Now he has not been reappointed. In effect, he is being sacked on the basis that he was never a judge. In my mind, that is an obvious contradiction.

The point that worried me all the time leading up to the most recent action was that the President of the then Conciliation and Arbitration Commission and, as I understood it, the corresponding person in Federal courts, district courts of the States and the supreme courts could act in similar ways. They could override a government's decision to appoint a judge and a Parliament's refusal to sack a judge, by just not allocating any work to him or her. That is completely wrong. That is the argument I have always used. This or any other government appoints a particular judge and the Parliament obviously does not feel that that judge has contravened the terms of his appointment under which we can dismiss him. Yet the chief judge can just not give him any work and, in effect, stand him aside.

This afternoon, the Prime Minister (Mr Hawke), in answer to a question, and the Minister for Industrial Relations (Mr Peter Morris) argued that he cannot be reappointed because he has not done anything and has been getting paid up to \$100,000 a year. That is obviously not his fault. He was prepared to work. He was keen to have cases. If anybody should pay that \$100,000 it is the previous President of the Arbitration Commission, Sir John Moore, who, I think in a very unjudicial manner, apparently rang the then Minister for Labour, the former Senator Jim McClelland—this was reported in last Thursday's *Sydney Morning Herald*—to ask him how to get rid of this judge. Since Mr Justice Maddern has been appointed President of the Conciliation and Arbitration Commission he has not given Justice Staples any work either. The boss or foreman of an enterprise is responsible for allocating work to people who are being paid by that enterprise.

Had I got the call in Question Time this afternoon I would have asked the Minister for Industrial Relations, who is at the table now, how we can be confident about the ability of the members of the new Industrial Relations Commission to make independent judicial decisions when they have now been declared to be nothing more than ordinary public servants, and in view of that how can he justify paying them the same salaries as judges of the Federal Court.

Mr N. A. Brown—I wonder what the answer is?

Dr KLUGMAN—I do not know. I did not get the call. Of course that was not the fault of Madam Speaker.

Mr N. A. Brown—Ask him now.

Dr KLUGMAN—I am asking him and I hope he will reply. As far as I am concerned the Arbitration Commission, now the Industrial Relations Commission, has become a joke. Its decisions simply rubber stamp deals made by the industrial relations club. This may be in the interests of the Australian economy, and probably is in the interests of the Australian economy, but it does not mean that we as a Parliament have to agree with it. Whenever I have raised this issue I have referred to the fact that this is becoming a corporate state. In my very young days be-

fore I came to this country I lived in a corporate state, in Italy. I do not necessarily believe that that is the way we want to run the country. I do not believe that it is necessarily in our best interests to ignore everybody who is not representative of employer organisations, government or the Australian Council of Trade Unions. I do not believe that people who have views different from the views of those organisations should not be in responsible positions. I do not believe that it is necessarily contrary to the interests of this country that an independently minded judge can come out with different decisions. At least it puts the onus, on appeal, on the rest of the judges to justify their decisions. What is happening now is that the Full Court wants to avoid even having to consider the arguments of anybody who comes out with a different decision. It does not want to be faced with anybody who has different views. I do not think that the terms of reference of the Select Committee are wide enough. However, I feel very strongly that we have interfered with the independence of the judiciary and we have certainly exposed the new Industrial Relations Commission for what it really will be.

Mr RUDDOCK (Dundas) (6.24)—Firstly, let me make a declaration of non-personal interest. I do not know and have never met the judge. I hold no brief for the judge. I suspect that his views as published on political matters are such that I would be in violent disagreement with him. I hope that having said that the House will appreciate that the remarks I am about to make may leave me feeling a little uncomfortable.

I listened very closely to what the Minister for Industrial Relations (Mr Peter Morris) had to say. He said that we in this Parliament ought to feel some culpability in this matter for not having raised it before because the Parliament itself passed some legislation, namely the Industrial Relations Act 1988 and the Industrial Relations (Consequential Provisions) Act 1988; we ought to have known that it contained certain provisions creating a new tribunal and disbanding an existing tribunal and the consequence of that would be that presumably one or more of the members of the Australian Conciliation and Arbitration Commission, as it was, would not be appointed to the new body. I

must say that that was not clearly before me. To the extent that I am collectively part of this Parliament and ought to have been aware of it, I feel derelict in relation to my own duty but I will not be put off raising that matter now simply because that legislation was passed. In a letter of 22 December 1988 it became clear that as of that date—well after the legislation was passed—the Government had an intention not to appoint Mr Justice Staples to the new Commission.

