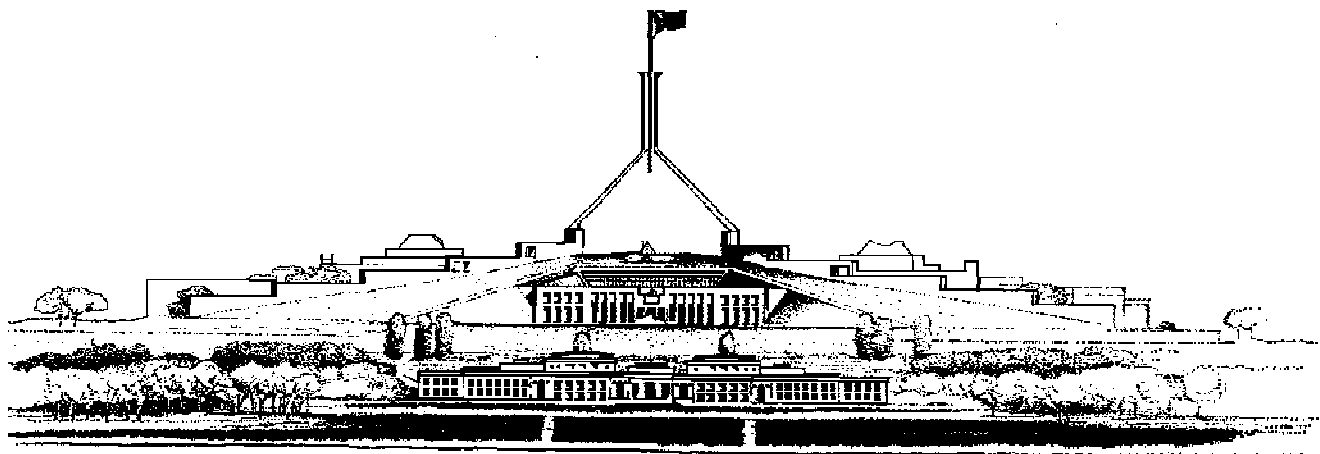




COMMONWEALTH OF AUSTRALIA  
PARLIAMENTARY DEBATES



# HOUSE OF REPRESENTATIVES

## Official Hansard

**TUESDAY, 2 JUNE 1998**

THIRTY-EIGHTH PARLIAMENT  
FIRST SESSION—SEVENTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES  
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*Tuesday, 2 June 1998*

**Mr SPEAKER (Rt Hon. Ian Sinclair)** took the chair at 2.00 p.m., and read prayers.

#### MINISTERIAL ARRANGEMENTS

**Mr HOWARD** (Bennelong—Prime Minister)—Mr Speaker, I inform the House that the Minister for Industry, Science and Tourism (Mr Moore) will be absent from question time for the rest of this week. He is leading the Australian delegation to the meeting of the General Assembly of the International Bureau of Expositions in Paris to participate in the final presentation of Australia's bid to host Expo 2002. The Minister for Customs and Consumer Affairs (Mr Truss) will answer questions on his behalf.

I also inform the House that the Minister for Transport and Regional Development (Mr Vaile) will be absent from question time today. He will be addressing the 1998 annual conference of the Shires Association in New South Wales. The Minister for Regional Development, Territories and Local Government (Mr Somlyay) will be answering questions on his behalf.

#### QUESTIONS WITHOUT NOTICE

##### Taxation

**Mr BEAZLEY**—My question is to the Prime Minister. Has the Prime Minister seen the comment by the chair of his non-recommending backbench tax committee, Senator Gibson, that there would be 'a lot of problems' with a switch to a GST? Is this the kind of advice—

*Government members interjecting—*

**Mr BEAZLEY**—This is from the good people of Werribee, who are fighting a noble struggle—

**Mr SPEAKER**—The Leader of the Opposition will address his question.

**Mr BEAZLEY**—If they were not heckling me—

**Mr SPEAKER**—Ignore them. The Leader of the Opposition has been in this place long enough to know that there is no need to

respond to interjections from the other side in that way. Members of the opposition will remain silent, as will the members of the government.

**Mr BEAZLEY**—Is Senator Gibson's comment that there would be 'a lot of problems' with a switch to a GST the kind of advice that the government does not want to hear and the reason why your Treasurer gagged the committee? Will the Prime Minister release the Gibson report so that the public can learn what the many problems with the GST are, or will the Prime Minister allow this report to become like Peter Reith's 1992 Cole committee report, which the coalition has never ever released because it highlighted a lot of problems with the GST?

**Mr HOWARD**—I have not seen the entirety of what Senator Gibson has said, so I will not make a comment on what the Leader of the Opposition selects from what he said. However, I had a lengthy discussion last night with Senator Gibson—

**Mr Martin**—I bet you did.

**Mr HOWARD**—Indeed, and it was a very illuminating. I am very happy to say that, unlike those who sit opposite, my backbench is full of men and women who are interested in tax reform. I think the Gibson committee—I am very pleased to call this task force the Gibson committee—went around Australia and listened and consulted, and the Gibson committee had quite a lot of advice that they wanted to pass on to the Treasurer and me last night. All I can say is that the process of tax reform has been greatly aided by the deliberations of the Gibson committee.

There was one piece of advice that I can assure you we did not receive from the Gibson committee last night, and that is that we were not told that it would be madness to implement the promises you make to the Australian people. I would not be surprised if this got a run later in question time, but I was very interested in what I heard when I turned on my radio, like, might I disclose, a dutiful ABC Radio National listener. After a long walk in the crisp Canberra mornings I go back and I turn on ABC Radio National. I heard Fran Kelly interviewing the Leader of the Opposition. She was taking him through

his paces and saying, 'What about 1993, Mr Beazley? What about l-a-w, law? What about those promises that you dishonoured when you went to the Australian people?' Do you know what he said? He said, 'Well, actually, we did not dishonour them. You know, it would have been madness to do what we promised. It would have been absolute madness to do what we promised.' One piece of advice that I did not get from the Gibson committee is that it would be madness to implement your election undertakings. The truth is that ours will be implemented, as you will find out in the days and the weeks and the months ahead.

### Taxation

**Mrs ELIZABETH GRACE**—My question is addressed to the Prime Minister. Prime Minister, has the government established a track record of delivering on its tax commitments?

**Mr HOWARD**—I thank the member for Lilley for a magnificently astute and perspicacious question, if I may say so myself. I remind the House that the public response to the budget brought down by the Treasurer three weeks ago has been in recent times exceeded in its positive effect only by the public response to the first budget the Treasurer brought down in 1996. One of the reasons why the public has responded in such an enthusiastic and endorsing fashion to the Treasurer's budget is that for the third time in a row he was not announcing any increases in personal tax, sales tax, excise duty or company tax. In other words, it was three in a row with no tax increases. That honours the commitment that I made to the Australian public before the last election. I said we were not going to increase taxes and we have not increased taxes.

**Mr Crean**—You said never ever to a GST.

**Mr SPEAKER**—Order! The member for Hotham will remain silent.

**Mr HOWARD**—We said we were not going to increase the income tax, the sales tax or the company tax and we have kept the promise. It goes further than that. Before the last election, as all my colleagues behind me will remember, we made a number of quite

explicit tax commitments. The first one was that we would deliver a \$1 billion family tax initiative, and I am very happy to say that that initiative was delivered in full, on time and without any deduction. The families of Australia, particularly those on modest incomes, are grateful for the \$1 billion of extra spending power they now have. When you add to that extra spending power the extra spending power they get through the lowest interest rates in 30 years, it means that Australian families with mortgages are better off than they have been for 30 or 40 years. Not only has their interest rate come down and not only are prices stable, but they have also had the benefit of the \$1 billion family tax initiative. They well know that the biggest risk posed by a change of government is that their interest rate falls would be taken away and that, under a Labor government, interest rates would start going up again. Labor's biggest risk is to the present low level of interest rates.

The second commitment we made was that we would cut the provisional tax uplift factor. We have in fact gone further in that area than what we promised. We promised to reduce it only to the tune of about \$160 million. We have, as a result of the Treasurer's last budget, given provisional tax relief in relation to the uplift factor of \$250 million. That feeds straight into the pockets of small business people and provisional taxpayers, including many self-funded retirees, all around Australia.

We also promised that we would introduce a tax rebate for private health insurance. This is the tax rebate that the member for Dobell would like to get rid of. This is the tax rebate that he says is no good. If he thinks it is no good, presumably he wants to get rid of it. The undeniable fact is that, without that tax rebate, private health insurance premiums in Australia would be much higher and more costly than they otherwise are. Whatever the opposition may say, their plan to get rid of that tax rebate will push up private health insurance premiums even higher. We also promised to reduce the tax burden on self-funded retirees. We promised to give them the same income tax threshold as pensioners at

equivalent levels of income. We have delivered that commitment in full.

I am happy to say to the people of Australia that we have honoured the general commitment we made to keep tax down. We have honoured the specific commitments we made to cut tax and, in one or two areas, we have gone much further than we originally promised. That is a record of which my government can be immensely proud. That is a record that is in stark contrast to what happened when the Labor party was last elected. They went to the election campaigning against a goods and services tax and, as Neil Warren has pointed out, when they sneaked back into office they introduced their own version of a goods and services tax and, to add insult to injury, they did not include any compensation for low income earners. Their record stands in a very pale and poor light against the record of our tax commitments which have been fully implemented and honoured in full.

#### **Current Account Deficit**

**Mr GARETH EVANS**—My question is addressed to the Prime Minister. Do you recall, when you launched the coalition debt truck before the last election, saying that your first priority was the current account deficit and that you had a plan to tackle it? What is the state of that plan in the light of today's balance of payments figures showing a massive blow-out in the current account deficit to \$7.5 billion—the worst ever quarterly deterioration in the current account on record—and our foreign debt blown out by over \$30 billion since you have been in office, to an all-time record high of \$224 billion? And all of this before the full effect of Asia has hit us. Don't today's figures make a total write-off of your debt truck and isn't your deficit reduction plan just another one that you have never ever had?

**Mr HOWARD**—The answer to the question is no, it does not. Could I remind the Deputy Leader of the Opposition that the circumstances of our current account at the present time and the responses to that situation are very different from what obtained in the middle 1980s when the highest levels, so far as our current account deficit is concerned,

were recorded. I am very interested that the Deputy Leader of the Opposition has changed his language since his press conference. At his press conference, the Deputy Leader of the Opposition was saying that this was the worst quarter on record. When he discovered that that was wrong and that in fact it was in 1995—when his leader was the Minister for Finance—he politically adjusted it to be the worst deterioration.

One of the reasons we took the action we did to repair the budget deficit, one of the reasons we have a medium- and long-term strategy to reduce debt in this country—which the Labor party does not have—and one of the reasons why the Labor Party was utterly irresponsible in trying to stop our attempts to repair the Australian budget deficit is that a stable budget position is one of the best responses to any weakening of the current account deficit. The weakening of the current account deficit has been dealt with quite comprehensively in the budget papers, and any examination of the budget papers will demonstrate that the strength of the government monetary policy and fiscal policy and our commitment to taxation reform demonstrate that we have the policy responses for a deterioration which is overwhelmingly due, as the Deputy Leader of the Opposition knows, to the circumstances that are occurring in our part of the world.

I would say to the Deputy Leader of the Opposition that if a current account deficit of the amount that you have referred to were responded to with the sort of policies that you have advocated over the last 2¼ years, it would indeed loom as a very serious threat to the stability and security of the Australian economy.

#### **Election Promises**

**Mr BARRESI**—My question is addressed to the Treasurer. Has the Treasurer seen reports suggesting that it is acceptable for a political party to break tax promises on the basis that to implement them would be 'an act of pure madness'? Have there been any Australian governments that have followed this practice? Does this government follow this practice?

**Mr COSTELLO**—I thank the honourable member for Deakin for his question because this morning, as I was listening to ABC radio—

*Honourable members interjecting—*

**Mr COSTELLO**—It is not something that I do all that often. We heard one of those moments that lightens the heart of every politician. We heard the Leader of the Opposition expounding a new doctrine in relation to tax credibility. He was asked whether he had a credibility problem by Fran Kelly. She asked:

Do you have a credibility problem though, I mean, given the actions of Labor in 1993, when you jacked up a whole raft of wholesale sales taxes?

Beazley: Well, we'll find out and I would dispute your analysis. I mean, that's Liberal propaganda that says that.

Apparently we made up the fact that the wholesale sales tax went from 10 per cent to 12 per cent. We made it up. We made up the fact that the 20 per cent rate went to 22 per cent. We apparently made it up that the 30 per cent went to 32 per cent. All of those businesses have been out there paying wholesale sales tax when they never needed to, I suppose, when the law never said they had to—and I suppose the Australian Labor Party is now going to give them all refunds. They have been paying under Liberal propaganda. He went on and he said:

Keating went into the 1993 election and said he would not increase the total tax take.

Well, he did.

**Mr Beazley**—He did not.

**Mr COSTELLO**—He did:

What I am promising is not to put up tax.

**Mr Beazley**—No, I did not.

**Mr SPEAKER**—The Leader of the Opposition will remain silent.

**Mr COSTELLO**—We remember so well that Keating went into the 1993 election campaign with income tax cuts. They were not a promise, he said, they were l-a-w.

**Government members**—Law!

**Mr COSTELLO**—They were l-a-w. What happened? Let us just recall.

*Opposition members interjecting—*

**Mr SPEAKER**—The member for Hotham! The member for Corio! The member for Hotham will remain silent. The member for Prospect!

*Mrs Crosio interjecting—*

**Mr SPEAKER**—I warn the member for Prospect!

**Mr COSTELLO**—Mr Speaker, they always shout loudest when they like the message least. Let's remember what happened:

So the second point I'd say on that is, yes, we delivered half the income tax cuts we said we were, and then we were faced with the consequences—listen to this—

that to deliver the second half would have been an act of pure madness.

So, in other words, if you make a mad promise, you are entitled to break it. So I say this to the gallery: when the Labor Party makes a tax promise in the next election, your question to Mr Beazley must be: Is this a mad promise or not? If it is a mad promise, he does not have to deliver. The interesting thing is: do you test the promise for madness or the maker of the promise for madness? If you test the maker of the promise for madness, he has got the whole game covered! He does not have to keep to any of his promises! Then he went on and said this:

So we didn't deliver because it would have been an act of pure madness. So the way in which delivered the second half—

listen to this—

and we did deliver it, was to say, 'Okay, instead of getting it as a tax cut, you'll get it as a savings break.

**Mr Beazley**—Oh, it is a savings break.

**Mr COSTELLO**—That is the bit that you want me to read. Just explain this to me: what year did you get that savings break again? What year did you get that? Was it in 1992?

**Mr SPEAKER**—The Treasurer will address his questions through the chair, if he must ask them.

**Mr COSTELLO**—Was it in 1993? Was it in 1994? Was it in 1995? Was it in 1996? Was it in 1997? They had a policy to deliver that in the year 2000—a three per cent delivery in the year 2000, which was convenient.

You could not trust them on their income tax promise from before the election until after the election. So what he said is, 'Even though we didn't deliver that one, just you wait for another six years. You can believe us in another six years.' You could not believe these people for six days, let alone six years! This is an opposition which has form on tax. When it says, 'We intend to cut income tax rates without a GST,' people of Australia remember this: you have heard it before. You heard it before the 1993 election—

*Opposition members interjecting—*

**Mr SPEAKER**—The member for Wills will remain silent.

*Mr Kelvin Thomson interjecting—*

**Mr SPEAKER**—I warn the member for Wills!

**Mr COSTELLO**—After the 1993 election it meant that \$3½ billion worth of income taxes were taken away. Three billion dollars of new indirect taxes were imposed. Do not worry about saying the Labor Party did not have credibility. It was not suffering from a lack of credibility; it was suffering from an act of pure madness.

#### **Burnie Pulp Mill**

**Mr CREAN**—My question is to the minister representing the Minister for Industry, Science and Tourism. Has the minister seen reports of the imminent closure of the Burnie pulp mill, with the loss of 150 local jobs? Does the minister recall a report in the Burnie *Advocate* on 30 January describing his visit to the Burnie pulp mill in relation to anti-dumping? I quote the report:

Mr Truss said he did not believe the mills were near closing. If and when they were, his only commitment was that the government would look at the situation 'in the light of events at that time'.

Minister, when did you learn of the closure of the mill? How much comfort will the 150 workers and their families take from knowing that you now plan to look into the situation, having done nothing in four months? Isn't this the same as Black Jack's response to the Newcastle closure: do nothing?

**Mr TRUSS**—Naturally, all members in the House will be disappointed to hear reports

that there is a possibility that the pulp mill at Burnie could close. I am particularly disappointed and amazed that the member for Hotham could stand in this House and point an accusing finger at this side of the House, at the government, for this particular response.

**Mr Kerr**—What have you done about dumping?

**Mr SPEAKER**—The member for Denison will remain silent!

**Mr TRUSS**—The situation clearly is that this government has acted regarding matters of concern to Amcor in relation to the continuing operation of the paper industry. We have introduced into the House of Representatives—and it has passed through the House, as you know—a massive reform of Australia's anti-dumping and countervailing duty mechanisms.

**Mr Crean**—Too late!

**Mr TRUSS**—'Too late,' he says. Who put the measures in place? The member for Hotham has been vocal in criticising Australia's anti-dumping and countervailing duty mechanisms—and rightly so—but he and his government put them in place. For eight years Amcor and, indeed, other Australian industries suffered under the incompetent measures that Labor had put in place. We have moved to reform those measures and the company has welcomed that response. As regards the situation at the paper mill at Burnie, the member for Braddon has been very active in putting forward the concerns of the local industry and addressing the issues of concern. Everyone is aware of the fact that the mill is old and that the company was anxious, having spent some considerable money on investments there and in other places.

But let us look at the core of the problem. Many of the problems of that plant and indeed other manufacturing industries in Australia can fairly go back to the industrial relations practices of the Labor government—their failure to provide the kind of environment in which business could invest and expand with confidence.

**Mr Beazley**—They are the most cooperative work force we have ever had.



**Mr TRUSS**—Yes, but only after you left government. It has to be said that over the last couple of years the union has worked with management to try to improve work practices and to get some of the rorts that were put in place and remained in place under a Labor government out of the system.

**Mr Crean**—Oh, rubbish!

**Mr SPEAKER**—The member for Hotham will remain silent.

**Mr TRUSS**—Indeed some of the things that were going on in that plant made the MUA look like a work gang.

*Mr Crean interjecting—*

**Mr SPEAKER**—I warn the member for Hotham.

**Mr TRUSS**—And the President of the ACTU during that period was none other than the member for Hotham, who stood by while those practices occurred. Over recent times, with the assistance of this government and the member for Braddon, there have been substantial advances. I believe that the company should respond to that improvement in the work force and look at ways in which the workers in this plant can be put to productive employment. The government is considering the proposals that are being put to it by the member for Braddon and the way in which it should respond to this issue. We have delivered effective anti-dumping and countervailing duty mechanisms. We delivered the sort of investment environment that business wants in this country and we have created the sort of circumstances to make profitable investment in Australia a reality for many Australian companies including, I believe, in the paper industry.

#### Taxation

**Mr BARTLETT**—My question is addressed to the Treasurer. Treasurer, can you advise the House how, within the current taxation system, rates of tax can rise without the knowledge of the public through the hidden indirect tax system, both through increased rates and through reclassification? How would proposed taxation reforms rectify these problems? How would they make the system more transparent, fairer and simpler?

**Mr COSTELLO**—No-one could have missed the point that the Australian Labor Party opposes tax reform.

*Opposition members interjecting—*

**Mr COSTELLO**—Mr Speaker, they keep saying that they are in favour of tax reform—they are just against every measure that would actually implement it. They keep saying that they are in favour of tax reform—it is just that they never really got around to doing it in their 13 years of government. They keep saying that they are in favour of tax reform—but we are still to know the membership of the Labor Party backbench consultative committee on tax reform. They are very interested in backbench committees on consultative tax reform. Let me ask this question: who is on the Labor Party backbench consultative committee on tax reform? Who is on it? Put your hands up. Dick Adams is on it. Who else? Good heavens, Mr Speaker, Mr Dick Adams is the only one on it. I will not say any more, Dick, but you will have a big presence in relation to tax reform. Could it be that the Labor Party does not have a backbench committee on tax reform? Could that be the explanation?

*Opposition members interjecting—*

**Mr SPEAKER**—Order! The member for Burke!

*Mr O'Keefe interjecting—*

**Mr SPEAKER**—I warn the member for Burke.

**Mr COSTELLO**—This is the party that is so interested in tax reform—the only things it has forgotten to do is to set up a body to look at it and to announce who is on it. Let me tell you what the Labor Party really does want. The Labor Party really loves the wholesale sales tax. It is important that people realise this: the Labor Party is going to fight in the next election for the wholesale sales tax system. That is the Labor Party. They say, 'We are against GSTs or broad based indirect tax regimes because they can go up.'

*Opposition members interjecting—*

**Mr COSTELLO**—They always shout the loudest when they are about to get the biggest

point. Would we be right in asking the Australian Labor Party this question—

**Mr SPEAKER**—The Treasurer will respond to the question through the chair and stop provoking members of the opposition.

**Mr COSTELLO**—It is an unfair fight, Mr Speaker. Can a wholesale sales tax rise? It would not be the case that you could increase a wholesale sales tax, would it? You would not get a government taking a 10 per cent rate to a 12 per cent rate, would you? A government could not take a 20 per cent rate to a 22 per cent rate, could it? A government could not increase the wholesale sales tax from 30 per cent to 32 per cent, could it? Let me tell you about the Labor Party's wholesale sales tax system. In 1985, the wholesale sales tax did not cover biscuits, ice-cream and snack foods. Labor put a wholesale sales tax, without people knowing it, on biscuits, ice-cream and snack foods. In 1985, the wholesale sales tax did not cover domestic stoves and ranges. In 1985 the wholesale sales tax did not cover boats; it did not cover flavoured milk and fruit juice. Right throughout 13 years of government the Australian Labor Party not only increased the rates by stealth but also changed the classifications by stealth. The people of Australia ought to know this: the reason Labor likes the wholesale sales tax system is that they increase the taxes without letting on. That is the real advantage of a wholesale sales tax. You do it in two ways: by changing the classifications and by increasing the rates.

These are very important figures and I hope that the Labor Party's consultative backbench committee on tax reform takes them in. At the beginning of the 1990s, total indirect taxes—that is, the taxes the government collected off goods—represented seven per cent of GDP. In 1993, that had fallen to 6.1 per cent. Why? Because the proportion of goods as a proportion to the economy is naturally declining. As a consequence, if you want to maintain a declining tax base, Labor in the 1993 budget, in order to preserve that tax base, lifted indirect tax by \$3 billion. You do not have to do anything but just let the system run for the wholesale sales tax take to decline in proportion to GDP.

This is very important. The 1998-99 budget papers show that the total indirect tax is forecast to decline further as a share of GDP to 5.9 per cent in 2001-2002. For the Labor Party to maintain the indirect tax to GDP ratio, it means that by 2001-2002 it would have to lift tax on indirect taxes; it would have to lift taxes on goods by one per cent of GDP, or \$7 billion, just to maintain the tax to GDP ratio—by \$7 billion. On the current declining indirect tax base, if the Labor Party just wants to keep revenues to GDP constant—this is leaving aside how the Labor Party would fund an income tax cut, because that is off in the never-never—in the next term of parliament, if the Labor Party is elected and it wants to maintain the current goods based indirect tax system, it will have to lift taxes by one per cent of GDP, or by \$6 billion or \$7 billion.

Mr Speaker, are you starting to get the picture? Are you starting to get the picture of what it actually means when you say that you are against a GST? What it actually means is precisely what it meant in 1993. It means this: higher indirect taxes which would have to rise by \$6 billion or \$7 billion, and no income tax cuts. That is precisely what Labor policy means. That is precisely the trick it is going to try and get away with again.

#### Taxation

**Mr BEAZLEY**—My question is addressed to the Treasurer. Treasurer, are you going to spend any portion of the surplus on tax cuts?

**Mr COSTELLO**—Mr Speaker—

*Opposition members interjecting—*

**Mr SPEAKER**—Order! The member for Deakin will remain silent. The member for Calwell. The member for Denison will remain silent. The member for Prospect.

**Mr COSTELLO**—Let me tell you what we are going to do. We are going to announce reform of the Australian taxation system. We are going to reform the indirect tax base—

**Mr Beazley**—Mr Speaker, I raise a point of order. I have asked a simple and direct question, and my point goes to relevance. The Treasurer was up there arguing that we were

going to spend a proportion of the surplus on tax cuts, and I have asked him—

**Mr SPEAKER**—You are not to argue the point. You can either raise a point of order—

**Mr Beazley**—I have asked him a simple question: is he going to spend any portion of the surplus on tax cuts?

**Mr SPEAKER**—The Leader of the Opposition will resume his seat. The Treasurer is entirely relevant. He does not have to answer in a monosyllabic reply.

**Mr COSTELLO**—Mr Speaker, we are going to reform the indirect tax base because it needs reforming. We are going to give ordinary wage and salary earners a better deal under income tax.

**Mr Beazley**—Mr Speaker, on the point of order: the Treasurer has plenty of opportunities with dorothy dixers to do this. It is a simple, direct question. The point of order goes to relevance. He is talking about everything but his intentions in that regard. If he does not want to answer the question, give us an honest answer and say nothing.

**Mr SPEAKER**—The Leader of the Opposition is arguing the point; he is not raising a point of order.

**Mr COSTELLO**—I want the House to know what the government's tax position is.

*Opposition members interjecting—*

**Mr SPEAKER**—I have told a number of members of the opposition to remain silent.

**Mr COSTELLO**—We are going to reform the indirect tax base. We are going to make sure that ordinary wage and salary earners get a better deal out of income tax. We are going to make sure—

**Mr Beazley**—Mr Speaker—

**Mr SPEAKER**—The Treasurer is entirely within standing orders.

**Mr Beazley**—He has been asked a simple, direct question which does not invite a peroration.

*Honourable members interjecting—*

**Mr SPEAKER**—The Leader of the Opposition will resume his seat. When members of the opposition and the government are silent: everyone in this House knows that the Treas-

urer does not have to give a monosyllabic reply. He is entirely within the standing orders.

**Mr COSTELLO**—Mr Speaker, I would have long finished before now, but I just want to give the House a view on the government's tax position. The government is going to reform the indirect tax system. The government is going to give average wage and salary earners a better deal under income tax.

*Opposition member interjecting—*

**Mr SPEAKER**—The member for Prospect—one more time, and you are out.

**Mr COSTELLO**—The government is going to take poverty traps out of the interplay between the income tax and social security system.

**Mr Beazley**—How is this relevant?

**Mr SPEAKER**—The Leader of the Opposition!

**Mr COSTELLO**—The way in which that works out will ensure that revenue to GDP does not increase.

**Mr Brereton**—It is snake oil.

**Mr SPEAKER**—The member for Kingsford-Smith!

**Mr COSTELLO**—Mr Speaker, why does revenue to GDP not increase? Revenue to GDP does not increase because the budget is in surplus.

**Mr Beazley**—Mr Speaker—

**Mr SPEAKER**—The Treasurer will resume his seat. Before I call the Leader of the Opposition: if the opposition or either side persist with their intervention, I will have no alternative than to ask them to leave the House. I call the Leader of the Opposition on a point of order.

**Mr Beazley**—My point of order goes to relevance, Mr Speaker. It is a simple question about whether he would spend the surplus. He is not dealing with it. I presume the answer is yes.

**Mr SPEAKER**—The Leader of the Opposition is not in that mode raising a point of order. The Treasurer is entirely within standing orders.

**Mr COSTELLO**—Mr Speaker, we also give this undertaking: that the tax to GDP proportion will not rise.

*Mr Bevis interjecting—*

**Mr SPEAKER**—The member for Brisbane!

**Mr COSTELLO**—Why will the tax to GDP proportion not rise? Because the budget is in surplus.

**Mr Beazley**—Against what?

**Mr SPEAKER**—The Leader of the Opposition!

**Mr COSTELLO**—The budget is in surplus. This government does not need more revenue. The budget is in surplus—and the budget is in surplus, Mr Speaker, not because of anything the Labor Party did. Here is the Labor Party. The Labor Party says—

**Mr Beazley**—Mr Speaker, on the point of relevance—

**Mr SPEAKER**—The Leader of the Opposition knows that the answer is entirely relevant.

**Mr COSTELLO**—But the Labor Party says, 'We are against indirect tax reform. We want to cut income taxes and, what is more, we will do it out of coalition surpluses.' That is what they are saying. How would we have been if we had tried to fund our income tax cuts, our family tax initiative, out of Mr Beazley's surplus? We would have minus \$10,000 million to pay for the family tax initiative.

When we release our tax package, not only will we be releasing a broad reform of the Australian taxation system but we will be releasing full costings and we will be doing it much more than the Australian Labor Party. If it had anything to do with you, sport, there would be no surpluses for the Australian economy or for anything else.

#### **Current Account Deficit**

**Mr HARDGRAVE**—My question is addressed to the Treasurer. Treasurer, can you advise whether the rise in the March quarter current account deficit is in line with the budget forecasts and what is the government's approach to tackling this issue?

**Mr COSTELLO**—Today's current account deficit was better than expectations. The balance of payments estimates for the March quarter of 1998 indicate a seasonally adjusted current account deficit of \$7.5 billion, in line with the budget time expected outcome for 1997-98 of \$25 billion. The sharp rise in current account deficit is expected to be temporary and concentrated in 1998, with some narrowing occurring in 1999. The budget papers note that the widening of the current account deficit in 1998-99 is expected to be concentrated in 1998 and that, as a percentage of GDP, the outcome for a particular quarter will be higher than the year average deficit of 5¼ per cent of GDP. This is consistent with comments by the governor of the Reserve Bank that the current account deficit will be 5½ per cent of GDP in calendar 1998 or even touch six per cent for a time. The reason for the widening—

**Mr Latham**—How much? Six per cent?

**Mr COSTELLO**—Yes, six per cent.

**Mr Latham**—You said you would solve it.

**Mr SPEAKER**—The member for Werriwa will remain silent.

**Mr COSTELLO**—Not the 6.7 per cent of three years ago. Yes, that was the point I think the member for Werriwa was making.

**Mr Latham**—No, you said you were going to fix it.

**Mr COSTELLO**—The sharp downturn in Asia has come at a time when growth in domestic spending is strong, which is leading to continued strong growth in imports.

**Mr Latham**—National savings—remember that?

**Mr COSTELLO**—Further evidence of the health of domestic demand came today with the release of the April housing approvals figures.

**Mr Latham**—You said you were going to raise national savings.

**Mr SPEAKER**—I warn the member for Werriwa.

**Mr COSTELLO**—The April rise of 8.3 per cent in relation to housing approvals was well above market expectations of a two per cent fall.

As I said earlier, the balance of payments estimate in nominal dollars was \$7.5 billion. This was apparently too much for the Deputy Leader of the Opposition, who went out to do a doorstep. I call on him to release the transcript of his doorstep today because it began with this statement:

Evans: We have just announced Australia's worst ever current account deficit.

**Mr Gareth Evans**—Worst ever deterioration.

**Mr COSTELLO**—No, this is what you said:

Evans: We have just announced Australia's worst ever current account deficit.

Journalist: Mr Evans, you said this is the worst on record. Statistics say it is the worst for three years. Can you explain how you are saying it is the worst ever?

Evans: \$7.5 billion is the worst dollar outcome for a current account deficit in Australian history.

Journalist: It reached 7.8 in May 1995.

Evans: That is unless they have revised the figures.

**Mr Beazley**—Mr Speaker—

*Government members interjecting—*

**Mr SPEAKER**—Members of the government will remain silent.

**Mr Beazley**—Mr Speaker, I raise a point of order and it goes to relevance. The question to the Treasurer sought an explanation as to why we have the worst quarterly collapse in the current account deficit and this bloke is boasting about it.

**Mr SPEAKER**—The Leader of the Opposition will resume his seat. The Treasurer is responding to a question about figures and a comparison of deficits.

**Mr COSTELLO**—That is not what he said at all. This is what he said:

We have just announced Australia's worst ever current account deficit. . .

Journalist: It reached 7.78 in May 1995.

**Mr Beazley**—Yes, but look at the deterioration—

**Mr SPEAKER**—The Leader of the Opposition will remain silent.

**Mr COSTELLO**—He said:

Evans: That is unless they have revised the figures. I mean, at 7.5, I was—On the figures that I saw it was the worst ever.

Journalist: Well today they are saying it is the worst in three years.

Evans: Well it's certainly the worst in the memory of most Australians.

Three years—isn't it convenient to have a memory that only goes back three years?

*Government members interjecting—*

**Mr SPEAKER**—Members of the House will come to order.

**Mr COSTELLO**—The Australian Labor Party loves a memory going back for three years—

*Honourable members interjecting—*

**Mr SPEAKER**—The Treasurer will resume his seat. I issue a general warning to members who persist; you will not be remaining in the House. The Treasurer will respond through the chair.

**Mr COSTELLO**—His memory only goes back three years because the year he does not want to remember is 1993, when they had income tax—

*Mr O'Keefe interjecting—*

**Mr SPEAKER**—The member for Burke is suspended for one hour under standing order 304A. I told people to keep quiet and you shall do so.

*The honourable member for Burke thereupon withdrew from the chamber.*

**Mr COSTELLO**—He does not want to go back more than three years because he does not want to remember those income tax cuts which were not a promise but were L-A-W and which the Australian Labor Party stole. Here we have the Deputy Leader of the Opposition whose memory goes back three years. He's Mr Amnesia. We have the Leader of the Opposition who pleads insanity. We have Mr Amnesia and Mr Insane, the Deputy Leader and the Leader—the Goof Brothers.

#### **Burnie Pulp Mill**

**Mr CREAN**—My question is to the Prime Minister. Prime Minister, when did you learn of the Burnie closure? In light of the extensive tax advice that you have already obtained from Stan Wallis as BCA chair and also

Amcor's chairman, will you now pick up the phone to discuss with him how the government can safeguard the jobs of the 150 workers at Amcor's Burnie pulp mill? Prime Minister, will you be visiting Burnie to meet the Burnie workers 'soon'? Or will you adopt the Newcastle strategy and do nothing?

**Mr HOWARD**—I have heard in the past few days of the possibility of the closure. I will check exactly when, and if there is any relevance in the exact time I will inform the House.

I am glad the honourable member for Hotham has raised this matter, and I say at the outset that, irrespective of any political points that may be made on it, if the closure does go ahead it will be a matter of concern for the several hundred men and women who may lose their jobs. I want to compliment the work of my colleague the member for Bradon, my parliamentary secretary, who spent the large part of this morning, as I understand it, in Melbourne meeting senior executives of the company trying to persuade them to delay the closure.

I want to make a couple of relevant points. It passes not only strange but absolutely hypocritical for the Labor Party, which, in a conspiracy with the Greens and others, destroyed in 1989 the largest ever manufacturing investment in Australia's history—namely, the Wesley Vale pulp mill. If the Labor Party had not bowed to the radical environmental view on the Wesley Vale pulp mill, then hundreds of Tasmanian blue-collar workers would now have a brighter employment outlook. The Labor Party's weakness in 1989 on the Wesley Vale pulp mill has done more than anything else to jeopardise the economic and employment future of people working in north-west Tasmania.

It is indecent hypocrisy for the Labor Party to be shedding crocodile tears about the employees in Burnie when they calculatedly destroyed the job prospects of perhaps a thousand people in 1989 when they rejected a manufacturing investment worth \$1.2 billion—a manufacturing investment that would have given employment hope for the people of north-west Tasmania years into the future. Yet you now have the indecency and

you have the hypocrisy to come into this parliament and start lecturing my government.

**Mr Crean**—Yes, I do!

**Mr HOWARD**—Yes, you do have the hypocrisy to do it. Yet your government in 1989 had the opportunity to give a new lease of life to the workers of north-west Tasmania. You had the opportunity in 1989.

**Mr Crean**—Mr Speaker, I raise a point of order on relevance. The question relates to the current mill and whether the Prime Minister is prepared to pick up the phone and make the call to Stan Wallis and ask him to do something about saving the jobs.

**Mr SPEAKER**—The member for Hotham will resume his seat. That is a point of order that has already been made. The Prime Minister is entirely within standing orders.

**Mr HOWARD**—You had the opportunity to do something, and what did you do? You threw away an investment of \$1.2 billion. That investment would have guaranteed the future of hundreds of jobs in north-west Tasmania, but you threw it away. At that time, it was the biggest manufacturing investment that Australia had seen, and you threw it away. You showed a complete indifference.

I have already set in train arrangements for a meeting this afternoon of a number of ministers who have responsibility in this area, and I can assure you that whatever action that can be taken by my government will be taken. We do not draw any pleasure at all from this closure, but we draw equal displeasure from the humbug and the hypocrisy of a Labor government that destroyed hundreds of workers' jobs. You destroyed them deliberately and cold-bloodedly.

**Mr Crean**—Mr Speaker I raise a point of order. The point of order goes to relevance. Is the Prime Minister going to make the phone call to Stan Wallis—yes or no?

**Mr SPEAKER**—The member for Hotham knows full well that that is not a point of order, and I would suggest he does not raise them unless they are justified within the standing orders.

**Mr HOWARD**—The Labor Party thought there were more votes in placating the Greens

than there were in preserving the jobs of blue-collar workers. That was the political judgment you made in 1989. You said Green votes in Tasmania were more important than the votes of battlers, and that is why you destroyed the Wesley Vale pulp mill. That is why you threw away a manufacturing investment of \$1.2 billion. That is why you defied a lot of the advice you got from the trade union movement at that time. I remember these events well because I happened to be in Devonport with—

**Mr Kerr**—Mr Speaker—

**Mr HOWARD**—You're one of the culprits.

**Mr Miles**—You were responsible for this. You're the culprit.

**Mr SPEAKER**—The Prime Minister will resume his seat. The member for Braddon will remain silent. And the member for Prospect will remain silent.

**Mr Kerr**—Mr Speaker, my point of order goes to relevance. This question relates to the responsibility of this Prime Minister as an administrator of the national government.

**Mr SPEAKER**—The member for Denison need not rewrite the question.

**Mr Kerr**—When will he cease making excuses and take some responsibility?

**Mr SPEAKER**—The member for Denison will resume his seat. The member for Denison did not raise a valid point of order.

*Honourable members interjecting—*

**Mr SPEAKER**—Members of the government will remain silent. The member for Calwell will remain silent. The Prime Minister is entirely within standing orders.

**Mr HOWARD**—I remember the day well when the Labor Party decided that Green votes in Tasmania were worth more than the jobs of blue-collar workers because I happened to be in Devonport that day attending a function with my colleague the parliamentary secretary, Mr Miles. I remember the dismay in the local community. I remember the sense of devastation amongst ordinary working families.

**Mr Miles**—Absolutely.

**Mr SPEAKER**—The member for Braddon will remain silent.

**Mr HOWARD**—This was the first real hope that the workers of north-west Tasmania had had for 20 years.

*Mr Miles interjecting—*

**Mr SPEAKER**—The member for Braddon will remain silent.

**Mr HOWARD**—They thought, 'At long last this is a Labor government. They are meant to look after us.'

*Mr Miles interjecting—*

**Mr SPEAKER**—The member for Braddon will remain silent.

**Mr HOWARD**—They said, 'They will strike a blow for us.'

*Mr Miles interjecting—*

**Mr SPEAKER**—I warn the member for Braddon.

**Mr HOWARD**—And, 'Here's the biggest manufacturing investment in Australia's history.' And what did the Labor government of 1989 do? Remember the year? That year—1989—was the beginning of Graham Richardson's 'get re-elected on Green preferences' strategy for the 1990 election. In 1989 the only thing that mattered was the affection of the Green movement, and if it meant sacrificing a few hundred blue-collar workers, if it meant throwing a few trade unionists on the scrap heap, if it meant destroying the biggest manufacturing investment in Australia's history—what the matter? They were interested only in the votes of environmentalists.

The last people who have any credibility to come into this parliament and tell us what to do in relation to protecting the jobs of blue-collar workers are the members of that government stretching back to 1989. They had a choice in 1989. It was either you placate the Greens or you generate jobs for blue-collar battlers. What they decided to do was to dump the blue-collar battlers and placate the Greens, and it will ever be to their discredit that, when faced with that choice, they turned their back on the blue-collar workers of north-west Tasmania.

### Unfair Dismissal Claims

**Mrs GASH**—My question is addressed to the Minister for Workplace Relations and Small Business. Minister, are you aware of further research that highlights the impact that unfair dismissal claims are having on businesses? Could you inform the House, Minister, of the costs associated with fighting an unfair dismissal claim, and whether the research confirms that companies are less likely to hire people because of the threat of an unfair dismissal claim?