Secondly, I am disappointed with the comments that the Minister has offered in relation to the establishment of the joint select committee on quasi-judicial appointees. He suggested that because this matter is being dealt with by the Parliament it ought not to be the responsibility of the Committee to inquire into the way in which Mr Justice Staples was dealt with. I certainly hope that is not the case, and I put it to the Committee that its terms of reference in no way restrict it to that. If we look at the first part of the resolution we will see that it establishes a joint select committee to inquire into and report on the principles that should govern the tenure of office of quasi-judicial and other appointees to the Commonwealth. The resolution then says that when looking at the generality of that matter an inquiry can be made into the particular provisions of the new Act. I do not think that the particular provisions in any way qualify the general inquiry that the Committee should undertake. I make that point very strongly, and I hope that the Committee will look at the questions that are involved.

I would like to give force and effect to some of the comments made by the honourable member for Prospect (Dr Klugman). He indicated that he was aware that the Government had taken the view that the Conciliation and Arbitration Commission was a court when looking at this question of whether the judge should be given work but now no longer wants to treat it as a court. The Minister said today that it is not a chapter 3 court, that it is not a court that is entitled to protection for its office holders under section 72 of the Australian Constitution. That is what he meant. The letter from the Attorney-General (Mr Lionel Bowen) to the Australian Society of Labor Lawyers on

19 November 1986 should have some weight. If the Minister produces the Attorney-General's opinion it will be interesting to see how it fits with the written advice from the Attorney-General, who wrote, as Minister Assisting the Prime Minister, to the Australian Society of Labor Lawyers. He said:

As implicitly acknowledged by your Society in the motion passed at your Conference on 19 October 1986, independence of the judiciary in the administration of justice is of crucial importance. It would not be appropriate therefore for the Government to seek to interfere in the processes of the Commission.

He said 'should not interfere with the processes of the Commission' after he spoke about the independence of the judiciary. The point is so obvious. He went on to say:

The principle of non-interference has long been accepted in relation to courts and other independent tribunals in democratic countries which apply the constitutional principle of separation of powers.

That is what the Attorney had to say on this matter. I suspect that matters have changed. Perhaps the Attorney has come to another view. There are good reasons why one ought to be cautious about changing one's view in relation to this matter, and I say that to the Attorney.

I looked at some other written material on this question. There is not a great deal to be found. One interesting item was an article on the independence of judges in the *Australian Law Journal* of 22 January 1953. It was an article written by a very distinguished jurist, Zelman Cowen, and another, David Derham. I am sure each of them would be well known to honourable members, who are guided in these things by the eminence of those who speak. In writing the article about the independence of judges three areas are dealt with: the rules relating to the removal of judges, the rules relating to the suspension of judges, and admonitions to judges. In writing this article the learned gentlemen indicated that there was very little information other than the clear principles that related to the removal of judges, and they dealt with the history of that and the suspension of judges. But when it came to the question of admonitions to judges they could not find any material dealing with admonitions relating to the judiciary. They were looking for examples that they could use in extending the argument relating to admonitions to

judges from other organisations, other bodies. On admonitions to judges—that is, politicians advising judges as to the way in which they ought to carry out their functions—they said:

In modern times there seem to be no direct authorities dealing with the judiciary. There are cases concerning administrative and quasi-judicial functions, however, which affirm the principle that the exercise of a discretionary function must not be interfered with by executive authority.

What these distinguished jurists were saying was that if one could not find the material in relation to judges it was quite appropriate to look at what had been said in relation to administrative and quasi-judicial functions. They went to a number of decisions in the United Kingdom and Canada which were of particular interest. There was a quotation from Professor Wade in relation to the *Roncarelli v. Duplessis* case. Professor Wade said:

Thus the Home Secretary in England not infrequently has to affirm that he cannot give instructions to Benches of lay magistrates to increase the severity of sentences which lie within their discretion to impose. If a general direction as to how discretion should be exercised which has been given to all officers occupying a like position cannot be upheld, the more so a private instruction given to a specially designated officer or tribunal as to how functions should be performed must be bad. The object of establishing an independent tribunal is to remove the power of decision from the executive and this is clearly defeated if the tribunal acts to order.

They were saying that the principles that apply to courts and judges clearly apply to those who are exercising the function of quasi-judicial office holders. This point needs to be made very clearly. It needs to be the subject of investigation by this Committee. If this Committee comes to the view that it does run to quasi-judicial office holders, then clearly the way in which Justice Staples has been treated in this instance is bad. If the Committee comes to that view it seems to me that the Government will have to look at this question again. I certainly strongly support the formation of this Committee to investigate this matter. There are a lot of questions to be asked. I think the Government needs to keep an open mind. I put that very strongly.