**Mr REITH**—I thank the member for her question. The question of the unfair dismissal law has been on ongoing issue.

*Mr Beazley interjecting—*

**Mr SPEAKER**—The Leader of the Opposition will remain silent.

**Mr REITH**—It is interesting that we have that interjection from the Leader of the Opposition because the Labor Party is continuing, and has, a policy to oppose a further exemption for small business from the unfair dismissal law. In fact, we have been advocating a change to provide a benefit for the small business community and you have been doing as you usually do: under direction from the trade union movement, you have twice rejected a measure which would provide real benefit to the small business community and would create jobs. That is the reality of it. You have stood in the way of a sensible reform that would provide a lot of jobs in the small business community. So whether it is Wesley Vale or whether it is small business today, what is your interest? You are dictated to by the trade union movement. You have got frontbenches more interested in fashion than they are in jobs in their own electorates.

This latest survey just reinforces the point that we do need further reform in the area of unfair dismissal. If you look at this particular survey, it has come out at a time when we also have a survey from the New South Wales Chamber of Commerce. That is an interesting fact as well because not only do we have a federal unfair dismissal law, but there is also a state unfair dismissal law, in particular in New South Wales. In New South Wales, with the only Labor government in the country in

place, in the period between January and April this year we have seen 1,850 unfair dismissal claims at the state level, which is more than four times the number of federal claims lodged in that state.

We have certainly seen a reduction in the total level of unfair dismissal claims in the federal system as a result of our reforms. They have reduced by about 50 per cent, which is a significant reduction, particularly when you take into account that during that period, at the Commonwealth level, we have taken over responsibility for the Victorian jurisdiction. So we have seen a significant reduction in the total level federally.

In the state of New South Wales, though, within the state system, we have seen an increase in the number of unfair dismissal claims. That reflects the fact that, at both the state level as well as the federal level, the state administration is doing as the unions dictate, that is, have a very free and easy unfair dismissal scheme that has encouraged claims in New South Wales. Who are the people to suffer? They are those who are unemployed and those in small business who would otherwise give those people a job.

The last point I make comes from Recruitment Solutions. What they say is—and I am quoting from the *Daily Telegraph* today:

... around the country between 5 and 10 per cent of all businesses report cutting their work forces because they fear being caught in legal action.

Between five and 10 per cent! There are 900,000 small businesses in Australia. If the number is between five and 10 per cent, then obviously the estimate from the small business association is that you would have 50,000 new jobs if we could have the exemption which we have proposed to the Senate carried. That is, I think, therefore, further evidence why it is very important that that measure finally achieves passage so that we get a benefit for small business. You could not put it better than the *Daily Telegraph* puts it in its editorial today. It says:

Labour market reform was a critical issue in the last federal election, and it will be so in the next—which senators hoping to return to office should remember.



It makes this simple point: that the unfair dismissal laws are a 'brake on the wheels of production.' Who is applying that brake? None other than the Labor Party.

#### **Government Task Forces: Child Support**

**Mr TONY SMITH**—My question is to the Prime Minister. Given that your task force on tax reform has obeyed the Treasurer and made no recommendations, how will this influence your imminent taxation policy? Isn't this a similar exercise in futility as when the backbench child support committee, which actually made recommendations, was also ignored and in fact misrepresented in the party room by the Minister for Social Security? What is the point of inviting backbench input into policy when it is routinely ignored by you and your inner circle? Can you allay, Prime Minister, the concerns of my constituents about the creation of government policy?

**Mr SPEAKER**—Before I call the Prime Minister, the member for Dickson is asking a question of the Prime Minister in an area that is not within his ministerial responsibility. However, if the Prime Minister wishes to respond, I ask him to do so.

**Mr HOWARD**—I take the opportunity of affirming to the member for Dickson that my government is committed to fair and effective and comprehensive tax reforms. I also take the opportunity of affirming to the member for Dickson that my government seeks a balanced and fair approach in the more difficult social areas related to child support. I think all of us, whatever our politics, will know that, of the many issues that come across our desks as local members, nothing quite excites the unrelieved passion and feeling of people—on either side of the argument—as feeling that they have not been fairly treated by child support processes. As a local member I have spoken to aggrieved custodial parents and aggrieved non-custodial parents and they have each spoken with the same degree of passion and feeling about how unfair the system is. It is just a timely and regular commentary on the human fact that, when a marriage or a relationship breaks down, sadly enough there is a great deal of human emotion unleashed.

#### *Opposition members interjecting—*

**Mr HOWARD**—I can tell by the responses of the member for Cunningham and the member for Brisbane, at least, that they have probably had the same experiences, unless they have constituencies that are atypical of the rest of Australia.

But while I am on my feet, and mindful of the person who asked me the question, I am delighted to announce that the endorsed Liberal candidate against Mrs Cheryl Kernot for the next federal election is the former ABC talkback host Mr Rod Henshaw. He will be an outstanding candidate, and he will carry the standard in a very articulate way. I believe that Mr Henshaw, of all the candidates that will be on offer, will offer a better understanding. I understand, for example, he has been a resident of the electorate of Dickson for 20 years. That makes him a little different from that blow-in from the Gold Coast who in fact has now become the ALP candidate.

I say to the person who asked me the question that I know from my discussions with him and I know from the interviews that I have had with him that Mr Henshaw is committed to a better taxation system for the future of Australia. I know that Mr Henshaw has a very balanced view towards the many social challenges that face people within the electorate of Dickson. I think he will bring an understanding of the young person's view. I think he will also have a sympathy—

**Mr Tony Smith**—Mr Speaker, I have a point of order on relevancy.

**Mr HOWARD**—Oh, Tony! I am trying to disadvantage Cheryl.

**Mr SPEAKER**—The Prime Minister will resume his seat.

**Mr Tony Smith**—My question in relation to this matter was very specific, in particular in relation to child support.

**Mr SPEAKER**—Yes, but it was also out of order, and I said the Prime Minister could answer it if he wished.

**Mr Tony Smith**—I do ask him to direct his mind to the question if he chooses to answer it, Mr Speaker.

**Mr HOWARD**—I have not finished. I think Mr Henshaw will bring an understanding of tax issues. He will bring an understanding of the family relationship issues that are involved in child support. I think he will have a very good understanding of the concerns, the hopes and the aspirations of that often referred to group in the Australian community called the ‘baby boomers’. But, consonant with the approach of my party, he will not be taking the view that the baby boomers are the only people on the planet; he will be taking the view that, as a Liberal member of parliament, he is elected to represent the entire constituency. I believe that he will do it admirably and with very great distinction in the next parliament.

#### United Kingdom

**Mr McDOUGALL**—My question is addressed to the Minister for Foreign Affairs. Can the Minister for Foreign Affairs inform the House about the state of relations with the United Kingdom? Does Australia have a close and mature relationship with the United Kingdom? Is the minister aware of any alternative approaches to this relationship and to foreign policy in general? Are these approaches original?

**Mr DOWNER**—First of all, I thank the honourable member for Griffith for his question. I recognise the enormous amount of work the honourable member does to advance Australia’s interests, including in the field of international relations. What an excellent job he has done for Australia in this parliament.

The relationship between Australia and the United Kingdom is a very warm, a very close and a very strong relationship. I think it was very much epitomised by the most successful New Images promotion we had last year that brought to the attention of the British people and the Australian people much more modern perspectives of our respective societies. I think both of us believe that the New Images program was very successful. We operate on our relationship now as a relationship based on mutual respect and equality and, as I have said, it is a relationship that has developed very well.

That does not mean of course that in the 1990s we, as a government, go to the United Kingdom to find the source of our policies or ideas for the evolution of our foreign policy. We clearly do not. When we put together before the last election our document *A Confident Australia*, we wrote it ourselves. When we produced the white paper on foreign policy and trade, we wrote that ourselves.

That does stand in some contrast to other documents that have been brought to my attention. In January this year at the Labor Party conference—and we all remember that—the Labor Party produced a document called *Securing Australia’s Place in the World*. People may wonder, members may wonder, ‘Why is that relevant to Australia’s relationship with the United Kingdom?’ It is, in a very interesting way. That document has at its outset an explanation of Labor’s objectives and challenges. What is interesting about that explanation is the way it contrasts with the British Labour government’s ‘Mission Statement’ of its foreign policy—a very interesting comparison, Mr Speaker. The British government says that its foreign policy is to promote the national interests of the United Kingdom. Labor’s is to promote Australia’s national interest. That is all right.

**Mr Brereton**—What is wrong with that?

**Mr DOWNER**—You are right. That is okay.

*Opposition members interjecting—*

**Mr SPEAKER**—The members of the opposition will restrain their enthusiasm.

**Mr DOWNER**—But is this okay? The British government outlined four specific ways in which they are going to do that: security, prosperity—most governments would do that—quality of life, mutual respect. Australian Labor: security, living standards, quality of life, mutual respect. Where did you get that from? They are sitting down there reading Robin Cook’s documents, reading the documents of the British government, and then repackaging them and presenting them as something original.

The fact is that this act of subservience is the most subservient act in Australian political history since the Scullin government called on

the Governor of the Bank of England to try to fix the Australian economy. That was in the 1930s. You did it then, and you did it again in the 1980s. This is to say nothing of the extensive plagiarism in the Labor Party document. There are 13 policies in the Labor Party document which have either been completely plagiarised or paraphrased from either government policy or the Simons review of foreign aid.

Two years in opposition; no work except to look up the British Labour government's policy and to read the government's documents. We have as the opposition spokesman the member for Kingsford-Smith, a man who will go down in history as the laziest opposition spokesman on foreign affairs in history. It is 2 June today. He is about to ask a question. If he asks that question of me, it will be the first he has asked in 1998.

#### **Visit by Prime Minister of Israel**

**Mr BRERETON**—We might have the organ-grinder, not the monkey today. My question is to the Prime Minister.

**Government members**—Ooh!

**Mr SPEAKER**—Members of the government frontbench will remain silent. The Prime Minister is quite capable of responding, I am sure.

**Mr BRERETON**—Prime Minister, can you confirm that your Israeli counterpart, Mr Netanyahu, has accepted your invitation for him to visit Australia from 14 August this year? What is your response to Mr Netanyahu's recent assertion that the Oslo peace process collapsed two years ago? Prime Minister, can you assure the House that in the lead-up to the Israeli Prime Minister's visit, your government will vigorously press Mr Netanyahu for acceptance of the United States' plan for a further Israeli withdrawal from 13 per cent of the West Bank as the next step in the Oslo peace process?

**Mr HOWARD**—I thank the member for Kingsford-Smith for the question. It is true that the Israeli Prime Minister has been invited. The precise date is still to be finally settled but there are dates around the one mentioned by the member for Kingsford-Smith that are under consideration. I take the

view that the Prime Minister of Israel, whoever he or she may be, is always welcome in Australia. I take the opportunity on behalf of my government to strongly reaffirm our strong commitment to and affection for Israel and our admiration of what has been achieved by the state of Israel since its foundation in such difficult and hostile circumstances in 1948.

As it happens, I have had the opportunity on two occasions in recent months—one when speaking at the United Israel Appeal in Sydney in the presence of Mr Shimon Peres, former Prime Minister of Israel and a person for whom I have immense personal regard—to not only state what I have just said about my attitude and the attitude of my government to the state and the people of Israel but also to say that I look forward to the full consummation of the peace process in the Middle East. I said at that dinner, as I have said on other occasions, that Israel has a responsibility as much as the other parties in the Middle East to bring about that peace settlement.

I think Israel carries a special responsibility along with the representatives of the Palestinian people. I respect the rights and the aspirations of the Palestinian people and I will use my opportunities and authority to press that view on the Prime Minister of Israel. The close friendship which I have personally with the people of the Jewish community in Australia and the close friendship between Australia and Israel carry with them the right and opportunity to press a point of view that might temporarily be unpopular. I will certainly be pressing very strongly on the Israeli government the need for it to play its part, but I do that against the background of saying yet again to the people of Israel that their right to exist behind secure, defensible and impregnable boundaries is something that successive Australian governments have always held dear, and that will continue to be our policy. I think it is very important that the aspirations of the Palestinian people, which have been recognised in UN resolutions, also be respected. It will be the intention of my government to see that fairness and justice is done to all parties in the Middle East.

### Higher Education

**Mr NEVILLE**—My question is addressed to the Minister for Employment, Education, Training and Youth Affairs. What impact have the government's policies had on increasing access to higher education by Australian students? Can you inform the House of areas of support for the government's policies in this field?

**Dr KEMP**—I thank the member for Hinkler for his question and I acknowledge his great support for young people in his electorate. The government's policies for higher education are aimed at increasing the quality of the university education available to Australians and aimed at access to universities. I am very pleased to inform the House that this year there will be record numbers of domestic students in Australian universities. In 1998 there will be 457,000 domestic students in Australian universities, 18,000 more than in Labor's last year, 1996. It is of interest that when we look at the Labor Party's forward estimates for government funded undergraduate places for this year, 1998, we see the Labor Party undertook to provide 364,000 government funded undergraduate places.

This government has delivered 28,000 government funded undergraduate places more than Labor undertook to deliver this year. So this government is widening access dramatically for young Australians to get a university education. We have been able to do this because we have taken a practical, non-ideological approach to opening the doors to Australian universities. We have increased the numbers of fully funded government places in Australian universities, which are now running for undergraduates at 10,000 more than in Labor's last year.

This is the first year in which the government is providing funding at an average of some \$2,500 for overenrolments. The government this year has provided for some 29,000 overenrolments in universities. Perhaps most importantly and significantly, because this goes to the fundamental equity of entry to Australian universities, we have given young Australians the same rights of entry to Australian universities as overseas students, rights

they were denied for years by the Labor Party. These policies which are opening the doors to young Australians—

**Mr Fitzgibbon**—What are you doing to assist?

**Mr SPEAKER**—The member for Hunter.

**Dr KEMP**—are under threat from the Labor Party. So far, the only policy the Labor Party has announced for universities is to cut places—

**Mr Fitzgibbon**—Abolish, or update fees?

**Mr SPEAKER**—I warn the member for Hunter.

**Dr KEMP**—to take away places from the hundreds of young Australians who are showing they are prepared to invest in their first preference university course. This is a purely ideological policy. What they want to do is to restore the discrimination against young Australians of getting a place in Australian universities, as overseas students are permitted to do. Why is this the only policy that the Labor Party has announced? Because it is the only policy that has been strongly advocated to them by the trade union movement; because it is the policy of the National Union of Students; and because it is the policy of the National Tertiary Education Union. Beyond that, there is nothing else. There is no other policy.

The member for Werriwa has had no interest, as we know, in developing education policies for the Labor Party. Their schools policy is closing schools. Why? Because that is the policy of the Australian Education Union. I am pleased to see that the member for Werriwa is up-front about this. At the ALP National Conference in January this year, he was nothing if not frank. I would like to quote what the member for Werriwa had to say. He said:

. . . in the months ahead—

that is, in the months ahead from January—

I look forward to working closely with the leadership of the two unions, the Australian Education Union and the National Tertiary Education Union, to turn the contents of this Chapter into the programs and policies of a Beazley Labor Government.

You cannot get franker than that. That is how the education policies of the Labor Party are formed. That is why their only policies so far are to close schools and to cut places for young Australians to enter universities. They are not interested in educational opportunities for young Australians; they are not interested in expanding educational opportunity. They are interested in who is going to man the polling booths on polling day; they are interested in who is going to give the funds to the Australian Labor Party for their election campaign; they are interested in the people who control the votes at the Labor Party conferences and control the preselections because the Labor Party is a sectional party. It is a party which speaks on behalf of narrow, sectional interests in the community. It is not interested in young Australians, it is not interested in education, it is not interested in expanding access, it is not interested in quality; and it is up to this government to continue to defend the rights of young Australians to gain the education for which they are qualified.

#### Employment Services

**Mr MARTIN FERGUSON**—The only kids the minister is looking after are from Scotch College.

**Mr SPEAKER**—The member for Batman will direct his question or he will sit down.

**Mr MARTIN FERGUSON**—My question is to the Minister for Employment, Education, Training and Youth Affairs. Minister, do you stand by your claims in today's *Age* that Centrelink will refer about 131,000 intensive assistance applications to job agencies, as against a June target of 125,000? If so, how do you account for Centrelink officials this morning telling a Senate estimates committee that the real figure for June is 30,000 all-up? That is right, 30,000 for all forms of assistance.

**Dr KEMP**—As I have said before, one of the fairly good things about getting a question from the member for Batman is that it always give you a very clear steer to what the facts are: they are the exact opposite to the facts implied in the question. You can never rely on anything the member for Batman says, and

the reason for that is that the Labor Party deeply resents the fact that this government has been responsible for one of the greatest social reforms of the last 50 years, one that will be giving unemployed people a real chance to get a job.

**Mr Martin Ferguson**—Mr Speaker, I raise a point of order. It is a very specific question, going to statements made by the minister in the media today—

**Mr SPEAKER**—That is not a point of order.

**Mr Martin Ferguson**—and Senate estimates hearings. Put up or shut up!

**Mr SPEAKER**—That is not a point of order and the member will resume his seat.

**Dr KEMP**—The member for Batman is totally wrong, as usual. These matters are monitored in close detail day by day by my department, and I can inform the House of the facts. As of 1 June, over 133,000 job seekers have been identified for referral, 89,000 have already been referred to intensive assistance and a further 44,000 job seekers are currently making their choice of provider. The government is already ahead of the target for the end of June of 125,000 referrals. The Job Network has been extraordinarily effective in its first month of operation. The Job Network members, with enormous enthusiasm, are out there—

**Mr Kelvin Thomson**—But youth employment has gone up. How can you say that?

**Mr SPEAKER**—The member for Wills has been warned. I ask the minister to resume his seat. Under standing order 304A, I ask the member for Wills to leave the House for an hour.

*The honourable member for Wills thereupon withdrew from the chamber—*

**Dr KEMP**—The Job Network has been extraordinarily effective in building up the number of vacancies available to unemployed people. It now has well over 1,400 sites open around Australia for unemployed people to go to, and unemployed people have got the real dignity of being able to choose which provider they will go to. They are no longer treated as statistics. They are now able to get the sort

of help that they really need. One of the important features of the Job Network is that it is especially geared to help those most in need of extra assistance and intensive assistance. I am pleased to be able to say that it appears from early indications that over 40 per cent of—

**Mr Beazley**—Mr Speaker, I raise a point of order. The minister was asked for an explanation of the discrepancy between the 130,000, now 133,000, that he claims in June and his official's testimony to a Senate estimates committee of 30,000. That was it: what was the explanation for the difference? What he is doing, having been embarrassed by it, is giving us an around-the-table discussion on his employment policy.

**Mr SPEAKER**—The Leader of the Opposition will resume his seat. The minister will direct his response to the question asked of him.

**Dr KEMP**—The government, as I have already said, is well ahead of its target for June of 125,000 referrals. We already have another 44,000 job seekers referred to intensive assistance in the process of choosing their agency, and that will happen within the next couple of weeks. It is quite clear that the information that the honourable member for Batman has purported to put before the House is quite wrong. I was in the process of saying that the Job Network is especially effective in helping the most disadvantaged job seekers. It appears that over 40 per cent of the vacancies already filled by Job Network members have been filled by long-term unemployed people.

#### **Building Industry**

**Mr CHARLES**—My question is directed to the Minister for Workplace Relations and Small Business. Does the government have a policy to reform the building industry? Will this policy assist small business, particularly subcontractors?

**Dr Theophanous**—Mr Speaker, I raise a point of order. The question is out of order because it asked for an announcement of policy.

**Mr SPEAKER**—I do not believe it did.

**Mr Crean**—Yes, it did.

**Mr SPEAKER**—Would you please keep quiet. We would all hear then. I will ask the honourable member for La Trobe to repeat his question.

**Mr CHARLES**—Mr Speaker, I did ask if the government does have a policy to reform the building industry.

**Mr SPEAKER**—That means that it is not a new policy; it is an existing one, as I understand the terminology.

**Mr REITH**—I thank the member for La Trobe for his question. The member has a lot of experience in the building industry. I know he is very supportive of the policy that we have for this area, which was part of an ongoing program the government has in place to encourage reform in the building industry. Last week on Friday I released guidelines for the building and construction industry that will set in train and will encourage further reform of that industry and will provide further protections for subcontractors in that industry, particularly against the ravages of the CFMEU.

**Mr Crean**—Mr Speaker, on the point of order: in relation to the question being in order, you said you thought it was about him announcing existing policy, not new policy. Therefore, you allowed the question to be asked. It is now apparent, 30 seconds into the answer, that what the minister is doing is announcing new policy. He should therefore be sat down because the question is effectively out of order.

**Mr SPEAKER**—If the question were to have required the minister to state a new policy, it would be, but he is explaining existing policy as I understood the response.

**Mr REITH**—I am, Mr Speaker. I am referring to a policy which has already been announced.

**Opposition members**—When? When?

**Mr REITH**—These interjections come from an opposition that cannot even lodge an MPI on time. These are the people who are concerned about the workers in Burnie but could not lodge an MPI. They could not even get it in by 12 o'clock.

**Mr Crean**—Mr Speaker—

**Mr REITH**—No interjection will save you, Simon.

**Mr SPEAKER**—The minister should be answering the question, not trying to argue a case about MPIs across the House.

**Mr Crean**—Precisely the point of order I was going to make to you, Mr Speaker.

**Mr SPEAKER**—That one I upheld.

**Mr Crean**—You should require him to tell us when this policy was announced, because I think we will find it is new.

**Mr SPEAKER**—The member for Hotham will resume his seat.

**Mr Crean**—He is incapable of telling the truth.

**Mr SPEAKER**—The member for Hotham will remain silent. There is no restraint on a minister discussing policy in his answer. The questions require that you do not ask regarding new policy, but the minister is entirely in order in his answer.

**Mr REITH**—Mr Speaker, your policy for requiring letters on the MPI has been in place for many years. You have to get it in by 12 o'clock. If you think it is really important, get it in by 12.

**Mr SPEAKER**—The minister will answer the question.

**Mr REITH**—I am answering the question, Mr Speaker. I am answering the question which goes to the incompetence of the Labor Party, whether it is lodging MPIs or whether it is doing what they are told by the trade union movement.

I was very pleased that in the *Sydney Morning Herald* the building industry specialists contractors organisation is reported as welcoming the government's policy announcements and our reform initiatives for the building industry. It was said that the move by the government to introduce a code of practice for the industry was long overdue. It certainly has been well overdue. This is one of a series of steps that we have taken since we have been in government to give a fair go to the building industry and, in particular, to the tens of thousands of small businesses that make up the building industry and that for far

too long have been subject to coercion and duress by the CFMEU and others.

It was therefore no surprise that in response to the very sensible, moderate and considered proposals that the government has previously announced that Mr Kingham of the CFMEU made some statements. What he said was very revealing. The following was reported in the *Sunday Age*:

Mr Kingham said the CFMEU had secured a commitment from the federal opposition leader Mr Kim Beazley to unravel any changes made by employers if Labor wins the next federal election.

What is Labor's secret policy? What is the special deal they have done with the building workers union?

**Mr Robert Brown**—Mr Speaker—

**Mr REITH**—I suppose you are not allowed to work in the building industry unless you are a member of the CFMEU.

**Mr SPEAKER**—The minister will resume his seat.

**Mr Robert Brown**—Mr Speaker, my point of order was whether it was in order for the Treasurer to be distracting the attention of members of the government while the minister was answering a question.

**Mr SPEAKER**—The member for Charlton is not making a point of order. He will resume his seat. The minister is answering the question.

**Mr REITH**—The CFMEU went on, through Mr Kingham, on the weekend to state:

Unions wanted a Beazley government to return to the centralised system that preceded the enterprise bargaining approach legislated by Mr Paul Keating as Prime Minister.

Isn't it interesting, Mr Speaker, if you go back over the public record, that one of the biggest donors to the Labor Party is none other than the CFMEU. I went back to 1992-93, \$116,000; 1994-95, \$251,000; 1995-96—

**Mr Beazley**—Mr Speaker, I raise a point of order.

**Mr REITH**—Oh yes, a great sensitivity. Got you again. You have had a busy day, haven't you, Kimbo?

**Mr SPEAKER**—The minister will resume his seat. When the House has come to order, the Leader of the Opposition—

**Mr Beazley**—We don't know your donors because you conceal them—\$7 million worth last year.

**Mr SPEAKER**—That is not a point of order.

**Mr Beazley**—The point of order is on relevance.

*Mr Tuckey interjecting—*

**Mr SPEAKER**—The member for o'Connor will remain silent. If the Leader of the Opposition wishes to make a point of order, he should do so, not argue the matter across the table.

**Mr Beazley**—He was not asked a question about funding of political parties in this country. He would be too embarrassed to be asked such a question. He was asked one about industrial relations policy, and this has nothing to do with it.

**Mr SPEAKER**—The Leader of the Opposition has made his point. He will resume his seat.

**Mr REITH**—In 1995-96 they paid \$553,000 to tell you what your policy would be.

**Mr Crean**—You should be keeping order, Mr Speaker.

**Mr SPEAKER**—It is entirely in order.

**Mr REITH**—In 1996-97 the CFMEU paid the Labor Party \$277,000 to buy you off. Over a million dollars, with the unions telling you what to do.

**Mr O'Connor**—I raise a point of order, Mr Speaker. On standing order 145 and relevance, I think it is time you terminated the minister's response to this question.

**Mr SPEAKER**—The Leader of the Opposition has a point of order, or is it the same one?

**Mr Beazley**—It is exactly the same. It goes to relevance. Coming from a bloke with the relationships with building companies he has got—

**Mr SPEAKER**—The Leader of the Opposition will resume his seat. The minister will

return to the question which he was asked. He is roaming significantly wider than the question that was asked of him.

**Mr REITH**—I intend to conclude, Mr Speaker. I thank you for the invitation to do so. My point is a simple one. We announced a policy for the benefit of the building industry which would provide real protection for small business, and within three days the unions, who fund the Labor Party, are telling the Labor Party to oppose the very benefits for the small business community which we have announced. Whether it is in the building industry, whether it is in unfair dismissal, whether it is with the MUA, when it is a choice between the unions and small business, every time they are for the unions.

#### Taxation

**Mr GARETH EVANS**—My question is to the Prime Minister.

**Mr Martin Ferguson**—What did you do with your discount?

**Mr SPEAKER**—The member for Batman will remain silent.

**Mr GARETH EVANS**—Is the Prime Minister aware that the Treasurer's former senior adviser, Matthew Ryan, who is now No. 2 on his taxation task force, has written in a Treasury research paper:

There is essentially no trade effect in switching to a GST. It is an illusion.

Will the Prime Minister admit that not only did he mislead the House yesterday on the specific figures about all this but also his economic arguments about the trade benefits of a GST have never ever had any substance?

**Mr HOWARD**—I will come directly to the question asked about Mr Ryan, but before I do, by way of putting the issue into context, could I say that my attention has been drawn to what can only be described as appallingly destructive comments made by the Deputy Leader of the Opposition about the Australian economy. Not only did the Deputy Leader of the Opposition, in giving a doorstep, get his historical facts wrong about the current account deficit but the Deputy Leader of the Opposition did something that no responsible shadow Treasurer should do, and that is he



deliberately sought to talk down the Australian economy.

*Opposition members interjecting—*

**Mr SPEAKER**—Members of the opposition will remain silent.

**Mr HOWARD**—I would like *Hansard* to note, Mr Speaker, that in response to that comment of mine the Deputy Leader of the Opposition received some pats on the back from members of the Labor Party. Apparently it is perfectly acceptable to talk down the Australian economy.

This is what he had to say. Bear in mind that these remarks are made against the background that we have established the first budget surplus in eight years, we have established the strongest economic foundations that Australia has had for 25 years, we had the lowest interest rates in 30 years and the lowest inflation rate in the OECD area, and we are seen by the rest of the world as being a stable, secure and safe economy amidst a sea of economic turmoil. This is what the Deputy Leader of the Opposition had to say today. He was asked by a journalist, 'Are we looking at banana republic levels?'

**Mr SPEAKER**—The Prime Minister will resume his seat. The Deputy Leader of the Opposition, on a point of order.

**Mr Gareth Evans**—Mr Speaker, it was the percentage of GDP. Read the full text.

**Mr SPEAKER**—There is no point of order. The deputy leader will resume his seat.

**Mr HOWARD**—No wonder the Deputy Leader of the Opposition is sensitive, because apparently this is the same transcript from which the Treasurer quoted earlier in question time. Like the Leader of the Opposition, this deputy has a habit that, if he said something embarrassing, he does not distribute his transcript, and we have to go around pointing these things out to the gallery. He was asked the question, 'Are we looking at banana republic levels?'

**Mr Gareth Evans**—I raise a point of order, Mr Speaker. If he is going to make this point, he has got to be relevant, and therefore he has got to repeat the whole question, which was: 'As a percentage of GDP, are we looking at

banana republic levels?' That is what I was answering. You should read it out; otherwise you are completely misleading—

**Mr SPEAKER**—The Deputy Leader will resume his seat. The Prime Minister should answer the question and is doing so.

**Mr HOWARD**—This is what he had to say:

Journalist: GDP. Are we looking at banana republic levels?

Well, not quite yet, but clearly banana republic was six per cent plus; we're looking at 5½ per cent now, with the full effect of Asia still to bite.

In other words, you were deliberately trying to fan a sense of insecurity in the Australian economy. You were trying to talk the Australian economy down. You were trying to make it plain that the Australian economy faced the same problems that it had faced in the 1980s. For anybody with any sense of responsibility to compare the state of the Australian economy now with the situation in the 1980s is utterly and completely irresponsible.

I do not know the writings of Mr Ryan. I will go and have a look at them. The reality is that the existing indirect tax system does have a very harmful effect on our exporters and a very harmful effect on our manufacturers.

### Defence Industry

**Mr KATTER**—My question is addressed to the Minister for Defence Industry, Science and Personnel. Minister, can you inform the House as to the measures this government is taking to ensure a closer relationship between defence and industry and to build a truly sustainable Australian-based defence industry?

**Mrs BISHOP**—I thank the member for Kennedy for his question because I know of his interest in defence matters. I am pleased to say that this morning I announced our strategic defence industry policy at the annual procurement conference, attended by some 750 people who are interested in these matters.

This is the third policy in a trilogy of defence policies brought down by this government; the first being the defence efficiency review, the second being Australia's strategic

policy and the third being the strategic defence industry policy.

**Mr Beazley**—So, this is the announcement of policy. Isn't she announcing policy?

**Mrs BISHOP**—This policy, quite frankly, was required because our strategic policy identified that we needed to do the direct opposite of what the former government had decided was the role of defence, which was to puddle around in its own backyard.

**Mr Beazley**—Mr Speaker, I raise a point of order. This is an effective announcement of policy and it ought to be a parliamentary statement if it is being taken seriously by the government.

**Mr Bevis**—Why don't you table it?

**Mr SPEAKER**—The member for Brisbane will remain silent.

**Mr Martin Ferguson**—It is definitely policy.

**Mr SPEAKER**—The member for Batman will remain silent. The minister is allowed to state policy but, if it is new policy, it should have been made by way of a ministerial statement. The honourable minister will proceed with her answer but she should not use this vehicle to announce new policy.

**Mrs BISHOP**—Thank you, Mr Speaker. The policy has been announced.

**Mr Robert Brown**—When?

**Mrs BISHOP**—If you had been listening, I told you a few moments ago that it was announced at the annual procurement conference, which was attended by some 750 people.

**Mr Beazley**—So it is new policy.

**Mr SPEAKER**—The Leader of the Opposition will remain silent.

**Mrs BISHOP**—As I said, the strategic industry policy is needed to back up the strategic policy, which puts in place this government's strategic policy for defence. It is the direct opposite of what the former government required of our defence force, which was to puddle around in its own backyard.

This government has clearly identified the need of our defence force to be able to deploy

off this continent and to deploy in the region. To enable us to do that, we need a strategic defence industry policy to sustain that deployment. The policy itself has 49 initiatives and, unlike defence industry policy that has been brought down by the former government—which never had the endorsement of whole of government and indeed never had an implementation plan—this policy has full endorsement and consultation of industry.

**Mr Beazley**—This is rubbish.

**Mr SPEAKER**—The minister is entirely in order; the policy has been announced.

**Mr Beazley**—She should be making a ministerial statement.

**Mr Howard**—Oh, you've had a bad day.

**Mr SPEAKER**—The Leader of the Opposition knows that, over the years, this practice has been followed. After announcement of a policy a minister explains it in the House. The minister is in order but it is up to her to determine to what degree it is new policy and the degree to which she is explaining existing policy.

**Mrs BISHOP**—Thank you, Mr Speaker. As I said, the legacy that we received from the previous government was one that needed tremendous attention from this government, both from Mr McLachlan and myself. Indeed, it was the commitment of the Prime Minister, Mr John Howard, who said that there were to be no further cuts to defence under this government, that has enabled us to put into place policies that will allow the ADF to truly be able to defend this country. The policy that the previous government followed, of fitting platforms for but not with, has left us with a situation where we have built splendid new frigates for but not with, which in fact are floating targets. It is up to this government to give them the wherewithal to be able to truly defend this nation.

**Mr Beazley**—On a point of order, she is now straying in relevance terms from the question, which was about defence industry, not about force structure. What she is now arguing about is force structure and, if she knew anything about it at all, for but not with is a common peacetime pattern—

**Mr SPEAKER**—The Leader of the Opposition has made his point of order. The Leader of the Opposition will resume his seat. The minister is talking about the construction of ships at the moment, and that is within the answer.

**Mrs BISHOP**—Thank you very much, Mr Speaker. As I said, it is really necessary for our frigates to be able to defend themselves in a high threat environment. If the Leader of the Opposition, the former minister for defence, thinks you can do that with a five-inch gun and a Sea Sparrow missile, he had better think again. What is clearly required is an upgrade of both missiles and radar, which are clearly in the area of defence industry. This is the government which will enable our defence force to adequately defend this country.

As I said, there are 49 initiatives in the policy. There is also an implementation plan so that people will be able to see the time line when things will be implemented. It has whole of government support, and I table a copy of this document, *Defence and Industry Strategic Policy Statement*.

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

#### PERSONAL EXPLANATIONS

**Mr CREAN** (Hotham) (3.43 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

**Mr CREAN**—Yes.

**Mr SPEAKER**—Please proceed.

**Mr CREAN**—I did indicate yesterday that I needed to make a personal explanation.

**Mr Tuckey**—Why didn't you do it then?

**Mr CREAN**—Because I wasn't here.

**Mr Tuckey**—You were chucked out.

**Mr CREAN**—My opportunity was rudely interrupted. Unjustifiably. Yesterday the Treasurer, in answer to a question, said this: The member for Hotham . . . trafficked material which had been downloaded from the DAS com-

puter to try to look into travel allowances and travel claims.

Mr Speaker, I have publicly stated that I obtained no material from DAS illegally. All of what was used in the travel reports exercise was on the public record. It is therefore the member for Higgins who is trafficking in the untruths, and it is the member for Higgins who is experienced in scanning documents.

**Mr SPEAKER**—It has now gone beyond a personal explanation. The honourable member will resume his seat.

#### QUESTIONS TO MR SPEAKER

##### Questions on Notice

**Mr PETER MORRIS**—Mr Speaker, will you take the appropriate action under standing orders to ensure I get a response to question No. 1725, which first appeared on the *Notice Paper* on 15 May 1997?

**Mr SPEAKER**—Of whom? Of which minister?

**Mr PETER MORRIS**—Addressed to the Minister for Customs and Consumer Affairs.

**Mr SPEAKER**—I shall write to the Minister for Customs and Consumer Affairs accordingly.

##### Ministers' Answers

**Mr ALLAN MORRIS**—I have a question for you, Mr Speaker. Shortly after 2.30 this afternoon, in response to a question to a point of order from the Leader of the Opposition, you said to the minister, 'The minister does not need to answer the question.' I found that comment puzzling and I would like—

**Mr SPEAKER**—I would suggest that the honourable gentleman raise that sort of point of order at the time and not half an hour later.

##### Questions on Notice

**Mr TANNER**—Mr Speaker, I wonder if under standing order 150 you would write to the Prime Minister with respect to question No. 2686, to the Treasurer with respect to question No. 2687 and to the Minister for Transport and Regional Development with respect to question No. 2690 seeking replies.

**Mr SPEAKER**—I shall write to both the Prime Minister, the Treasurer and the Minister

for Transport and Regional Development accordingly.

### PAPERS

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

*The schedule read as follows—*

Aboriginal Deaths in Custody—Royal Commission—Implementation of the Australian Capital Territory Government response to the recommendations of the Royal Commission—Report for 1996-97.

Finance—

Advance to the Minister for Finance—

Statements for November 1997, February 1998, March 1998, April 1998.

Supporting applications of issues from the Advance during November 1997, February 1998, March 1998, April 1998.

Provision for running costs borrowings—

Statements for March 1998, April 1998.

Supporting applications of issues from the Provision during March 1998, April 1998.

### COMMITTEES

#### Selection Committee

##### Report

**Mr NEHL** (Cowper)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members business on Monday, 22 June 1998. The report will be printed in today's *Hansard* and the items accorded priority for debate will be published in the *Notice Paper* for the next sitting.

*The report read as follows—*

#### Report relating to the consideration of committee and delegation reports

#### and private Members' business on Monday, 22 June 1998

Pursuant to sessional order 28D, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members' business on Monday, 22 June 1998. The order of precedence and the allotments of time determined by the Committee are shown in the list.

### COMMITTEE AND DELEGATION REPORTS

#### Presentation and statements

**1 PRIMARY INDUSTRIES, RESOURCES AND RURAL AND REGIONAL AFFAIRS—STANDING COMMITTEE:** Report on benefits for regional Australia and Australia's primary industries of, and further issues associated with, international agricultural trade reform.

*The Committee determined that statements on the report may be made—all statements to be made within a total time of 10 minutes.*

*Speech time limits—*

*Each Member—5 minutes.*

**2 LEGAL AND CONSTITUTIONAL AFFAIRS—STANDING COMMITTEE:** Report on aspects of family services.

*The Committee determined that statements on the report may be made—all statements to be made within a total time of 10 minutes.*

*Speech time limits—*

*Each Member—5 minutes.*

**3 AUSTRALIAN PARLIAMENTARY DELEGATION TO THE EUROPEAN INSTITUTIONS:** Report of Australian Parliamentary Delegation to the European Institutions, 20-30 April 1998.

*The Committee determined that statements on the report may be made—all statements to be made within a total time of 10 minutes.*

*Speech time limits—*

*Each Member—5 minutes.*

**4 FINANCIAL INSTITUTIONS AND PUBLIC ADMINISTRATION—STANDING COMMITTEE:** Report on Reserve Bank of Australia's annual report for 1996-97.

*The Committee determined that statements on the report may be made—all statements to be made within the time remaining for committee and delegation reports.*

*Speech time limits—*

*Each Member—5 minutes.*

#### PRIVATE MEMBERS' BUSINESS

##### Order of precedence

##### Notices

**1 Mr Albanese** to present a Bill for an Act to remove discrimination against same sex couples in respect of superannuation benefits.

**2 Mr Rocher** to present a Bill for an Act to amend the Taxation Administration Act 1953 in relation to public rulings and determinations of the Commissioner of Taxation.

**3 Mr Bevis** to move:

That this House:

- (1) expresses grave concern at the allegations of illegal detention and assault against members of the Australian Defence Force;
- (2) notes that these concerns relate to all three services covering a period of at least five years, involving a number of personnel;
- (3) calls on the Government to conduct a full and open public inquiry;
- (4) requests that the Joint Standing Committee on Foreign Affairs, Defence and Trade give priority to expediting its inquiry into the military justice system, including these latest revelations; and
- (5) requests that the Government ensure that additional resources are provided to the committee so that this important task can be completed without delay.

*Time allotted—remaining private Members' business time prior to 1.45 p.m.*

*Speech time limits—*

*Mover of motion—10 minutes.*

*First Government Member speaking—10 minutes.*

*The Committee determined that consideration of this matter should continue on a future day.*

**4 Mr Pyne** to move:

That this House:

- (1) agrees that the friendship between the people of Australia and the people of Israel must continue to strengthen;
- (2) commends the achievements of the State of Israel during the past 50 years in its society, science, technology and culture;
- (3) acknowledges that, despite Israel's accomplishments over the last 50 years, their struggle for survival continues;
- (4) supports Israel's peace agreements with its neighbours; and
- (5) encourages the striving for full peace in the nations of the Middle East.

*Time allotted—30 minutes.*

*Speech time limits—*

*Mover of motion—5 minutes.*

*Other Members—5 minutes each.*

*The Committee determined that consideration of this matter should continue on a future day.*

**5 Mr Sawford** to move:

That this House calls on the Government to:

- (1) recognise that the largely single option of a comprehensive high school system in this country is inappropriate for a majority of students at a secondary level and that this fact often leads to a perception that the public

secondary school system does not meet the needs of parents and students; and

- (2) encourage through differential funding a range of types of public secondary schools that among others would include a re-evaluation of single sex and technical high schools. (*Notice given 27 May 1998.*)

*Time allotted—remaining private Members' business time.*

*Speech time limits—*

*Mover of motion—10 minutes.*

*First Government Member speaking—10 minutes.*

*Other Members—5 minutes each.*

*The Committee determined that consideration of this matter should continue on a future day.*

### **AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY BILL 1998**

#### **Consideration of Senate Message**

Bill returned from the Senate with an amendment.

Ordered that the amendment be taken into consideration at the next sitting.

### **AUTHORISED DEPOSIT-TAKING INSTITUTIONS SUPERVISORY LEVY IMPOSITION BILL 1998**

#### **Consideration of Senate Message**

Bill returned from the Senate with a requested amendment.

Ordered that the requested amendment be taken into consideration at the next sitting.

### **RETIREMENT SAVINGS ACCOUNT PROVIDERS SUPERVISORY LEVY IMPOSITION BILL 1998**

#### **Consideration of Senate Message**

Bill returned from the Senate with a requested amendment.

Ordered that the requested amendment be taken into consideration at the next sitting.

### **LIFE INSURANCE SUPERVISORY LEVY IMPOSITION BILL 1998**

#### **Consideration of Senate Message**

Bill returned from the Senate with a requested amendment.

Ordered that the requested amendment be taken into consideration at the next sitting.

**GENERAL INSURANCE  
SUPERVISORY LEVY IMPOSITION  
BILL 1998**

**Consideration of Senate Message**

Bill returned from the Senate with a requested amendment.

Ordered that the requested amendment be taken into consideration at the next sitting.

**FINANCIAL SECTOR REFORM  
(AMENDMENTS AND TRANSITIONAL  
PROVISIONS) BILL 1998**

**Consideration of Senate Message**

Bill returned from the Senate with requested amendments.

Ordered that the requested amendments be taken into consideration at the next sitting.

**BILLS RETURNED FROM THE  
SENATE**

The following bills were returned from the Senate without amendment or request:

Authorised Non-operating Holding Companies Supervisory Levy Imposition Bill 1998

Superannuation Supervisory Levy Imposition Bill 1998

Financial Institutions Supervisory Levies Collection Bill 1998

Payment Systems (Regulation) Bill 1998

Financial Sector (Shareholdings) Bill 1998

**COMPREHENSIVE NUCLEAR TEST-  
BAN TREATY BILL 1998**

**Second Reading**

Debate resumed from 1 June, on motion by **Mr Downer**:

That the bill be now read a second time.

**Mr ANTHONY** (Richmond) (3.51 p.m.)—I would certainly like to finish off my speech on the Comprehensive Nuclear Test-Ban Treaty Bill 1998 in support of the government's backing of the comprehensive test ban treaty. When I last spoke in this chamber yesterday, I expressed concern at the deteriorating situation on the subcontinent of India.

It is an alarming situation where you have two medium powers—in particular, India—which has detonated five nuclear devices, and of course subsequent to that was a combination of six tests by Pakistan. This is in grave danger of going against the spirit and the intent of the comprehensive nuclear test ban treaty in which Australia has played a vital role.

As the Minister for Foreign Affairs (Mr Downer) has said, we are almost getting to the situation on the subcontinent where it is a macabre game of cricket, in the sense that these two particular countries are trying to outdo each other in a very dangerous game where ultimately the vast masses in both these countries will be at their peril. Also, the issues of social diversion, sectarian violence and corruption, particularly in Pakistan, are not being addressed.

I would certainly urge—and I know I concur with all members of this House—that the Pakistani Prime Minister, Nawaz Sharif, and also the Indian Prime Minister, Mr Vajpayee, bring some sensibility back to the situation of their brinkmanship over the provinces of Kashmir and Jammu where there have been a number of wars. In particular, a major war was fought in 1971 and the province has potentially been at flashpoint during the 1990s.

It is also important that there be a return to some sanity because there are a number of neighbouring countries in that area—particularly Iran and Afghanistan—which, if there is a continuing escalation, could, as more fundamental Islamic states, be forced into a situation where, through their own strategic necessity, they have to also join the nuclear club.

I certainly concur with the United Nations Security Council in condemning the tests that have been carried out, which are certainly not in the spirit of the comprehensive nuclear test ban treaty, and urge that the full force of the international community be brought to bear on those particular countries, whether it is through sanctions or the withdrawal of other facilities. I do note that Australia has now suspended our defence cooperation and non-humanitarian aid to both countries. I gather

there have been recalls of appropriate high commissioners. I believe the rest of the world should follow suit.

The comprehensive test ban treaty bans all nuclear explosions for all times. Currently, it has been signed by over 149 states. It will be a treaty with teeth and it certainly needs to have those teeth. To comply with that there will be a worldwide network of over 300 monitoring stations and laboratories to ensure compliance. Australia will host 21 of these monitoring stations and laboratories to monitor thermonuclear explosions.

I would like to pay tribute to our current foreign minister's determination in leading the cause for the signing of this treaty. Australia has played an important role in getting this treaty off the ground. In contrast to the situation under his predecessor, we actually have a situation now where 149 countries have signed it, with Australia taking a critical role.

I would also like to pay tribute to the Ottawa deal, which also has been signed up, aimed at ridding the world of another heinous weapon—antipersonnel mines. This is another shining example of where this government has taken positive steps in disarmament to make this community a safer place—not just with antipersonnel mines but also with nuclear explosions. The people of Richmond, and particularly the people of the Byron Shire, have a very strong view on this, just as I did when France conducted its recent tests. I might add that France has only just signed the comprehensive nuclear test ban treaty, so I do hope that they provide greater leadership than they showed a few years ago at our back door, particularly at Mururoa. I commend this bill to the House.

**Mr McCLELLAND** (Barton) (3.56 p.m.)—I note that the Comprehensive Nuclear Test-Ban Treaty Bill 1998 has strong bipartisan support, but I found the comments of the previous speaker, the member for Richmond (Mr Anthony), a little ungracious in that he failed to recognise the tremendous effort put in not only by the current Minister for Foreign Affairs (Mr Downer) but also by the previous Minister for Foreign Affairs, the Deputy Leader of the Opposition (Mr Gareth

Evans), in achieving a comprehensive test ban treaty. Indeed, the negotiations for the treaty went on from 1994 to September 1996 and the current minister only had a relatively brief period at the helm from March 1996.

Indeed, it is fair to say that the previous foreign minister was instrumental in bringing together the final drafts which eventually became the text of the treaty. Certainly it has to be said that the current foreign minister played a very significant role in the August-September period. In particular, when India was preventing the conference on disarmament from presenting the treaty to the General Assembly, Australia took on the role of presenting the treaty. So that was a significant step. The previous Minister for Foreign Affairs, Gareth Evans, however, played a crucial role—not a very important role but a crucial role—in achieving this treaty and that has been recognised internationally and is to Australia's credit.

The debate on this bill is very topical. The recent nuclear explosions conducted by India and Pakistan have brought the condemnation of the entire world. I was not comforted by comments attributed to an Indian official recently who tried to ease tensions by saying:

What we have here is no worse than the situation that prevailed in Europe during the 1950's and early 1960's. Why does everyone assume that India and Pakistan will behave any more irrationally and irresponsibly than America and the Soviet Union did.

Those words will not comfort anyone, I am sure. One has to ask the question: why did India and Pakistan take what commonsense would suggest was an outrageous act that was going to draw in the condemnation of the entire world? India alleges that it was a threat by China that caused it to escalate and upgrade its nuclear capacity and undertake these present tests. Other commentators say that the intensely nationalistic government which currently exists in India has been quite obsessed with trying to increase the standing of India in the international community and perceives power and influence in terms of military might and the power of destruction. That is one philosophy. The other philosophy is that it was done for base political motives

because of domestic considerations and the nationalism that exists in India.

From Pakistan's point of view, Pakistan alleged that they responded to the aggression of India and said they were compelled to have their own tests. They also said that there was an inadequate response by the international community to the Indian tests and, therefore, they felt they had to demonstrate that they also had the capacity to match whatever India could dish out to them. Also, there have been clear suggestions of base political motives at a domestic level.

Indeed, if you look at what has occurred in India you find, quite amazingly, that the tests have united a 19-party fragmented coalition government. It is now united as a result of these tests. A polling of some 1,000 people in different cities indicated that 91 per cent of Indians approved the tests and 82 per cent favoured deployment of nuclear weapons. In Pakistan, it has been reported that Prime Minister Sharif, in several conversations with the President of the United States, indicated his concern for the domestic consequences if Pakistan did not conduct their own tests. Indeed, it has been reported that he said to the President, 'I don't think I'll last three days unless I conduct the tests.' Certainly, after the tests were conducted by Pakistan, it appears that 97 per cent of Pakistanis approve of the tests having been carried out.

What we have, clearly, at the end of the day is a situation that appears to be blatant political opportunism by weak and unacceptably emotional leaders pandering to their respective electorates, dominated by fanatics, instead of trying to lead them. I note, with some wry amusement, that a Hindu nationalist in the Indian parliament, Val Thackeray, has been reported as saying, 'We have to prove to the world that we are not eunuchs.' I have always had a philosophy on those people, wherever they are around the world, who want to tote guns, automatic weapons or whatever form of weapon that, rather than demonstrating any prowess in the non-eunuch status, they demonstrate an inadequacy in a particular physical attribute. So, instead of demonstrating power and potency, India has

demonstrated to the world its foolishness and inadequacy.

The experts can analyse why these actions were undertaken and we can discuss and debate them, but it is of concern that the situation is one that has been brewing. I note, for instance, that in 1993 the former United States CIA Director, James Woolsey, predicted that 'the arms race between India and Pakistan poses perhaps the most probable prospect for future use of weapons of mass destruction, including nuclear weapons'. That was some five years ago. Those words, I hope, have been only partially prophetic and will not be carried out to their full.

The situation is one of concern. The tension could escalate. Obviously, there has been tension there since the British rule moved out of the area. There have been three wars in 50 years between India and Pakistan. The situation is that soldiers on each side are regularly killed around the Kashmir disputed territory. As early as 1974, India conducted its first nuclear test. The Pakistani Prime Minister at the time, Ali Bhutto, vowed that Pakistan, as a result, also had to go nuclear. He said he vowed to go nuclear 'even if his people had to eat grass'. Paradoxically, it may well be, because of the reaction of the international community, that very many people in his country will have to eat grass because of the action that a future generation of leadership has taken.

We perhaps do not have a powder keg in terms of the use of nuclear weapons in the Indian-Pakistani situation, but we have a situation of concern, which could escalate to other areas of the world. The previous speaker, the honourable member for Richmond, noted the neighbouring Middle Eastern countries, for instance. There is a significant nuclear capability in the world, even after the end of the Cold War. For instance, *Time* magazine reported on 25 May that the United States still has an arsenal of over 12,000 warheads; Britain, 380 warheads; France, 500 warheads; Russia, 22,500 warheads; China, 450 warheads; India, an estimated 65 warheads; Israel, somewhere between 60 and 112 warheads; and Pakistan, between 15 and 25 warheads. In addition, it is suspected that



Iraq, North Korea and Libya are developing nuclear weapons capabilities.

This situation is of great concern. It could undermine the comprehensive test ban treaty process and the nuclear non-proliferation treaty. Currently, all Middle Eastern nations are parties to the nuclear non-proliferation treaty but, if they take the example of India and Pakistan, there is a concern that they may withdraw from the processes. We have seen, around the world, boasts that there is now an Islamic bomb—although I have to say, pleasingly, Malaysia, which is an Islamic country, has condemned both India and Pakistan with equal vigour. Nonetheless, this boasting in some quarters of an Islamic bomb could well aggravate the anxiety in Israel, with the consequence that they could now seek to expand their own nuclear capability.

The international community has great concern about these events. We have to ask ourselves: has the response of the international community been adequate? Certainly, from the United States point of view, the Nuclear Proliferation Prevention Act 1994 requires the President of the United States to impose sanctions if he is satisfied that a non-nuclear weapons possessing country has conducted a nuclear test. President Clinton acted with appropriate sanctions in the case of India and Pakistan. Japan also acted to freeze grants to both countries and to suspend loans. In Pakistan's case, they look like losing about \$1 billion because of the sanctions imposed by Japan.

However, perhaps most disappointing to date has been the response of Britain, France, Russia and China. None of those countries have suspended aid or trade. Certainly, from Australia's point of view, we have taken action. We have suspended our defence ties and wound back on our diplomatic relations. We have suspended non-humanitarian aid, although at the present stage, as I understand it, we do not provide any non-humanitarian aid to Pakistan and the value of that aid to India is about \$3½ million. So there is not a lot in monetary terms that has been withdrawn as a result of any action by Australia. But the international community really does have to look at whether it has got its act together in

terms of immediately responding with unambiguous condemnation and punishment of a country that takes a step which threatens not only the security of our region but also the security of the world and, indeed, the environment of the world. These are very significant things to have regard to.

From the point of view of the bill, we note that the bill creates an offence to cause a nuclear test or explosion, that it extends to all citizens inside and outside Australia, that it requires countries to participate in a verification procedure and that it establishes the Australian comprehensive test-ban office. It also fundamentally involves Australia, as previous speakers have noted, in terms of 21 new or upgraded monitoring facilities. So Australia is going to be very much to the fore of this monitoring procedure.

But one has to ask whether this is going to be enough. Should we be amending this bill, for instance, to include provisions such as the United States legislation, which requires the immediate imposition of sanctions? These are matters which we all need to consider and, indeed, the international community needs to consider. I notice that there are a number of other speakers who wish to participate in this important debate, but these are important matters for us to consider.

**Mrs GALLUS** (Hindmarsh) (4.10 p.m.)—I could not help but reflect, as I listened to the speakers in this debate, how different it may have been if it had occurred three weeks ago, before the tests in both India and Pakistan. There is no doubt, that aside, that this is a truly tremendous achievement. Going back to my childhood, one of the terrors as I grew up was the threat of nuclear war as both the West and the East armed themselves. America and Russia gathered these nuclear weapons. In the movies we would see the depiction of what this type of weaponry could do to people and to cities. We saw the results of what happened in Hiroshima and Nagasaki. I do not think anybody who ever saw those pictures could grow up with anything other than absolute terror at the thought of nuclear war and the use of nuclear weapons.

The comprehensive nuclear test-ban treaty, the CTBT, is something that we as a world

can be proud of and look at with hope for the future. By 7 April, 149 countries had signed. As previous speakers have indicated, it was open for signing in September 1996 and by December we had almost 150 signatories. Unfortunately, since then only 13 have ratified. The country that does stand out as not having ratified the treaty is the United States and there is a fear that it will not ratify because of the hostility in the Senate to the idea. Be that as it may, there is a positive side to this. In actually signing the treaty itself, countries have indicated a willingness to move away from nuclear weapons. They will be held to that signature by the Vienna Convention on the Law of Treaties. So, even though they have not ratified, international law would indicate that they should intend to keep their commitment to this particular treaty, and not go ahead with nuclear testing. It is heartening that the five major nuclear powers—Britain, France, Russia, China and the USA—have all signed. Of those, I think the United Kingdom and France have also ratified.

Since the good news, which is the signing and the beginning of the ratification, we now have what the speakers in this House have alluded to: what has happened in India and Pakistan. It came as a shock to the whole world that this was happening in the subcontinent. There has been in this House today, and in the press on previous occasions, great condemnation of the two countries. I think the member for Kingsford-Smith (Mr Brereton) referred to them as nuclear pariahs. There is no doubt that we in Australia feel great revulsion at what these two countries have done. But now that it is done, we have to ask if this is as bad as it can get, because the countries have come to a point where they now cannot engage each other in war because to do so would mean the annihilation of the subcontinent.

There is a stand-off. I am not saying that this is good news but we should not look at it all as the worst possible scenario. We have a stand-off and the two countries now have to get down to talking to each other. They have achieved what they wanted to achieve, which was alluded to by the last speaker—they are

members of the big boys nuclear club. Perhaps having achieved that status they can now pull back, have a look at what they have achieved and move forward towards signing the comprehensive nuclear test-ban treaty. India has already made that suggestion.

This has been laughed at in this House as being, 'It is a bit late now that you have exploded the bomb, isn't it?' But, if India and Pakistan are willing to move back from the threatening position that they have now taken and sign, something positive may come out of this. I would not want, however, to be thought of as a total optimist.

It was rather distressing to read an article by Eric Arnett on the test ban treaty. It was written a long time before the tests by India and Pakistan. He was saying what this treaty meant for the future, and he was very positive about the future following the test ban, but he had a rider at the end of his article, and now in the wake of those tests that rider stands a stark reminder to us all. He said:

Although the norm of not testing is now universally accepted, and can only be strengthened by more signatures and ratifications of the CTBT, it is still possible that the regime could be undermined by a state resuming its nuclear test programme.

And, of course, that is indeed what has happened. But not to end on that ominous note, I would like to take time to congratulate our Minister for Foreign Affairs, Alexander Downer, on the work he did to get the test ban treaty up and going. When negotiations stalled, he moved the treaty process to the United Nations where, at the General Assembly, 150 countries signed. China, Russia, the UK and Pakistan insisted that, for the treaty to go into effect, the 44 countries with nuclear reactors had to sign. Perhaps now that India has carried out its nuclear blasts, it will sign along with Pakistan and, hopefully, Korea to make up the 44 countries so that the test ban treaty can finally come into effect. I commend this bill to the House.

**Mr SERCOMBE** (Maribyrnong) (4.17 p.m.)—Australia, over recent times, has been able to box well above its weight when it comes to important matters on the international agenda, particularly on matters in relation to arms control. The Comprehensive Nuclear

Test-Ban Treaty Bill 1998, which is enjoying bipartisan support, is an example of a very substantial Australian contribution to that international agenda.

The record, particularly of the former government in that respect, is extraordinarily strong and one that continually needs to be underlined not only with respect to the comprehensive test ban treaty and Australia's pivotal role in taking that matter forward but also in a range of other areas. For example, the work of the Canberra Commission on the Elimination of Nuclear Weapons was very much an agenda setting example of something that Australia provided great leadership in. The words of former Prime Minister Mr Keating when that report was released remain very pertinent to today's circumstances. Mr Keating said:

Unless we take action now, the nuclear competition that characterised most of the second half of this century will very likely return—and probably in a much more unstable and multipolar form. The world must extricate itself from the circular argument that we need nuclear weapons because we have nuclear weapons.

In the context of the discussion about the actions of India and Pakistan, those words sound very prescient indeed. Also I think the role of the former Minister for Foreign Affairs and Trade in matters such as the testing in the International Court of Justice of the legality of the use of nuclear weapons was a very fine example of taking the agenda on nuclear matters forward in world forums and will in history stand as a most important step.

Australians continue to play very important roles internationally with respect to arms control. Richard Butler, in his role with the United Nations Special Commission with responsibilities with Iraq, stands out as a fine example. Dr Gee's appointment as Deputy Director of the Organisation for the Prohibition of Chemical Weapons is another noteworthy example of the important role that Australia has played and continues to play, and supports the notion of Australia's boxing well above its weight in these matters of world affairs.

But we do need to take the opportunity of this debate to stress the need for reinvigoration of Australia's role and the need to build

on Australia's strength in these areas. It was pleasing just the other day to hear the Minister for Foreign Affairs (Mr Downer) refer to Australia taking a step in that direction through the conference on disarmament and Australia's initiative in the fissile cut-off treaty as being matters which Australia would now be vigorously pursuing. We wish the government well and offer bipartisan support in that and urge the government to put the resources into it that are required.

We undoubtedly live in a very dangerous world, particularly after recent events in India and Pakistan with both countries declaring their hands as nuclear weapon states. It is regrettable that Pakistan has followed India's reprehensible example in the action it has taken. It is also, in a very minor way, unfortunate that the House has not had the opportunity to debate a private member's motion that I put on the *Notice Paper* a little while ago which condemns those matters, but this debate provides some opportunity to do that.

India, by exploding a number of nuclear devices, very much flouted the international norm which was being built and consolidated in respect of nuclear devices and nuclear proliferation. The configuration of the weapons it used was particularly alarming. It exploded a fission weapon, a thermonuclear weapon and some low yield devices, which were particularly destabilising in the context of their potential tactical use in a battlefield situation. India further foreshadowed—prior to the tests by Pakistan—its intention to proceed to develop its ballistic missile delivery system, which is also very alarming.

India, in the past, has claimed, I think with some justification, a certain degree of moral authority in world affairs. The circumstances of its independence struggle with the emphasis in that struggle on non-violence and the leadership that India provided to the non-aligned movement in the context of the Cold War were fine examples of a nation which had established a very clear degree of moral authority. Regrettably, its flouting of international norms with respect to nuclear weapons proliferation has burnt that authority very dramatically. It is regrettable that it did not take an example from South Africa which, to

the best of my knowledge, is the only state that has actually unilaterally deprived itself of nuclear weapons having acquired them. I understand that Mr de Klerk, in the process of the winding down of the white minority regime in South Africa, played a leading role in disposing of South Africa's six nuclear weapons.

As I mentioned before, Australia has played a very prominent role in nuclear test-ban matters and can claim some responsibility for some of the achievements that have been made. Those things are now very much threatened. Whilst India's and Pakistan's security situation is undoubtedly complex, I do not think anyone would suggest that the position of either of them is desperate.

One has to question very strongly the correlation that seems to exist in the minds of so many leaders of India, particularly, between the capacity to have a nuclear system and its great power aspirations. Given the immensity of the requirements on the subcontinent for economic progress for its own citizens, and for those of its neighbours, and the capacity to unleash the economic power that is inherent on the subcontinent, one would have thought that an example such as Japan and its major strides in terms of great power status would have presented a somewhat more pertinent model for India to pursue. The temptations presented to Pakistan by the Indian tests unfortunately have simply been too strong for Pakistan to resist, and it has regrettably followed down the path that India has taken.

It is vital that the world demonstrates through sanctions on both India and Pakistan that there is an intention to reinforce the norm against the proliferation of nuclear weapons in real and effective ways. Regrettably, the strength of international reaction, in my view and that of many others, has scarcely been strong enough in that circumstance. Most members would know that, prior to the Pakistani tests, there was a parliamentary delegation from Pakistan in this place last week. The members of that delegation were led by a very senior senator, the President of the Pakistan senate. He was making it abundantly clear, to those in this place that he was

speaking to, that their perception was that a number of countries, particularly Russia, France and the United Kingdom, were simply not acting in a way in which the Pakistanis could take any great confidence, in terms of the seriousness of commitment to real and effective action against India.

It is noted that, whilst the World Bank is withholding several loans from India, certainly the Pakistani perception in the period after the Indian tests and before their own was that the international reaction, particularly from a number of states, and I have mentioned three, was simply inadequate. That circumstance really does need to be addressed and real and effective action needs to now be taken with respect to the two states that have breached the norm—and any others—so that a very clear message is sent to other potential nuclear weapons states of the consequences of them also breaching those norms.

One does not have to be a grand geo-strategist to understand that, as a consequence of the Pakistani actions, there may well be pressure on countries like Iran to consider their position. There are a number of outstanding security issues between Pakistan and Iran, particularly arising from the ongoing conflict in Afghanistan. It is very important that the world community communicates pretty strenuously that the consequences of breaching international norms in these respects are going to be very painful indeed.

There needs to be some renewed commitment to the international arms control agenda. As I said, Australia is a country that has the capacity to punch above its weight and in these respects really ought to be very active on the international circuit at present in a range of areas. I referred earlier to the comments yesterday of the Minister for Foreign Affairs with respect to the fissile cut-off—a most important initiative that needs to be taken forward.

There is a range of other matters where strengthening of international action is required. The missile technology control regime, particularly given the emphasis both India and Pakistan are giving to the development of ballistic missile systems, ought to be reviewed and strengthened. There is a very

strong and powerful obligation on the major nuclear states—the United States and Russia—to give some real commitment to the strategic arms reduction process, START II and III. To the extent that there is any underpinning logic to the Indian position, the failure of the major nuclear states over recent times to take the giant strides that humanity ought to be demanding of them in terms of further deep cuts to their own arsenals is one that the world ought to be looking to them to rectify. Australia ought to be playing a role in doing that.

There has been a continuing failure, I believe, to get real teeth into the biological weapons convention. This is an area which I believe this government ought to be pursuing—trading in Australia's reputation and standards in arms control matters. As I understand it, there is still no secretariat comparable to that established under the chemical weapons convention with respect to biological weapons. Biological weapons is another category of weapons of mass destruction that is truly terrifying unless the international community takes real steps to carry control measures forward. That is particularly underlined by the very rapid advances that continue to be made in the biological sciences.

There needs also to be a renewed commitment on the part of Australia and other developed nations in the world to serious economic development of countries in south and central Asia. I think the puniness of Australia's commitment in that respect is illustrated by a statement by the Minister for Foreign Affairs the other day. He offered, prior to the Pakistani tests, a doubling of Australian aid to Pakistan to \$6 million if they did not proceed with tests. Such a miserly gesture on the part of the Australian government underlines, I think, the carrot aspect of the carrot and stick approach that does need to be taken in these matters.

In conclusion, there needs to be a renewed commitment on the part of Australia and others in the international community to address the intractable security issues that continue to divide Pakistan and India, particularly the issue of Kashmir, but also the ongoing and disgraceful tragedy that continues to

unfold in Afghanistan. These are matters that need to be addressed as a package. I urge the government not to rest on its laurels with this particular bit of legislation, but to get on with the further work that is required.

**Mrs SULLIVAN** (Moncrieff—Parliamentary Secretary to the Minister for Foreign Affairs) (4.31 p.m.)—I rise to speak on the Comprehensive Nuclear Test-Ban Treaty Bill 1998 as a longstanding member of parliament with a strong commitment to nuclear non-proliferation and to efforts to rid the world of other weapons of mass destruction. An additional member of the ministry speaking on a bill such as this, which is supported by both sides of the House, is unusual. Nevertheless, as Parliamentary Secretary to the Minister for Foreign Affairs, I want to highlight the utmost importance the Howard government gives to the comprehensive test ban treaty, particularly in light of recent events in South Asia. I shall, however, endeavour to keep my comments very brief in view of the pressure presently on the House of Representatives to conclude its consideration of a number of important bills this week in order to meet the Senate's cut-off date.

As Australia's Special Representative for Demining, I have just returned from the historic Global Humanitarian Demining Conference in Washington, where again it was brought home to me the highest possible priority the international community places on arms control measures—a fact I wish to convey to the members of this House.

The impact of a nuclear arms race on fundamental international security cannot be underestimated and must be emphasized, despite the relatively protected and distant perspective we believe we enjoy in Australia.

Other speakers have addressed the longer term implications of the CTBT. As parliamentary secretary with responsibility for overseas development assistance, I should like to deal with a particular aspect of Australia's reaction to the nuclear weapons testing in South Asia.

The Prime Minister (Mr Howard) and the Minister for Foreign Affairs (Mr Downer) moved quickly after India's testings, and announced on 14 May the suspension of all

non-humanitarian aid to that country. This suspension was part of the Howard government's prompt—but balanced—response. It stands in contrast, sadly, to the dithering seen from the previous Labor government after the announcement of French nuclear testing in 1995, until pushed by the coalition, especially our shadow minister for foreign affairs, and by the Australian public to express the outrage felt in this country at France's actions.

**Dr Theophanous**—Oh, here we go—bipartisan debate.

**Mrs SULLIVAN**—Bipartisan is not the same as being muzzled about the facts. Reflecting our decision that our quarrel is with the Indian and Pakistani governments and not with the people of those countries, programs and projects which deliver humanitarian benefits to the poor will continue.

Nearly half of Australia's projects in India have been affected, resulting in a reduction of approximately \$3.5 million this financial year. On 29 May, Mr Downer cancelled a doubling (from \$2.4 million to \$5 million) of Australian bilateral aid to Pakistan next financial year. This increase had been contingent on Pakistan not conducting nuclear tests and was meant to demonstrate Australia's support for Pakistan at what we accepted was a difficult time for that country. It is extremely disappointing that Pakistan chose not to seek a historic opportunity to exercise restraint and to join the international norm against testing, but instead acted in a way which has increased threats to global security arrangements.

A number of speakers on both sides of the House have contrasted the development of expensive weapons of mass destruction and the considerable poverty in South Asia. In the context of the community's concern for the poor, Australia's decision on aid has been entirely appropriate and measured.

In my portfolio responsibilities, I have regular contact with Australians involved in overseas aid delivery. I have heard not one word of concern from them about our action. However, it is worth noting that the Labor Party, whose broad support on this and most other foreign policy issues is welcomed, still found it necessary to try to score minor

political points in a non-bipartisan way on an issue as serious as nuclear testing.

*Mr Martin interjecting—*

**Mrs SULLIVAN**—I am responding, aren't I? The shadow minister for foreign affairs, the member for Kingsford-Smith (Mr Brereton), has suggested that Australia should support suspension of funding through multilateral agencies such as the World Bank and the International Monetary Fund. This shows ignorance of these institutions' rules which expressly prohibit the consideration of political issues as a factor in decisions on loans to developing countries. It may be that these institutions will defer immediate consideration of loans, but the opposition should bear in mind that many of these loans are designed to alleviate poverty and therefore are humanitarian in nature.

The impact on the aid program of testing of nuclear weapons by India and Pakistan is a snapshot of the very real implications of ignoring global standards such as the CTBT, and illustrates the significance of the bill before the House. The bill is an important link in Australia's legislative framework to ensure that this country plays no part, either intentionally or unknowingly, in contributing to proliferation of weapons of mass destruction. The Comprehensive Test-Ban Treaty Bill complements legislation to implement the nuclear non-proliferation treaty, the biological weapons convention and the chemical weapons convention. On the latter convention, I was pleased recently to be able to introduce and debate legislation further strengthening its provisions.

The Howard government also looks forward to the outcome of the current biological weapons convention initiative, announced as part of Australia's comprehensive and forward thinking response to Iraq's flouting of United Nations resolutions. We trust that international negotiations will result in further strengthening of that treaty. I should also note that the Howard government hopes to shortly bring to the parliament legislation to implement the anti-personnel mines convention, also known as the Ottawa Treaty. As Special Representative for Demining, I am particularly pleased

this step in the process of promoting arms control is progressing.

Events in South Asia have shown that the international community, including its collective parliaments, must do all it can to block these grave threats to international security. For Australia, the CTBT bill is a significant part of these efforts.

**Dr THEOPHANOUS** (Calwell) (4.37 p.m.)—I am also very pleased to support the Comprehensive Nuclear Test-Ban Treaty Bill 1998. Many of the speakers in this debate have emphasised the importance of the debate coming at this particular time when we have had the dramatic development of the nuclear explosions in India and Pakistan. While I agree with many of the comments made by honourable members, I think what we are really witnessing here—especially if we look at the responses in India and Pakistan to the explosions—is two cultural traditions coming into conflict with one another and bringing into play the most dangerous weapon known to man. This situation is very serious, not merely because they have developed that weapon but because it is an example of what Professor Samuel Huntington has called the clash of civilisations.

I want to discuss for a moment what has led to the situation where not only can you have the phenomena of these two explosions but you can have, in the streets of the cities of Pakistan and India, people celebrating this terrible deed. Professor Huntington, in his book *The Clash of Civilizations and the Remaking of the World Order*, in 1996 claimed that in the new period after the Cold War there would be a division of the world and conflict of a very big order between different cultural traditions where the emphasis would be on ethnic differences, cultural differences and nationalism. This combination, according to Professor Huntington, would lead to severe new conflicts in the world and a situation in which there would be exactly the sort of thing we see now in relation to India and Pakistan: the development and the possible implementation of weapons of mass destruction in these kinds of conflict.

When Professor Huntington's thesis came out in 1996, there were a number of people—former Senator Evans, who was then foreign minister, others and I—who took the view that this pessimistic view of what would happen in the new world order was wrong and certainly should not be encouraged. We preferred a model of the world post-Cold War which involved an emphasis on multiculturalism, cultural tolerance and understanding between societies of different cultural and religious traditions.

That model has also been promoted in the world and exemplified to a considerable degree in the multicultural policy within Australia. We have tried to export it to the world where there are conflicts, saying to people when they are conflicting on the basis of ethnicity, 'Try to understand the other's point of view. Try to understand the cultural traditions of your so-called opponents. Look for what is common in humanity, not what is separating one group from another.'

That multicultural approach to the world order is the one which has been encouraged by the United Nations, of course, and by other international bodies. But there is no doubt that there is part truth in what Professor Huntington was saying, that there are in fact two phenomena occurring in the modern world, post-Cold War. One is the tendency towards greater globalisation, greater unification of the human race, greater recognition of those things which we have in common as human beings and, on the other hand, there is this other dreaded tendency to emphasise national and ethnic differences and to try to divide people rather than to unite them.

How this issue will be resolved is probably the most important challenge facing humanity in the 21st century. Will it be resolved in the direction which has been prophesied by Professor Huntington, or will it be resolved in the direction of those who believe in multiculturalism, multiethnicity and in a united humanity? That is the challenge of foreign policy in the 21st century—whether foreign policy is going to be guided by the approach which looks at what people have in common or whether foreign policy is going to be

guided by the approach which focuses on the differences, as Professor Huntington has done.

You have to say in the light of what has happened in India and Pakistan in the last couple of weeks that those proponents of the Huntington thesis would gain great heart. They would look at what has happened and say, 'There you are, you see.' The fact of the matter is you have a clash of civilisations: a Hindu based civilisation, which Huntington identifies, and an Islamic civilisation—and they will not talk to each other. Not only will they not talk to each other, but they will go to the lengths of actually developing nuclear weapons and testing those weapons to the detriment of their own environment. And in order to do what? In order to emphasise the differences between them and to emphasise the fact that they have this power—and to try to chauvinistically claim that they are a superior culture to the other culture. That kind of tradition is what we do not want encouraged in the modern world; that kind of tradition is a very dangerous one. It is a tradition that we must oppose.

The response of the Australian government and the opposition to this issue has been a good one. All concerned ought to be congratulated for their efforts in pointing out to India and Pakistan that the world community considers these kinds of actions not only totally unacceptable but also to be based on the wrong premises as to where the world should be going in the future. The premises of cultural superiority or cultural separateness are the wrong premises. Huntington's thesis has to be rejected. What has to be put forward is an alternate thesis: that societies in the future will be multiethnic, multicultural and tolerant of other cultural traditions. If that is going to be the case, then this excessive nationalism, this excessive chauvinism, the idea of being proud that your society—which is a poor society—has an atomic bomb ought to be rejected.

In its place there ought to be, as I mentioned, a world which recognises that, notwithstanding the cultural traditions of every country, notwithstanding cultural differences, there are things that bind us together as one human race; and one of those things is that

we should get rid of nuclear weapons. We certainly should not continue with the testing of any more nuclear weapons within this planet not only because of the environmental impact but because nuclear weapons themselves do not solve any problems. All they do is make the problems of humanity more serious.

As I said earlier, 21st century foreign policy will be dealing with this issue. I am hopeful that the optimists, the people who believe that we can bring people of different cultural traditions together to work together, will come forward and be counted in the world of the 21st century; otherwise, we face a very dire future.

**Mr HARDGRAVE** (Moreton) (4.47 p.m.)—It is a unique honour to be able to stand in the Australian federal parliament to support the Comprehensive Nuclear Test-Ban Treaty Bill 1998, something that is not just morally correct and not just—to borrow the phrase—politically correct but also just darned good sense and downright human. The Minister for Foreign Affairs (Mr Downer), at the table, should be congratulated for the role that he played—and, to be fair, his predecessor played—in promoting the need for the comprehensive nuclear test ban treaty to be a worldwide done deal. It is a matter of fact that 149 countries have signed the document and that 13 have ratified it. Although I do not wish to breach standing orders by pre-empting the report of the Joint Standing Committee on Treaties, it is pretty obvious there would be a great deal of support for Australia also ratifying this particular treaty.

Mr Deputy Speaker Jenkins, like you, I am concerned about my planet, our fragile earth. I am not pretending to be a seismologist, an earthquake expert, but if you start blowing up nuclear devices into the outer crust of this planet and you start doing it en masse, as we have seen with some 11 tests on the Indian subcontinent, it stands to reason that something is going to give.

I apologise to the foreign minister if I cause him any diplomatic difficulty with this next statement, but it seems to me that India and Pakistan have to account for possibly seriously affecting matters in their general region to



the point where the blood of 3,000 or 4,000 Afghanistani people is on their hands as a result of the recent earthquake there and where 30,000 people are homeless. I understand that there are some experts who have suggested that the events are not connected. As I said, I am not an expert, but it still strikes me as feasible and conceivable that if you are going to let off these sorts of devices, as the member for Calwell (Dr Theophanous) said, out of some sort of nationalistic one-upmanship, you have to then be accountable for some of the unintended consequences.

There have been 11 tests of nuclear devices in the Indian subcontinent—just up the road; down the street from Australia in fact. The Australian plate is connected firmly to the Indian plate, which has a natural tendency to keep driving up the Himalayas as the tectonic plates of the earth's crust continue to move. That we have seen a great earthquake just around the corner worries me greatly, and I think stands, if for no other reason, a willing testament to the futility of the Indian and Pakistani one-upmanship.

Now we see that India are considering the concept of another test. Australian Associated Press reported the other day that, while they are reiterating an offer of a 'no first strike pact' with Pakistan aimed at ensuring that the two enemies never launch a nuclear attack on each other, Pakistani officials have rejected the idea out of hand. So now we are looking at the idea of new nuclear tests. According to the Pakistanis, the Indians are planning more tests in the first or second week of July. Who knows if that is right or wrong, but what sort of message does it send to India? It sends them the message that maybe they should be planning because that is what the Pakistanis are planning.

What an absolute stupidity to think that grown humans could be conducting themselves in this way, particularly in a nation such as India where its northern province of Uttar Pradesh has sought World Bank aid worth \$1.33 billion for new irrigation projects. The irrigation minister of that state in recent days has said that the state's rising population made it essential to make plans for revamping the agriculture and irrigation

facilities because they were worried that the state may face 'an acute food grain shortage by the year 2000'.

They can find all of this money to blow up nuclear devices but there is a basic need for food. There is a food shortage. What an outrage! What an absolute outrage to the good commonsense of the people of India and the absolute desperation that they find themselves in as their government conducts a Marie Antoinette approach to foreign policy. They are basically saying, 'Let them celebrate a nuclear device. Let's not feed the poor.' I think that is an absolute disgrace.

I am very pleased to lend strength to the foreign minister in his efforts to promote the need for a declaration of this type to be ratified right around the world. It is extraordinary when you look down the list of 149 signatures that there is no India and there is no Pakistan. Whilst I am sure all in this place defend the sovereign right of any nation to defend itself, whilst I am sure everybody in this chamber and everybody in this nation would defend the sovereign right of people of a nation to be proud of their traditions, their cultures, their beliefs and what made their nation into what it is today, I am also certain people in this chamber universally—as we seem to have bipartisan support on this motion—will condemn a nation which forgets it is part of the global village, that the rights we all enjoy as citizens of this nation, that the rights most human beings enjoy are not being exercised with a due amount of responsibility.

We enter into treaties and obligations around the world generally freely, and as a result we receive a great deal of rights, but we have to exercise certain responsibilities. The comprehensive nuclear test ban treaty is no different to any other agreement that is sensibly and soberly entered into. I would invite—and I am sure there are many people in my electorate of Moreton who would want me to—India and Pakistan to join with the rest of the world to cease their nuclear testing immediately and to sign the comprehensive test ban treaty as a matter of urgency.

I am certain from the calls from people within my electorate that, despite the everyday concerns they have about their employ-

ment prospects and the futures for their own families, they realise that all of those everyday concerns, those understandable human aspirations of improving themselves, of working hard and striving for some success, could all go down the drain if we continue to have a world that is on the brink of some nuclear catastrophe.

I have never been alarmist in my approach. I reject those who are alarmist, but the events of the last couple of weeks have brought home very clearly to me that it behoves the major powers of the world, the nations who wish to exercise responsibility—and there are 149 nations which believe they have a responsibility as far as banning nuclear tests are concerned—to stand their ground and encourage those nations that are not willing to exercise such responsibility to think that all the basic human aspirations of independent citizens in this nation could be put at risk by some nations to our near north. For so many reasons, this bill before us today is a vital one. It is vital to our everyday future as well as the future of our fragile planet. I commend the bill to the House.