I encourage my colleagues on this side of the House to look at this matter and have regard to a very distinguished jurist, Lord Hailsham. I am sure he is one whose opinion

would be very highly regarded by honourable members on this side of the House. In an article written on democracy and judicial independence in the 1979 *University of New Brunswick Law Journal* Lord Hailsham had some comments to make about the sorts of cases where political opinions ought not to be taken into account by officers who have been given specific responsibilities. He said:

Of course, none of this has occurred without public controversy. But, as I have said, an independent judiciary cannot avoid controversy in an age of continuous social change. The flow of controversial work never stops. Cases succeed one another about industrial relations—

here we are talking about industrial relations—

squatters, students, immigrants, new religions and philosophies, Cabinet memoirs, wireless licences, sewerage rates, the sky train, comprehensive schools, foreign compensation, war harm, conspiracy to corrupt public morals, the National Society for the Prevention of Cruelty to Children, even just television personalities and politicians. You name it. The judges have to decide it; and whether they refuse the remedy or grant it, decline jurisdiction or accept it, they will come in for criticism from disappointed litigants, trigger-happy politicians, offended ministers, disgruntled trade unions, or angry bosses, and, what is more, they have got to take it in silence because they cannot answer back.

He went on to say:

It is, I believe, increasingly recognised that judicial independence remains one of the few remaining protections of the individual and minority groups against the encroachment of the bureaucracy and the politically motivated jack in office, against the intrusiveness of mass culture and the oppressiveness of Unions and great Corporations.

Lord Hailsham clearly had in mind the area which we are discussing today. I hope my colleagues are mindful of this, particularly when they sit on this Committee.

I will conclude by drawing to the attention of honourable members a newspaper article that appeared in today's *Melbourne Herald*. It is a matter that ought to be of concern to honourable members opposite. I am not privy to all of my colleagues' views and I do not speak with any knowledge of their views. I simply make the point that what is being done here, it is suggested in that item, might be used as a wider precedent to disband an organisation and not appoint any of these people who hold office in order to achieve restructuring. If that is the stage we are

about to enter it may not be of concern to the Government in office now but I am sure it will be of concern to honourable members opposite when they are in opposition.

Question resolved in the affirmative.

ADJOURNMENT

Thailand

Motion (by Mr Peter Morris) proposed:

That the House do now adjourn.

Mr BURR (Lyons) (6.37)—During the parliamentary recess I was privileged to join colleagues from this place on a visit to Thailand under the auspices of the Australian-Thailand Parliamentary Friendship Group. During that trip I was most impressed by the way in which the Thai parliamentary processes are developing and the way in which we were hosted by our Thai parliamentary colleagues. I was particularly impressed and privileged to be shown the work that has been done by the Thai Government in conjunction with the Australian Government in the crop substitution program which has taken place in the northern regions of Thailand. That program is designed to encourage the peasant farmers of the region to replace the opium poppies that have traditionally been grown in that area with crops which provide a much better economic return to the peasant farmers. The crops that we saw being grown were coffee and rice. They are being grown very successfully. The Thai farmers of the area are quite happy to grow anything other than the opium poppies that have traditionally been grown in the area.

I was most impressed with the work being done by the Thai Office of the Narcotics Control Board (ONCB) under the direction of Major-General Chavalit. He and his staff are very dedicated to the cause of stamping out the drug trade. With the aid of the Australian Government, particularly with the computer program being funded by it, Major Chavalit feels that he and his staff are making a major effort to stamp out the drug trade. It is most unfortunate that the efforts of the Thais through the ONCB are being undermined by the lack of action of the Vietnamese Government.

We hear much about what is known as the Golden Triangle, that part of northern

Thailand, Burma and Laos where much of the illicit opium poppies are grown. What we do not hear is that much of the product of this illicit trade is actually being exported through the Vietnamese port of Da Nang. I understand that this is being done with the open approval and encouragement of the Vietnamese Government. I condemn the Vietnamese Government because it is encouraging this scourge on the rest of the world for the sake of some short term foreign exchange dollars that might be earned in that way. I congratulate Major-General Chavalit and his staff of the Office of the Narcotics Control Board, but I condemn the Vietnamese Government for its lack of action and, in fact, encouragement of that illicit trade.

Mr Tim Fischer—Aworthwhile inspection.

Mr BURR—I agree with my colleague from Farrer, who was also privileged to be on that particular trip. One other thing that I would like to mention is that as part of that trip we also visited parts of the Thai-Burma railway, which was quite infamous for many Australians who were unfortunately victims of the Japanese. I must congratulate Mr Ken Bradley and his members of the Australian-Thai Chamber of Commerce on the work that they are doing in restoring parts of that particular railway, some of the more notorious parts Australian prisoners were forced to work on, in particular the Konyu Cutting, which was more colloquially known as Hellfire Pass.

The work that Mr Bradley and his volunteer workers are doing is quite remarkable because they are doing most of it with voluntary contributions of money. I believe that what they are doing will record the history of that part of the railway that was quite notorious and it will be a reminder to succeeding generations of the horrors of war. I think we must congratulate Mr Bradley and his workers because they will record for history just what can happen when dictatorship is allowed to run riot.

Question resolved in the affirmative.

House adjourned at 6.41 p.m.

NOTICES

The following notices were given:

Mr N. A. Brown to move—

- (1) That a joint select committee be appointed to inquire into and report on the principles, if

any, that should govern the nature and tenure of office of quasi-judicial and other appointees to Commonwealth tribunals and in particular whether the provisions of Sections 24 and 28 of the Industrial Relations Act provide proper and adequate provision for the office of Presidential members and Commissioners of the Australian Industrial Relations Commission.

- (2) That the committee consist of 9 members, 3 Members of the House of Representatives to be nominated by the Government Whip or Whips, 2 Members of the House of Representatives to be nominated by the Opposition Whip or Whips, 2 Senators to be nominated by the Leader of the Government in the Senate, 1 Senator to be nominated by the Leader of the Opposition in the Senate and 1 Senator to be nominated by any minority group or groups or independent Senator or independent Senators.
- (3) That every nomination of a member of the committee be forthwith notified in writing to the President of the Senate and the Speaker of the House of Representatives.
- (4) That the committee elect a Government member as its chairman.
- (5) That the committee elect a deputy chairman who shall act as chairman of the committee at any time when the chairman is not present at a meeting of the committee and at any time when the chairman and deputy chairman are not present at a meeting of the committee the members present shall elect another person to act as chairman at that meeting.
- (6) That 4 members of the committee constitute a quorum of the committee.
- (7) That the committee have power to send for persons, papers and records.
- (8) That the committee have power to move from place to place.
- (9) That the committee report by 30 June 1989.
- (10) That the foregoing provisions of this resolution, so far as they are inconsistent with the standing orders, have effect notwithstanding anything contained in the standing orders.
- (11) That a message be sent to the Senate acquainting it of this resolution and requesting that it concur and take action accordingly.

Mr Lionel Bowen to present a Bill for an Act to amend the Geneva Conventions Act 1957.

Mr West to present a Bill for an Act to amend section 5 of the Ministers of State Act 1952.

PAPERS

The following papers were deemed to have been presented on 1 March 1989:

Aged or Disabled Persons Home Act—Guidelines for the determination of the amounts of grants of financial assistance under section 9A, dated 4 January 1989.

Civil Aviation Act—Civil Aviation Regulations—Amendments to Civil Aviation Orders—Parts 105, 106 and 107, dated 14 February 1989.

Defence Act—Determinations under section 58B—1989—

Nos. 4 and 5—Overseas Living Allowance and other allowances.

No. 6—Higher Duties Allowance and other allowances.

No. 7—Namibia Allowance.

No. 8—Defence Force Academy Textbook Allowance.

Public Service Act—Determinations—1989—Nos. 10, 12, 18, 19.

ANSWERS TO QUESTIONS

The following answers to questions were circulated:

AFP Investment Corp Ltd

(Question No. 951)

Mr Martin asked the Treasurer, upon notice, on 26 April 1988:

(1) Has his attention been drawn to recent media reports concerning the AFP Investment Corp Ltd, in particular, reports relating to relief afforded the company following its losses, proposals to move the company off-shore to Monte Carlo and the emerging asset base for the privatisation of Elders-IXL.

(2) Has Elders-IXL gained value as a result of these transactions.

(3) As stock exchange transactions are zero sum games, have Elders shareholders who do not have a proportionate holding in AFP lost equity.

(4) Are transactions of this nature in the public interest.

Mr Keating—The answer to the honourable member's question is as follows:

(1) Yes.

(2), (3), and (4) It is not appropriate for me to comment on whether or not Elders-IXL will gain value or whether certain Elders-IXL shareholders have lost or gained equity as a result of the transactions referred to.