**Mr DOWNER** (Mayo—Minister for Foreign Affairs) (4.56 p.m.)—in reply—I want to begin by thanking the dozen or so members who have spoken in this debate on the Comprehensive Nuclear Test-Ban Treaty Bill 1998. It has been a very good opportunity for those interested in these issues—and I suspect at this time in our history most Australians are—to gauge the feeling of the Australian parliament on the whole issue of nuclear testing and nuclear non-proliferation. What is striking is that there is a unanimity of view right across the House of Representatives, which I think pretty much reflects the view that you find right around the Australian community: that is, we should take a strong stand in our foreign policy in support of nuclear non-proliferation. We should take a strong stand against proliferation itself where we may see it occurring. We should continue to maintain the very significant reputation that Australia has built up over probably 30 or so years since we signed the nuclear non-proliferation treaty.

As a leading country in the area of nuclear non-proliferation, we do this because it is in our national interests. We know it is also in the interests of the international community. We believe it is a humanitarian policy to pursue. It clearly is in our interests as a non-nuclear weapon state for our regional environment, even broadly defined, to be free of nuclear weapons. It is not entirely free of nuclear weapons. We have China as a nuclear weapon state, and we have the nuclear initiatives of India and Pakistan in the last few weeks in May, but otherwise we have a region which is free of nuclear weapons. It is very important to us that we keep it just that way.

I would like to refer to some of the points that have been made by members. The opposition spokesman, the member for Kingsford-Smith (Mr Brereton), very accurately pointed to the history of Australia's involvement in this issue—in particular, the comprehensive test ban treaty, to which this bill relates. Just about all other speakers referred to Australia's involvement in the evolution of the comprehensive test ban treaty. Under the previous government and my predecessor, the now Deputy Leader of the Opposition (Mr Gareth Evans), Australia played a very active role in the conference on disarmament in putting together the text of the comprehensive test ban treaty. I recall during the 1996 election campaign, when I was opposition spokesman on foreign affairs, being contacted by the Department of Foreign Affairs and Trade in relation to a particular text that they wanted put forward. I was asked whether we as the opposition would agree to that text being put forward during the period of the election campaign, which we readily did.

The problem in the conference on disarmament, though, was that in the end it was not possible to get India and Pakistan to agree to a comprehensive test ban treaty text, and the conference on disarmament requires unanimity and consensus for such texts to be agreed. Australia then took that text as it stood to New York, to the United Nations General Assembly. We succeeded in having the General Assembly pass a resolution bringing

to life the text, and the comprehensive test ban treaty was born.

So there is no doubt that Australia has a great deal to be proud of and all Australians have a great deal to be proud of in the role we played in putting together the comprehensive test ban treaty. As I said, many members have been gracious enough to refer to that not only in relation to my role but, importantly, also in relation to the role of my predecessor, the Deputy Leader of the Opposition, the member for Holt (Mr Gareth Evans). There has been activism on this issue from both sides.

The opposition spokesman, and indeed all others, spoke about the Indian and Pakistani nuclear tests. I appreciate the fact that the opposition and, to the best of my knowledge, the minor parties, with the possible exception of Senator Bob Brown, have supported the strong stand that the government has taken on Indian and Pakistani nuclear tests. I think Senator Brown may have had an even more elaborate program that he would like implemented, but in any case there has been widespread agreement with and support for what the government has done.

There has not been in the media, I notice. I saw an article in I think it was the *Weekend Australian* suggesting that we should have gone much softer on this issue and I saw an editorial in the *Australian Financial Review* taking that same position. It is worth while saying something about why we do take the stand we take on the Indian and Pakistani tests. First of all, we are obviously very concerned about the contribution those tests have made to an increase in tensions on the Indian subcontinent. It is simply incontestable that those tests have caused a substantial increase in tensions and have created a very unfortunate and very dangerous security environment on the subcontinent, and that the tests have achieved that and nothing else. So it is understandable that, as an Indian Ocean littoral state ourselves, we would wish to express very deep concern about actions taken by countries in our broadly defined region which increase tensions. We do not want to see that.

The second thing we want to do is encourage India and Pakistan to do the honourable thing, that is, to join most of the rest of the world in signing up to the comprehensive test ban treaty. The member for Moreton (Mr Hardgrave) made quite a point of the fact that 149 countries have signed the comprehensive test ban treaty. That means not many have not, and India and Pakistan are notable in that they have not. We cannot, of course, reverse the past. We cannot undo the fact that they have conducted these nuclear tests, so we have to look to the future. We look to a more constructive future, and India and Pakistan can help themselves in terms of their standing in the international community and their contribution to global peace by signing up to the comprehensive test ban treaty.

It is fair to say that every country has a responsibility to contribute to global peace. No country should take the view that it is somebody else's role, that somebody else ought to do it. They should not take that view, and that includes India and Pakistan. They do have a contribution to make to global peace, and detonating nuclear devices is the reverse. That is not contributing to global peace. They need to join the mainstream of the international community and they need to sign the comprehensive test ban treaty.

It is noteworthy that India and Pakistan are two of, I think, it is only five countries that have not signed the nuclear non-proliferation treaty, the other three being Israel, Cuba and Brazil, although Brazil has now committed itself to signing the nuclear non-proliferation treaty and, I believe, will do so before too long. India and Pakistan stand out very prominently as countries that will not go along with that regime, and I think that is deeply regrettable. Again, they need to understand that they must join the mainstream of the international community and themselves contribute to a more peaceful world, and they can do that by signing that treaty.

That brings me to the cut-off treaty which the Australian government has been working very hard to get under way in the conference on disarmament in Geneva. Some say that the conference on disarmament has not been

successful in recent years ever since the comprehensive test ban treaty was taken out of the conference on disarmament by Australia to the United Nations General Assembly, and that analysis is right. The conference on disarmament in 1997 was a profound disappointment. I went in early 1997, as well as early this year, to Geneva and addressed the conference on disarmament. Its hall was once the home of the League of Nations before the Second World War, and I hope that the fact that a conference on disarmament meets in the same chamber as the League of Nations is not an ill omen. But the fact is that the conference on disarmament has wasted a year, last year, by doing nothing on nuclear disarmament, or on landmines, for that matter. We hoped it would do more.

This year we have reaffirmed our commitment to the conference on disarmament and we have encouraged the conference on disarmament to do more on the issue of landmines—I will not go into that today—but also to initiate negotiations to achieve a fissile material cut-off treaty. If we can achieve that and if we can get India and Pakistan, as well as the rest of the world, to sign up to a cut-off treaty, in particular the nuclear weapons states and the nuclear threshold states, that will be a very significant contribution to the non-proliferation regime. We are putting an enormous amount of effort into this. We were before the Indian and Pakistani nuclear testing and we still are putting a great deal of effort into getting that cut-off treaty up and running.

The third reason why we take a strong stand on Indian and Pakistani nuclear testing—I think this is something that those critics in the editorial in the *Financial Review* and the columnist in the *Australian* seem to miss—is that countries which conduct nuclear tests which fly in the face of the nuclear non-proliferation regime need to understand that they do so at a price, that you cannot do this sort of thing. You cannot defy the will of just about all of the world and create a more dangerous world without paying a price. That is a warning to others, to the other nuclear threshold states, to other countries that may consider that, if it is all right by India and Pakistan, it is all right by them to take the

nuclear option. We must stop countries thinking that is ever going to be worth while.

That is why it is very important that Australia, the United States and other countries around the world take a strong stand against nuclear testing whenever it occurs. We took a strong stand against French nuclear testing; there was a bit of kerfuffle early on but we ended up taking a strong stand against it. We have pretty much followed the pattern in our response to Indian and Pakistani nuclear testing, and we have taken the same sorts of measures. Our view is as strongly opposed to Indian and Pakistani testing as it was to French testing, and we will continue to take a strong stand because we believe so passionately in the nuclear non-proliferation regime. We believe in it morally, politically and in our own national interest. I think a lot of people were beginning to take its success for granted until recently, but it is clear that you cannot take it for granted. It is clear that countries like Australia have to do everything they can to keep the nuclear non-proliferation regime alive.

This reminds me to draw attention to one argument that the Indians and the Pakistanis have been using—particularly the Indians, I might say—which is that in the world as we have it, with five nuclear weapons states, there was nuclear apartheid and that was not fair. The argument was that there were five nuclear weapons states and the other 190 or so countries in the world were non-nuclear weapons states, and therefore the world was biased in favour of the five. That argument leads one to conclude that every country, or at least every capable country, should be a nuclear weapon state. If that Indian argument was right, then the 44 or so countries which are regarded as nuclear capable, including this one, should become nuclear weapon states so that there is no such thing as nuclear apartheid. I think that argument is absolutely absurd.

If nuclear proliferation continues as we have seen it during the month of May 1998, then the dream of a nuclear weapon free world that so many people around the world have will simply be unachievable. It would be unachievable if 44 or so countries around the

world were to become nuclear weapon states. We have got to stop it. We have got to stop it for a lot of reasons and it is a very important component of our diplomacy that we do our best to stop it.

Other members made very valuable comments. The member for Groom (Mr Taylor), who has been so active on these issues, made the point that it was in Australia's national interest to be activist on these issues. The member for Denison (Mr Kerr), referred to the work of the Canberra Commission as being valuable. The fissile material cut-off treaty, which is being promoted very much by Australia, is one of the initiatives that came from what I often call the 'road map' produced by the Canberra Commission. The member for Groom ended by making some points about uranium mining. This is the old story: apparently if we mine and export uranium we are contributing to nuclear proliferation. Let me put it to you that I think the contrary argument is true. We mine and export uranium according to a nuclear safeguards policy, so anybody who buys uranium from us is prohibited from using Australian origin material for military purposes of any kind. Therefore, we can guarantee that at least some of the uranium sold in the world can never be used for nuclear weapons or for military purposes.

If we dropped out, there would still be a nuclear power industry, there would still be uranium exports and there would still be uranium mining but there would be less of a control on it than there is with Australia being part of the industry. I know that is not an easy argument to sell to everybody—apparently it is impossible to sell to the member for Denison—but it is a profoundly important argument. It works on the assumption that we are a very responsible country and, as the foreign minister of this country, I am very happy to say that we are.

The member for Fadden (Mr Jull) referred to his time at the United Nations and the role he played there. I remember well when we were in opposition and he was one of the parliamentary delegates at the General Assembly. He also referred to our initiative for the conference on disarmament, which is to meet

in a special session today. It will meet during the evening, our time, in Geneva, to consider what the Indians and Pakistanis have just done.

The member for Batman (Mr Martin Ferguson), the member for Aston (Mr Nugent), the member for Throsby (Mr Hollis), the member for Richmond (Mr Anthony) and the member for Barton (Mr McClelland) all had very valuable and constructive remarks to make. The member for Calwell (Dr Theophanous) talked about the need to reject the Huntington thesis. I will take the opportunity to support what he said. He is absolutely right. We do not want a world dominated by cultural chauvinism or excessive nationalism. We do want a world that tolerates, encourages and enjoys cultural diversity. If you do not have a world that can understand that, you will not have a world that works together very well. So 'no' to the Huntington thesis and 'yes' to the member for Calwell in opposing it.

This is a good point to conclude on because he was one of the members who pointed to the irrationality of nuclear weapons, and it is worth thinking about this argument. When I spoke to the Indian and Pakistani high commissioners, I made a point to them which they could not answer. I said to the Indian High Commissioner, 'You have developed, at a cost of billions of dollars, this nuclear capacity. Would you use it on Karachi? Could you envisage a circumstance when you would detonate a nuclear device over Karachi and kill 12 million people? Could you imagine ever doing that?' What could he say to that argument? He can say nothing.

I said the same to the Pakistani High Commissioner: 'Can you imagine detonating a nuclear device over Mumbai? Can you imagine doing it over New Delhi and killing millions and millions of people?' Of course, in the end, they cannot. If it is true that they never could do it, then why are they—countries which have per capita GDPs which are a fraction of Australia's—wasting so many billions of dollars? Billions of dollars are being spent on these nuclear programs and yet they cannot say whether they would ever use it. Of course, if they did use the weapons and wipe out millions and millions of people,

the world would condemn them for all time. It would be an unforgivable thing to do, and I do not believe that this testing which could lead to weapons—and we hope it will not—is anything more than an obscene status symbol. And it costs so much for countries which need so much. That, I think, is a real tragedy.

I thank the House for the strong support it has given to the government's bill and to the efforts by the government in the area of nuclear non-proliferation. Also, let me reiterate that the previous government did a very good job in this area as well, as did its predecessor. It is a great Australian tradition, one that this government has not only lived up to but will continue to live up to. We are very proud of what we have done. I think Australia has taken a very principled stand, consistent with our national interest, on these issues. I am pleased that the House so strongly supports what we have been doing.

Question resolved in the affirmative.

Bill read a second time.

#### Consideration in detail

Bill—by leave—taken as a whole.

**Mr DOWNER** (Mayo—Minister for Foreign Affairs) (5.16 p.m.)—I move the government amendment as circulated:

- (1) Clause 69, page 41 (lines 4 to 6), omit the clause, substitute:

#### 69 Delegation by Minister

- (1) The Minister may, by signed writing, delegate all or any of his or her powers under this Act to:
- (a) the Secretary to the Department; or
  - (b) the Director; or
  - (c) a person holding or performing the duties of a Senior Executive Service office in the Department.
- (2) After the commencement of the *Public Service Act 1998*, the reference in subsection (1) to a person holding or performing the duties of a Senior Executive Service office in the Department is to be treated as a reference to an SES employee or acting SES employee in the Department.

The amendment that the government has moved will ensure administrative powers granted under the proposed act will be exercised by appropriately qualified persons. In its

current form the bill does not specify to whom the minister's powers under the proposed act may be delegated. The government's amendment prescribes these persons as the Secretary to the Department of Foreign Affairs and Trade, members of the Senior Executive Service of that department and the Director of the Comprehensive Test Ban Office, which will be the administrative authority established under the proposed act.

This amendment is made in accordance with one of the principles of the Senate Standing Committee for the Scrutiny of Bills, namely, that bills should not make rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers. The Senate committee has drawn this to our attention and we are happy to move this amendment. I present a supplementary explanatory memorandum to the bill.

Amendment agreed to.

Bill, as amended, agreed to.

#### Third Reading

Bill (on motion by **Mr Downer**)—by leave—read a third time.

### SOCIAL SECURITY AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (RETIREMENT ASSISTANCE FOR FARMERS) BILL 1998

#### Second Reading

Debate resumed from 11 March, on motion by **Mr Ruddock**:

That the bill be now read a second time.

**Mr O'KEEFE** (Burke) (5.19 p.m.)—What we see here in the resumption of the second reading debate on the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998 is a day of reckoning in some ways for the government in relation to something which it described as a 'key measure' of the integrated rural policy package entitled Agriculture—Advancing Australia, which was announced and launched in September last year.

I will come back to those words, Mr Deputy Speaker, because you may remember that in September last year with great fanfare the

government announced that, after a long and exhaustive overhaul of all of Labor's programs for assistance for farmers in various need of government assistance, they were not going to just simply continue Labor's programs in their first budget; they were going to scrap Labor's programs and come in with this brand new integrated rural package to show they meant business for the farm sector in Australia. This was after many years of them spending their time traipsing around rural Australia, talking about how Labor did not understand farming, did not understand farmers and never provided properly for them in the budget,

We had all that build-up—and in fact it became quite drawn out—but then we had the day of the big announcement in September last year. We discovered when it all came down to taws that of a package of \$517 million, if I remember correctly, the National Farmers Federation—not me—had worked out within 24 hours that at best there was \$30 million of new money—and my figure was \$17 million—and that in fact all they had come back with was \$500 million worth of programs which Labor already had in the budget. Every one of those programs was renamed and hardly any of the conditions changed. If you talk to any farmer in Australia and ask him or her, 'What actually is different in the AAA package?' they will say, 'Hell, I don't know,' and they would be absolutely right to say that.

But one thing was marginally different and it is described in the legislation here today—and I am reiterating this for a point which I will come to. In the explanatory memorandum of this bill the words used are:

This Bill gives effect to one of the key measures—and I will repeat those words—

one of the key measures—

of the policy package. What does it do? It introduces—listen to the description—a three-year 'window of opportunity' which, the government purported, would provide the older generation who were ready to move off their farm the opportunity to hand the farm over to the younger generation and still qualify for the pension. That was basically the

aim: to enable them to transfer the farm assets and move out.

On the day this was announced I had a quick look at it and described it the following day as a 'sad rural hoax'. I remember my words because I was pilloried by the minister and by most of the hugely enthusiastic farm lobby. I described it as a 'sad rural hoax' because, from my experience and having read through the conditions once, my immediate question was: who could qualify? That is exactly what has transpired. And I find it laughable that the government could be introducing this bill using these terms—'a key measure' to provide a three-year 'window of opportunity'.

On the day the package was launched in September last year—nine months ago—the statement in respect of this particular measure said that this initiative was:

... a comprehensive response by the government to the many challenges facing the farm sector.

On the issue of retiring farmers it said:

The intergenerational transfer of the family farm from older farmers to younger generations is a major issue in rural Australia.

I will use those words again—'a major issue in rural Australia'. One assumes therefore that this must be a major response. In the press release issued on the day, the Minister for Primary Industries and Energy (Mr Anderson) described it as:

... assistance to allow older farmers to transfer ownership ... estimated cost \$76.6 million.

The Prime Minister (Mr Howard) issued a statement on the same day, because this was pretty big stuff; this was going right to the heart of the constituency—'Look what we have done for you.' The Prime Minister in the highlights to this press release said the package:

... brings together a number of reforms to lift the viability of farmers into the future and lay the basis for greater self reliance. It also provides scope for farmers to exit with dignity if they so desire.

Included in there was a gifting moratorium. In other words, this was referred to widely. In the 'Highlights at a glance' attached to the Prime Minister's release, the fifth dot point says:

. . . assistance to allow older farmers to transfer ownership of the family farm . . .

I know I am labouring the point, but I am doing it for this reason: it was a sad hoax to come out responding to what you perceived to be 'a major issue in rural Australia' and then produce this package. In the Senate estimates hearings today we were told the figure. Nine months later it is not the 10,000 family farms that were quoted on 19 September and not the 2,000 family farms quoted in the Senate a couple of months ago. What is the figure today? The figure quoted to a Senate estimates committee today was 14 successful applications—a major rural initiative! I described it on day one as 'a sad hoax' in that the guidelines rule out anybody who really should be able to apply. Nine months later what do we find? Fourteen successful cases.

You are entitled to ask: was I right in describing this as a hoax or was it just a huge case of incompetence from the Prime Minister down? How could members of a government who claim to have been in touch with the rural constituency, who had a massive landslide towards them in rural Australia at the last election, who claimed to know and understand these issues and who bagged Labor mercilessly for not understanding and responding to these issues sit around a cabinet table, go through the provisions of their rural package with a fine tooth comb—because it is a \$500 million package, even though it is only Labor's programs re-badged, and even the dollars are the same—have a massive launch by the Prime Minister and get something as basic as this so wrong? Are they incompetent or was it a deliberate hoax perpetrated on what they claim to be their own constituency?

My answer to that question is that it was both. It was incompetence at the time. I cannot conceive that the Prime Minister or the minister or any of the department officials giving the advice—wherever it came from—would have started off on day one, knowing that this day of reckoning would arrive tonight, and proceed. I cannot believe that they would have done that. Maybe they did. If they did it was a hoax and it was incompe-

tent. It was not just my words that afternoon or those of the National Farmers Federation 24 hours later—'Oh, hang on, there's not so much new in this after all.' Certainly by 23 September, a fortnight or so later, we had the first questions raised about this, apart from those which came from me.

This figure of 10,000 was not a figure I made up. This was the figure that the government put out in the marketplace as of day one. I quote from the *Land* of 23 October last year, a rural farm journal widely read on the east coast of Australia. The first paragraph of an article by one of the rural journalists, Ian Paterson, states:

The farm handover gifting moratorium—part of the Federal Government's \$500 million "Agriculture—Advancing Australia" package—could allow as many as 10,000 retirement-age farmers to pass on the farm to their offspring and immediately get the Age Pension.

It was not myself or journalists making up the figure. This was the figure being put out by the government and its press team. If you know you are going to come to a day of reckoning like today, you do not market a figure like that. You do not market a figure of 10,000 when you know it is going to be 14. I can only assume that, at the time, the government thought that lots of these farm families would qualify. What that tells me is that at the time they were incompetent and all those ministers and backbenchers who had claimed to be in touch with the rural constituency did not understand what a farm is worth, how much income a farm has to generate and that hardly anybody could qualify under the criteria they set.

In October last year, the first public utterances—apart from mine—started to come forward. Ian Donges, the then President of the New South Wales Farmers Association, now the President of the NFF, wrote a letter to the editor of the *Australian*. This is my first public opportunity to congratulate Ian on having been appointed to that position. I have considerable regard for Ian. I think he knows his stuff. He demonstrated that in this letter back in October last year when he said:

Farmers will face stringent tests, and it remains to be seen how many can take advantage of this initiative.



On 30 October, the New South Wales Farmers Association put out a press release entitled 'Farmers urged to phone on changes to age pension assistance'. The chairman of their rural affairs committee, John Cobb, is quoted as saying that 'overly stringent eligibility criteria are likely to significantly reduce the number of potential beneficiaries of the program'. He went on to say:

The expectations of farm families have been raised significantly—

Of course they have been raised significantly. The Prime Minister and the Minister for Primary Industries and Energy boasted about it. They put it out in the *Land* and everywhere else that the figure would be 10,000. As John Cobb continued to say:

... expectations have been raised ... by the announcement of this measure, yet anecdotally, it seems clear that very few families are likely to be eligible for the measure.

So O'Keefe said on 14 September that this was a sad hoax and no-one would qualify. By 30 October the government had the New South Wales Farmers Association saying that very few families were likely to be eligible.

On top of this came the nursing home fiasco. You might remember back then that the government had made its announcements on the new charges for nursing home entry fees and the application of the gifting provisions. It soon became clear that here was another part of the incompetence chain because, within 10 seconds flat, when the minister was asked in here by me, 'Does a farm handed over under the gifting provisions for the AAA package mean that you will not have to pay the nursing home entrance fee; in other words, is it exempt from the new measure?' the bumbled answer was, 'God, we haven't thought of that.'

Here was a case where the same people sitting around the cabinet table not only made an absolute mess of this program but also did not think of the relationship with another one that they were about to drop on the community, which was probably being discussed on the same day. What on earth is going on around this cabinet table? After a few questions and heaps of embarrassment, finally there was an announcement: yes, a farm that

is handed over under the intergenerational transfer provision will be exempt from the gifting provisions of the assets test for nursing homes. But, of course, what none of us twigged to then was that that was not nearly as generous an announcement as it sounded on the day because none of us knew that, nine months later, there would be only 14 of them. They thought it would be 10,000. We knew it would not be anything like 10,000, but none of us conceived it would be 14. Then the penny started to drop.

By 20 January the spokesman for the National Farmers Federation, Mr Douglas, made a statement and described the limits as unreasonable. His words were:

It might be a joke but we are still looking for the eligible farmer.

They could not find anyone who qualified. The headline in this particular country newspaper was, 'Ridiculous conditions placed on farmers'. That is the fact of it. The editor of that newspaper, the *Daily Liberal* in New South Wales, had it dead right—ridiculous conditions had been placed on farmers.

There is a point to me going through this chronology because what might have been incompetence became a hoax. By the time this bill was introduced into this parliament for its second reading, the government had had nine months to understand what had happened. It had nine months and yet nothing has been changed. I will come back to that in a minute.

On 18 May the New South Wales Farmers news release was headed, perfectly correctly, 'Farmers Retirement Assistance Scheme unworkable'. Then, in the analysis of this bill by the Senate estimates committee on social security and veteran's affairs, they discovered not only that the conditions were absurd but also that there were taxation and legal implications associated with the intergenerational transfer which the government, again, had not thought of. The Senate committee has been told that the Department of Primary Industries and Energy is in discussions with the Taxation Office. Isn't that fabulous? Every example we have to date of the Minister for Primary Industries and Energy having a discussion with the Treasurer (Mr Costello)

about issues which affect the farm sector show that the Treasurer comes out on top and the B team lose again. I had not thought of this at the time, but I would not be hanging my hat on the DPIE having successful talks with Treasury about a measure that works for 14 families. What we have is not only massive incompetence but also a sad hoax.

I go back to that original statement in the launch, which described this as a major initiative and something that was responding to 'a major issue in rural Australia'. Even after the last nine months of this whole sorry hoax unfolding, they still brought this bill into the House today and used the words that I started off with—this bill gives effect to one of the 'key measures'. How could something that benefits a handful of families be a key measure in anything? What are they trying to say? How can you describe it as a window of opportunity when it works only for a handful of people because you have put absurdly stringent conditions on it?

That is why I say it has moved from incompetence to a deliberate attempt to deceive people by saying that it is what they said it was on day one. When the Treasurer and the Minister for Finance and Administration (Mr Fahey), who is at the table today, sat at the cabinet table discussing this particular issue, I do not know whether they knew that it was the mess that it is. But certainly the Treasurer and the finance minister are laughing now because there are allocations in the budget of several million dollars over four years. I think the figure, if I remember correctly, is something of the order of \$60 million; I have the exact figures here but I will not dig them out. Whatever the figures are, we all now know that they are going to be left over. They are going to be part of the surplus for the tax cuts because they are certainly not going to be used in the intergenerational transfer of funds.

To sum up, the opposition has, from day one, supported the principle of facilitating the intergenerational transfer of funds and we still do. Therefore, we are giving passage of the bill without any impediment in the parliament. But I take this opportunity to make it very clear that I was absolutely right on day one when I described this as a sad hoax. It dem-

onstrates both incompetence and deception on the part of the government to have done this, to have not understood in the first place what they were doing but to have continued to perpetrate it and to try to describe it in this legislation as a 'key measure'. As I said before, when the negotiations take place between DPIE and Treasury it will be yet another case of the B team—the Nationals—being rolled by the A team. In both cases, none of it will be of much benefit to the farm sector.

**Mr TUCKEY** (O'Connor) (5.44 p.m.)—The Australian farm has traditionally and typically been occupied and operated by successive generations of the same family. Its value is of no consequence to them because there is no intention that it be realised. As a business, its value increases constantly because to remain competitive the occupier must purchase ever larger and more efficient machinery at considerable cost.

Wise farmers have learnt that the seasonal and cyclical factors of farming preclude excessive borrowing. So machinery, whilst of a capital nature, represents a continuous drain on gross farm income. It is not unusual in my electorate today for the replacement of a tractor to cost \$200,000 and for the replacement of a self-propelled header to cost \$300,000, and farmers are now finding it necessary to purchase self-propelled spraying equipment valued at \$250,000. We continually hear of increased productivity and all the new farming techniques that exist, but the reality is that this highly expensive capital equipment simply allows grain growers, particularly in the marginal areas—which, by any international comparison, is most of the Australian grain growing areas—to get crops into the ground with the first shower of rain.

I was inspecting a work training proposal the other day in a major engineering works in Perth, and we were looking at a piece of seeding equipment which can achieve seeding at the rate of one acre per minute. Crops can be put in quickly and can benefit from following rains, and that is a major contributor to the crops that are being produced in the country today. But that does not alter the fact that the farmer's balance sheet looks brilliant.

On face value, they are very wealthy people, but in fact there is a constant demand on their cash flows simply to keep up with the demands of new machinery. In other words, whilst farming is technically asset rich, it is typically net cash flow poor, even in a good season. Consequently, modern-day farming simply lacks the net profit—notwithstanding assets measured in the hundreds of thousands of dollars, if not in the millions—to support retiring members of a family .

Australia's social security laws apply both income and assets tests to the granting of age pensions. The ownership of a family farm obviously resides with the retiring partners or the senior members of the family. So a pension is not available simply on the measure of the assets tied up in a farm that nobody really wishes to realise. The Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998—with the conditions I will mention—is aimed at changing that situation. As the member for Burke (Mr O'Keefe) has advised the House, it is not generous but it is the first time any government has attempted to address the problems I have just identified.

The member for Burke quoted from the media that we claimed that there would be some 10,000 farmers eligible. The media may have said so but, in the documentation provided to me by the Department of Social Security and the minister's office, we said at the time that only 1,800 farms would be eligible with possibly another 300 being eligible for the Department of Veterans' Affairs pensions. So it is not fair to say that 10,000 farmers were told they could be eligible. I am quite happy to accept the fact that at this stage only 14 people have made themselves available in nine months, but that has to be read in the context of the complexities of transferring one's farm. It is not just a case of ringing up Social Security and saying, 'I've made a decision that the kids can have the farm; send the pension,' there are all the complexities that still exist in terms of transferring the family farm. There is also the problem of the conservatism of the older owners and whether they really want to take this step. Notwithstanding the assistance that arises from them

no longer being a financial burden on the farm and leaving it to the younger members to support their own families, they worry about what their children might do—whether they will mortgage the farm, whether they will sell it the day after it has been given to them and so on. So there are many reasons why this might not happen.

This measure was targeted to those people whose net assets were not in excess of \$500,000. I have already acquainted the parliament with the fact that in my electorate that much money could represent two pieces of machinery. It is nothing. But then there is the fact that many of those people who would fit this criteria are those where the pressures of borrowing—due to drought or for whatever other reason—have risen to the point where they might be occupying a property with a marketable value of \$1.5 million but they owe \$1 million. If that sounds a ridiculous situation, let me say that many farms in my electorate would have to outlay \$250,000 just to put a crop in the ground. If it does not rain, that just disappears in front of your eyes and you are back there next year having to spend another \$250,000. So you can see how quickly those sorts of debt levels can arise.

There is absolutely no doubt that this measure will help some people—probably not the 1,800 or 2,100 who are eligible. We cannot criticise positive measures, but we can point out to the government in this forum that it probably does need to be revised in certain ways. It should be recognised that, for the measure to have a broader effect, particularly in the farming activities in my electorate, we need to look at capital values that are substantially higher than \$500,000—\$500,000 of net assets and all the various applications that can be made to that to increase that figure through partnerships, et cetera. We can probably in all cases leave the income measure where it is, which offsets that.

If a family farm is able to deliver a comfortable living to the retiring parents and the incumbent children, I do not think too many of them are going to swap that for the pension. If a farm of considerable value generates very low profits to the retiring parents—in the concept that has been put forward in this

legislation, we say that the income they have been taking out of the place should not exceed the pension levels—that could be left as a test that better measured the hardship. But it should be recognised that the farm could still be worth \$1 million. As I have explained, that is not much in farming. And it is of no value whatsoever unless you intend to sell it. This is an issue that we need to look at—an increase in the actual value or limits put on the asset value, but there is not necessarily a change to the other side of it.

I want to make one exception to that, which was drawn to my attention by a constituent, that is, where the retiring member of the family is, for instance, occupying a nursing home. Remember that they are asset tested out of all the support that a typical pensioner would receive in a nursing home. But the payments the incumbent family on the farm have to pay to keep their retired family member or members in a nursing home are vastly more than the pension. As such, it is a rather unfair measure, where people meet that sort of cost and are then told, 'Well, you are well off.' Clearly, they are not. The constituent who contacted me had to take up farm work as a shearer to make up the difference between supporting his mother in a nursing home and supporting his own family on a farm that had an asset value well in excess of the limits that are replaced by this measure.

I am also concerned that we did not give people the opportunity—particularly considering that this is a finite measure; I think people have to take this decision within three years—to place their affairs in this thing called a trust that everybody wants to blackguard these days. Trusts are ideal for families to manage their property assets and to allow them to transfer from generation to generation without having to go back to the state land authorities and pay very substantial transfer fees and stamp duties in the process. A trust is for that purpose.

It is about time people realised that all of the tax advantages of a trust are available to a partnership. All the advantages of a trust or a partnership in terms of income splitting are available to a PAYE family where four or five people have separate incomes. The fact

that they earn them separately from different employers gives them the same right to access additional tax free thresholds. The fact that three or four family members might work on a farm but take the income back through a trust is no different. It is really time outside of the big end of town that the use of a trust is not maligned in the way it is in terms of tax results.

As a measure, why not say, 'Look, we understand how a family farm works. We understand what it is and that it has no value because you do not want to sell it. Why don't we just let it get into a trust situation and then say that, as such, it is not an asset that affects, in its capital sense, the rights of one-time beneficiaries of the trust to a pension'? It is a simple fact that farming has always been difficult, but with prices today that in real terms are substantially below what they have been in the past it is impossible for successive generations. There could be three generations quite simply trying to get income out of the same property. I think we recognise that these people are in hardship and they should have access to the pension.

I would like to think that the Minister for Finance and Administration (Mr Fahey), in considering this issue for the future, will take some of my representations into account. But I do reject the views of the member for Burke when he said that it was a cruel hoax. You cannot say that any positive measure is a cruel hoax. The facts are on the table. If some people's expectations were substantially above that, they cannot complain that they were hoaxed because the conditions were put out. They can be improved as time goes by. I thank the government for what it has done so far.

**Mr ANDREN** (Calare) (5.58 p.m.)—I listened with interest to the member for O'Connor (Mr Tuckey) and the points he raised. He rightly points out the need to protect the family farm as part of our rural social fabric; it is essential. This move by the government is very welcome, although there are aspects of it which are not, which the member for O'Connor did point out. It is a bit cruel for the opposition to paint it as a hoax because, as the member for O'Connor points

out, whatever the weakness and whatever the need for some sort of amendment, it is very much the first time government has initiated such a move.

The Labor opposition should be mindful of that fact because it had an opportunity over 13 years to introduce similar measures over a period of extreme hardship on the land when the commodity crash of the middle to late 1980s severely impacted on the viability of the family farm. It is a little cruel of Labor to use words such as hoax.

Notwithstanding that, when this AAA package was announced late last year it was warmly embraced by the rural community. It addressed the concerns of the rural community in areas like drought assistance and family support. In some key areas—such as rural counselling and drought assistance—it is certainly already playing an important role.

A key part of the package was arrangements for the intergenerational transfer of the family farm. A half million dollar ceiling was placed on the net value of the property. While it did seem a fairly low figure, I was prepared to support it and wait for the response from my constituency. I did not have to wait long before it was made clear to me that the levels set under this package were inappropriate and would not do much to aid the transition from the family farm to retirement of those farmers out there caught in the asset rich and income poor bind that affects so much of our rural community.

Farmers under this scheme will ostensibly be able to gift their farm to the next generation and access the pension in a window of opportunity of three years. However, the catch is that the property's net value is set at half a million dollars, and the inheriting child must have earned the majority of their income from the property over the last few years. I understand Centrelink is strictly applying this ruling. It seems a classic catch-22: farmers must have earned the bulk of their income from the very farm that is unable to support their children, so they go off-farm to earn a living and this initiative disqualifies them from accessing the scheme. That is as I read it. It makes not a lot of sense.

A farm with a net value of half a million dollars would be absolutely flat out supporting the ageing farmer and his wife, let alone the children too. Most of the children have been off farm for several years trying to earn a living and working weekends on the farm to help mum and dad. A family farm of this value is just unable to support two generations. This scheme is seen as being completely inadequate by many farmers out there who are finding the net value of their properties beyond the half million dollar net limit, yet by any judgment they should qualify for assistance under this legislation. It is better than nothing, but it is not all right to say it is just better than nothing. If we are serious about meaningful assistance, then we have to have a policy that lifts this threshold to a meaningful level.

According to the Australian Pensioners and Superannuants Federation, few of the people who actually need to avail themselves of the scheme will be able to do so in practice. While welcoming some aspects of the scheme, such as allowing recently retired farmers to participate, recognition of widowed farmers and the five-year retrospective gifting, the Australian Pensioners and Superannuants Federation suspects, as do I, that there is real justification for regarding this scheme as inadequate, good on paper but in reality not extending to those people who by any judgment should qualify.

I must say that I am not absolutely critical of all aspects; I am just saying the threshold needs reappraisal. I want to put on the record a few of the complaints that I have had. Pat Manning, a 77-year-old farmer from Vittoria near Bathurst, rightly asserts that no farm of \$500,000 net value can support two families. He sees this package as disappointing. Bruce Whalan from Oberon says his son has been forced to get most income off farm in recent years, so does not qualify. As well, the Valuer General says his property is worth more than half a million dollars, although his son has obviously not been able to live off that farm. He says his son has played a significant role in the farm operation over many years, including management, but has, by necessity,

made his living by working at other employment.

Malcolm Martin from Coonabarabran says the AAA package is no saviour and, according to him, less than two per cent will qualify for a pension under the scheme. Some of the figures that I have seen suggest that he is a little bit harsh in that percentage, but he makes the same sort of point. There are other examples that have come across my desk from farmers who believe this legislation has not got the substance it requires to assist farmers leave the land, leave a viable property with the kids and retire with dignity. The NFF, in their press releases on this, said:

The Scheme is targeted at those families whose farms, although capable of supporting one generation, have become marginal as they are being required to provide a living for two or more generations.

NFF believes that the Retirement Assistance scheme should be changed so that the limit on assets is increased to \$800,000 . . .

NFF believes that the limit should be increased to the amount that a pensioner can earn under current legislation without affecting their pension entitlement, currently about \$20,000.

Today, the NFF praised the suggested Democrat moves in the Senate. The NFF said:

The National Farmers' Federation has welcomed amendments to the Retirement Assistance for Farmers Bill, foreshadowed by the Australian Democrats.

The Democrats' amendments will mean that a home owning farming couple, with no other financial assets, would be able to gift a farm worth up to \$678,500 and receive a full pension, or worth up to \$877,500 and receive a part pension.

NFF also welcomes the Democrats' proposed amendments to increase the income test to \$20,000 . . .

The Senate Community Affairs Legislation Committee considered the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998. In his minority report on the bill, Senator John Woodley said:

The joint advantages of such a scheme, from the Democrats' point of view, are that it would both raise the assets threshold slightly and at the same time introduce a tapered withdrawal of payments rather than a sudden death withdrawal as the scheme currently proposes.

He could have chosen his words a bit better than that, but the idea is that, rather than chop it off at the pass, it should be a tapered scheme. To me, that makes more sense. Senator Woodley also said:

The Democrats believe the legislation should be clarified to ensure that the exceptional circumstances mentioned in proposed section 1185B(d) include, but are not limited to, those situations in which a farmer had been issued with an 'exceptional circumstances drought certificate'.

This would ensure that descendants forced to work off farm due to the financial impact of drought will not be excluded from the scheme.

Talking of drought, it is only a few weeks since we witnessed the ravages of the drought that was at least as bad—particularly in the central parts of the state—as that between 1981 and 1983, and probably as bad in many places as the drought of the mid-forties. That drought still has full grip in several areas, including the seat of the Deputy Prime Minister (Mr Tim Fischer), as he mentioned the other day. Anyone driving in the south-east of this continent in recent months could only be horrified by the stark and barren landscape. The sale of breeding stock is well documented. The lack of ground water on even so-called safe country on the slopes and tablelands is absolutely alarming, and even recent rains have done little to alleviate this. It is against this backdrop that farmers are trying to work out their options. They want not only to secure their own dignified future but to leave the farm in the least unencumbered fashion for their children.

To that end, the debate on who is to blame for the lack of drought assistance to farmers is very revealing. The insulting drought package offered by the New South Wales state government underlines how out of touch the Carr government really is and was on that issue. Some \$2 million of the \$3 million assistance was for water conservation. If it was not such a critical situation that piece of policy would have been a joke. At a time when dams were empty and there had been no sign of rain for months, farmers were not interested in a water conservation scheme; they wanted help to move their stock and get fodder. Stock and transport subsidies should

be part of any genuine drought assistance package.

The federal government's exceptional circumstance assistance program is welcome, but we really need to get serious in this country about long-term drought proofing. In recent months I have sent a proposal from a local seedling producer to all state ministers, federal ministers and opposition spokespersons for the serious study of old man saltbush as a drought fodder alternative. Trials in Saudi Arabia and near Gulargambone, among other places, have shown the enormous potential of this plant for drought proofing. It is not the downgraded saltbush that has been trialled; this operation has brought back into this country from South Africa the genetic stock that went there at the turn of the century. It includes all of the qualities that you see in the literature from last century when in those days it was an absolutely essential farm management tool.

I urge this government, and others around the country, to look seriously at this proposal from this particular operation. This man is not hoping to make a fortune—he is only the seedling importer—and it is up to nurseries and farmers to take it on. The proposal is for low interest loans—very modest government support—to get these trials under way. There are those who say saltbush has been trialled and found suitable only in certain areas; this operation rejects that and urges that it be looked at carefully. Unless we become more proactive in exploring large-scale meaningful drought proofing options, we will continue to be trying to fund emergency schemes for farmers when the next drought arrives.