However, as I stated in Parliament on 18 April 1988, from the details then reported in the *Australian Financial Review* about the transactions involved, it is improbable that capital gains tax liability would be avoided. In the event that the scheme escaped the capital gains tax, the general anti-avoidance provisions of the Income Tax Assessment Act are likely to apply to these transactions. In the extremely unlikely event that the scheme was not caught within these provisions, as in all cases of blatant tax avoidance, the Government reserves the right to introduce specific remedial legislation.

Public Service Staff Reductions

(Question No. 1039)

Mr Porter asked the Minister Assisting the Prime Minister for Public Service Matters, upon notice, on 25 May 1988:

(1) Since 1 July 1987, which Departments have submitted advice to the Public Service Commissioner in accordance with public service guidelines, indicating for each Department and prior to any staff reductions being made, what (a) work areas were identified as having excess staff, (b) were the total numbers of staff in each area and (c) was the size of the staff reduction proposed.

(2) What was the total number of staff reductions achieved through (a) voluntary retrenchment, (b)

transfers elsewhere in each Department and (c) other means, including natural wastage and promotion.

(3) What was the total cost of voluntary retrenchments for (a) severance payments, (b) recreation and long service leave and (c) superannuation payments.

Mr Peter Morris—The answer to the honourable member's question is as follows:

The answer covers excess staff situations notified to the Public Service Commissioner from 1 July 1987 to 30 June 1988. It is based on Public Service Commission records and advice from agencies and the Australian Government Retirement Benefits Office.

(1)—

| (a) | (b) | (c) |
|---|--------|-----|
| ADMINISTRATIVE SERVICES PORTFOLIO | | |
| Department— | | |
| Duntroon Boiler House | 3 | 3 |
| Departmental reorganisation | 18,639 | 750 |
| ACT Testing Laboratory | 10 | 3 |
| BUREAU OF METEOROLOGY | | |
| Melbourne Communication Officers | 19 | 3 |
| Perth Communication Officers | 11 | 3 |
| Queensland Communication Officers | 1 | 1 |
| ARTS, SPORT, THE ENVIRONMENT, TOURISM AND TERRITORIES PORTFOLIO | | |
| Department— | | |
| ACT Administration (sale of Occasional Care Centres) | 25 | 25 |
| ATTORNEY-GENERAL'S PORTFOLIO | | |
| Department— | | |
| Legal Aid Commission, NSW | 11 | 11 |
| Staff transferred from former Department of the Special Minister of State | 33 | 13 |
| COMMUNITY SERVICES AND HEALTH PORTFOLIO | | |
| Department— | | |
| Mt Wilga Rehabilitation Centre, NSW | 42 | 42 |
| Rehabilitation Centre Instructors, Vic. | 9 | 9 |
| Rehabilitation Centre Teachers, Vic. | 14 | 5 |
| Bendigo Unit, Vic. | 1 | 1 |
| Medical Service and Dental Products, Vic. | 1 | 1 |
| Queensland Rehabilitation Centres Rehabilitation Centre Teachers, SA | 7 | 7 |
| | 8 | 8 |

| (a) | (b) | (c) |
|--|-------|-----|
| Head Injury Unit, WA | 7 | 5 |
| Isolated Patients Travel and Accommodation Assistance Scheme, NT | 2 | 2 |
| DEFENCE PORTFOLIO | | |
| Department— | | |
| Hygiene Workers, Duntroon | 107 | 2 |
| Joint Services Staff College, ACT | 16 | 1 |
| 2 Army Quality Assurance Unit, Lithgow | 131 | 1 |
| Naval Oil Fuel Installation, WA | 1 | 1 |
| Naval Support Film Unit, NSW | 21 | 1 |
| Anzac Rifle Range, NSW | 6 | 1 |
| NSW Regional Office, Master Attendance Branch | 85 | 1 |
| Defence Industry Development, Nowra | 1 | 1 |
| Office of Defence Production, ACT | 266 | 1 |
| EMPLOYMENT, EDUCATION AND TRAINING PORTFOLIO | | |
| Department— | | |
| WA Region | 1 | 1 |
| FOREIGN AFFAIRS AND TRADE PORTFOLIO | | |
| Department— | | |
| Promotion Australia | 143 | 40 |
| Australia-Japan Foundation | 1 | 1 |
| Australian International Development Assistance Bureau— | | |
| Hobart Regional Office | 1 | 1 |
| INDUSTRIAL RELATIONS PORTFOLIO | | |
| Department— | | |
| Regional Office, NT | 15 | 2 |
| Regional Office, Qld | 33 | 2 |
| Regional Office, NSW | 73 | 5 |
| Regional Office, Vic | 54 | 7 |
| Regional Office, SA | 26 | 3 |
| Industrial Registrar | 255 | 1 |
| Worksafe Australia | 229 | 3 |
| INDUSTRY, TECHNOLOGY AND COMMERCE PORTFOLIO | | |
| Department— | | |
| Departmental reorganisation | 1,000 | 30 |
| PRIME MINISTER AND CABINET PORTFOLIO | | |
| Public Service Board (replaced by the Public Service Commission) | 660 | 390 |
| SOCIAL SECURITY PORTFOLIO | | |
| Department— | | |
| Overseas Pensions | 30 | 1 |