Another issue is the impact of drought on the rural communities, villages and towns, and the need to examine what emergency measures we might introduce to maintain the viability of businesses such as general stores and rural supplies during periods of prolonged downturn. It would seem these people are somewhat asset rich but become impoverished and their survival is every bit as important as the farmers they serve in maintaining that rural infrastructure, the fabric of the rural society, because if they go down the tube so too does that rural community.

This would be an investment in the social and basic infrastructure in the bush in the same way that we can find help for the farming community when required. So this bill does cover some of the basic problems it set out to solve, but does not extend to other than the farm community—and even there has the inadequacies I pointed out. There is an argument for a similar concession to the non-farming small business person or the village and rural business. They too should be aided to transfer their business under the same guidelines to the younger generation. Continuity means everything to rural communities, where the tendency remains for the younger ones to go elsewhere seeking a livelihood. Such an extension of this retirement assistance for the non-farming rural community appears to me to have great merit.

I look forward to meaningful amendments to this bill to make its coverage more realistic and more beneficial. I applaud the government on its initiative. It is the first time such a move has been introduced. It is sorely needed. It is welcomed out there in the community. They applaud the concept but urge the government to look more deeply at how meaningful it will be and how many people will actually be assisted. It is a great idea at the moment but, as Australian Pensioners says, the scheme could be criticised as being a Clayton's. I would not go quite so far as that. It also says that, while looking good on paper, few of the people who need to avail themselves of the scheme will be able to do so in practice. I do agree with that. That is the inherent weakness in the bill. I urge the government and the Senate to accept the Democrat amendments.

**Mr ENTSCH (Leichhardt)** (6.11 p.m.)—I would first of all like to applaud the comments of the member for Calare (Mr Andren) in that he has looked at a lot of the very positive aspects of this legislation, rather than focusing on a few of the negatives. I applaud him for doing that because I think it is important that we do look at significant reform in the farming sector to help a group of people, very important Australians, who have been struggling for a long time. This type of

measure is certainly intended to assist and support them to continue their operations.

In my view, this Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998 will certainly help to address some of the needs of the farmers who have reasonably low asset bases and, as we all know from the statistics, very low personal income bases. In fact, I do not believe that there would be anybody in metropolitan Australia who would be prepared to work for the very low wages that most people in the farming community accept as a way of life. I think it is also important that they be able to transfer their family farm from one generation to the next without impacting on their eligibility for the age pension. The amendment bill rightly takes into account this need in the farming community, while limiting the eligibility and period of opportunity for which the family farm may be gifted.

In my electorate of Leichhardt we have a very strong farming base, particularly in the sugar sector. In fact, Far North Queensland was built on the back of the sugar industry with many of the old established farms having been in the family for many generations. I certainly support any measure that will enable a more equitable social security system that is extended from metropolitan Australia into the farming sector, and particularly one that takes into account the special needs of the farmers.

Before I expand on the details of the amendment bill and some of the eligibility requirements, I believe that it needs to be fully explained to the farming community. It is important to reflect on the circumstances that have led to the necessity for this amendment bill. As mentioned, this amendment bill will focus on the need for the Australian family farm to be transferred from one generation to another without affecting the eligibility of the pension-age farmer to receive retirement benefit. This initiative will focus on those farmers who experience the most financial hardship.

It is true to say, though, that the successful transfer of the family farm from one generation to another affects all farming families,

regardless of their net worth and annual income. However, for the families that are struggling to make ends meet, the inter-transfer advice, which can cost upwards of \$3,000, often makes the process prohibitive. This has led to the current situation where farms that can only adequately support one family are having to support two or three families because, if the transfer of the family farm takes place under the current guidelines, that would make the pension-aged farmer ineligible to receive a pension for up to five years.

For many families that want to stay on the land, this predicament has meant that if this amendment bill is not enacted they would be forced off the land like many farming families before them. The health of the rural community is a national issue and one which, if left to deteriorate, will impact on all Australians. The family farm certainly is a unique organisation, one that provides food for the nation and enables small business to prosper in rural communities.

It is certainly too easy to forget about the predicament of people on the land. We certainly have to appreciate that their need is very significant, irrespective of the type of farming involved—whether the farmers are involved in broadacre cropping, cattle, sheep, dairy, forestry, horticulture, aquaculture or in the sugar industry, as in my electorate. The amendments that we are offering here will complement the AAA package to provide appropriate recognition and assistance for the rural community, and the amendment bill will enable access to retirement benefit for eligible farmers.

As the member for O'Connor (Mr Tuckey) raised earlier, I think the biggest problem in this legislation is the limit of half a million dollars that it puts on the value of assets. I know that the member for O'Connor was making reference to the wheat industry. In the sugar industry, for example, one harvester alone could cost anything up to \$300,000 or \$400,000. It is not uncommon to spend \$200,000 to \$250,000 on a single tractor. So you can see that it does not take long for the value of that asset base to appreciate significantly.



Even if you get out of the cane areas into the pastoral areas, given the remoteness of some of these areas, it is necessary to provide accommodation, for example, for anybody that you have working on the place, so you can be looking at a lot of outlaid money which continues to build up the value of that asset. Any property at all where you basically put in a house, buy a tractor and maybe buy a second-hand four-wheel drive, you have reached the \$500,000 threshold and, as a consequence, you are starting to have problems. I know most of the cane farms in my area have nothing under about \$1½ million in assets, so it makes it difficult for them to access this benefit.

But that seems to be one of the more negative aspects. It was estimated initially, when this was put up, that there were some 5,200 farmers who may have met that asset and income limit and that this would flow through to the estimated initial take-up rate which was estimated at about 2,100 farmers. I am disappointed to hear that there were in fact only 14 farmers to this date who have taken up this benefit. I think that that is a clear indication that something needs to be done with that asset base to allow farmers who have a need to access it to do so, and I certainly encourage the government to consider that.

There is a window of opportunity over a three-year period. It started on 15 September 1997, but it will also apply to those who transferred legal title of their property in the five years preceding that date. So it will certainly give people in that area an opportunity to access this. Another criteria is that farmers must have owned the property for at least 15 years or have been actively involved in farming for 20 years. Farmers must have had an average income of less than the age pension over the preceding three years from both farm and non-farm activities.

Again, if the farms are that viable that they are paying a level of income that is significantly higher than the pension, I can understand farmers' reluctance to go onto the pension. By having a restriction like that, I am sure it will be providing access only for those most needy. I certainly have seen

situations in my electorate where farms have been very asset rich but, unfortunately, because they have not been able to transfer the farms, the farmers have lived on very meagre incomes, sharing their homes with their elderly parents because they cannot afford to have the parents move. Their asset base means they have absolutely no opportunities to access the pension—or any government subsidies, for that matter, regarding housing or anything else.

The income test is currently set at \$15,000 per individual. This level of assessment excludes income support from Centrelink or the Department of Veterans' Affairs and payments received under the Farm Household Support Act 1992 such as drought relief payments. Farm losses can be offset against income from other sources. Farmers must reach the pension age before 15 September 2000. In the case of a married couple, only one member has to reach retirement age at that time, regardless of which partner has legal title. Where the transfer happened before 15 September 1997, the pension will be backdated to 15 September 1997, and all transfers after that date will be paid from the date of the transfer.

I think it is also reasonable that the next generation must have had an active involvement in the farm over the past three years, although you will find in a lot of rural communities or farming communities that is certainly the case. In some instances, a lot of the kids, unfortunately, have been forced off the land, but they do maintain that active interest in it whenever they can, even though the farm cannot support them. This will be a window of opportunity for these kids to get back into the rural community.

Another good feature is that the scope of eligibility for transfer is very wide. The application to transfer to a niece or nephew would be considered. The eligibility criteria also recognise that the younger generation may have been off the land to undertake employment and to sustain the farming operation. That will be taken into consideration. This bill will certainly enable bona fide farmers to continue to be productive and remain part of their community. The bill will

help farming families on the land. The extended family will certainly be more secure, and the rural communities will directly benefit from this initiative.

In closing, I would very much encourage the government to look very closely at the asset criteria. If that can be adjusted to a point where it can be accessible for a broader range of farmers, it would put the icing on what is really a very good initiative from this government. I commend the bill to the House.

Debate (on motion by **Mr Adams**) adjourned.

**APPROPRIATION BILL (No. 1) 1998-99**

**Main Committee Report**

Bill returned from Main Committee with an unresolved question; certified copy of the bill and schedule of unresolved question presented.

Ordered that the bill be taken into consideration forthwith.

*Unresolved question—*

That the words proposed to be omitted (**Mr Gareth Evans's** amendment) stand part of the question.

Unresolved question put.

The House divided. [6.29 p.m.]

(Madam Deputy Speaker—Hon. J.A.

Crosio)

Ayes . . . . . 82

Noes . . . . . 42

Majority . . . . . 40

AYES

- Abbott, A. J.
- Andren, P. J.
- Andrews, K. J.
- Bailey, F. E.
- Billson, B. F.
- Bradford, J. W.
- Brough, M. T.
- Cameron, E. H.
- Causley, I. R.
- Cobb, M. R.
- Dondas, N. M.
- Elson, K. S.
- Evans, R. D. C.
- Fischer, T. A.
- Gallus, C. A.
- Georgiou, P.
- Anderson, J. D.
- Andrew, J. N.
- Anthony, L. J.
- Barresi, P. A.
- Bishop, B. K.
- Broadbent, R. E.
- Cadman, A. G.
- Cameron, R. A.
- Charles, R. E.
- Costello, P. H.
- Draper, P.
- Entsch, W. G.
- Fahey, J. J.
- Forrest, J. A.
- Gash, J.
- Grace, E. J.

AYES

- Halverson, R. G.
- Hicks, N. J. \*
- Johnston, R.
- Katter, R. C.
- Kelly, J. M.
- Lieberman, L. S.
- Lloyd, J. E.
- McArthur, F. S. \*
- McGauran, P. J.
- Moylan, J. E.
- Nairn, G. R.
- Nelson, B. J.
- Nugent, P. E.
- Pyne, C. M.
- Reid, N. B.
- Ronaldson, M. J. C.
- Scott, B. C.
- Smith, W. L.
- Southcott, A. J.
- Sullivan, K. J.
- Thomson, A. P.
- Tuckey, C. W.
- Vale, D. S.
- West, A. G.
- Wooldridge, M. R. L.
- Hardgrave, G. D.
- Hockey, J. B.
- Jull, D. F.
- Kelly, D. M.
- Kemp, D. A.
- Lindsay, P. J.
- Marek, P.
- McDougall, G. R.
- Miles, C. G.
- Mutch, S. B.
- Nehl, G. B.
- Neville, P. C.
- Prosser, G. D.
- Randall, D. J.
- Reith, P. K.
- Ruddock, P. M.
- Slipper, P. N. \*
- Somlyay, A. M.
- Stone, S. N.
- Taylor, W. L.
- Truss, W. E.
- Vaile, M. A. J.
- Wakelin, B. H.
- Williams, D. R.
- Worth, P. M.

NOES

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

PAIRS

- Hawker, D. P. M.
- Howard, J. W.
- Albanese, A.
- Beazley, K. C.

\* denotes teller

Question so resolved in the affirmative.

Original question resolved in the affirmative.

Bill read a second time.

**MATTERS REFERRED TO MAIN  
COMMITTEE**

Motion (by **Mr Fahey**)—by leave—agreed to:

That Appropriation Bill (No. 1) 1998-99 be referred to the Main Committee for further consideration.

**Sitting suspended from 6.34 p.m. to  
8.00 p.m.**

**APPROPRIATION BILL (No. 2) 1998-99**

**Main Committee Report**

Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration at the next sitting.

**APPROPRIATION (PARLIAMENTARY  
DEPARTMENTS) BILL 1998-99**

**Main Committee Report**

Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration at the next sitting.

**SOCIAL SECURITY AND VETERANS'  
AFFAIRS LEGISLATION  
AMENDMENT (RETIREMENT  
ASSISTANCE FOR FARMERS) BILL  
1998**

**Second Reading**

Debate resumed.

**Mr ADAMS** (Lyons) (8.01 p.m.)—This bill, the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998, is a bill to allow generational change—to help farmers who are approaching pension age to retire and hand over to their children so that they can get a pension. It is a rather obscure bill because the eligibility under it is very tight and few, we believe, will be able to make use of it. I understand that the shadow minister said that 14 farmers were all that could be found to make a claim under this legislation. That is hard to believe but I think, with the tightness of the regulations, that is probably all there

will be. Anyway, it is going to be very hard for people to utilise this piece of legislation.

The history of this legislation goes back to a special rural task force that was set up and that reported to the Prime Minister (Mr Howard). The task force, unlike the tax one, actually made recommendations, because there was a recommendation from this task force which said:

To facilitate the inter-generational transfer of farm assets a short term (for example, two years) moratorium on the five year gifting provisions be applied for farmers planning retirement (from 63 years) or of pension age to give individual families a one-off 'window of opportunity' to plan and transfer the family farm.

Then it went into some conditions. The Prime Minister decided in December 1997 to announce a rural package which would in part respond to this recommendation. All we have now is a very small number of people who are going to be assisted by this package.

**Mr McGauran**—How do you know that?

**Mr ADAMS**—What we have read in this bill shows that that will be the result. I do not believe it will be any more people than that.

Under the current Social Security Act, if the farmer disposes of assets over \$10,000 then the value of the assets over that threshold continues to be taken into account under the pension assets test for five years. It is still counted when someone is assessed. The purpose of this bill is to try to assist those farmers who are approaching pension age and who want to gift a farm worth less than \$500,000—half a million dollars—to their children by exempting the value of the farm from the pension assets test. The scheme will apply only to farm assets disposed of before 15 December 2000 and where the person or their partner reaches the pension age before that date. It is a pretty tight window of opportunity here. It is a shame the member for Gippsland (Mr McGauran) has left his place. I hope he is listening.

**Mr O'Keefe**—He is confirming what you just said.

**Mr ADAMS**—Yes, he probably is just working out that the Treasurer (Mr Costello) and the Treasury have won again and that this bill means nothing to farmers. That is about

all the rural community has got out of this government: nothing.

Farmers have to qualify, and that means they have to have had a legal or equitable interest in the farm continuously over the last 15 years. They or their partner will have had to invest significant amounts of labour and capital. 'Significant amounts' is the operative phrase in that clause, and that will be defined, I guess. They have to have derived a significant part of their income from the farm over that period, or have acquired the farm assets in question before 15 September 1997.

They or their partner would have to have been involved in farming in Australia over the last 20 years, and over that time they or their partner would have had to have invested significant amounts of labour in farming and have derived a significant part of their income from farming. 'Significant' plays a pretty important part when someone is assessing who is going to get access to the results of this bill. The farm cannot be worth any more than \$500,000. You must have had the farm for three years, except in exceptional circumstances, and someone will have to judge what is exceptional. The person's ordinary income from farming and other sources during the three years in question must have been less than the maximum base rate of the age pension. These criteria mean that the number of eligible people is just getting smaller and smaller every time you read a line or two of the bill.

So far as I can make out, this bill is current for only three years and I am wondering if it is specifically written for somebody in this House who is probably going to retire. Maybe the honourable member for Gippsland (Mr McGauran) has finished and his career is over, so he is going to leave us at the next election and needs this to pass on to his children. I really do not know how old the member for Gippsland is, but I think he has aged in recent years. I know his brief experience in executive government aged him considerably and probably taught him many lessons. So, if he is going to retire, maybe this bill was written for him. It is a pretty sloppy piece of legislation and it could do a lot better.

You always get arguments with bills like this, as I did the other day. I was talking to a fisherman from my electorate who has a \$500,000 fishing boat which he inherited from his father. He wants to get out of the fishing industry and he has to get his son into the business, so they are going to have to refinance the fishing boat so that the father can retire. Those situations apply in industry and it is very difficult. It means that we have to teach people to plan retirement a lot better than we have in the past.

There is a problem in helping those who have a legitimate problem and it should extend to all those who wish to quietly retire and let their children continue to operate the farm. There are a lot of small businesses other than farms in rural communities which also experience difficulties. Those people also look for some assistance where they have an asset but not a lot of cash flow, and I am sure they would like to benefit from a bill exactly the same as this one. The non-farm small business person, the owner-operator, would also find it very difficult to transfer their business on to the younger generation. There are a lot of such people in country areas.

As far as I could make out from the very few inquiries that I made, no-one is eligible at the moment for these stringent guidelines. The word 'significance' and the question of its interpretation will be one of the keys. I believe that it has been building up false hopes for some people, and it has been very unkind of the government and some of their members to do that, because I believe that a lot of people will not be able to meet the guidelines. This is the Prime Minister's sleight of hand: 'Look, folks, here is a special scheme for struggling farmers. Oops, sorry—it's gone now. It's too late. Bad luck.' If they seriously want to do something for farmers, it will take spending some money to assist them.

There are older farmers in the community who genuinely do need to benefit from a scheme like this to allow young farmers into farming. There are some people who do not get an opportunity to make on-farm decisions until they are in their 50s. That is a little late—they may be losing their enthusiasm for

new ideas to upgrade the farm into a modern way of working. There is a generation of thinking lost, and maybe that is part of the problem we are having getting properties into drought proofing and looking at new opportunities for the future.

We should be doing this better and we should be doing it properly. It should not be a con on the rural community, as are most of the things that this government does. We need to work on getting people to plan for their retirement from the small business sector so that we do not have to try to come up with schemes like this, which actually does nothing that could not be better achieved in other ways.

I fear for the older farmers who need to get off the farms and for the younger ones who want to take over. They do have a problem. We could do a lot better with this bill, and I believe that this bill will come back and bite the government sometime in the future.

**Mr McGAURAN** (Gippsland) (8.13 p.m.)—That was not only a banal contribution to this debate; it was highly inaccurate. In that, the honourable member for Lyons (Mr Adams) was just following the tradition that has been set for him by his colleagues' speeches in this debate on the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998.

You would think that the Labor Party would at least read the legislation and understand it before they made their wild assertions to this place. Could I reassure the people listening to this debate across the country: everything you have been told by the Labor Party in regard to this legislation is wrong—completely and utterly. Those who are perpetuating a lie stand condemned. This is new, radical legislation proposed by this government to assist farming families to hand on properties to the new generations and also to assist farming families who are having desperate financial problems. The member for Lyons pontificated about the need to put in place transition arrangements and how you need to prepare estate planning and the like. Why didn't they do anything? They were in

power for 13 years and they did nothing. We have done something.

The biggest misrepresentation which infuriates me and my colleagues on this side of the parliament is that this legislation has benefited only 14 people to date. The shadow minister for primary industries—I want everyone to know his name: the member for Burke (Mr O'Keefe), from Victoria—is utterly wrong. He has completely and totally misunderstood this legislation.

What he is referring to is the farm family restart scheme. That is not the legislation before the House. The 14 people who have taken advantage of that scheme have done so under legislation that started on 1 December last year. Let me explain this. Under the farm family restart scheme there are income payments equivalent to unemployment benefits. There are several hundred farmers across Australia getting them. The second part of that innovative scheme is the re-establishment grant. To date 14 have received that. Those are the exit provisions. So it does not relate to the legislation today, which is all about farmers being able to hand on their property. What a gross misrepresentation—a deliberate misleading of the Australian public!

We believe there will be several hundred—up to and probably exceeding 2,100—farmers who, under the legislation under consideration by the parliament at this very moment, will benefit, whereas the shadow minister for primary industries has misled anyone who would dare or bother to take him seriously by saying only 14 people are going to be able to hand on their farms. He has been excited, he has been running around geeing up members of the opposition to contribute to this debate, and threatening members of the government with exposure of this supposedly terrible wrongdoing and with the supposed total failure of the legislation.

I started getting suspicious earlier in the evening when I first heard his outrageous claims. I was thinking: how can only 14 people have benefited from this legislation when we are debating it in the parliament, which means it has not gone through the legislative process, let alone been proclaimed by the Governor-General? How can he pos-

sibly claim only 14 people have benefited when we are debating the legislation? It would only be completely naive people or, worse still—and parliamentary rules prevent me from really describing my true assessment of them—members of the Labor opposition who would believe him. Didn't it occur to any of them to question why only 14 would benefit from the legislation before the House when the legislation has not been passed by the House? But no, either deliberately or stupidly, they disregarded that fundamental fact and have repeated this misrepresentation time and time again throughout this debate.

The fact is that we have brought in legislation that will keep farm families intact and, if they cannot be viable after 12 months or more, we give them assistance to establish a new life or, alternatively, we provide, under certain conditions, for the passing on of the family farm. So it is no use Labor members like the previous speaker, the member for Lyons, talking about how we should have a scheme that passes on family farms. We have got a scheme. All they do is knock. All they do is criticise. All they do is oppose and reject. It is an opposition that totally and utterly opposes anything that the government puts up, whether it be for the benefit of sectors of the Australian community or the Australian community as a whole. You can go through the whole ambit.

**Mr O'Keefe**—We support this legislation.

**Mr McGAURAN**—The shadow minister for primary industries is interjecting, 'We support this legislation.' What a mealy-mouthed endorsement this truly is. Speaker after speaker has tried to poke holes in the legislation, has tried to discredit it, has tried to dissuade people from ever having recourse to it. Now that his falsehood is exposed, he says, 'We're jumping on the bandwagon. We'll actually support it.' How extraordinary! We provide income support to hundreds of Australian farmers suffering either climatic or commodity downturns. We provide very significant funding of up to \$45,000.

**Mr Fitzgibbon**—Did you say hundreds?

**Mr McGAURAN**—Hundreds of Australian farmers are receiving this farm family restart support. We provide an exit provision, if

necessary, but we want to keep farm families doing exactly what they themselves want to do, which is to stay and work on the farm, to be productive, to be efficient and to contribute to their local communities and the Australian economy as a whole. We are not just about what Labor's high interest rate, high inflation policies lead to, which is the expulsion of farmers from their family farms. It has been fraudulent for the Labor Party to, on the one hand, come in here and hypocritically support the legislation and, on the other hand, try to undermine it and to weaken public confidence in it, all on the basis of a total misunderstanding.

Does the shadow minister for primary industries read the legislation before he concocts a position, before he advises his colleagues? I do not know who is more at fault here: the shadow minister for primary industries for misunderstanding the legislation or his colleagues in this debate who have parroted his line, which they accepted unquestioningly and uncritically from him.

**Mr Marek**—They don't understand.

**Mr McGAURAN**—They don't understand, said the member for Capricornia, who has sat in this debate with his temper rising all the time. He has seen time and time again in this chamber the Labor Party completely distorting the meaning, intent and benefit of this legislation. Mr Deputy Speaker, how can you deal with an opposition of that kind? If anybody wants to know just how they will approach this tax reform debate, which is of enormous potential benefit to country people because they are export industry orientated in that at the moment our export industries pay wholesale sales tax and under tax reform they may not necessarily do so—

*Opposition members interjecting—*

**Mr McGAURAN**—There is no doubt about it: they will oppose it; they will scaremonger; they will exaggerate; they will deceive. We have seen their form here all through this evening in regard to this particular legislation when they tried to say 14 people have benefited—before the legislation has even passed through the parliament!—whereas, having recourse to Australian Bureau of Statistics figures in conjunction with the Australian

Bureau of Agricultural and Resource Economics figures on income, assets and age grouping, we believe 1,800 farmers and 300 veterans will be able to take advantage of passing on the property to their next generation.

It is true to say, however, that farmers should be planning ahead for the transition from one generation to another. Of course, we are not by this legislation taking away the right, or opportunity, of farmers to gift that presently exists under social security. We are adding to it. We are enunciating a new dimension to the rights and entitlements of farmers to pass on properties if they meet the conditions, which are, firstly, that an average income of \$15,000 equivalent to the age pension over three years be satisfied and, secondly, that there be net equity in the property of up to \$500,000. We have added to what a farmer can decide to do in the future.

There are mixed reactions in the farming community about this whole question of transition. It is true that farming communities have to pay more attention to it. I met a farmer over the weekend who transferred his property to his son several years ago and now, as he reaches retirement age, he will be able to access the age pension. As we all know, it is not always easy for a farmer to necessarily pass on the farm at an age when he or she is still very active to one or more of the children and then not have the registered ownership of the property for five years until they reach retirement age. However, there is a number of alternatives around. This legislation adds to that range of choices. So it is very inventive and innovative legislation—which the Labor Party certainly failed to introduce during their 13 years.

But this is a war cry from Labor that we are getting very used to around this place. Any time any of their deficiencies are exposed it is always replied to as being a job for their 14th year in office. It is always the 14th year—you would have done this in the 14th year; you would have done industrial relations and unfair dismissal in the 14th year; you would have done tax reform in the 14th year. It goes on and on. The fact is you have no credibility. If ever your base political motiva-

tions needed to be exposed it has been during the debate on this legislation when your spokesman on this issue, who is supposed to have the knowledge and the expertise to properly represent the constituency with which he is charged—namely, primary industries—has misled that very constituency by alleging that only 14 people would benefit from this legislation. It has nothing to do with this legislation. Why would we want more than 14 to benefit under the exit provisions of the farm family restart scheme? Instead, we want the hundreds enjoying the household income support under that scheme to remain farmers. I am very proud to be associated with a government that has introduced this groundbreaking legislation on behalf of the Australian farming community.

**Ms MACKLIN** (Jagajaga) (8.25 p.m.)—In his second reading speech on the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998, the Minister for Immigration and Multicultural Affairs (Mr Ruddock), who represents the Minister for Social Security (Senator Newman), explained the government's rationale for introducing this scheme. He said:

This measure is targeted at those families who are in hardship because their businesses are capable of supporting only one family but are being required to provide a living for two or more families. It will remove a significant impediment to the intergenerational transfer of the family farm. It represents a significant concession for farmers.

We found similar statements in the explanatory memorandum. Even though we have had an extraordinary performance—suitable for the stage—from the previous speaker, the member for Gippsland (Mr McGauran), there is no significant concession for farmers in this bill. In fact, the eligibility criteria contained in this bill are so restrictive one wonders whether this really is a serious attempt to deal with the issue addressed in the statements the minister made or whether it is really a mickey mouse scheme designed to give the appearance of helping farmers. That is really what this scheme is—a mickey mouse scheme designed to give the appearance of helping farmers.

During the hearings of the Senate Community Affairs Legislation Committee last year, the Department of Social Security said that they believed some 10,000 families were going to be affected by the scheme over time. They indicated that the scheme would cost about \$5 million to set up. Given the strict nature of the qualifying criteria, we find this figure of 10,000 families rather surprising. It is even more surprising when you look at the costings of the scheme contained in the explanatory memorandum, which indicate that net outlays for any of the given years that the scheme is going to operate in, that is, from 1997 to 2001, are expected to be less than \$13 million. Let us do a quick sum. Work out how many people can get a full single rate pension for \$13 million. You can get 1,400 single rate pensions for \$13 million. Of course, they will not all be single people; some of them will be married.

So it seems that the figure the Department of Social Security is now giving us of 2,100 is much more like the number that 'might' get access to the pension for \$13 million—not 10,000 families. That is what makes it a Mickey Mouse scheme. Although we have \$13 million a year allocated to spend on this measure that 'might' give a benefit to 2,100 farmers, we in fact find that the restrictions placed on this scheme could see many fewer than 2,100 actually fitting the very tight criteria.

So it has come as no surprise to us that the government has finally had to revise its figures substantially. No doubt, once the scheme gets under way, we will find that very few people indeed are able to access this scheme. It is not unusual for this government to provide one set of figures in relation to its proposals when it announces them—with lots of fanfare, lots of activity in the House and plenty of press outside—only to revise those figures later. They announced that there was going to be all this help for farmers. We also saw this with the government's announcement on the pension bonus scheme. This was another example where there was going to be an enormous benefit to those older people who wanted to keep on working—they were going to get some extraordinary benefit.

In the case of the pension bonus scheme, just as with this farm support scheme, the government revises the figures down considerably once it gets into Senate committees and has to confront the serious facts. The government seems to be having an extraordinary amount of trouble estimating the costs and effects of its proposed schemes. If we can believe the latest figures, they seem to show that this scheme is very limited.

Another example of where the government has been caught out trying to show that it is a great reforming government, when it is probably better described as mean-spirited, is the case where, in a social security bill, the government said that it was going to extend the carer payment to people caring for under-16-year-olds who are profoundly disabled—a proposal so tightly framed that very few people are likely to benefit from it. Here we have just three schemes where the government, through a lot of fanfare, suggests it is going to introduce major reforms and, when we look at the detail, we find that very few people will get any benefit.

Under this bill, farmers will be eligible only if they earned up to an average of the maximum pension rate over the last three financial years. That represents \$354.60 per fortnight for single farmers, or \$591.60 per fortnight for couples. So people have a very real idea of the restrictive nature of what they can earn over the last three financial years. This includes income of the farmer and their spouse from the farm and other sources. It is a very restricted scheme.

The scheme is also restricted to cases where the farm assets are not worth more than \$500,000. This figure includes not just the farm itself but all fixtures and equipment as well. According to the Australian Bureau of Agricultural and Resource Economics, such farms are unlikely to be capable of supporting one family to an adequate level, let alone two or three. But, of course, if such a farm did generate enough income to provide a living greater than the pension rate, it would be excluded from the scheme for that reason.

If these strict criteria are met, there are still further hurdles which a farming family must cross before qualifying under the scheme.



They must have had a legal or equitable interest in the farm over the past 15 years or have been involved in farming for 20 years. They must also have invested significant amounts of labour and capital in the farm and have derived a significant part of their income from farming. The person to whom the farm is transferred must generally have been involved in farming for the last three years. These criteria might not seem unreasonable on their own but, together with the rest of the criteria, they make it clear that the government wishes to restrict this scheme to as few farmers as possible.

I note that the Australian Pensioners and Superannuants Federation and the National Farmers Federation have expressed similar concerns. In a letter dated 11 February this year to the Department of Social Security, the Australian Pensioners and Superannuants Federation said:

While, there may be individually sound reasons for including the previous conditions as a requirement for entry to the RAFS—

that is, the retirement assistance for farmers scheme—

AP&SF is extremely concerned that, taken together, few of the people who actually need to avail themselves of the scheme will be able to do so in practice.

If the requirements do not allow retiring farmers any entry point to the assistance available, the scheme could be criticised as being a 'Claytons' scheme in that while looking good on paper, it may have no reasonable application to the lives of farmers who are intended to be the beneficiaries of a relaxation of the pension gifting rules.

The scheme is also limited in that it will apply only if the farmer or their spouse will reach age pension age before 15 September 2000 and where the farm assets were disposed of before that date. In short, what is proposed as a temporary scheme which seems ill-conceived could not possibly meet its stated aims except in very few cases.

I conclude by referring to another issue which was raised at the Senate committee hearing a few weeks ago. It concerns the tax implications of transferring farm assets held by family companies. It appears that some of these transfers are regarded under the income tax legislation as generating a notional profit

which is taxable. It was also pointed out during the committee hearing that there may be ways around at least some of these problems but that they are complex and likely to require the assistance of lawyers and accountants.

Farmers whose farms are held by family companies and who do not receive sound advice about the best way to have the farm assets transferred to the next generation may be faced with substantial tax bills. I understand that these issues are presently being discussed with the Australian Taxation Office. I wonder whether these issues were simply overlooked when the bill was drafted. When the minister responds, the opposition would be pleased if the government would let us know what they intend to do about these tax problems.

As members of the opposition have made clear, we are very concerned that this is a mickey mouse scheme, that it is not going to help those that the government said it intended to help. The restrictions put on the scheme are so tight that very few people who need assistance will be able to claim it. The APSF probably got it right when they called it a 'Clayton's scheme' because that is what it is.

**Mrs STONE** (Murray) (8.36 p.m.)—I rise to support the excellent Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998—a bill which the honourable member for Jagajaga (Ms Macklin) has just described as a 'Clayton's activity'. That is not surprising, of course, because the opposition has shown itself to be singularly out of touch and beyond all understanding of what goes on in regional Australia. It is amazing that the honourable member for Burke (Mr O'Keefe) was so out of synchronisation, arguing about a totally different scheme. He suggested this bill was already in action and only a handful of farmers had been able to take advantage of it. I hope he very quickly does his homework before he gets back to his electorate.

A retirement assistance scheme for farmers is essential for Australia and, of course, most important for the electorate of Murray. The 1996 census figures indicated that 21.7 per cent of all those employed worked in primary

production in Murray and 40 per cent of all families there had a weekly family income of less than \$500. Only 6.4 per cent have a weekly family income of more than \$1,500. It is an electorate of affluence in some areas but one of seriously low incomes in others, in particular in the section of the electorate that is primary production dependent. The contrast of high and lower income families is especially marked in the agriculture sector throughout the electorate.

We are a very productive region, generating billions of dollars in export earnings annually. However, like primary producers throughout Australia, Murray's farmers are largely price takers in international markets where government intervention is commonplace, creating subsidised competition and non-tariff barriers. That makes it very difficult to compete. Margins in farming are cut to the bone and have been for more than a generation. It is not easy to survive in agribusiness today.

The foreword of the ABARE report entitled *Issues in the delivery of Commonwealth social support programs to farm families* encapsulated the need for adequate social security assistance for some farm families. It stated:

Low commodity prices in the early 1990's, combined with widespread drought in 1993-94, continued the long downward trend in net value of farm production and income in Australia of the past four decades. This accentuated the need of farm families for fair and equitable access for social support programs provided by the Commonwealth Government.

This bill is about dealing out some equity for low income, aged Australian farmers. It is not about charity. The scheme can be justified on humanitarian and economic grounds. It is certainly not a scheme dealing out special favours to all Australian farmers—that is why of course there are conditions. We are responsible in the way that we disburse the Australian taxpayers' funds. The Australian farming population is only too aware of the need to be discerning in terms of who is most in need and where this particular scheme needs to apply.

ABARE's 1995 study of the social and financial circumstances of farm families showed that, throughout Australia, 10.5 per cent of people living in family farm house-

holds were of retirement age and 15.1 per cent of these people were living in sub-commercial farm households. That ABARE study also concluded that, after excluding an average value for the family home, 14 per cent of the surveyed households had assets of less than \$350,000 and incomes below \$15,000. And remember, the costs of food, fuel, transport, health services, sport and recreation in country areas are substantially higher than in metropolitan areas. The in-depth interviews that ABARE carried out revealed that, in the two years before the study, 21 per cent of all of the low income farm family households had cut back on basic food, and over one-quarter were concerned about making ends meet either all or some of the time. These are the older farming families in low income situations that we need to target with this special scheme.

Why do we have this phenomenon of asset rich and income poor farmers in poverty traps around the country? As well, you need to ask: why should aged, low income farmers be treated any differently from people in any other occupation in Australia? These are very important questions.

The current system is mightily unjust given the income levels I have just described and given that the assets many farming families have simply do not generate the sorts of incomes that you would perhaps expect in some other business enterprise. Under the current system, the one that Labor has been happy to see in place for generations and did nothing to change in its 13 years in government, if an elderly parent gifts more than \$10,000 worth of property or assets in one year, the amount over \$10,000 is counted as an asset for the next five years when assessing eligibility for the age pension. So we have had this incredible trap.

The next generation, the farmer's sons or daughters, may not be in a position to purchase the property at market value and the farm may not generate sufficient income for the older owners to distribute sufficient income to their sons and daughters, who carry on the everyday work activity of the property. Faced with that reality, too many elderly farmers or individuals have simply not trans-

ferred the title of the family farm to their sons and daughters, even though that next generation have been the full-time farm workers and part of the management team for decades.

Where the low income younger generation is trying to derive income for the two or more generations—the grandparents or the parents—it is often at a cost well beyond the means of that farm. Investment back into the farm enterprise is stalled. The family farm becomes less viable. The younger generation, in despair, might simply move off the property, seeking employment elsewhere—a better deal somewhere else on a salary. The rural communities then shrink. The stewards of the land become fewer and less able to do the sorts of work that farmers always have done—minding the waterways, guarding the wetlands, trying to preserve the biodiversity and planting the trees that may not show any tangible evidence of maturity for perhaps 10, 15 or 20 years—the work that perhaps will not achieve an income increase for another generation. That sort of work is all stalled when you break family farm succession. In too many cases around Australia, the poverty in which the older generations have found themselves because of the difficulties our social security rules have imposed on them have meant a break in family farm succession.

It is no accident that over 99 per cent of Australian farms are family farms. This is for the reasons I have just referred to. Farming in Australia is not a high return business in so many of our farm sectors. The work that one generation does is often to be reaped as a reward by the next generation. In particular, the work we do today on tree planting and underground water system management in rural Victoria, in northern Victorian with its high watertable, is work that has to be done today but for which we will not reap the benefits for another 10, 20 or 50 years.

This scheme would never have been introduced by the opposition. We have heard tonight the cynicism, as they described the scheme as 'mickey mouse'. The member for Jagajaga (Ms Macklin) said that it was a mickey mouse scheme designed to appear as if we are giving assistance to farmers. I ask: what did they do? People throughout Austral-

ia, particularly the older farmers, are grateful to see this scheme being introduced as some recognition of their extreme distress.

Labor has consistently demonstrated a profound lack of understanding of the social structures, the economic realities and the environment sustaining work of the people who live outside Australia's capital cities. Farmers' livelihoods involve the day-to-day management of over 70 per cent of the Australian land mass. Remember the feigned outrage of the opposition when it occurred to it that the Natural Heritage Trust funding had predominantly been allocated to help sustain and improve the forests, lands, waterways and river basins; and—surprise, surprise—these make up regional Australia. Yes, rural electorates have consistently voted for the Liberal and National parties. And regional Australia is where these natural heritage phenomena are to be found. Is the Labor Party telling us that, if it had been in power, it would have allocated the Natural Heritage Trust funds on a per capita basis to the populations in the built-up, man-made environments in the cities?

How can Labor argue that this legislation before the House tonight is anything but enlightened and long overdue?

This government's special rural task force were asked to investigate the impact of the social security assets tests on customers in rural areas, including how the assets tests affected farmers remaining on small non-viable land holdings which cannot generate income beyond the age pension limit, and the social and economic implications of changing the assets tests rules relating to the intergenerational transfer of farms. In their report, they acknowledged that many needed urgent and immediate assistance—the form of assistance this legislation will deliver. But they also acknowledged that we need long-term holistic approaches to planning for family farm businesses and an integrated whole farm planning process, including developing family agreements for farming together and intergenerational transfer planning.

Our government's Agriculture—Advancing Australia package has a range of programs designed to assist farming families to progress

throughout their farming enterprise so that farm succession can occur without some perhaps getting into the difficulties that this current generation has found themselves in. The AAA package includes such programs as the farm business program—or Farmbis, as we call it—and many rural counselling services, in particular the rural communities program and the farm family restart scheme, which the member for Burke tripped up on.

This government is addressing the realities of our primary industry in Australia. We understand the social structures. We understand the economic realities of having to farm in such a way so the next generation may benefit. When this legislation is enacted, we will make it a cornerstone of greater justice for farm families. I know that today is a very important occasion for farming families and that they are grateful that this government is in power on this day.

**Mr FITZGIBBON** (Hunter) (8.48 p.m.)—I enjoyed the contribution of the member for Gippsland (Mr McGauran) in particular on the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998. I enjoy coming in here and watching members of the National and Liberal parties representing rural and regional Australia trying to justify their rather paltry representation of those areas. I like the way they always fall back to the Natural Heritage Trust funding, as the member for Murray (Mrs Stone) did.

Those living in rural and regional Australia paid a very high price for that Natural Heritage Trust funding. They took the government on trust. Their high price was the loss of one-third control of Telstra. That was a very high price for them. They were very concerned that this was a risky game, but they were prepared to take the government on trust. And what is happening now? They are going to flog the rest of it, and people living in rural and regional Australia are not too happy, I can assure you, Mr Deputy Speaker. There was some significant bias in the Natural Heritage Trust funding. The member for Murray would have us believe that the perceived bias is only because the Natural Heritage Trust funding went to rural electorates, but she can never

explain to me the discrepancy between those rural seats that are held by government members and the amount of money they received and those rural and regional seats held by members of the Labor Party and the money they received.

The member for Gippsland was particularly passionate, and he was particularly passionate for a very good reason: because the National Party has been rolled again in cabinet—and it happens again and again. When this proposal before the House tonight was announced as part of Minister Anderson's wonderful AAA package, it was done with great fanfare, and it was going to do lots for people living in rural and regional Australia. But it has been made quite clear now—and the member for Gippsland has conceded it himself—that nowhere near the number of people as was originally suggested are going to be assisted by this bill. The former minister tonight conceded that, notwithstanding the fact that the original estimate was something like 10,000 would be assisted, it is now—on their own figuring—more like 2,100 people.

Prior to the election, members like the member for Gippsland were travelling the width and breadth of the country, jumping all over the Australian Labor Party saying that the Labor Party had failed the rural sector for 13 years but that they were going to do something about it. Drought was a perfect example. For months—indeed years—there were areas in my own electorate that had failed to gain a drought declaration. As would be recalled, that was a declaration made on the advice of an independent body made up of scientists—among other people. Unfortunately, for a long time that body known as RASAC was not prepared to designate many areas in the Upper Hunter as drought declared, and the then opposition were screaming how terrible this was.

Thankfully, just prior to the last election, those regions were drought declared. But do you know what happened on the election of the Howard government? That designation was taken away. After all the screaming in opposition—and having the Labor Party finally secure that designation—the coalition government came into power and took it

away. So no wonder you see the filibustering coming from members like the member for Gippsland. They are embarrassed by their failure to do what they proposed to do for rural and regional Australia.

But the bill before us tonight is based on an admirable principle. Of course, it proposes to allow low income pension age farmers, including veterans and their partners, to transfer their farm and farm assets up to a maximum of \$500,000 net of debt to the next generation without affecting their access to the age or service pension.

Before coming to this House, I was a local government councillor in my electorate and I have seen this problem from a different angle. I have been, as a councillor, part of a planning consent authority, and I have had people come to me pleading to allow them to subdivide their land contrary to the council's planning instrument because of the terrible way in which the assets test, with respect to their farm, was impacting upon them. I have seen the genuine concerns and, like the shadow minister, I support this bill. I can do so if for no other reason but for the letter I have received from a constituent, Ms Sandra Reynolds, who says:

The situation is that my mother has transferred Rural Farm Land to me her daughter 3 years ago. She is now 76 years of age.

Now she is suffering from Dementia and soon will have to go into care, she has been self funded until interest rates—

started to drop and now she is basically on the poverty line. She says:

After the announcement of the waving of the 5 year wait I applied to Centrelink and to my surprise after ringing their financial advisor this Act does not yet have Royal Assent. So 3 months later and no further ahead I hope that you will stir Mr. Howard to action.

It sounds to me like my constituent will not apply under this current bill because her land was transferred too long ago. That is a matter I am taking up personally with the minister.

But it highlights the point that previous speakers on my side have been making, that is, the very criteria which govern the operation of this bill. First, of course, the scheme will apply only to farm assets disposed of

before 15 September 2000 and where the person or their partner reached age pension age before that date. Second, to qualify for the scheme a person must be a qualifying farmer as determined under the act. Third, the scheme will apply, as I have mentioned, only where the value of the farm assets is not more than \$500,000—again, as I said, net of debt. Fourth, the person to whom the farm assets have been transferred must have been involved in the farm for the three years up to the date of transfer, except in exceptional circumstances. Fifth, the person's ordinary income from farming and other sources during the three financial years prior to the asset transfer must have been less than the maximum basic rate of pension.

There is something very confusing in that for me and I suspect it is one of the reasons Centrelink is advising so many people they may not be eligible for this assistance. I pick up what the member for Gippsland said in respect of none of us being sure about the eligibility numbers, but the act has not yet gained the imprimatur of the Governor-General, et cetera. However, I do know from that letter that Sandra Reynolds has written to me, and from subsequent conversations I have had with her, that Centrelink is giving advice as to whether people are likely to qualify for this assistance or not. She was given advice that she certainly does not qualify because the bill has not gained royal assent. But she also has some difficulties in terms of the time frame involved. We do know that very few—indeed, far fewer than originally indicated by the government—are going to be eligible for this assistance.

I turn to criteria four and five, which say that the person dispossessing themselves of the farm must have been involved in the farm for up to three years before the transfer date. In other words, the person who did own the farm has to have had a very low income, yet the other person, who is receiving the benefit of the farm, must have had an association with the farm. I think there is conflict there. I do not see how the previous owner of the farm is going to be earning such a low income when the farm is supposed to have been providing for both parties. There is a conflict

there and I suspect that it is one of the things driving down the number of people who are gaining eligibility under the bill or at least being advised by Centrelink that their eligibility for the benefits under the bill are very doubtful.

The other thing I cannot understand about this bill is the fact that the government is allowing it to proceed through the houses of parliament without addressing the taxation concerns raised by the Australian Society of Practising Accountants. They are warning farmers not to avail themselves of the assistance that will be available under this bill without, first, considering it very carefully and consulting their accountants. They are referring, of course, to potential capital gains implications that might flow as a result of anyone taking or attempting to take the benefits under the bill. They are also referring to potential tax liabilities on deemed profits from associated transfers of livestock. They are also referring to potential income liability for retiring farmers whose farms are in a company structure.

I said earlier that the principle of this thing is right. It is a sensible principle, something that I appreciate the government attempting to do. But it is mickey mouse. The shadow minister may have taken it too far—I am not sure. He called it a hoax and over the course of time he will probably be proven correct on that. But, if it is not a hoax, at the very least it reeks of incompetence. We have a bill before us that is proposed to help 10,000; that, on the member for Gippsland's admission, is 2,100. It is a bill that does not have the support of the National Farmers Federation, but that is another story—they might have other interests in their mind. But it is a bill that has serious questions attached to it with respect to tax implications that are still unanswered by the government.

I suggest it would be better for the government to withdraw its bill and go back and have another look. It is mickey mouse. It reeks of incompetence. We are not going to be silly enough to oppose it because the principle is correct. But I suggest that the government has a look at what it has done and should take shame and admit that this bill

is going to go nowhere near as far as it had proposed it would when it was announced with great fanfare by the minister last year.

**Mr RUDDOCK** (Berowra—Minister for Immigration and Multicultural Affairs) (9.00 p.m.)—in reply—I thank the honourable members who have participated in the debate on the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill 1998. I did hear something of the comments by the honourable member for Burke (Mr O'Keefe) before dinner. He has been ably supported in this debate by the member for O'Connor (Mr Tuckey), the member for Calare (Mr Andren), the member for Leichhardt (Mr Entsch), the member for Gippsland (Mr McGauran), the member for Lyons (Mr Adams), the member for Jagajaga (Ms Macklin), the member for Murray (Mrs Stone) and the member for Hunter (Mr Fitzgibbon).

We welcome the opposition's indications of support for the bill. Obviously, this is a bill which for the first time gives low income farm families struggling to feed two or three generations from one property a window of opportunity to reorganise their affairs so that their farm is able to prosper and grow. It is the first opportunity that people have had to take advantage of opportunities that are provided by this legislation. In a real sense, it is regrettable that, for many years, succession planning has been a very low priority for farm families. They have not ensured that farms are passed to the younger generation in an orderly way that ensures the older generation can retire in dignity.

This bill says to rural families that they have three years in which to catch up on succession planning: to talk to their accountants, their lawyers, Centrelink's financial information officers and others who may be able to assist them in structuring their finances properly. In the context of the opposition's criticisms on the detail of the scheme, I can only repeat the words of the member for Calare: this is the first time a government has initiated such a move. Labor had 13 years to do something—

*Mr Fitzgibbon interjecting—*

**Mr RUDDOCK**—Labor did have 13 years to do something, and it did nothing in that time. Obviously, I have heard the new, feigned interest in these matters. But I can guarantee that, if there had been no attempt to deal with this issue in the way in which we have, we would not have heard any comments from the Labor Party about this matter. I think it needs to be seen in that context.

In relation to the specifics of the comments by the member for Burke, I reject his claim that the take-up of this scheme is as low as 14 families. I am told that, since the Minister for Primary Industries and Energy (Mr Anderson) announced this scheme last year, 1,500 families have inquired about the scheme and 500 have actually registered their interest in claiming once this legislation has passed; this is before Centrelink has distributed any significant publicity material. I think it is important to note that, as the member for Gippsland pointed out, the figure of 14 that the member for Burke quoted is actually the number of claimants for re-establishment grants—a completely separate part of the package which has nothing to do with this new retirement assistance scheme for farmers. I would encourage the member for Burke to correct the record in relation to this matter.

**Mr O'Keefe**—Would you give me indulgence to take a minute to do it?

**Mr RUDDOCK**—No, I would not give you indulgence. But I would think that at the first available opportunity you would want to ensure the record is corrected in relation to that matter.

The fact is that the honourable member for Burke also claimed that the government had undertaken a cruel rural hoax in relation to this matter. This, again, is completely false. When the scheme was announced, the government stated that 10,000 families could potentially benefit as they had sufficiently low incomes. The government has always stated that, once compliance with the assets test and other tests is factored in, 2,100 families would qualify—1,800 in the social security portfolio and 300 in the veterans' affairs portfolio.

The issue that has been most controversial here tonight is the level of the assets threshold. I want to stress that this scheme is

clearly one which is targeted at low income, low asset farm families. In other words, it meets the framework tests which we generally apply to social security eligibility. It is not intended to give general access to the pension to all farmers, irrespective of their ability to provide for themselves in retirement. Rather, it is to be seen as a welfare measure focusing on the farmers who have lower incomes and lower asset levels. But there has been some misunderstanding as to how the half million test works. Firstly, it is a net figure. If a farm is worth \$800,000 but has a mortgage of \$300,000 on it, then the net value is half a million dollars and this family may qualify. Secondly, it is only that share of the farm which the parents own which is counted. If a \$1 million dollar farm is held in partnership between two generations, then the parents' share is worth half a million dollars and they would thus qualify. The other conditions of this scheme, such as the income test and the connection which both the older and younger generations must have with the land, are all fair measures which ensure the benefits fall as they are aimed.

In conclusion, I respond to the endorsement by the member for Calare of the amendments proposed to this bill by Senator Woodley. Due to the intransigence of the opposition, the Democrats and other parties in the Senate, that chamber has a large backlog of legislation waiting to be considered. The practical effect of this is that this bill may well not be considered this sitting in the Senate and will therefore be delayed until August and possibly later. This is a huge problem for those farm families who are desperately hanging on and waiting for the legislation to pass. The one solution to this impasse is for the bill to go through the Senate as non-controversial.

If Senator Woodley does not press his amendments, this bill could be passed within two weeks. But, if he insists on them, struggling families in the bush will have to wait many more months before these beneficial measures are in place. That really puts the ball right back in the court of the opposition and the Democrats. They can pass the bill unamended or they can allow farm families who are eligible to go without access to these

beneficial measures. It will be a measure of the extent to which the opposition has any interest in relation to—

**Mr O'Keefe**—It is not a testosterone test. We've already said we'll support it.

**Mr RUDDOCK**—We are making it very clear. The bill will be treated as non-controversial in the Senate? Give encouragement to the Democrats and we will ensure it is dealt with in that way. We look forward to your cooperation in that effort as well.

Question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

### Third Reading

Leave granted for third reading to be moved forthwith.

Bill (on motion by **Mr Ruddock**) read a third time.

### CUSTOMS TARIFF AMENDMENT BILL (No. 1) 1998

#### Second Reading

Debate resumed from 2 April, on motion by **Mr Truss**:

That the bill be now read a second time.

**Mr MARTIN** (Cunningham) (9.09 p.m.)—At the outset, in the spirit of cooperation which pervades the parliament this evening, let me indicate that the opposition in no way will hinder the passage of the Customs Tariff Amendment Bill (No. 1) 1998 through either the House of Representatives or the Senate because, quite obviously, this bill is uncontroversial. It seeks to do essentially two things. It seeks to give legislative effect to the Customs Tariff Proposal No. 5 of 1997, which proposed a reduction on the rate of customs duty payable on aviation gasoline. That certainly is a very non-controversial element of the legislation.

The second part of the bill which needs comment deals with the proposal to allow the importation of prescribed goods by non-Australian Olympic and Paralympic family members for both the Sydney 2000 Olympic Games and the Sydney 2000 Paralympic

Games. There can be no more important and significant event in the coming couple of years in Australia than both the Olympics and the Paralympics in terms of what that will provide for Australia in showcasing this great nation of ours. It will be a celebration of athleticism, the likes of which Australia has not seen certainly since Melbourne and, probably, with advances in legitimate training techniques, we will see athletic and similar abilities on show for the rest of the world to see. Importantly, it will also give us an opportunity to cheer on Australians in their own environment and in a magnificent facility that is in the process of being constructed at Homebush.

It is actually quite opportune that we are debating this bill today in respect of the elements relevant to the Olympics because the New South Wales state government delivered its budget today and, as an adjunct to that budget, gave an indication as to just how much the Olympics were to cost in terms of its overall cost to Australia but, more specifically, to New South Wales. Rather than being the subject of some derision, I think that Michael Knight, the Minister for the Olympics, the Treasurer, Michael Egan, and the Premier, Bob Carr, deserve congratulations for being the first government, as I understand it, probably ever to bring forward the costings associated with the Olympics before the Olympics take place.

It has apparently been a feature of most Olympic events around the world that costings are delivered well after the event. Final costings come in and the people of the host nation discover just how much their city, their state or their country is up for in terms of paying for the Olympics. As I understand it, from the figures that were quoted today, something like \$2.7 billion will be expended on the Olympic venue and it will be a matter of the state contributing a sizeable proportion of that.

Revenue from the Olympics and revenue from the sale of housing that is being developed at the present moment to house athletes, et cetera, will go towards meeting the costs of those facilities at Homebush. As I have said, the fact that costings have been released now,



in advance of the Olympics having been completed—and notwithstanding some commentary that the initial costs have blown out by comparison with those that were advanced at the time of the bid being made—I think is a credit to the New South Wales government.

Quite often in this place we stand in front of each other and hold debate—and sometimes, indeed, even scream abuse—about whether or not governments and, indeed, oppositions are accountable. In the case of governments being accountable, of course that normally goes to whether or not all information is provided to the taxpayers of Australia in respect of any legislation, any tax measure or any other measure that the government brings forward. In the case of New South Wales, as I say, here for all to see, warts and all, are the costings associated with the presentation of the Olympics in the year 2000.

As I said, the fact that it has been broken down to costings like \$144 million for transport, \$99 million for other aspects of the games, \$8 million-odd for hospital and medical facilities and so on is an indication of the significance which the New South Wales government attaches to ensuring that the taxpayers of that state know about it. That extends to the taxpayers of Australia and, might I say, even the Commonwealth government, given that we are now a sponsor with the latest deal that has been done in handing over the \$32 million-odd that was required for things like providing customs services and other facilities where there was some scrabbling around the edges between, I think, the Minister for Sport and Tourism (Mr Andrew Thomson) and his counterpart, Michael Knight, in New South Wales. I think it is very appropriate that that is the case.

I might just say, while we are about it, to the Minister for Customs and Consumer Affairs (Mr Truss) that I know that those in the Australian Olympic movement and the athletes in Australia who are looking forward to the challenges of the year 2000 Olympics and Paralympics welcome the support that has come from the Commonwealth government. I have had an opportunity to meet with a number of people and to discuss that. It is a little unfortunate that people decided that they

wanted to play politics at the edges. Discussions that were going on behind the scenes would probably have achieved a reasonable outcome in the long term, but from the opposition's perspective we thank the customs minister who is at the table most sincerely not only for what his department will be doing to ensure that the Olympics goes off well but also for providing a briefing for me and my staff on this specific bill. I commend this minister; he goes out of his way to ensure that the opposition is informed on every aspect of customs legislation. It is something which we certainly appreciate.

The only issue that emerged when we were looking at this bill was the fact that, as I have said, it was seeking to allow the importation of prescribed goods by non-Australian Olympic and Paralympic family members for both the Sydney 2000 Olympics and the Sydney 2000 Paralympics. The only problem that crept up for us was: just what is this definition of the 'Olympic family'? The definition lies in the hands of the International Olympic Committee, and, as best as we could ascertain, the definition of the 'Olympic family' is not written down anywhere. It would also seem that under the very astute and esteemed guidance of Juan Antonio Samaranch, the President of the IOC, the definition apparently has widened somewhat. Initially, the definition included the IOC members and accompanying persons, the International Federal President and Secretary-General, the athletes, officials and accompanying persons. But that has now been widened to include people belonging to the host city delegations and accompanying persons and also the media at large.

Madam Deputy Speaker Crosio, as an avid sports fanatic yourself, representing the western suburbs of Sydney, with all of the facilities that are available there and the fact that your electorate is very close to the Homebush site and to a number of the other Olympic facilities that have been built in the western suburbs of Sydney, I am sure you would be interested to know that when you see an Olympic Games in operation you notice not only the number of support staff that go with the athletes themselves but also

the media. There are all these official media coming from every participating nation around the world—and that includes the print media, the radio broadcast media, the television crews, the backup, the electricians and all the rest of it. It is fair to say that you would get the impression that quite a large number of people are now embraced by this definition of the 'Olympic family'.

Very kindly, this afternoon, Customs officials came and briefed me; some figures have been put on this now. The approximate size of the Olympic family—and this should not excite too many people because there are some explanations behind it—is 40,000 for the Sydney Olympics, 20,000 for the Paralympics and 5,000-odd people coming for trial and cultural events, making a grand total of 65,000-odd personnel. That is not a bad family to belong to, is it? If that includes getting seats at the Olympics, Minister, there are a few of us on this side who would like to think that we could be adopted as part of that Olympic family—

**Mr Truss**—And on our side!

**Mr MARTIN**—And perhaps even on your side there are a few that have put their hands up for adoption as well.

*Dr Kemp interjecting—*

**Mr MARTIN**—No, they have not stretched out the hand of friendship to you just yet, Minister. As I have said, athletes, officials, journalists, dignitaries and a whole range of people will be part of this Olympic family. In trying to quantify just what the cost to government might be in processing these people and the effects that this would have on Customs, I have been assured—and I think it is absolutely right—that the cost, as it was put to me, is going to vary between zero and very little. At the end of the day, when people come into Australia and bring their equipment in there are ways in which Customs facilitates that. So there is no real reason for concern there.

Many athletes who come and participate in the Olympic Games bring quite a range and variety of very expensive equipment these days; it is the latest and the greatest. Probably, in many cases, the most expensive part

of an athlete's equipment is what they bring with them—for example, in the case of a yachtsperson or if they happen to be involved in some of the other events where expensive equipment is necessary. Gone are the days when you brought a pair of Nike shoes, a pair of running shorts and a T-shirt or whatever and that was it. It is fair to say that in most cases there is quite a bit of equipment which each of the athletes bring in, and this bill is there to facilitate the entry of that equipment on behalf of the athletes.

I conclude where I started by again just saying that the opposition has no difficulty whatsoever with this legislation. I reiterate that all Australians are looking forward to this event. I do have some concerns—and I did raise it with the minister's officials this afternoon—about the capacity for the departmental people at the barrier to cope with the huge influx of people in the year 2000—and not only the athletes themselves; fortunately, though, I think they will be pretty much staggered. Athletes and countries' representative squads will be here well in advance of the actual events themselves. They will want to be here for final training and to acclimatise just prior to the events occurring in September. Many of them are going to come to Wollongong and go into residence, we hope, beforehand as part of the training regime because of the facilities that we have in our location.

I think it will be a very difficult time for the Australian Customs Service to move the amount of people through Sydney airport and other entry points in Australia—not only the athletes but also the many thousands of people—who will come to the Olympics. While he is the minister at the minute—and I cannot extend to him the hope that he might still be in that position in the year 2000—he is overseeing at the moment the Australian Customs Service as they plan how they are going to deal with these issues at the time.

I think it is going to test our servicing ability, but I know that he has a tremendously dedicated group of individuals that make up the Australian Customs Service. I know that they will be doing what is humanly possible to facilitate the movement of athletes, specta-

tors and visitors coming to Australia during the year 2000 both before, during and after the Olympics and the Paralympics. As part of the process of selling Australia to the rest of the world, it is those impressions that people go away with that will help enhance us as a potential major future tourist destination for some markets that we are trying to penetrate at the present moment. That impression comes with facilitation, the ease with which people come through the barrier, where they are processed quickly, where they can collect their bags, where they can get out of Mascot. Minister, I am sure that you would have been through Sydney in recent times. The amount of work that is going on in both the domestic and the international arenas at the present moment is staggering. I think it is all for the good.

We wish this legislation speedy passage. We certainly wish all the best to the athletes that are going to be beneficiaries of the good hosting of Australia. The Australian Customs Service will help facilitate the movement of athletes and visitors through Australia. I think that will be an appropriate welcome that we will give them. This legislation is timely in ensuring that the Olympics family, as broad as it may be—all 65,000 of them, God bless them—come into Australia and participate. I am sure we all hope that they leave with a smile on their face but that they do not leave with too many gold medals.

**Mr ANDREW** (Wakefield) (9.25 p.m.)—I too am very pleased to have the opportunity to participate in this debate on the Customs Tariff Amendment Bill (No. 1) 1998 and to follow the remarks made by the member for Cunningham, the shadow minister for small business, Customs and the Olympics (Mr Martin). The shadow minister has a particular affinity with the operation of the Customs Service. I once served on a committee which he chaired in which a review of the Customs Service was undertaken. I freely concede that he chaired that committee in a very professional way. I think it was a very useful and constructive review with a very bipartisan outcome.

He has challenged us tonight to celebrate the Sydney 2000 Olympics, and it is some-

thing that every member of this House is happy to do. He has endeavoured, in his usual disarming manner, to be as bipartisan as possible. He has been quite accommodating about what has been done by his New South Wales colleagues, particularly Premier Carr, in the run-up to the Olympics and about what he saw as Premier Carr's particularly concise and effective costing of the Olympic program. I thought his remarks would have been even more acceptable had he taken it one step further and conceded that we also owe a great debt of gratitude to the Minister for Finance and Administration (Mr Fahey) for the very existence of the Olympics here in Australia. I would like to make that comment in a bipartisan sense.

**Mr Martin**—I concede that. John was at the forefront of that.

**Mr ANDREW**—Which the member for Cunningham graciously concedes. As the member for Cunningham has said, the bill offers under concessional item 64 a concession for all of those who will be our guests in Australia, who will come to the Olympics principally as athletes but also as people who are in one way or another involved in the import of commercial or non-commercial goods. To allow them to participate in the Olympics, this bill offers a concession on the import of those goods. It is a bill that clearly the government endorses because the government has introduced it. It is a bill which the member for Cunningham has welcomed and which he has indicated he intends to give speedy passage.

Both the Minister for Employment, Education, Training and Youth Affairs (Dr Kemp), at the table, and the shadow minister enjoy a certain sort of affinity with both the Olympics and sporting activity that a quick glance at their physique will reinforce. As the member for Wakefield, I have to say that I do not enjoy quite the same familiarity with sports or sporting activities.

I rise tonight to focus not on schedule 4 of the bill, which has been the focus of the shadow minister's remarks, but on schedules 2 and 3. Schedules 2 and 3 involve a change in the way in which commercial aviation is administered in Australia. Schedules 2 and 3

allow approximately \$700,000, which is currently being collected by way of an excise on avgas, to be returned to the users of avgas. The focus of schedules 2 and 3 is fundamentally to bring some equity into the funding of the general aviation services in Australia and the contribution that general aviation makes to the way in which Airservices Australia is administered.

Airservices Australia basically polices the way in which our airports run and the way in which our general aviation air traffic is controlled. In the past, that has been funded through an excise levied on avgas users so that all piston engine aircraft using avgas, as opposed to avtur, which is used in most commercial aircraft, had the excise collected at a rate of 15.6c on all the aviation fuel that they used.

As you will appreciate, Madam Deputy Speaker, this was a cost being particularly borne by those who use piston engine aircraft, but frequently those same people did not use the services of Airservices Australia. If, for example—and I say this as a South Australian; the shadow minister at the table, the member for Bonython (Mr Martyn Evans), will recognise this—you are using Parafield or West Beach airport in South Australia, you have the advantage of a control tower and of some sort of administration on the way in which you approach and depart from those airports. But if you are landing anywhere else in my electorate—in fact, I would think probably anywhere else in South Australia—you do not have a control tower and you are entirely dependent on messages that are relayed (the minister would know better than I) probably from Melbourne. So this was a case of people who frequently use aircraft and have no need for the detailed air traffic control that goes with aircraft usage paying for a facility they were not accessing.

Imagine, if you will, for a moment what this does if you are the operator of agricultural aircraft solely used for the purpose of picking up fertiliser or chemicals in a paddock, carting it a maximum, I would have thought, of 10 kilometres, depositing it on the crop that needs it and returning to load again. You would go backwards and forwards all

day, never needing the services of Airservices Australia other than to record with them first thing in the day that that is what you would be doing, that you would never be exceeding an altitude of, say, 500 feet anyway and so never would actually be in the way of any other aircraft, but being obliged, through the use of this particular charge, to pay for a service you did not use.

I am indebted to the member for Parkes (Mr Cobb), who has been much more detailed in his coverage of this legislation than anyone else in the House, save the Minister for Customs and Consumer Affairs (Mr Truss) at the table. The member for Parkes indicates to me that if you are operating a crop sprayer in his electorate spraying cotton crops—I have had some association with crop sprayers, but only 30 years ago when they were the old Pawnee aircraft and of a much smaller design than the ones that are used today—you could well be operating four Air Tractor units, the modern crop sprayer, piloted by professionals who clearly use GPS navigation techniques to ensure that they have not duplicated any of their runs and who are meticulous about where the fertiliser or chemicals are being dropped, which will consume 200,000 litres of avgas in a season. The legislation we are currently dealing with would save that one crop spraying operator \$31,200 in a season's activities. That is the employment of one more person, and it is \$31,200 that has been leaving rural Australia for no just cause, paying for a facility that was not being used. It is \$31,200 that is now being retained by that operator or retained in that local district.

This is a case of the government doing what rural and regional Australia would expect it to do: ensuring that those who use Airservices Australia's facilities and who are advantaged through safe aviation because of the provision of those services are the people who pay. They pay now because the use of any one of these airports with controlled air space and control towers carries with it a fee, and that fee goes to the funding of Airservices Australia.

The legislation currently before the House gives us the opportunity, frankly, to ensure that regional and rural Australia is not carry-

ing the cost for a service it is not using and that in fact the cost is being more equitably collected from those who are using the service, whether in flying schools, in small commercial activities or, as in the illustration I have given, as crop dusting operators. I am pleased to be associated with the legislation, and commend the minister on what he has done to bring it into the House in this form.

**Mr TRUSS** (Wide Bay—Minister for Customs and Consumer Affairs) (9.34 p.m.)—in reply—I begin by thanking the member for Cunningham (Mr Martin) and the member for Wakefield (Mr Andrew) for their contributions to the debate on the Customs Tariff Amendment Bill (No. 1) 1998. In a sense, they provided a very balanced contribution to the discussion of this bill, because each one dealt with a different section of the bill. The honourable member for Cunningham referred to the new item 64, which introduces a concessional cargo item for Olympic family members and the member for Wakefield spoke about the effect of this bill in reducing the customs duty on aviation gasoline. I think both of these measures are important and will provide significant benefits to the community. As the member for Wakefield said, the reduction in the duty on avgas is part of a program by the federal government to eliminate the charges being imposed for aviation terminal and end route navigational services in this way and replacing them with more specific charges, and that has particular benefits for the general aviation industry.

Item 64 is a new item to provide duty-free entry for goods imported by non-Australian Olympic and Paralympic family members in relation to the Sydney Olympics and related cultural and trial events. I thank the member for Cunningham for his kind comments. As minister, I always regard it as a duty and a responsibility to ensure fair and proper debate of issues in this House that the opposition should be properly informed about the contents of legislation. I will always stand ready to provide assistance in that regard wherever I can. This particular item does not of itself actually permit anything of itself. By-laws to the item will be drafted to allow defined goods to be entered duty free.

Sensitive and high revenue potential goods, including vehicles, digital communication equipment, alcohol, tobacco and goods for commercial sale, are not intended to be included in the by-laws. Any other sensitive goods are nominated and these can be considered at the time of drafting of the by-laws. This item is intended to be used on cargo imported in the main by teams, officials, delegations and accredited media organisations. Imports by individuals who are part of the Olympic family are covered by already existing concessional items. Sensitive and high revenue potential goods excluded from this item will be able to be imported free of duty and tax under a special temporary entry provision.

The temporary entry provision was introduced into law in December 1997 to meet an obligation in the host city contract entered into by the previous government. It is this provision which will cover the big ticket revenue items. Because of the availability of alternative concessions, including those covering temporary and personal imports, the revenue impact of the new item 64 is assessed to be minimal, as indicated by the honourable member for Cunningham.

Finally, I would like to comment on and concur with the observations of the member for Cunningham about the significance of the Sydney Olympics to Australia and to Australians. It will be one of the very greatest events ever hosted in this country, and federal and state governments and the local organising committee want to work constructively together to ensure that this is a memorable and smooth-running event. He was right to refer to the occasional prickles that have occurred in the relationship in endeavouring to determine who should take responsibility for particular duties and costs associated with the Olympics. It is not uncommon for states to seek to extract extra funds from the Commonwealth for whatever project may be in their mind, and it has been necessary to resolve some of these issues fairly and equitably.

The member for Cunningham also made reference to the particularly important role that Customs will have in facilitating the Sydney Olympics. Let me assure the House

that Customs takes this responsibility very seriously. It is true that the first face that many of the visitors coming to Australia will see and the first welcome that they will receive will be from a Customs officer. We want that welcome to be friendly and to be provided in the greatest of Australian traditions so that their visit to this country will begin on the best possible note.

It will be an exciting challenge to process the number of passenger movements that will be required over the Sydney Olympics. We are already working towards upgrading technology, designing systems and developing the various techniques that will be necessary to cope with the additional traffic movements at the airports, the large number of ships that will be arriving and with the additional cargo. The international attention that will be centred upon our country will certainly provide a large number of challenges. Whilst the majority of arrivals and departures are expected to be at Sydney, other major airports will also be operating at way beyond their normal capacity, so it is not just a simple matter of transferring resources to Sydney. We have to be equipped everywhere to undertake the task.

Whilst this is a tremendous challenge and it is important that we do it right for the Sydney Olympics, it is also important to note that the sort of passenger load that is expected for the Sydney Olympics will be the norm by about the year 2005. The sorts of systems that will be required to be put in place to cope with Olympic traffic demands will be needed every day a few years later. So it is not money wasted on a single event; it is an investment in the long-term capacity of Customs to adequately address the issues involved.

Ironically, the biggest challenge for Customs will not be the arrival of passengers but departure day. It is anticipated that, whilst visitors will arrive over a considerable period of time leading up to the games, the largest part of the Olympic family will want to leave on the day after the games or very soon thereafter. Processing these departing passengers will be the real challenge as far as logistics are concerned. Those sorts of things are in hand. This bill will help to make the arrival

of the Olympic family smoother, more seamless and easier for Customs to process and will also provide the kind of hospitable welcome that I think all people coming to Australia can expect during the Olympics. I am sure it will get their stay in this country off to a wonderful beginning. I commend this bill to the House.

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 Truss**) read a third time.

## TAXATION LAWS AMENDMENT BILL (No. 4) 1998

### Second Reading

Debate resumed from 2 April, on motion by **Mr Miles**:

That the bill be now read a second time.

**Mr KELVIN THOMSON** (Wills) (9.42 p.m.)—I was entertained to hear the Minister for Customs and Consumer Affairs (Mr Truss) summing up on the previous legislation talking about the importance and value of the Sydney Olympics. One of the features of the bill now before the House is that it may result in some unfair outcomes, especially on low margin, fixed price contracts relating to some Sydney Olympics projects. There could be a situation where a developer has to pay the tax but will apparently not be able to pass on the cost to the owner of the infrastructure. This means that many contractors and subcontractors are now going to be subject to sales tax in respect of jobs that they reasonably thought were tax exempt. I will come back to this in a moment.

The bill now before the House is an omnibus taxation bill containing many unrelated proposals, several of which are anti-avoidance measures. The first proposal in the bill is to amend the sales tax law to remove the current blanket exemption that applies to items for use in properties owned or leased to tax exempt bodies—for example, and typically, state governments, charities and foreign

governments—and instead allow the exemption only where the tax exempt person actually uses the property.

In addition to the general restriction mentioned above, certain types of property will completely lose the right to the sales tax exemption, even if these are operated by the tax exempt person. These activities include shops and shopping centres, hotels, casinos and apartment blocks. A windfall sales tax exemption currently arises where businesses which are ordinarily subject to sales tax are conducted on property owned by a tax exempt person. This provides an unfair advantage to such businesses, at the expense of the Commonwealth.

This bill proposes to limit the exemption to circumstances where the tax exempt body itself will benefit from the exemption, not a private sector commercial interest which is simply operating on a site owned by the tax exempt person. This move is supported by Labor in principle. However, the effect of the proposal as currently drafted is retrospective, as it applies to existing contracts in circumstances where the developer will be hit with a new tax liability but will apparently not be able to pass it on. As I mentioned just a moment ago, this could result in some unfair outcomes for low margin, fixed price contracts relating, for example, to Sydney Olympics projects, where you will not be able to pass on the cost but you will now be liable for the tax. In our view, this is a very poor example of effectively retrospective legislation by press release which has been in operation since 2 April this year. There are probably hundreds of people in the building industry who have already unknowingly broken the law by claiming sales tax exemptions.

Will these contractors face fines if this legislation passes? Are they already accumulating interest rate penalties? How can they be reasonably expected to operate under this type of commercial environment? This issue should be investigated. I believe it will be investigated in the Senate Economics Legislation Committee. Labor will be considering its final position on this schedule in the light of the evidence provided to the committee and the

impact of this proposal on the construction industry.

The bill also proposes to amend the fringe benefits tax to exempt student exchange programs, to remove the need for some employers to keep FBT records, and to provide an alternative method of calculating FBT based on the previous year for those employers—who, I understand, are estimated at only some 30,000—who provide the same type of fringe benefits on an ongoing basis. These measures seem reasonable and are not opposed in principle. That said, the Taxation Institute of Australia has pointed out that there is some inconsistency between the explanatory memorandum and the bill. If I may quote from the submission by the Taxation Institute of Australia concerning this bill, it says:

The requirement . . . that an employer or an associate of the employer does not take part in the selection of the employee or associate as a participant in the exchange program should be clarified.

The Explanatory Memorandum (at paragraph 2.71) states that an employer would be considered to have taken part in the selection process where the employer controlled or influenced the selection of the recipient. Further, the benefit will only be exempt where the recipient is selected independently by the student exchange body. However, the words in the proposed amendment are stricter than this test.

So the Taxation Institute recommends:

that a further subsection be inserted reflecting the words in the Explanatory Memorandum.

The provisions apparently represent the final proposals relating to taxation which are aimed at cutting red tape on small business. Accordingly, one would be entitled to think that this might mean that 50 per cent of small business paperwork has been removed—as the Prime Minister (Mr Howard) promised prior to the last election. Clearly, this has not occurred. I can confidently say that not one small business person has contacted my office or the office of anyone else in the opposition, so far as I am aware, to rejoice in the idea that they now face only 50 per cent of the paperwork burden that they faced some two years ago. I think this promise is taking on some of the proportions of the ‘no child will live in

poverty' promise of a previous Prime Minister.

Clearly the paperwork promise was another non-core promise which has not been delivered on. Indeed, what we are going to find is that, through the imposition of a GST, there will be huge initial and ongoing compliance costs on all small businesses, who will find that, rather than being cut in half, their paperwork is going to double. At present some 75,000 small businesses are involved in the collection of wholesale sales tax, but GST will spread the net to a million small businesses. Their paperwork will skyrocket dramatically.

Schedule 3 of the bill proposes to amend the income tax law to ensure that the anti-avoidance provisions concerning debt forgiveness—that is, the provisions which attempt to ensure that taxpayers cannot obtain a tax advantage in respect of receiving the benefit of a debt being forgiven—operate in their intended manner. Labor supports this anti-avoidance measure wholeheartedly. Similarly, schedule 4, which seeks to amend the income tax law to allow the New South Wales Police Integrity Commission access to taxation information in the same way that other law enforcement bodies enjoy, is not opposed by Labor.

Schedule 6 proposes to amend the income tax law concerning the tax law improvement program, the TLIP—which is a project designed to rewrite the taxation law in simpler, plainer English—to both correct technical errors and to take into account changes to the old taxation law arising from proposed legislation before the Senate at the time of drafting. This is simply fixing up errors and ensuring continuity of taxation arrangements and is therefore supported. Labor started the TLIP program and we have continued to support it whilst in opposition. I recognise that criticisms are made of the process, but Labor considers that the benefits of the new simpler, plain English regime far outweigh the problems which do arise. The answer is to quickly pass measures such as these to ensure that the inevitable inconsistencies are rapidly dealt with.

Another major matter dealt with in this bill is contained in schedule 10. This proposes to introduce the depreciation arrangements which set a limit on the amount of depreciation which can be claimed where an asset is disposed of by a previously tax exempt entity. The general case where this provision will apply is where a state government intends to privatise a specific asset, for example, a power station, instead of selling a business as a going concern.

The mischief—in legal parlance—that these amendments are aimed at is the fact that the current tax law allows full depreciation at the sale price to be available for the new owners of these privatised assets, irrespective of their actual written down value. In effect, the Commonwealth is providing a generous tax subsidy for state governments to privatise their physical assets rather than to sell businesses as a going concern. Labor certainly supports removing a tax related subsidy for privatisation and is therefore happy to support this matter in principle. That said, there are claims that the new regime is too onerous. This matter should be and, I believe, will be examined closely in the Senate committee hearings later this month.

Schedule 11 amends the income tax law to introduce anti-avoidance rules concerning the termination of hire purchase or limited recourse debt arrangements. Basically the intent of the rules is to ensure that taxpayers are not able to benefit from deductions in excess of the amounts they actually incur. In addition, the rules relating to hire purchase or instalment payment arrangements in general are amended to treat the hirer as the owner of assets and to treat the hire purchase or instalment payment arrangement as a loan. Once again, this is a sensible anti-avoidance piece of legislation which should be supported.

The final anti-avoidance measures in the bill, and possibly the most important, are contained in schedule 13. This schedule proposes to amend the income tax law to limit the sources of franking imputation credits which are available from companies wholly owned by non-residents or tax exempt persons or those which have previously been owned by these exempt taxpayers which are likely to



be used in franking credit trading arrangements. Put simply, trading in franking credits involves taxpayers arranging to get the tax benefits associated with imputation otherwise than in the legitimate manner of genuinely owning the shares.

The proposals in this bill seek to limit trading opportunities by disallowing franking credits which are earned by entities whose owners, that is, the non-residents or tax exempt persons, cannot benefit from the imputation system and who are therefore very likely to seek to trade in these credits. The idea is to reduce the trading by reducing the supply of potentially tradeable credits. It is an idea which is strongly supported by Labor. We will examine representations on the fine detail but we are supportive of the thrust of these measures, which are designed to stamp out tax avoidance by the misuse of the dividend imputation system. The imputation system was designed to stop unfair double taxation; it was not designed to facilitate tax avoidance by high wealth individuals.

The final schedule that ought to be mentioned this evening is schedule 5, which is the conflict of interest schedule. This proposes to amend the income tax law to allow a deduction for donations made to the Menzies Research Centre Public Fund, that is, the Liberal Party's think-tank. The Prime Minister was in breach of his own discredited code of ministerial conduct by being a director of a public company—the Menzies Research Centre Public Fund—when he became a minister. Further, he breached the code by agreeing, when he was still a director of that company, to grant tax deductibility for donations to the fund, as is proposed in this bill. This involves a clear conflict of interest and, frankly, he ought to have resigned as someone who had breached his own code.

We know the Prime Minister is not prepared to enforce the code in relation to Senator Parer; he is certainly not prepared to enforce the code in relation to himself. As a result, the code now stands in tatters and it has no credibility whatsoever. This is a matter which my colleague the Manager of Opposition Business in the House, the honourable

member for Hotham (Mr Crean), will be pursuing in the course of this debate.

I would now like to turn to the tax reform debate, which the government is so keen not to have. The government has refused to do the nation the courtesy of unveiling the tax package so that we can all assess it and examine its implications for ourselves and for the nation. The government's intention now is crystal clear. It intends to release the tax package a matter of days before it takes us off to the polls, to give the minimum possible time for scrutiny. The government says, 'We have learnt the lesson of John Hewson and Fightback.' That lesson is: do not show the nation what your package is in detail; do not give them the opportunity to examine it because they may decide to give it the thumbs down. So the government intends to sneak the tax package through.

The government still refuses to disclose the real options for taxation reform. If it were being honest about this, it would include the public in its thoughts and deliberations. We heard the Prime Minister talk about the great tax adventure. There has been no public process in relation to this. Senator Gibson's backbench committee is a joke. Two former members of this committee have left not only the committee but also the government; they have left the coalition. Paul Zammit, the member for Lowe, and Tony Smith, the member for Dickson, have not only quit the committee because of the unfairness of the GST and the arrogance of the government but also taken it further and left the Liberal Party altogether. What an amazing process we have seen.