| (a) | (b) | (c) |
|--|--------|-------|
| TRANSPORT AND COMMUNICATIONS PORTFOLIO | | |
| Department— | | |
| Regional Training School, Waverton | 4 | 4 |
| Radio Facilities Section, Lord Howe Island | 1 | 1 |
| Marine Base, Botany Bay | 7 | 7 |
| Acetylene Gas Overhaul Section, Moorabbin | 3 | 3 |
| Mercantile Marine Offices | | |
| Sydney, Newcastle and Port Kembla | 20 | 14 |
| Victoria | 8 | 6 |
| Fremantle and Pilbara | 5 | 3 |
| Hobart and Devonport | 3 | 2 |
| Brisbane and Gladstone | 7 | 5 |
| Adelaide and Darwin | 4 | 2 |
| Canberra | 11 | 5 |
| Staff declining transfer to Federal Airports Corporation— | | |
| NSW | 33 | 33 |
| Vic | 23 | 23 |
| WA | 5 | 5 |
| SA and NT | 10 | 10 |
| ACT | 19 | 19 |
| Civil Aviation Authority— | | |
| Norfolk Island Rescue and Fire-fighting Unit | 3 | 2 |
| Transfer of Mangalore Airport to local ownership | 6 | 6 |
| Archerfield Airport Safety Staff | 1 | 1 |
| Archerfield Airport Groundstaff | 5 | 5 |
| Coolangatta Airport Groundstaff | 6 | 1 |
| Coolangatta Flight Service Briefing Office | 3 | 3 |
| Coolangatta Airport Store | 1 | 1 |
| Adelaide Aeronautical Telecommunications Centre | 12 | 1 |
| Australian Broadcasting Tribunal— | | |
| Relocation of Melbourne Central Office staff to Sydney | 29 | 5 |
| JOINT HOUSE DEPARTMENT | | |
| Gardening Overseer | 1 | 1 |
| Contracting cleaning to private enterprise | 27 | 27 |
| Totals for affected agencies | 22,255 | 1,584 |

(2) (a) 166. (b) 155. (c) 1,352.
(3) (a) \$2,101,171. (b) \$1,476,465. (c) \$6,367,827.

Membership of Organisations (Question No. 1417)

Mr Scholes asked the Minister representing the Minister for the Arts, Sport, the Environment, Tourism and Territories, upon notice, on 30 November 1988:

(1) Who are the part-time members of the

- (a) Australian Heritage Commission
 (b) Australian Tourist Commission
 (c) Australian Sports Commission
 (d) Great Barrier Reef Marine Park Authority and
 (e) Public Lending Right Committee.
- (2) How many meetings of each organisation were held in 1987-88

(3) How many meetings were attended by each part-time member.

Mr Holding—The Minister for the Arts, Sport, the Environment, Tourism and Territories has provided the following answer to the honourable member's question:

The information sought is set out in the following table:

| Name of organisation | Number of meetings held in the financial year 1987-88 | Names of part-time members During the period 1.7.87 to 30.11.88 | Period of appointment (dates) | Number of meetings attended by each part-time member during the financial year 1987-88 |
|---|---|---|--|--|
| Australian Heritage Commission . . . | 5 | Mr P. Galvin (Chairman) . . . Mr K. Cottier Mr J. Dawkins Mr I. Higgins Mr S. Molesworth Mr D. Henry Dr W. Jonas (co-opted member) Dr B. Davis Prof. I. McBryde | 25.5.88 to 17.11.90 (a) 14.8.86 to 13.8.89 18.11.87 to 17.11.89 18.11.87 to 17.11.89 21.12.87 to 20.12.89 11.2.86 to 10.2.89 1.2.88 to 31.1.89 6.9.84 to 5.9.87 (b) 18.7.85 to 17.7.88 | 4 5 4 4 2 5 5 1 5 |
| (a) acting Chairman 18.11.87 to 24.5.88 | | | | |
| (b) Chairman 11.2.86 to 5.9.87 | | | | |
| Australian Tourist Commission . . . | 9 | Mr J. M. Haddad AM (Chairman) Mr J. J. Kennedy CBE FCA . . . Mr J. F. Ward Mr J. B. Horgan | 1.7.86 to 24.5.88 25.5.88 to 31.12.89 to 16.7.87; 5.8.87 to 5.5.88 1.2.87 to 31.7.87; 18.12.87 to 31.1.88; 25.5.88 to 30.6.90 1.2.87 to 31.7.87; 18.12.87 to 31.1.88; 25.5.88 to 30.6.90 | 9 2 8 6 |

| Name of organisation | Number of meetings held in the financial year 1987-88 | Names of part-time members During the period 1.7.87 to 30.11.88 | Period of appointment (dates) | Number of meetings attended by each part-time member during the financial year 1987-88 |
|------------------------------------|---|---|--|--|
| Australian Sports Commission . . . | 5 | Mr K. Williams CMG | 1.2.87 to 31.7.87; 18.12.87 to 31.1.88; 2.5.88 to 30.6.89 | 3 |
| | | Mr H. B. MacDonald (APS Officer) | 3.5.83 to 7.9.88 | 2 |
| | | Mr J. A. Ferguson (APS Officer) (govt member) | 20.10.87 to 24.5.88; from 25.5.88 until further notice | 6 |
| | | Mr P. Conway | 16.7.87 (appointed for one meeting only) | 1 |
| | | Ms P. J. Figgis | 25.5.88 to 31.12.89 | 2 |
| | | Mr P. J. James | 25.5.88 to 30.6.89 | 2 |
| | | Ms S. Fiszman | 25.5.88 to 30.6.90 | 2 |
| | | Mr T. Harris AO (Chairman) | 21.6.85 to 30.9.87 1.10.87 to 31.12.89 | 2 |
| | | Mr R. Harvey CVO | 1.10.87 to 31.12.89 | 4 |
| | | Mr R. Beattie | June '86 to 30.9.87 1.10.87 to 31.12.89 | 5 |
| | | Prof. J. Bloomfield AM | 1.10.87 to 31.12.89 | 5 |
| | | Mr J. Coates | 1.10.87 to 31.12.89 | 4 |
| | | Ms E. Darlison | 1.10.87 to 31.12.89 | 4 |
| | | Mr H. Elliott MBE | 21.6.85 to 30.9.87 1.10.87 to 31.12.89 | 4 |
| | | Mr L. Fox | 1.10.87 to 31.12.89 | 3 |
| | | Mr R. Masters | 1.10.87 to 31.12.89 | 5 |
| | | Mr P. Montgomery OAM | 1.10.87 to 31.12.89 | 5 |

| Name of organisation | Number of meetings held in the financial year 1987-88 | Names of part-time members During the period 1.7.87 to 30.11.88 | Period of appointment (dates) | Number of meetings attended by each part-time member during the financial year 1987-88 |
|--|---|---|---|--|
| | | Ms M. Pewtress | 21.6.85 to 30.9.87 1.10.87 to 31.12.89 | 5 |
| | | Mr M. Wenden MBE | 1.10.87 to 31.12.89 | 5 |
| | | Mr B. MacDonald | 21.6.85 to 30.9.87 | —(d) |
| | | Mr M. Fitzpatrick | 21.6.85 to 30.9.87 | —(d) |
| | | Mr R. Masters | 21.6.85 to 30.9.87 | —(d) |
| | | Mr J. Newman MLA | 21.6.85 to 30.9.87 | —(d) |
| | | Mr M. Tonelli | 21.6.85 to 30.9.87 | —(d) |
| | | Mr C. Hayes OBE | 21.6.85 to 30.9.87 | —(d) |
| | | Mr P. Coles AM | 21.6.85 to 30.9.87 | —(d) |
| | | Ms G. Nunn | 21.6.85 to 30.9.87 | —(d) |
| | | Mr G. Kenny | 21.6.85 to 30.9.87 | —(d) |
| | | Ms V. Cardwell MBE | 21.6.85 to 30.9.87 | —(d) |
| | | Mr R. Lindwall MBE | 21.6.85 to 30.9.87 | —(d) |
| | | Mr P. Clohessy AO | 21.6.85 to 30.9.87 | —(d) |
| | | Mr N. Fraser MBE | 21.6.85 to 30.9.87 | —(d) |
| | | Mrs W. Pritchard | 21.6.85 to 30.9.87 | —(d) |
| | | Mr A. Lederer | 21.6.85 to 30.9.87 | —(d) |
| | | Mr J. Yates | 21.6.85 to 30.9.87 | —(d) |
| | | Sir Arthur George AO | 21.6.85 to 30.9.87 | —(d) |
| Great Barrier Reef Marine Park Authority | 6 | Mr J. Baker | 1.1.88 to 31.12.88 | 6 |
| | | Sir Sydney Schubert | 1.7.86 to 25.7.88 | 6 |
| Public Lending Right Committee | 5 | Mr H. Bryan AO (Chairman) | 1.7.87 to 30.6.89 | 5 |
| | | Ms J. La Scala | 1.7.87 to 30.6.90 | 5 |
| | | Ms C. Mattingley | 1.7.87 to 30.6.88 1.7.88 to 30.12.88 | 5 |