Indeed, the member for Lowe has put out a very interesting and revealing media release detailing the interference and the cynicism of the Treasurer (Mr Costello) and, by implication, the Prime Minister. We have seen in the member for Lowe's press release of just yesterday some highly revealing indications about what went on behind the scenes with the government's tax consultative task force. In his press release, Mr Zammit says that there was a verbal directive expressly from the Treasurer at its inaugural meeting on 23 October 1997 to:

. . . make no recommendations on tax reform proposals.

The Treasurer had said to the parliament on 23 October that it had to involve itself in:

. . . drawing up tax proposals.

And that:

This is a committee of people of exceptional ability.

And that it was going to:

. . . consult the Australian public in designing a new tax system for Australia.

The Treasurer also said that the committee was chosen for its expertise. Despite that—and one would have been forgiven for thinking that there was going to be some real consultation here—according to the member for Lowe, the Treasurer was unequivocal in his instructions that the task force should be seen but not heard. The member for Lowe went further in the House, calling on the Prime Minister to acknowledge that the task force has been muzzled and indicating that he was not going to accept any responsibility personally for what came out in the government's tax package. We saw the Prime Minister misleading the House, indicating that these sorts of instructions had not been given to the task force, when clearly from the remarks of both the member for Lowe and the member for Dickson this is exactly what had occurred.

**Dr Kemp**—I rise on a point of order, Madam Deputy Chair. I ask the member to withdraw that remark. He accused the Prime Minister of misleading the House. There has been a debate on this matter and that charge was refuted by the vast majority of members of the House and he should withdraw.

**Madam DEPUTY SPEAKER (Hon. J.A. Crosio)**—The minister has drawn a long bow. The statement 'misleading the House' is used time and time again in debate in this parliament. I do not believe there is a point of order.

**Dr Kemp**—A substantive motion should be moved if someone is going to be accused of misleading the House.

**Madam DEPUTY SPEAKER**—It was a comment made in the debate before the House

and I do not believe that at this stage there is a point of order.

**Mr KELVIN THOMSON**—I thank you for your ruling, Madam Deputy Speaker. It goes further than that, of course, because the Prime Minister told the Australian people back in May 1995:

Suggestions . . . that I have left open the possibility of a GST are completely wrong.

A GST or anything resembling it is no longer Coalition policy.

Nor will it be policy at any time in the future.

It is completely off the political agenda in Australia.

So much for the Prime Minister's credibility. I draw the attention of the House to the words 'a GST or anything resembling it'. Today there was a report in the *Financial Review* concerning the federal government's move to find an advertising agency to handle a separate campaign on tax changes, including the introduction of a goods and services tax. This was said to have surprised many in the advertising agency. I can tell you what this new team is going to be paid to do. It is going to be paid to come up with new words—any words, as long as their initials are not GST. I dare say that the agency will be told, 'Your mission, should you choose to accept it, and at least to accept the cheque that comes with it, is to come up with a new expression.'

A GST by any other name will still have the same effect on ordinary families who will be forced to pay a tax on the necessities of life which are presently tax free, including food, the cost of child care, prams, cots, nappies—all kinds of things which are essential for those bringing up a family. School fees—for those paying them—the cost of lunch at the canteen, the cost of public transport to get to school and the cost of books when children are at school will all be subject to the GST by any other name.

A GST by any other name will still impact on older people, on retired people, for whom it is too late to go back into the work force to try to earn extra dollars under what we assume will be lower rates of income tax. But they will have to pay for all the extra impositions coming from a GST and they will find their savings being devalued accordingly. A

GST, by whatever name it is called by this whiz-bang new advertising agency, will still impact on retired people.

A GST, whether by that name or any other name, will still impact on small business. I said before that we presently have some 80,000 or so small businesses acting as collectors of wholesale sales tax. What this measure will do is turn some one million small businesses into unpaid tax collectors who have to pay the compliance burden of setting up a GST-monitoring regime and who have to pay the ongoing costs of administration of the GST. So it will be of no value to small business.

A GST, whether called a GST or something else, will do nothing towards stamping out tax avoidance. I know there are people who think, 'If we could get those who are wealthy to stop avoiding tax and pay their fair share, it might be worth it.' In fact, what a GST actually does is increase the incentives for tax avoidance because it encourages people to avoid reporting transactions. By avoiding the reporting of transactions they are able to not pay income tax and GST. By whatever name it is called, it will have an effect on many ordinary Australians. This comes against the background that this government has failed to stamp out tax avoidance. It has failed to take the measures that have been open to it to protect the revenue.

By way of example, an article in the *Sydney Morning Herald* towards the end of April talked about some hundreds of millions of dollars leaching from the tax system from independent contractors. The article reported that the Treasurer had ignored tax office warnings, delivered in a detailed confidential paper in 1996, that the existing tax law was unfair and had to be changed to stem the flow of sham contractors avoiding PAYE tax. As a result, ordinary employees have to pay more than their fair share of the tax bill. Soon after the 1996 election, on 20 June, the Treasurer promised:

I make it clear on behalf of this government that where anomalies and exemptions are being unfairly exploited they will be addressed.

But in this case he has wilfully failed to correct a major tax anomaly where a section

of the work force uses artificial schemes to avoid paying their fair share of income tax. He refused to proceed with Labor's legislation introduced before the 1996 election which, by broadening the definition of salary and wages under the PAYE system, would have ensured that individuals doing the same jobs face a similar tax regime.

Further, the Treasurer refused to follow up on the Labor initiative to cut down on tax avoidance by artificial schemes involving interposed entities—that is, companies, trusts or partnerships. Instead of paying PAYE income tax like other workers, some independent contractors set themselves up as companies, partnerships or trusts. As a result, they are able to take advantage of the tax law to claim deductions not available to PAYE workers, to defer income tax, to split income and so on. Millions of ordinary taxpayers pay higher taxes as a result of this erosion of the tax base.

Labor Treasurer Ralph Willis began a more detailed analysis of legislative remedies to cut down on tax avoidance by artificial schemes of this kind and announced the release of a public discussion paper with legislation to apply from 1 July 1996. However, in the 1996 budget, incoming Treasurer Costello announced that 'in a boost to small business' he would not be proceeding either with Labor's PAYE amendments or with any legislation to deal with the interposed entity problem.

So how can we take seriously the government's claim that the tax system is broke when they fail to take action on a tax scam which is costing hundreds of millions of dollars every year? Their deliberate refusal to do anything about bogus independent contractors makes a mockery of their claim that they want a fairer tax system.

It was also interesting to hear, back in April I think, from a visitor to Australia, Professor Neil Brooks, concerning the implementation of the GST in Canada and how it had gone there. In an interview, Professor Brooks was asked about the GST in Canada and his response was:

Well, it's been a disaster in Canada almost at every level. First of all, it was a political disaster

for the party that introduced it. They went from 189 seats in our House of Commons down to two.

**Mr Latham**—How many?

**Mr KELVIN THOMSON**—From 189 seats down to two—and we think that in a couple of elections we have not done so well. A part of us thinks it should say to the government, ‘Go ahead, make my day. Go ahead and introduce the GST.’ Professor Brooks goes on:

It’s been a disaster for small business. The compliance costs on small business have just been enormous. It increased the size of the underground economy so that it meant that dishonest small business people were suddenly advantaged over honest small business people. The tax has proven to be enormously regressive. I mean, it falls most heavily on large families, on people who are, in effect, consuming all of their income. So that it’s been a disaster, I think almost at every level.

Professor Brooks was queried about the fact that the Liberal government here thinks it is an electoral plus. He went on to say:

I am surprised. I must say the only group in Canada that consistently supported it was big business because it was an enormous tax break for them. They, in effect, shifted about \$5 billion of the tax burden from large corporations to households; and, indeed, poll after poll showed that 80 per cent of Canadians opposed the tax even after it was enacted. They wanted it repealed. So that to imagine that a party thinks that they’ve got a winning election with a goods and services tax astounds me.

In relation to this shifting of the tax burden onto households, the head of the Business Council of Australia, Stan Wallis, gave the game away just a few days ago when in the *Australian* he stated that the Business Council of Australia were going to go in to bat for the GST. He said:

... the GST holds out the prospect of significant reductions in the indirect tax burden currently borne by business.

There are only two tax paying sectors in the economy: the household sector and the business sector. So, for Mr Wallis, a reduction in the indirect tax burden means that there will be an increase in the burden to be borne by households. For this government to say, ‘We are going to transfer the tax burden from big business onto ordinary families,’ simply is not

good enough. Professor Brooks went on to say:

All sales taxes are regressive and this one, in particular, was regressive in the way it was designed ... high income people pay about 3 per cent of their income in the goods and services tax and low income people in fact pay more than 7 per cent of their income because they’re actually dissaving.

As a result, this measure turned out to be regressive in Canada.

One of the areas I am concerned about, if it were to be introduced in Australia, is the impact on retail tenants and franchisees. I have made a number of contributions in the House about what I think are the difficult circumstances faced by retail tenants in large shopping centres and the like. If we take a typical case, a retail tenant who presently pays about \$150,000 in rent and outgoings would see that amount increase with a 10 per cent GST, for example, to \$165,000. A franchisee who has to pay, for example, \$50,000 per annum in franchise fees would see that increase to \$55,000 under a GST. There is no way that they would be able to recoup that. They are certainly not going to be able to recoup it from the shopping centre management via the leases. There is no prospect of them recouping those additional costs, and to say that their company tax is going to be reduced is of no value to them unless they actually make a profit and are able to make ends meet. I am concerned about the way in which the GST will impact on those small businesses.

I cannot let my contribution finish without mentioning that it will impact on the Citylink in Melbourne within my own electorate of Wills. I personally think that the Citylink project has been appallingly handled by both the state government and the authority involved in its construction. The noise walls have been built. In Europe the Berlin Wall has come down but the trans-urban wall here has gone up, and it is somewhat more serious for those who are living on either side of that trans-urban wall to see these walls being built. They have not done us the courtesy of showing us the designs. They say, ‘We are designing them as we go,’ and that is highly regrettable. (*Time expired*)

**Dr SOUTHCOTT** (Boothby) (10.12 p.m.)—The parliamentary secretary has just highlighted the moral bankruptcy of Labor's position when it comes to tax reform. He mentioned that the coalition refused to release the tax package to allow them time to scrutinise the reform. I would ask the member: where was he in 1993 when, after the election, Paul Keating opposed the GST and then subsequently increased the wholesale sales tax rates in the 1993 budget? He increased the 10 per cent wholesale sales tax to 12 per cent, the 20 per cent tax to 22 per cent and the 30 per cent tax to 32 per cent. He did not just increase the rates; in the 1995 budget he also broadened the base to try to include things like household items, building materials and so on.

In the 1995 budget he also increased the wholesale sales tax on cars from 15 per cent to 22 per cent. As Neil Warren from ATAX has highlighted, this raised something like \$3 billion in indirect taxes. Labor are now trying to show a lot of concern for the battlers yet they increased, regressively, indirect taxes which fell more on the battlers—and they did it without giving them any sort of compensation.

Labor had also done it before; they have got some form on this. In 1985 they actually broadened the wholesale sales tax base again. They did not go to an election saying what they would do; they did it without seeking any mandate. They did it without raising it during an election campaign. Biscuits, ice-cream, savouries and so on were all suddenly taxed. It was a hidden tax; no-one even knew they were paying it. In fact, from 1993 to 1995 Labor increased the wholesale sales tax revenue by 14 per cent. They also increased taxes, excises, on petrol and the excise on tobacco.

Neil Warren has estimated—if you look at the 1992-93 rates—what Labor had operating before the election and what they had operating in 1996 when they left. An extra \$6.2 billion in goods and services was raised in 1996 based on those higher tax rates. He said that, of that \$6.2 billion, \$541 million of those taxes fell on exports. He pointed out that the indirect tax hikes that Labor intro-

duced between 1993 and 1996 impacted on the imports into the production processes and that they were non-transparent. He mentioned the fact that indirect tax changes eroded household real disposable income by 2.1 per cent. However, the impact was heaviest on the unemployed and the aged.

People recognise that indirect taxes impact on people on low incomes. That is why you have to look at compensation for those on lower incomes. The Labor Party never gave compensation to those on lower incomes. When they left office, Labor in effect had the equivalent of an 8.1 per cent GST. Labor had their own GST. It was a hidden GST, a Clayton's GST. But, more importantly, the Labor indirect tax system was inefficient. It attacked production exports. It harmed export competitiveness. It was not transparent. It was not efficient.

The previous speaker, the member for Wills (Mr Kelvin Thomson), mentioned the zero rating of food. People feel quite good about the zero rating of food; however, it does not apply to biscuits, confectionary and ice-cream. In fact, Australia's finest minds do not really know what to do with frozen yoghurt. Is it food? Is it confectionary? Is it ice-cream? At present, under the wholesale sales tax system, we have the zero rating of food, and those who benefit most are people on higher incomes. What it means is that every member of the BRW top 200 does not pay tax on their food; they do not pay tax on caviar. The 100 high wealth individuals that Ralph Willis was chasing in the final month of Labor's 13 years do not pay tax on food either. As Neil Warren has pointed out, most of the benefits of that zero rating of food go to those on higher incomes. Those on the top 20 per cent of incomes benefit twice as much as those on the bottom 20 per cent. It is not a very good way of targeting how you are going to deliver fairness in a tax system to the battlers. There are better ways of delivering compensation and better ways of targeting to those on lower incomes than by zero rating food.

As we all remember, Labor raised indirect taxes to fund their income tax cuts, which were not delivered. They offered no compensation for indirect tax hikes which added \$6

billion in indirect tax in their last year, and they also taxed production inputs. Neil Warren said:

While Labor outwardly despised the distributional impact of a broad based GST, they in effect introduced such a tax but without any compensation for those adversely affected.

Tax is something that we should not be having a political debate about. If you read Paul Kelly's comments, you realise that when Paul Keating went to the tax summit in 1985 he did not have many supporters in cabinet for option C—the broad based consumption tax at 12½ per cent—but his supporters included the shadow Treasurer, Gareth Evans; the Leader of the Opposition (Mr Beazley); former Prime Minister Bob Hawke; and Susan Ryan. John Edwards's biography of Keating confirms that the supporters were the shadow Treasurer and the Leader of the Opposition. He also mentioned that the member for Hotham (Mr Crean) saw a consumption tax as being inevitable, but that he had some concerns about it. David Morgan, in *Labor in power*, tells us that the shadow Treasurer and Deputy Leader of the Opposition was convinced in 1985 of a need for a consumption tax. He waited for two days for a hole to be punched in the argument, and it never happened.

We have also heard recently that the annual negative impact of the wholesale sales tax on Australian exporters is almost \$5 billion. The Business Council of Australia has estimated that the cascading of indirect taxes adds something like four to nine per cent to our costs. That detracts from Australia's competitiveness. The wholesale sales tax is a hidden tax, but it is Labor's tax. It might have been introduced in 1930—the differential rate might have come in with Artie Fadden—but this is the tax that Labor wants to defend.

What we need to know is what Labor want to do about things like the black market economy—and Labor have a bit of form. Are they going to do a 1993? Are they going to go into this election opposing any sort of tax reform and then increase indirect taxes like they did before? What we need to know from Labor is: why do we have a tax system where we tax sinks at 12 per cent but the pipe

leading to the sink is not taxed? Why do we have a tax system where we tax engagement rings but not wedding rings? Why are aircraft tax exempt but people pay 32 per cent tax on televisions, radios and cameras? It used to be 30 per cent, but Labor increased it in 1993. They pay 32 per cent on other things like watches, clocks, tape recorders and video recorders.

What the Labor Party should explain is: why, in 1998, do we exempt horseshoes and horseshoe nails? This highlights the fact that this tax system was introduced in the 1930s. Very few countries still maintain a wholesale sales tax system. Here are some of the things on the schedules that are wholesale sales tax exempt: yarn and threads for netting and sewing, raffia, sewing twine, food for non-domestic birds, tallow, scoured wool, acetylene, liquid oxygen, ammonia, toluol and explosives. They are all things that are targeted at the battlers. The reason that they are tax exempt is presumably for equity reasons.

At the same time, we have a 12 per cent tax on sponges, matches, baths, sinks, toilets, water heaters, storage tanks, toilet cleaners, maps, atlases, globes, confectionary, flavoured milk and fruit juices. Flavoured milk and fruit juices were not always taxed. It was introduced in 1985 when Labor—again without going to an election and without telling the people what they were going to do—added these things to the wholesale sales tax system. Presumably that is what they are going to do after the next election. Presumably they realise that goods are declining as a proportion of the economy and that services are increasing and perhaps they want to expand the wholesale sales tax system more.

This is an omnibus bill. There are a number of tax measures in here, some of which are anti-evasion. An important one will allow deductions for the Menzies Research Centre of \$2 and above. It mirrors a deduction which has been there for the Evatt Foundation since 1981. I support that measure, and I commend the bill to the House.

**Mr ROCHER** (Curtin) (10.23 p.m.)—I have not heard much about the Taxation Laws Amendment Bill (No. 4) 1998 from the two previous speakers, although the honourable

member for Wills (Mr Kelvin Thomson) did touch on it in his earlier remarks. Since then it has been a debate on a tax reform prospect that none of us know anything about. Anyway, it has been interesting to observe what has gone on so far.

The government has seen fit yet again to introduce into this place another omnibus bill complete with 13 disparate schedules. I have previously lamented that such bills place members in the unenviable position of attempting to speak to all schedules in a very superficial manner or speaking to one or two schedules in some depth at the expense of the rest, or you might opt for the tactic of the honourable member for Boothby (Dr Southcott) and talk about none of them. I had not considered that, to be perfectly honest.

I receive regular feedback from tax professionals expressing outrage at the lack of scrutiny in this chamber of tax legislation, and I want to have my misgivings about the composition of this bill noted. Schedule 12 of the bill sets out the government's proposed amendments to the Fringe Benefits Tax Assessment Act 1986 through the introduction of a record keeping exemption for small business operators. In analysing the nature of this amendment and its relevance to the business sector, it is worth while revisiting the events which led to its genesis. The coalition entered into the last election campaign keenly aware of the economic malaise that had beset the small business sector under the former Labor administration. It was equally aware of the considerable clout that this constituency could wield at the ballot box. For this reason the then opposition leader, the now Prime Minister (Mr Howard), unashamedly pitched his campaign at Australia's small business proprietors with promises of a less cumbersome regulatory regime and policies that would elicit a powerful and strong business environment. He promised swift action in addressing the problems associated with complying with the red tape burden.

Soon after the March 1996 poll the former Minister for Small Business and Consumer Affairs in this government, the member for Forrest (Mr Prosser), commenced a dialogue about regulatory reform that would prove to

be a thorn in the side of the coalition. We were told repeatedly that the coalition was committed to reducing by 50 per cent the overall compliance burden on small business during the life of this parliament. Accordingly, the government appointed an independent task force to comprehensively identify the major regulatory burdens faced by the small business sector and to make recommendations on how this burden could be reduced by half.

The 62-recommendation Bell report was handed down in November 1996. To its credit, the government responded to this report within four months of its release. Unfortunately, the quality of the response failed to match the timely reply. The government produced a statement which, while embracing more than half of the Bell committee recommendations, would make only a small dent into the regulatory problems confronting the small business sector, thanks to the proviso that only those recommendations which would have a neutral effect on revenue would be considered.

In evaluating the government's More Time for Business statement, the Chamber of Commerce and Industry WA—the CCIWA—stated that it met 'neither the government's promises or small business expectations'. As I have said in this place on another occasion, the government would have most likely found it difficult to meet all the expectations of the small business community even without the promise of a 50 per cent reduction in compliance. To tout a halving of the compliance burden when the revenue neutral caveat was always a part of the coalition's plan was an act of very poor judgment. On 5 February 1997 the former Minister for Small Business and Consumer Affairs had this to say during question time:

... we are committed to tackling the compliance burden that has the greatest impact on small business first so that we can reduce those regulations that are the most onerous to comply with.

Presumably the then minister was familiar with the report that was released by the Institute of Chartered Accountants in Australia some nine months before into the activities and requirements of government which were seen to have a substantial impact on small

business performance. That report showed that compliance with the fringe benefits tax regime presented the biggest and most costly problems for the small business sector. The results of that particular report were backed up by the findings of the Bell committee, which produced a series of recommendations calling for a thorough overhaul of FBT, owing to its huge impost on business.

It is now some 15 months since the former minister promised to tackle 'the compliance burden that has the greatest impact on small business first' and we are debating the merits of this amendment for the very first time. Meanwhile, the FBT net continues to expand, having brought in a total of \$3.16 billion in the 1997 FBT year—almost 10 times the revenue that was forecast when the tax was first introduced by Labor back in 1986. With FBT payments of that magnitude, it is no wonder the government has dragged its feet in attempts to bring about meaningful reform in fringe benefits tax legislation.

This bill purports to provide FBT record keeping relief to those employers who submit an FBT return in a base year of no more than \$5,000 in taxable benefits and who do not substantially alter the level of benefits provided in the future. At a glance, the amendments read very well indeed.

Debate interrupted.

#### ADJOURNMENT

**Mr SPEAKER**—Order! It being 10.30 p.m., I propose the question:

That the House do now adjourn.

#### **Anzac Service: Overseas Delegation**

**Mr TED GRACE** (Fowler) (10.30 p.m.)—It is with a great deal of pleasure that I rise tonight in the adjournment debate. I wish to inform the House of what I consider to be a great privilege which was bestowed on me as a member of this House. I refer to my recent visit as a member of the Australian parliamentary delegation to the European Institutions from 20 to 30 April 1997.

Apart from the excellent comradeship I enjoyed with the other members of the delegation, a most successful delegation, I was overwhelmed by our visits to what I consider

to be Australia's sacred sites overseas. By sacred sites, I mean the Commonwealth war graves—graveyards scattered all around Europe where thousands of young Australian soldiers are buried after paying the ultimate sacrifice in two world wars. Visiting the war graves across France and Belgium is something one has to do to really gauge the utter futility of war. Nonetheless, one feels pride when one considers the bravery of those young men who died so that we could live in freedom from tyranny in a world where we all have a say in the composition of the government which we think should govern us.

Time does not permit me to give the House a commentary on the whole war graves tour, but I would like to dwell on what I consider to be the most important monument in that region. I refer, of course, to the Australian monument at Villers-Bretonneux, which is just outside the town of Peronne. The great privilege I referred to was my attendance at the Anzac service held at the Australian memorial at 10 a.m. on the 80th anniversary of the battle of Villers-Bretonneux; 10 a.m. being the precise time that the battle started 80 years ago. It was probably the most moving service I have ever been to on an Anzac Day—and I have been to quite a lot during my political career.

Afterwards, at the schoolhouse at Peronne itself we were entertained by the town folk and the mayor. Speeches were made by all concerned, including our leader. Military representatives from Australia attended also. I will never forget the sight in the schoolyard. Signs metres long had been hung out, and they read: 'Never forget the Australians and what they did for our country'. It made one feel very proud. The following evening we attended a service at the Menin Gate at Leper, another truly moving memorial service.

The region of Villers-Bretonneux, Bullecourt, Brugge and the Mons Valley is of special significance to me as both my grandfathers fought in the region in the 1914-1918 war. My late father-in-law, Colonel William Harris, was the youngest member of the Royal Horse Artillery to fight at Mons. My wife, Connie, was thrilled to wear her father's medals at the Villers-Bretonneux memorial



service. Her father's medals included the Mons Star. She would like to thank everybody concerned for the service that she was given.

I personally would like to thank everybody. I thank all the staff who accommodated us before we left to go to the European Institutions. I pay particular thanks to the embassies in France and Belgium for the excellent way that they conducted our itinerary. I am sure that any Australian group that goes to Europe in the future will receive the same service which was accorded us. I thank everybody concerned. I completely enjoyed myself.

#### Australian Labor Party

**Mr ROSS CAMERON** (Parramatta) (10.35 p.m.)—My comments tonight begin with a cartoon by Moir in a recent edition of the *Sydney Morning Herald*. In the cartoon we see the Leader of the Opposition (Mr Beazley) and the Deputy Leader of the Opposition (Mr Gareth Evans) gathered together under the ALP policy tree. The Leader of the Opposition is poking a long stick at a book titled *New Ideas*. Mr Beazley asks his deputy leader, 'Will it bite?' Mr Evans responds, 'I can't remember. It's been so long.'

That cartoon resonated with a lot of Australians because of their feeling that, despite the occasional rhetorical flourish, there is very little evidence whatsoever of a new idea emerging from the Australian Labor Party. The one conspicuous exception to that is presently seated at the dispatch box, the member for Werriwa (Mr Latham), who has actually generated some new ideas for the Labor Party. We, as an open, responsive, listening government, have responded with the applause that those ideas merit. But, beyond the member for Werriwa, we find a black hole of negativity and reactionary response. There is no evidence whatever of the green branches, the green shoots, of new life, new ideas and new direction.

Today in question time we saw the extraordinary revelation by the Minister for Foreign Affairs (Mr Downer) of the principal source documents for Labor's new foreign affairs strategy titled *Securing Australia's Place in the World*, ALP Platform, May 1998.

Most Australians would have thought that when the opposition spokesman for foreign affairs released his policy on foreign affairs the source, the inspiration, for the document would be somewhere in the grey matter of his own mind. I find the member for Kingsford-Smith (Mr Brereton) to be a perfectly companionable bloke. If you are at a diplomatic cocktail party somewhere and you get stuck in a corner, he is not a bad bloke to have a chat with. But what we are talking about tonight is his capacity for creativity, for original thought and for new directions and vision for Australia's engagement with the rest of the world.

What we find is that the principal source for Labor's securing of Australia's place in the world are not the spokesman himself but one coalition document titled 'A Confident Australia', the coalition election manifesto for 1996, and a second original source document, the coalition's white paper on foreign policy and trade titled 'In the National Interest'. If you actually go through and look at the remarks and the content, we are not talking about an echo, a faint reflection, an occasional borrowing of an idea; we are looking at a number of instances of a direct quote from the coalition documents. They are simply being incorporated and reproduced in a cut and paste exercise from the coalition to the Labor Party. For example, in the white paper you see our document, the original release by the minister, in what was a great innovation, the first white paper putting Australia's defence and foreign trade in full—

**Mr Laurie Ferguson**—This is the man who circulates Tony Blair's speeches.

**Mr ROSS CAMERON**—That is exactly right, I do circulate Tony Blair speeches. Let me just quote from our white paper. It says:

... the changing relativities of power and influence which flow from the economic rise of East Asia.

From Labor's document we get:

... rapid economic change, especially in the Asia Pacific Region, is producing major shifts in regional and global power relativities.

But going on in the same vein, see what we get. I think it is important that *Hansard* record the identical nature of these two

statements. From 'A Confident Australia', the coalition policy document, you get:

The forces of economic globalisation, and in particular the ongoing revolution in technology and communications have broken down longstanding barriers between people, states and economies.

From Labor's document:

The forces of economic globalisation, and in particular the ongoing revolution in technology and communications are eroding longstanding barriers between people, states and economies.

I could go on. What you find is that the member for Kingsford-Smith has obviously sat around with a few mates and a couple of beers, and he has got three documents up on the screen. You can hear the scissors snipping away in the background, you can hear them cracking open the old can of glue, and here we go producing Labor's foreign policy statements. We are producing original new directions in foreign policy, we are demonstrating vision for Australia; we are a new breeze in foreign policy. (*Time expired*)

#### Employment National

**Mr MOSSFIELD** (Greenway) (10.40 p.m.)—There have been many policies of this Howard coalition government that are leading to job insecurity for ordinary working Australians. Tonight I would like to mention a few examples of how job insecurity is hurting battling Australians. The announcement in the budget that a further 9,000 jobs are to be cut from the Public Service—this is on top of the 23,400 job losses in the first two budgets—is just one example. We are also seeing a growth in part-time and casual work in the general economy at the expense of full-time work, with the erosion of award conditions and workers sitting by the phone waiting for a call to perform a few hours work. The growth in part-time and casual work was highlighted in an article in the *Sydney Morning Herald* by Paul Cleary on 26 May when he said:

The number of casual full time workers with no job security has increased tenfold in the 1990s while the total casual workforce has more than doubled a new survey shows. While the government has begun promoting its policies with the mantra of security, stability and safety, a new Bureau of Statistics survey on work patterns underscores the depth of job insecurity.

This survey shows that the number of people in New South Wales working in casual full-time jobs rose from 14,000 in 1991 to 148,000 in 1997. The total casual and part-time work force swelled by 50 per cent to 685,000, but the casual work force alone expanded at a faster rate, at 60 per cent, to 454,000. While two-thirds of casual workers are women, the fastest growth has been in men moving into these jobs. This trend means that more Australian workers are working casual full time but without job security and certain award conditions. In the same newspaper article, reference is made to a study of two Reserve Bank economists, Mr Guy Debelle and Mr Troy Swan, who found:

The number of men moving into parttime jobs has far outstripped the number of women. At the same time traditional fulltime work for men has been at a standstill.

Between 1991 and 1998, male part-time employment grew at an average annual rate of 5.4% compared with 2.9% for women.

As a result of these changes the number of men working fulltime has fallen from 67% of total employment in 1960 to 50 per cent in 1997.

The question I ask is: where is the government's answer to these problems or is the government happy to have an insecure, servile work force? Another area of job insecurity that has arisen as a direct result of the government's policy comes with the privatisation of the CES and the creation of Employment National. We now find that the free access to job network services is available only to eligible job seekers, those who are on some form of government assistance.

Labour market economists estimate there are about 400,000 unemployed people not on benefits. If you are a housewife looking for work and your husband is working, you get no assistance from Employment National. If you are a long-term unemployed husband whose wife is working, you get no assistance or you are told, as one of my constituents was, to join the queue until they had dealt with the money-making clients. If you are a retrenched worker living on your accrued award entitlements, you will not get any assistance from Employment National.

All of the foregoing is not helping our unemployed and is throwing additional costs

onto business, like the Lane Cove restaurant owner who was told that if he wanted a fully screened prospective employee he would have to pay \$800, a major change because for years this service was free to employers. A further attack on job security is that the government has gutted industrial awards. It has removed provisions such as the need for consultation prior to retrenchment and the provision that dismissal should not be harsh, unjust or unreasonable. These provisions have provided some form of job security for ordinary Australians.

The government's action on the waterfront has lifted the issue of job insecurity to new dimensions. If the coalition government's tactics on the waterfront were successful, workers could be moved from one employer to another without even knowing and the employer could do as Patrick did and move employees to a shelf company without assets. Employees could be sacked for belonging to a trade union or for some other equally outrageous reason. Employees could be sacked, even though there were no productivity problems. (*Time expired*)

#### **One Nation Party**

**Dr NELSON** (Bradfield) (10.45 p.m.)—I would like to make some comments about the contemporary phenomenon of One Nation. Grief is a necessarily painful emotion which, to varying degrees, we have all experienced at some time in our lives. When anger at the loss also competes for expression, confusion reigns and it makes those who suffer from it susceptible to false prophets. Nations, like people, grieve—as Australia did after the inexplicable, yet preventable, tragedy of Port Arthur. We faced our moment of truth with grim determination, both to understand and to pursue a course of action that would serve the nation's interest.

The member for Oxley (Ms Hanson) has become a lightning rod for grief and anger, the expression of which has legitimacy. Many Australians grieve changes that few want and even fewer understand. Others are angry that the Australia they once knew has changed, and they are lunging for someone that they feel is an everyday person who seems to offer an expectation that reality cruelly will never

meet. There is also within each of us a constant tension in what we want for ourselves, a self-interested resentment of people and things that we do not understand and an anger at people perhaps that we do not want.

Every day in Australia we see further evidence of change, over which we appear to have little control. You have only to open a newspaper or turn on a radio or a television in any part of the country on any day of the week to read or hear about such things as BHP announcing the closure of its steelworks and collieries, Berlei closing to relocate in South-East Asia, APPM announcing the possible loss of 150 jobs and so on.

The member for Oxley is popular for many reasons, but one of them is that if many Australians held a mirror to themselves they would say, 'She is like me: she looks like me, she thinks like me and she talks like me. She is saying things that I do not always agree with but with which I identify.'

The challenge for those of us who profess to lead and who have undertaken the responsibility to do so is not to personally repudiate the member for Oxley and her supporters. Most of the supporters, as I see it, of the One Nation Party are basically decent people: they are people who went to war, they did not buy something until they had saved up for it and they thought their rights were less important than their responsibilities. Unfortunately, however, there are a small number of people who pursue the interests of One Nation who, frankly, are evil.

What we need to do is to understand that the phenomenon of One Nation has evolved from a decade of us being patronised. We were told that we were racists if we questioned some of the policies of the previous government. Largely, we were ignored and our everyday concerns were trivialised and dismissed as being mundane.

Those Australians who, understandably, are looking for an understanding as to why we send money to the poorest people in the world, why we contribute to the United Nations, why we do anything at all for indigenous people despite impropriety and waste, and why we have an immigration program at all and for whose benefit it ought

to be run—those people who perhaps feel attracted to the false prophesy that is being offered by One Nation—need to reflect, amongst other things, on the consequences of political instability. New Zealand did an enormous amount to get its economy back on track; now it has political instability. Tasmania is essentially ungovernable and has been close to recession or in recession for nearly two years. In other parts of the world where there is not political stability, unfortunately, not only do you see economic turmoil but you also see turmoil in society as well.

Grief can be a powerful force for change when it is harnessed to seemingly intractable problems. The important point that needs to be made, whether it is to us here or our colleagues in Queensland of whatever political party, is that when parliamentarians merely follow public opinion rather than recognising the need to lead it the whole nation is vulnerable. When we allow facts to bow to bias, and some of the nonsense paraded as facts by the member for Oxley and some of her supporters, then truth is vulnerable and evil in all of its guises finds an environment in which it may flourish, if not triumph.

### **Political Parties**

#### **Federation Fund**

**Mr ANDREN** (Calare) (10.50 p.m.)—I have been contacted by many New South Wales schools in recent weeks as senior debating teams have been given the pleasant task of debating the topic ‘That Independents are good for government’. I have greatly enjoyed assisting both the ‘for’ and ‘against’ arguments which, I might say, proved an intellectual challenge. I am certain those teams debating the affirmative side in particular will have many convincing arguments to back up their case.

This parliament and other Australian parliaments have been corrupted by the two-party system. We have government dominated by executive and bureaucracy. The resignation of the member for Dickson (Mr Tony Smith) from the Liberal Party has again demonstrated how frustrated and largely impotent party backbenchers are. When the member tried to

bring about changes to issues such as child support, he was frustrated and ignored. Many of us share the frustrations of the member for Dickson’s concerns over child support; it is an area in far greater need of reform than has so far occurred since the 1994 joint parliamentary inquiry.

The absolute dominance until recently of the Liberal-National-Labor Party club means that, whichever is in office, the political needs are attended to long before the real needs of individual electorates—and when they are rural they seem to matter even less. Rather than working as legislators, members of this House are most often doing nothing more than rubber stamping bills drawn up by bureaucrats. How many times have I had party members come up to me and ask, ‘What are we voting on?’ How many divisions are party political exercises—a whole lot of time wasting divisions, as the Leader of the House described it in this House last week? Why should an Independent show up for such party games? If an MP crosses the floor to vote against his or her party on an issue that is in the best interests of their electorate, as the member for Dawson (Mrs De-Anne Kelly) and the member for Kennedy (Mr Katter) did last year on the sugar tariff issue, it gets great coverage in the media. In a true democratic system it should occur all the time.

The Australian system is corrupted to the point where the parties are now being funded by taxpayers. The ALP think-tanks received more than \$13 million during the Hawke-Keating years; the Howard government is now paying money to the Menzies Foundation and to the Labor Party equivalent, the Evatt Foundation. Because both parties benefit, neither side is prepared to oppose this blatant and corrupt waste of public money.

I called on the Australian Electoral Commission last week to fast-track their audit of the Liberal Party campaign donations, including the mysterious Greenfields Foundation’s \$4.6 million loan, about which the Australian public knows nothing. I have been condemned by many of my colleagues here for pushing for even basic reforms to the travel allowance system; reforms that still do not go far enough. There is a strong club mentality pervad-

ing federal parliament that overrides any political differences, ensuring no party politician dares question any of the allowances and benefits paid to politicians. The honourable member for Kalgoorlie (Mr Campbell) has rightly questioned why public servants and staff are not subject to equivalent scrutiny.

The most significant reform to have occurred in the New South Wales parliament in recent times was the decision to introduce four-year set parliamentary terms. This was instigated by independents. Here we are on the federal election trail again after just two short years. Look at how expensive and disruptive this is. Imagine how much better it would be with fixed three- or even four-year terms coinciding with state polls on the same day so there is no room to play wasteful political favourites between like governments, state and federal. Reform such as this is too threatening for party politicians. Former New South Wales Independent John Hatton was also the driving force behind the Wood royal commission into the New South Wales police force. Major political parties were prepared to deny and ignore this corruption.

Finally, I would like to say a few quick words about calls in Sydney for Federation Fund moneys to be used for the purchase and demolition of the toaster, that apartment building near the Opera House. According to some reports, the Minister for Finance and Administration (Mr Fahey) has offered \$30 million if the New South Wales government matches it. It is ironic that many of the politicians who had a hand in approving the development of this eyesore are now leading the charge for public money to have it pulled down. There are much more worthy projects the Federation Fund can be used for, job generating projects in country New South Wales like the Inland Marketing Corporation's Parkes export airport project for example, championed by the newly installed independent candidate for the seat of Parkes, Councillor Robert Wilson.

#### **Tourism: Cairns**

**Mr ENTSCH** (Leichhardt) (10.54 p.m.)—I rise here tonight somewhat as a salesman. I have a postcard that was prepared in my electorate from Cairns: 'We live here. We

love it. Come up and say G'day'. This was an initiative that evolved out of a period of time recently when there was a lot of negative reporting in the press on a whole range of incidents in the region. It seemed that almost on a daily basis when you picked up the paper any of the good news stories were relegated to pages 6, 7 and 8, and it was also always a headline with some form of negativity. As a consequence, given the reliance on tourism in the region, it was certainly putting forward a very distorted view of what the region was all about.

A group of local community people and business people decided to get together. They organised a meeting in February which attracted some 120-odd people. They also took the time to invite the local media, and they discussed ways in which they could overcome the perceived negative view that was being run by the media and which was certainly affecting the number of people that were likely to come into our area. There were certainly some serious concerns. The meeting stressed that the media had a responsibility to get the facts correct, to cut out a lot of the drama that they put in and to start to print some good positive news items. There was certainly no shortage of them. As a result, several other meetings were held and we had the formulation of this postcard idea. At this stage I would like to pay a special tribute to Geoff Smith, the HIA regional manager, who was one of the three individuals who came up with the original concept. There was also Alan Black from Barbeques Galore and Rob Goodwin from the local REIQ branch.

We have produced 148,000 of these postcards. A lot of people have contributed to this, and I would like to acknowledge them. They are Ansett Airlines; Billabong Car Rentals; Cairns Hilton; Cairns City Council, particularly Tom Pyne, who contributed significantly; Sunlover Cruises; REIQ; Barbeques Galore; Radio Rentals; and Tourism Tropical North Queensland. The idea of this is that they are sent out all over Australia. My colleagues here may recall that the other day I gave a postcard to both members of the House of Representatives and the Senate inviting them to come and say 'G'day'.

**Mr Latham**—I would certainly love to come and say ‘G’day’, but I haven’t got an invitation.

**Mr ENTSCH**—I will certainly pass one on before I leave. On the back of the postcard there is an opportunity to put your name and send it back.

**Mr Latham**—The whole shadow ministry will come and say ‘G’day’ to every voter.

**Mr ENTSCH**—We would love to have you up there. You may even win a free trip to stay at the Hilton and do some Sunlover Cruises. We have had an excellent response. At this stage over 4,000 replies have been posted back to Tourism Tropical North Queensland. At the moment they are receiving on average about 200 per day. I draw the attention of the member for Werriwa (Mr Latham) to the fact that the competition closes on 30 June, so I will give him one before I leave the chamber. I encourage him to post it.

It has been a great initiative, and it has worked very well. It has certainly put a whole different slant onto Cairns. We are looking at proceeding with a similar promotion as a second level of it. I commend all of those who were involved. We had a problem, and the community have pulled themselves up by the socks and found a solution which is working very well. I congratulate the Cairns community for their excellent effort in this.

**Mr SPEAKER**—It being almost 11.00 p.m., the debate is interrupted.

#### House adjourned at 11.00 p.m.

#### NOTICES

The following notices were given:

**Mr Andren** to move:

That the House of Representatives:

- (1) welcomes the statement on 1 June 1998 by Indonesian Justice Minister Mulyadi that the Indonesian Government will consider an investigation into the circumstances of the deaths of 6 Australian based journalists in East Timor in 1975;
- (2) welcomes news of the possible release of up to 12 East Timorese political prisoners by the Government of Indonesia;
- (3) notes that the UK Minister of State at the Foreign Office, Mr Derek Fatchett, acting as Prime Minister Tony Blair’s special emissary,

recently met with jailed East Timorese leader Xanana Gusmao and called for his release; and

- (4) requests that the Government of Indonesia give serious consideration to the release of Xanana Gusmao, noting that this would be a vital confidence building measure that could be an important step leading to a peaceful resolution of the East Timor conflict.