| Name of organisation | Number of meetings held in the financial year 1987-88 | Names of part-time members During the period 1.7.87 to 30.11.88 | Period of appointment (dates) | Number of meetings attended by each part-time member during the financial year 1987-88 |
|----------------------|---|---|-------------------------------|--|
| | | Mr R. McDonald | 1.7.87 to 30.6.88 | 4 |
| | | Mr L. Eastman | 1.7.87 to 7.10.89 | 4 |
| | | Mr I. Govey | 27.11.87 to 7.7.88 | 2 |
| | | Mr R. Burns | 7.7.88(e) | 1 |
| | | Mr A. Ketley | 27.11.87(e) | 2 |

- (a) Acting Chairman 18.11.87 to 24.5.88
 (b) Chairman 11.2.86 to 5.9.87
 (d) No meetings held in period 1.7.87-30.9.87
 (e) Government members appointed on a continuous basis

Sheikh Tajeddin Hilaly

(Question No. 1442)

Mr Spender asked the Minister representing the Minister for Immigration, Local Government and Ethnic Affairs, upon notice, on 1 December 1988:

(1) Were extensions of a temporary entry permit granted to Sheikh Tajeddin Hilaly conditional upon the Sheikh agreeing not to make any public statements which might be an incitement to racial or religious hatred.

(2) Is the Minister able to say whether Sheikh Hilaly recently has made statements that amounted to an incitement to racial hatred against the Jewish community.

(3) Does the temporary entry permit for Sheikh Hilaly expire in June 1989 and in making a decision on the status of this permit will such statements of the Sheikh be borne in mind as a significant factor.

(4) Will the Government bring this matter forward for an earlier determination in view of the extreme concern shared by all people in the community who are opposed to the incitement of racial or religious hatred.

Mr Holding—The Minister for Immigration, Local Government and Ethnic Affairs has provided the following answer to the honourable member's question:

(1) No. Sheikh Tajeddin Hilaly's temporary entry permit was granted in May 1987 on the understanding that he would withdraw forthwith the intended appeal against a deportation order, and that he would not seek change of status to become a permanent resident during the currency of his temporary entry

permit. He discontinued his litigation and has not thus far applied for permanent residency.

(2) It would appear that certain statements made by, or attributed to Sheikh Hilaly have offended certain sections of the community. The Ethnic Affairs Commission of NSW has reported on that incident.

(3) His temporary entry permit remains valid until 30 June 1989. At that time, the Sheikh may validly seek a further temporary entry permit, or a change of status to become a permanent resident, or leave Australia. If he seeks to remain in Australia either as a temporary resident or a permanent resident, his application will be considered on its merits according to law and applicable Government policy.

(4) As noted in my previous answers Sheikh Hilaly is legally in Australia, and any application to remain here beyond 30 June 1989 will be considered on its merits.

Geelong Ethnic Affairs Council

(Question No. 1445)

Mr Scholes asked the Minister for Employment, Education and Training, upon notice, on 21 December 1988:

(1) What grants have been made since 1984 to the Geelong Ethnic Affairs Council under programs administered by the Minister or within the Minister's portfolio.

(2) What was the purpose of those grants.

Mr Dawkins—The answer to the honourable member's question is as follows:

(1) Since 1984 three grants totalling \$62,199 have been made to the Geelong Ethnic Communities Council under the Community Employment Program (CEP).

- (2) The purpose of these grants was to employ ethnic access workers to provide information and support to ethnic groups and individuals.