**Mr Beazley** to move:

That this House:

- (1) expresses its strong opposition to the introduction of a goods and services tax (GST) or anything resembling it;
- (2) notes that in May 1995, as then Leader of the Opposition, Prime Minister Howard promised that the Coalition would never ever introduce a GST or anything resembling it;
- (3) expresses its concern that a GST would be inflationary, harmful to Australians on low and fixed incomes, a massive administrative burden on small business and, as recently stated by the Secretary to the Treasury, Mr Ted Evans, would do nothing to lift national savings;
- (4) notes that the Prime Minister’s claims that the introduction of a GST will reduce the size of the black economy conflict with recent Canadian research which identifies the introduction of a GST as the single most important factor contributing to a spurt in the growth of the underground economy; and
- (5) congratulates the Secretary to the Treasury for identifying the higher importance of overcoming the poverty traps and the disincentive to work which result from the current interaction of the taxation and social security systems.

**Mr Reith** to move:

That standing order 48A (adjournment and next meeting) be suspended for this sitting.

**Mr Bruce Scott** to present a bill for an act to amend the *Veterans’ Entitlements Act 1986*, and for related purposes.

**Mr Somlyay** to move:

That, in accordance with section 5 of the *Parliament Act 1974*, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 2 June 1998, namely: Interim landscape works, Constitution Place, Parkes.

#### PAPERS

The following papers were deemed to have been presented on 2 June 1998:

Parliament Act—Parliamentary Zone—Proposal for interim landscape works at Constitution Place, Parkes.

*Telecommunications Act 1997*—Instrument—  
1998—Telecommunications Numbering Amend-  
ment Plan.

Telecommunications (Numbering Charges) Act—  
Determination—1998—Telecommunications  
(Amount of annual charge) (Amendment No. 1).

*Tuesday, 2 June 1998*

**Mr DEPUTY SPEAKER (Mr Nehl)** took the chair at 4.30 p.m.

**APPROPRIATION BILL (No. 1) 1998-99**

**Second Reading**

Debate resumed from 1 June, on motion by **Mr Costello**:

That the bill be now read a second time.

upon which **Mr Gareth Evans** moved by way of amendment:

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

"whilst not declining to give the Bill a second reading, the House notes that the Budget:

- (1) does nothing to redress the pain caused to ordinary Australian families, and those doing it hardest in our community, by the impact of successive Budget cuts on health, education, job programs, aged care, child care and many other government programs and services;
- (2) by seeking to achieve surplus on the basis of savage Budget cuts, rather than on growth and job creation, does nothing to give hope to the unemployed and underemployed;
- (3) confirms that the Opposition's alternative Budget strategy, as originally announced in 1996, would have returned the Budget to surplus in 1998-99—on the basis of putting growth and jobs first, with much more moderate outlays reductions;
- (4) lacks credibility in its growth, employment and current account deficit forecasts;
- (5) confirms that Australia has a private rather than public saving problem—and the stupidity of the Coalition's promise-breaking decision in 1997 to abandon Labor's superannuation co-contribution; and
- (6) is incomplete and misleading in its projections of future revenue and outlays, in that it makes no provision for election-driven new expenditures and the Government's GST and other tax proposals".

**Mr REID** (Bendigo) (4.30 p.m.)—Continuing from my initial contribution, Mr Deputy Speaker, there have been water and sewerage projects in the Bendigo electorate at Elmore, Dunolly, Tarnagulla, Bealiba, Laanecoorie, Wedderburn, Korong Vale, Maldon, Bridgewater and Inglewood. Funding has come from various sources, including Coliban Water and the state government. However, it was pleasing for me to be able to attract Natural Heritage Trust funding which will improve our environment and the quality of outflows into the Loddon and Campaspe rivers and ultimately improve the Murray-Darling River system.

In education, substantial input of Commonwealth money has been provided to schools within the electorate, including St Mary's Castlemaine, Bendigo Senior Secondary College, Girton Grammar, Maryborough Secondary College, St Francis in the Fields, Holy Rosary at Heathcote, Strathfieldsaye Primary, Maiden Gully Primary and Big Hill Primary. A number of other schools throughout the district have also received substantial assistance from the Commonwealth government.

Under health and aged care, the Commonwealth government has played a substantial role in providing additional aged care facilities at Bendigo, 'Havilah' Maryborough, Castlemaine, Heathcote, Inglewood, Bethlehem, Maldon and possibly Dunolly in the future. Many millions of dollars of Commonwealth money have been advanced for these projects in conjunction with the excellent fundraising activities of local communities to bring about an excellent standard



of aged care provision within the Bendigo electorate. The overview of the electorate of Bendigo is that it is in excellent condition for the future—

**Mr Slipper**—It's got a good member.

**Mr REID**—I thank the honourable member for Fisher very much—with the appropriate infrastructure being completed over the last few years, and I feel confident that the Bendigo electorate will continue to grow and prosper.

**Mr BARRY JONES** (Lalor) (4.32 p.m.)—Mr Deputy Speaker, this will be my last budget speech, so forgive a valedictory note. I confess that I look forward to leaving this place. Politics has become a very distasteful occupation, with the emphasis on winner take all and the significant transformation when people of different background and beliefs are no longer seen as 'the opposition' but characterised as 'the enemy' who have to be taken out with no prisoners taken.

I deplore the moral insensitivity that prevents this parliament from making a national apology for past cruelties and injustice to our indigenous inhabitants. We stand with the legislatures of Queensland and Northern Territory in this. It is not cruelty or callousness on the part of the Prime Minister (Mr Howard)—not at all. He just does not get it. It would be like trying to discuss the relative merits of Vermeer and Rembrandt with somebody blind from birth.

The Prime Minister confuses guilt and shame, but they are not synonymous. The converse of guilt is innocence. The converse of shame is pride. He takes pride in the achievement of the Anzacs even though he was not—could not be—personally involved. You do not have to be personally involved to feel pride or shame. The concept of guilt or innocence necessarily rests on personal involvement. He is also caught up with the idea that admitting shame would lead to legal liability for the Commonwealth—hence the drawing of a line in the sand across which he cannot step. To say the 'S' word would in his view involve making a legal concession which could cost billions of dollars. That is the way the Prime Minister sees it, and it is profoundly wrong. He simply cannot utter the 'S' word. I suspect that he would gag or choke on it. Yet to have meaningful negotiations on native title issues, starting with a concession of goodwill, would be a wonderful way to start.

I was deeply impressed by President Clinton's apology to an Afro-American survivor of unethical medical experimentation in the 1930s, about 15 years before Bill Clinton was born. But when he said sorry and embraced the old man on television the effect was electrifying. I could not quite see the Prime Minister following the President's lead. I was also impressed when President Chirac marked the centenary of the Dreyfus case by making an apology to surviving members of the Dreyfus and Zola families. Similarly, French Catholic bishops apologised for the callous indifference of an earlier generation to the atrocities imposed on the Jews in France during World War II. They felt shame, not guilt.

I commend these examples to the Prime Minister. The rejection of a moderate resolution moved in the House during National Sorry Week and its replacement with a resolution drawing attention to government outlays was morally obtuse.

Australia is one of the world's most urbanised nations, one of a group of five with the highest percentage of total population in large cities. The others are Japan, Argentina, Belgium and Israel. Nevertheless, we tend to think of Australia as essentially a primary producing country where our wealth is completely dependent on what we grow and dig up. Mental activity? Intellectual property? Not really. They are seen as peripheral or inconsequential. Australian politicians, journalists, bureaucrats and business executives have a very narrow and

intensely traditional view of what wealth is and where it is to be found. Comparative advantage seems patently obvious, like the sun going around a flat earth. 'Natural endowments are unchanging and economic policy ought to reflect that,' they say.

Many national leaders cannot get their heads around the concept of information as an alternative source of wealth or see that information competence will be central to creating a better, more cohesive, more transparent society. The only public figure—other than one other whom modesty prevents me identifying—who is currently identifying these issues is Mr Justice Michael Kirby of the High Court. The House of Representatives in the 20 years I have been a member has never had a serious debate on this subject, irrespective of which party was in power. Nor has the Senate. I doubt if there will be one in the next parliament.

The rise and rise of the Internet and the vital tool of the World Wide Web are observed but not understood as being part of the phenomenon of globalisation with the loss of national autonomy. It is not just ironic but tragic that the most divisive issues and the greatest lost opportunities all involve hanging on to the old paradigms. The old paradigmatic issues are: one, confrontation with trade unions generally and the MUA in particular on the waterfront; two, maintaining coal as Australia's largest single primary export and working against international agreement on setting global greenhouse targets; three, potential confrontation on pastoral leases in the native title debate generated by the High Court's decision in the Wik case; and four, seeing Australia as a bounded unit reacting against global changes attempting to revive the politics of nostalgia and white Australia—in other words, the Hanson phenomenon.

Australia is an importer of smart products, not an exporter. We buy dear and we sell cheap. We pay for 1990s imports with 19th century exports. Peter Reith's view is that the trade and unemployment figures would improve if we put more emphasis on volume not value. Can he be serious? The country is being torn apart over trying to strengthen an economic paradigm which was becoming obsolete in the 1960s. Australia was intransigent at the Kyoto conference on greenhouse gas emissions when we pleaded that all we had to offer the world was comparative advantage in raw materials, lots of it.

Australia actually had a strong bargaining position in Kyoto, not on merit but because of the argument that we if did not get our own way—continuing with a licence to pollute—then other nations might also refuse to sign up and non-participants such as China would refuse to join. The country that says no all the time and will not listen to compromise generally gets its own way, for example, the US on landmines. The Kyoto result will actually harm Australia because it confirms our flight down a cul-de-sac; keep our priorities for industry for the future likely to be marked by falling prices and falling demand.

Canada, with a similar economic profile to Australia, settled happily for a target of minus six per cent on its 1990 greenhouse gas emissions by 2008 to 2012. Australia secured the right to increase emissions by plus eight per cent. Will it help us? No, it will confirm our commitment to the past. Amending the Kyoto protocol to provide greenhouse offsets for reduced land clearing in Australia was admittedly a master stroke but an extremely cynical one.

As Australia moves away from broad land farming, the era of massive land clearing is at an end and would have been, Kyoto or no Kyoto. So we claim credit for a course of conduct that will not change and costs absolutely nothing—the ultimate cheap gesture. Taking land clearing credits into account means that in practice our capacity to increase greenhouse gas

emissions may rise by 25 or 30 per cent by 2008 to 2012—not just the eight per cent allowed for in the treaty. Our aim seems to be to become the world's gold medal polluters per capita, and we are right on target. At a time when the world is preparing for 21st century models of energy use, Australia gallantly nails its colours to the mast of 19th and 20th century practice, determined to go down with the ship.

After Kyoto Australian industry breathed a collective sigh of relief. It was to be business as usual. No need to rethink resource use, plan for energy efficiency, invest in new plant or create new industries. No, the pressure had been taken off. There was nothing to worry about. Australia had been saved.

Sweden also breathed a sigh of relief. The Swedes see energy efficient industries and technology as a great growth industry for the next decade with an international market expected to reach US\$1 trillion by 2010. They saw Australia as a potential competitor in this lucrative market. Not after Kyoto! Sweden, lacking its own oil and coal, is committed to energy efficiency. Australia, with both, is committed to higher consumption globally—also known as energy waste. If this raises global warming, well, 'tant pis', as they say in Paris. I can imagine what Australia's position might have been at an international conference on obesity. We could put a powerful case for differential targets: what about the dairy industry? Our restaurants are thriving!

To Australians wealth is essentially related to the soil—mining, agriculture, property and construction. This is where we invest; this is what we sell; that is what determines who we are. If you doubt it, read last month's BRW 200 to see where the heavy investors are. If they are in manufacturing it is in traditional manufacturing. As for the development of new kinds of technology, new scientific based industries, forget it.

The longstanding preoccupation with the soil and its deep symbolism, not only for Aborigines and Torres Strait Islanders, is the central factor that makes the Wik debate so intense. There are sacred sites on both sides. Opening up debate, as the remarkable Camilla Cowley has demonstrated, wins few friends when people are looking for reinforcement of existing long held views.

The declaration of war on organised labour by the Howard government and the waterfront dispute between Patrick and the MUA was a low point in Australian political and industrial history. The Minister for Workplace Relations and Small Business (Mr Reith) said the waterfront dispute will cripple the economy, wreck exports and destroy job opportunities. The Deputy Prime Minister, the Minister for Trade (Mr Fischer), in a rush of candour, said that the dispute's impact on our exports is minor because, as he points out, the bulk of value in our exports—high value added goods and services—has been unaffected. Bulk cargoes are affected and the highest value products are exported by air.

I am amazed that nobody in the media asked these fundamental questions of the Prime Minister and the minister for workplace relations: why the exaggerated emphasis on the waterfront? What smart products are exported by ship? What proportion of Australia's total exports are transported by ship? Is the proportion growing, static or declining? In 10 years time, what percentage of Australia's exports will be shipped? We take it for granted that Australia's exports are all high in volume, low in unit value—except where multinational corporations use Australia as a regional base to assemble and export their products. The Prime Minister and the minister for workplace relations take a deeply pessimistic view of Australia's capacity to change its economic base.

Just on 70 years ago another coalition government led by Stanley Melbourne Bruce tried to destroy trade unions in general and the maritime unions in particular. The strike breaking company was called P&C Stevedores; the year was 1929. In 1998 the strike breaking company set up by Don McGaachie is called P&C Stevedores. Coincidence? I leave it to you, Mr Deputy Speaker.

In 1929, Stanley Melbourne Bruce achieved a unique distinction: he became the only Australian Prime Minister to be defeated in his own seat. The seat was Flinders, now held by the minister for workplace disruption. It could happen again. In the 1930s the founder of Patrick Stevedores, James Ronald Patrick, was treasurer of the New Guard, the fascist movement that fought against Labor in New South Wales. Are you surprised, Mr Deputy Speaker? I half expected Chris Corrigan to put on a black shirt for television. It would actually have suited it him.

I want to conclude by talking about the concept of countervailing power, a concept that we ought to be talking up. This is the argument that in a pluralist democratic society, as we want Australia to be, no single group has, or should have, a monopoly of power. Power is shared by a diversity of community interests. Capital, money invested in corporate structures, has power, even dominance. This is probably inevitable—subject only to the restraints of the law and the need to deal with customers and the labour force. Capital has greater flexibility than labour because it can be transferred out of an enterprise and off overseas without warning. Labour, the work force organised in trade unions, is not so flexible because human beings need jobs to support families. The trade unions must have some countervailing power. Capital cannot have it all its own way, but capital and labour are inherently unequal. It would be very rare to find a fifty-fifty sharing of power.

Government, through its democratic authority, should be a third balancing force, ideally acting as an arbiter to preserve the national interest. The courts, too, are able to provide a balancing role. Recently, they have been the only element to do so. It is appalling that the Howard-Reith approach has been to disregard the third way, using government power to support one side in the dispute, forgetting the national interest, refusing to arbitrate and showing manifest irritation when the courts have intervened to give equity to the workers. The Prime Minister and the minister for workplace relations want the distribution of power to be something like 100:0, where labour has no countervailing power at all.

The coalition is not divisive by accident; it is divisive by design. These are appalling examples of wedge politics being dragged into the Australian scene. Wedge politics, recommended to Richard Nixon by Pat Buchanan, is a strategy which aims to break up society and then make sure that the conservatives grasp the biggest piece, making sure that the poor, the unemployed, the marginalised, the dispossessed and indigenous Australians are stripped of all power and dignity. It is social Darwinism at its worst.

**Mr JULL** (Fadden) (4.47 p.m.)—The honourable member for Lalor (Mr Barry Jones) gave us a few things to think about. He raised something I was not going to talk about today, but he has jogged my memory. It is quite appropriate in light of the money that has been allocated to this area. It is the future shape of government in an electronic world. While I do not profess to be an expert in these areas, I have been trying to keep abreast of some of the developments that are happening. The whole nature of government will change so dramatically in the next 10 years that the sort of investment that even Australia is making now—we are making in many respects a much bigger investment than other parts of the world—is going to be

inadequate. Nobody can really explain to me as yet just what the form and the nature of government is going to be in terms of what we do in the collection of revenue and money transfers. I think we should be following the line of the United States of America and trying to establish some think-tanks to address these.

There are a couple of think-tanks in the United States that are really quite interesting. One is called Highway One, which is a combination of the manufacturers and the administration. Basically, in their think-tank, they are devising ways of delivering government services better in an electronic age. The other one, which I think is probably more interesting and probably more relevant in terms of the nature of future government, is the one that has been established by IBM in conjunction with the administration. That one really gives you some food for thought. I spent some time at these think-tanks earlier this year. It was quite an eye-opener.

The point, though, is this: one thing that was rather good in terms of the Highway One concept was the fact that the Americans regarded Australia, Canada and themselves as being at the forefront in the development of the delivery of electronic services in government. It was interesting in their display centre that they have in the middle of Washington that there were a couple of Australian innovations that were represented there. The Centrelink computer system was there on line and was being used as a demonstration as one area where we have made some major developments and where these services could be delivered quite successfully.

The other area that we are doing particularly well in is the area of electronic commerce. I have had some involvement with this. It was very difficult trying to develop systems that gave fair, equitable and transparent access to all government business. We have come quite a way along the track. Indeed, the Americans acknowledge now that Australia is probably at the forefront of world development in the delivery of electronic commerce.

Perhaps all is not lost. But if we try to project out what the delivery of government is going to be in five, 10 or 20 years, I do not know if there is anybody in our midst at the moment who really has the capacity to be able to tell us exactly what is going to happen. It is all very well talking to the Americans; their usual reply to how they see the world is that we should go towards free trade. Free trade is right when you have one of the biggest retail markets in the world and one of the biggest deliverers of retail in the world in the United States. Already we are missing out on revenue in this regard.

It is quite easy to get on the Internet now and go into an American supplier of all matters and makes of things and order through the net. When you look at the process at the moment—I have to admit that I have done it myself in terms of CDs, which is a pretty current debate—you can go into somebody like Tower Records in New York, which has probably the biggest library of recorded music in the world and you can place an order for CDs. You pay no New York state tax and no New York city tax. The CDs are delivered to Australia in about three days. Because they are worth less than a couple of hundred dollars, they tend to come through customs without any charge. So there is no import duty paid in Australia. Indeed, there is no copyright paid in Australia. There is no sales tax paid in Australia. In that regard, the revenue misses out all around. I understand that this is happening in a whole range of areas, from clothing through to technical equipment. We really have to put on our thinking caps to try to work out exactly what the processes might be in the years to come.

I would like to raise another point in this truncated debate and to extend my congratulations to the Minister for Sport and Tourism (Mr Andrew Thomson) on the fact that there has been a recognition by the government—in a financial sense a very large recognition by the

government—of the contribution that has been made by the tourist industry and the difficulties that they are presently undergoing in the downturn in Asia. The allocation of the extra \$40 million over the next few years to try to boost tourist numbers and to develop new markets should be welcomed.

I approach this subject with some concern about not only what is happening in the market but what may happen with some of the future trends. There is no doubt that even in tourism we probably did not do too badly in the first six months of the last financial year. I notice in the latest figures that have been released by the aviation people—the latest figures are for December 1997—the drop in the arrivals in Australia was only 2.2 per cent. In fact, even with that 2.2 per cent drop, the figures were still 7.7 per cent higher than they were for December 1995.

I understand that in the first quarter of this year there has been quite a dramatic drop in the figures for arrivals of international visitors to Australia. I understand that the March figures, which have yet to be released, could indicate that the decline has been to the extent of 14 or 15 per cent. This causes me some concern, obviously, because I have some fairly significant tourist developments in my electorate. My electorate adjoins the Gold Coast and that has tourism as its lifeblood. We are seeing some dramatic drops in the arrival of visitors, principally from Asia. There is no doubt that the Korean market has dropped out completely. The market from Thailand, which was developing into a very lucrative market, has also declined dramatically. The Indonesian market obviously is down quite dramatically now, although the others have stayed up reasonably well.

However, we are told by the department—I think rightly so—that we have had what has been almost a mini-boom in tourist numbers from Europe and the United States of America. That is to be welcomed. The difficulty that faces my electorate and those major tourist destinations of the Gold Coast and also, to a degree, Cairns, is that the tourism mix that we are getting at the moment is not quite right as far as their efforts are concerned. Maybe this is one of the criticisms of the tourist industry. Nobody would deny that they had to work very hard and fight international markets to get in those international tourist numbers from places like Japan, North Asia and, more lately, South-East Asia. But if there is to be a criticism of the industry, and a criticism of government policy over the last 10 years, I guess in some respects it would be that it has been relatively easy to concentrate on those markets without spreading the net a little further than that.

While the increased expenditure in Europe and the United States is working, one of the pleas that I would make for future administration of tourism in Australia from a government and a private sector point of view is: never forget those emerging markets and do not put all your promotional dollars into those traditional markets; make sure you try to stay ahead of the game.

There are some interesting markets developing. One of the biggest outbound markets going on to the world tourism stage at the moment is coming out of South America, from places like Argentina and, to an extent, Brazil and Chile. We have been so clever that we have really had no direct air connections with those regions until recent times. We have two or three code share flights per week into South America at the moment. It is markets like those that probably we should have been looking at five or 10 years ago as part of the insurance and as part of getting the mix absolutely right.

There are some other areas that are developing quite interestingly. One of those is Russia. The new market that is coming on extremely well indeed is the outbound market from Russia into South-East Asia. Some of that is cost driven, but the potential to develop that market and to bring some of the Russian Federation visitors into Australia is one that I think should be examined fairly closely by tourism administrators in the months and years to come.

I still think that we need some specialist marketing, particularly in terms of the charter market into Australia. While we have made some inroads into Australia from Europe and particularly from the United Kingdom, we ought to be a little more innovative with some of the things that are happening. In that respect, it is interesting that Britannia Airways at the moment, which have been major providers on the inbound market into Australia in recent years, is looking at setting up an Australian operational base.

Another thing that should be commented on is the fact that the Australian Tourist Commission has, in some respects, been somewhat hampered in its capacity to be able to get around the world and make these promotions. That has been recognised. Possibly the Australian Tourist Commission needs more and more autonomy to determine what markets it will plough.

Another area that has been of some concern to me—but I do not think the tourist industry should get too precious about it, although they have been fairly vocal in their comments on the issue—is the increase of \$3 in the departure tax. Quite frankly, now that tax is included in the price of the ticket, it is neither here nor there. It would certainly help in the provision of extra funds for the development of the market.

Another point that has attracted some criticism has been the instigation of the \$50 visa fee. I can understand the concern. Basically, it is in a couple of the newly developing markets, which have not yet got the electronic visa system in place, that it will hit. When you are trying to develop new markets, and markets that are particularly price sensitive, that additional \$50 will make that job just that little bit harder than perhaps it would have been.

That is not a criticism of that visa charge. We have to maintain the integrity of our immigration system and the integrity of the visa system, particularly leading up to the Olympic Games. The security that will be required by Australia for that massive influx of people who will be coming here for the games will be tremendous. The costs of providing that will be great. So we have to get some sort of balance in it. I simply warn that the instigation of a \$50 visa charge in normal circumstances could be such that it could cause us some difficulties in some of those newly developing markets.

Madam Deputy Speaker, we have an agreement that we are not going to go beyond 10 minutes, and I have exceeded that by three minutes already. I will conclude my comments there simply by saying that I would like to extend my congratulations to the government on what they have achieved in the last three years, and indeed for the fair and balanced budget that we have seen delivered by the Treasurer (Mr Costello) this year. It is a job well done. I was speaking to a group of my independent retirees in my electorate last week and obviously the first question was, 'How did the budget go down with you fellows?'—to which the reply was, 'Like junket.'

**Ms HANSON** (Oxley) (5.00 p.m.)—I rise today to speak on a matter that has grave and wide-ranging consequences for all Australians. The matter is the ominous document entitled the United Nations Draft Declaration on the Rights of Indigenous Peoples. This treaty is due to be signed by 2004. The complicity or, at the very least, the lack of will on the part of the

federal government to encourage public examination and discussion on this threat to the Australian people is very similar to their reluctance to debate that other attack on Australians also sponsored by Labor and the coalition, the MAI.

Both of these treaties will take power and choice from the majority of our own people and place that power and freedom of choice firmly in the hands of foreigners and self-seeking minorities. Both of these treaties diminish Australia's sovereignty and in the case of the so-called rights of the indigenous people could ultimately result in the disintegration of our nation. With the MAI now largely exposed—

**Mrs Bailey**—Madam Deputy Speaker, I raise a point of order. It is with reluctance that I rise to my feet on this point of order. While this appropriation debate is a wide-ranging debate I am just asking for your guidance as to whether this matter fits the guidelines of an appropriation debate.

**Madam DEPUTY SPEAKER (Mrs D.M. Kelly)**—There is no point of order.

**Ms HANSON**—Thank you. With the MAI now largely exposed and on hold, the time has come to concentrate on the dangerously and inappropriately named rights of the indigenous people. When signed, this treaty will be a permanent fixture of division. It will divide us not just racially but geographically. This treaty is a treacherous sell-out of the Australian people. It is a document of such social impact it would be unimaginable to most Australians. It will tear the heart out of our country and deliver that heart to one of our very smallest minority groups.

This treaty is the initiative of internationalists with no loyal commitment to our country or the future of our people. Let no Australian doubt the authenticity or immediacy of this threat. The Aboriginal industry helped develop this treaty. ATSIC have endorsed it and released their own version of it. And we cannot afford to deny the collusion of Aboriginal separatists, the United Nations and the disloyal and self-seeking globalists in our own midst.

For many years the activists of the Aboriginal industry and those who help peddle their lies have preyed on the collective conscience of other Australians. We have seen the distortion and blame-filled confrontation of the so-called stolen generations, sorry days, sorry books and the list goes on. We are witnesses to the ongoing PR campaign aimed not at reconciliation but at remuneration.

Last week the *Australian* reported that an Aboriginal rock shelter dated at 180,000 years of age had been incorrectly dated and was now considered less than 10,000 years old. The original report was pounced on by Aboriginal groups in an attempt to uphold a dishonest period of association with the land. This is but one example of dodgy research jumped on by the activists as further evidence of their right of ownership over and above all others.

It does not matter whether it is 10,000 years or 180,000 years—or for that matter one million years. At some stage or another, every country in the world was held or owned by someone else—in most cases by many different peoples at different times. There is considerable evidence that even Australia experienced a number of waves of occupation by different people. So you might reasonably ask who were the first or perhaps what is the weight of argument connected to being first. Does being first matter and therefore does being first override equality for all of today's Australians?

There is no true honest way of connecting Aboriginal hunter-gatherer nomadic occupation with the modern understanding of land ownership, nor should we try. This endless PR



campaign was never intended to raise the acceptance of Aboriginal Australians; rather it was and is a carefully coordinated assault on the conscience of other Australians for the express purpose of producing guilt so as to extract monetary compensation. I say again: it is about not reconciliation but remuneration.

No one group of Australians must be given rights over another. All Australians must be treated equally and the same. The indigenous population is experiencing boom growth in Australia. One only has to be recognised as an Aboriginal community to be accepted as an Aboriginal. Identifying as an Aboriginal has definite financial advantages, as Aboriginality allows them to claim a share of the booty of the native title scam as well as various other publicly funded perks not available to other Australians. This is reducing the resources available to real Aboriginals in need and promoting discontent among Australians who are appalled by the scandalous waste of their money and the government's overall incompetence in dealing with the issue.

I am part English and part Irish, yet I do not claim to be English or Irish. Yet I have more English and Irish blood in me than most who claim to be Aboriginal have Aboriginal blood in them. Whatever we may have been, it is Australians we must be. I refer again to the Draft Declaration on the Rights of Indigenous Peoples and will describe several of the most dangerous aspects of this treaty, hence demonstrating its terrible effect.

The first area of concern is the definition of an indigenous people. The *Oxford English Dictionary* considers indigenous as having been born in that country. By this definition, all people born in Australia are indigenous and therefore should be covered by the provisions of this treaty, as in fairness should those who have made this country their home also be covered. But this of course is not the case. Article 3 states:

Indigenous people have the right of self-determination.

What exactly does self-determination mean? Does it mean self-government? Does it mean dedicated Aboriginal seats in parliament, as suggested recently by some prominent New South Wales state politicians? The same racially based nonsense has been raised many times before. Will this lead to every other so-called minority group wanting dedicated seats in parliament as well? Where would such racially based discrimination end? Article 11 of the treaty states that indigenous people have the right to special protection and security in periods of armed conflict.

Does this mean that in the very unfortunate event of Australia being attacked that indigenous people would be automatically exempt from military service and entitled to special protection over and above that afforded to other Australians? Article 31 states that indigenous people have the right to autonomy or self-government over their own affairs including entry by non-members as well as ways and means of financing these autonomous functions.

Will other Australians have to seek permission or pay to enter? The fact is that native title is just a precursor to the establishment of a taxpayer funded Aboriginal state. The Canadian parliament has just agreed to divide up their country and create a new indigenous state called Nunavut, owned and governed by the Innuit or Eskimos. This race based state will be funded by the Canadian taxpayer for the next 20 years. The architect of Nunavut, Peter Jull, is in Brisbane advising the North Australia Research Unit on how to establish independent race based states in Australia. All they need is the trigger, the United Nations Declaration on the Rights of Indigenous People.

Article 27 speaks of the rights to restitution of lands, territories and other resources and affirms rights to just and fair compensation for lands and resources confiscated or used without consent. The potential for significant claims to be made against landowners past, present and future is a certainty given our experience with native title. Any individual or company forced to pay compensation may not be able to sue the government to cover the loss.

Article 30 specifically requires countries to obtain a free and informed consent from indigenous people before approving projects that affect their land, particularly in connection with the utilisation or exploitation of minerals or other natural resources. Taken literally, this amounts to a veto right over future land use and resource utilisation. This will result in far more problems than we are currently experiencing with native title. Indeed, this could override Howard's 10 point plan as United Nations treaties override our domestic laws.

Anyone who doubts this should read the High Court Teoh decision resulting from the United Nations convention on the rights of the child. In this case, the High Court essentially ruled the Australian government is bound to observe international treaties ratified by the executive, even if they have not yet been incorporated into Australian domestic law.

In this case, Teoh, a Malaysian citizen, arrived in Australia in May 1988 on a temporary entry permit. In February 1989 Teoh applied for a permanent entry permit. In 1990 he was convicted of importing and possessing millions of dollars worth of heroin and sentenced to six years imprisonment. He was refused a permanent entry permit on the grounds that he did not meet the good character requirements and the minister ordered Teoh's deportation. In the meantime Teoh had fathered children in Australia.

Teoh appealed the deportation and won on the grounds that deportation would not be in the interests of the child and therefore illegal under the United Nations rights of the child treaty previously signed by the Australian government. Last year the government passed a bill through the House to reduce the impact of the Teoh decision but has not yet presented it to the Senate. Now we find ourselves in the ridiculous situation where a touring foreign criminal only has to get a local girl pregnant and he cannot be deported.

Clearly this is unacceptable and I call on the government to show some leadership by changing the law and preventing this from ever happening again. These are some of the objectionable clauses contained in just two of thousands of treaties signed without the knowledge of the Australian people. I urge all Australians to obtain copies of these two treaties and read them to find out how their government commits them without their knowledge. Never again can we afford to let governments sign treaties in secret. There must be public disclosure and debate. The government has proven they cannot be trusted.

*Mrs Bailey interjecting—*

**Madam DEPUTY SPEAKER (Mrs Kelly)**—Order! I will invoke a standing order in a moment.

**Ms HANSON**—It is time Australians became aware and studied the UN draft declaration on the rights of indigenous peoples and the massive and irreversible effects it will have on this country if implemented. We must teach the government the powerful lesson that we will not let them give our country, part of our country or our sovereignty to anyone without our knowledge and clear approval. Governments and the internationalists who fill their ranks must not be left unchecked.

With further regard to native title, taxpayers will already have committed to the indigenous land fund \$1.4 billion by the year 2004. Australians must understand that up to 79 per cent of Australia is under the threat of native title by less than two per cent of the population. The taxpayers of Australia have sunk over \$210 million so far into the native title process only to arrive at the untenable situation today with massive delays and the lack of proper outcomes.

The Racial Discrimination Act 1975 is supposed to guarantee that no-one will be disadvantaged on the basis of race. Unfortunately, the loophole in the act is the provision to discriminate positively. Having this loophole and using it to discriminate positively for one group results in negative discrimination against others. Whereas pastoralists are only compensated for lost production from mining on their leases, Aboriginals are tremendously advantaged by having the right to negotiate with miners for a share of the profits. This creates insurmountable barriers to investment, jobs and family financial security unless you are an Aboriginal.

We must take steps to enable the building of dams, mines and infrastructure without delays, deadlocks, court hearings and appeals. It is not right to ask remote farming families and the miners of Australia to bear the financial and emotional cost of an undemocratic decision of the High Court. These rural families and miners took land from no-one. They either have paid for their land or are still paying for the land. No-one gave it to them. They have rolled up their sleeves and worked hard to develop their land and now face not the Dreamtime but the native title nightmare, with claims in many cases from people who have never been anywhere near their properties.

The Queensland government is powerless to abolish native title by any means inconsistent with the federal Native Title Act. The Commonwealth constitution provides that Commonwealth laws prevail over state law. Any solution to the native title problem must come from the federal government. One Nation will continue to fight to abolish the nonsense and inequity that is native title. At both and state and federal levels, we will fight the opportunistic nonsense and dishonesty of native title and work to dismantle every form of discrimination, including that which assists native title claims at state level. In particular, we will abolish the office of Aboriginal and Torres Strait Islander affairs, the indigenous advisory council and any other government departments with a charter based on race rather than individual need.

All of these resources and services will be distributed through existing Queensland government agencies on the basis of individual need, not race. At the federal level in particular, we acknowledge the role of states rights and will work to stop the continual erosion of state sovereignty. In a matter of days, we will have the Queensland state election. Queenslanders will be the first Australians in living memory to have the chance to elect a real alternative to the multicultural and politically correct Labor and coalition parties whose pursuit of treaties and policies such as those I have just described fulfils the agenda of overseas interests, not ours.

The paralysing effects of native title and other issues will see Queenslanders deserting those who have deserted them. This election will not just provide an outlet of protest but result in the election of people who will make changes. I speak, of course, of Heather Hill and Ian Peterson.

**Mrs Bailey**—I raise a point of order. You have ruled that this is an extremely wide-ranging debate, but it is a debate about the appropriation legislation that is before this parliament. This

is not a debate about promoting a political party, about a forthcoming election in Queensland. This is a debate about appropriation legislation. I ask you to rule on relevance.

**Madam DEPUTY SPEAKER (Mrs Kelly)**—There is no point of order.

**Ms HANSON**—I speak, of course, of Heather Hill and Ian Peterson and the many fine One Nation candidates they lead. The winds of change blow ever stronger as the day of the ballot box draws ever nearer.

**Mr WAKELIN (Grey) (5.19 p.m.)**—In this debate on the Appropriation Bill (No. 1) 1998-99, I would like to talk about the Australian success story. I will take it steadily while cameras and others leave the chamber. There must be a state election some time soon.

The people of Australia have acknowledged the very significant achievement of this government in terms of turning debt into surplus—the \$10 billion deficit into a \$2.7 billion surplus in less than three years. The people were led to believe that the Commonwealth budget was in balance in the summer of 1996. Of course, we know that that was not the case when we came into government. In the last five years of Labor's rule, government debts had grown from \$17 billion to \$96 billion. Every man, woman and child in Australia was burdened with about a \$5,000 Commonwealth debt. By taking the issue head on and tackling that debt, the government has safeguarded Australia's future from the economic whirlwind that has brought significant devastation to our closest neighbours and certainly to some of our Asian markets.

By the end of 1998-99, we will have repaid \$31 billion of debt. That debt reduction has been crucial in alleviating the burden of high interest rates on Australian families and small business. We do not have to think back too far to remember 1989 when the small business interest rate reached 20.5 per cent under Labor. That interest rate is now at its lowest point since the 1960s. The interest rates are now below that point of the early 1970s when I started in business. I am well and truly aware of the impact that that is having and the confidence that it is generating in the community. Inflation is at its lowest level in three decades. That is building on those achievements of the interest rate, the lower debt, et cetera.

Importantly, unemployment, which peaked at 11.2 per cent when the Leader of the Opposition (Mr Beazley) was the minister for employment, is now at 7.9 per cent. There are now more Australians in work than ever before. It would be wrong to suggest that the savings made by the Commonwealth have been simply purchased through the wholesale cutting of services or benefits.

For well over two years now, the ALP and its promoters among the professional lobbyists and the press gallery have suggested ad nauseam that government services in Australia have been slashed. That is the language that the prophets of doom have chosen: cut and slash. Even the most cursory glance at the Commonwealth budget papers reveals that this argument is simply empty rhetoric. This year, the Commonwealth will spend over \$141 billion and gather \$144 billion in taxes. Labor's last budget in 1995-96 proposed \$131 billion in spending. Far from there being a radical reduction in services and government expenditure in Australia, expenditure from the Commonwealth has grown by \$10 billion in the last three years. Most telling is an examination of spending on health, education and welfare. These three sectors presently take up over three-fifths of all Commonwealth spending. In 1985, the spending totalled \$32.6 billion. In the first year of the Howard government, this spending had reached \$79 billion. This year, more than \$87 billion will be spent. It is estimated that by the first year of the new century, it will have reached \$91.5 billion. By that time, over 60 per cent of Commonwealth expenditure will be spent in this manner.

The previous speaker, the member for Oxley (Ms Hanson) commented on Australia's allegedly diminishing national sovereignty. This government has maintained defence expenditure and increased it. By putting more resources into the sharp end of defence, it has not only maintained the level of expenditure but given much better value for those defence dollars. Australians can be well assured that under the Minister for Defence, the Hon. Ian McLachlan, Australia is being very well served.

It therefore astonishes me that members of the opposition, and the member for Oxley, for that matter, can continue to come forward with straight faces to decry the apparently radical reduction in public spending and public services. Their words do not match the facts.

On another note, another historical untruth that has been propagated by Labor and the left wing establishment has been the suggestion that unions can create wealth by using their position in strategic industries to extort money from those same industries. I have always been somewhat puzzled by the union movement's approach in these matters. I have yet to find a union official who can show me where they have created one job, where they have created one dollar of wealth through building an enterprise. I would welcome any unionist or union official coming forward and showing me where they have built a business, employed people and developed this country to where they might be able to say that they have genuinely created employment.

I am at a total loss in this whole Maritime Union approach to life. I should not be, because it has been there for many generations. No doubt, my father, grandfather and great grandfather knew what it was like. To claim that they are impoverished, underprivileged and totally dependent upon the whims of the employer and that they have had such a hard time in recent times when they are on \$90,000 or \$70,000 is just ludicrous. That is where we go wrong—when the union movement somehow or other gets so far removed from wealth creation that it can only ever talk about spending wages and extorting as much as it can from the employer and the creator of that business. Where firms cannot compensate for higher prices in terms of wage increases, those costs have to be passed on to the wider community.

In the minute or two remaining to me, I would like to compliment the government. I suppose that, in a sense, I am rightly proud of that government, being part of the government myself. I am really referring to the executive, particularly the senior executive—the Prime Minister (Mr Howard), the Treasurer (Mr Costello) and the Deputy Prime Minister (Mr Tim Fischer)—for that effort which has been undertaken and for their steady hands at the helm of this country.

When we look at the economic performance and the whole range of expenditure, as I made the point earlier, there has not been a wholesale cutting; in fact, there has been an increase in child care, university places and in a whole range of what I would regard as the social justice areas, be it the self-funded retirees or the unemployed. With regard to the Job Network, it will take a little while to bed that system down. Nevertheless, the principle under which that system is working is, I believe, as the minister says, one of the great social justice leaps forward in this country. We will look back in years to come at the changes to the CES and the real focus on jobs for people as being one of the great steps forward in the job market area.

With regard to native title, we can mention the 10-point plan hammered out over many months, now years, the genesis of the Mabo decision, subsequent elections, subsequent High Court decisions and Senate deliberation. What the member for Oxley overlooks in all the discussion is that, whilst it is nice to be able to play at being in politics as an Independent and

whilst it is nice to want to offer yourself as an alternative government—I presume that is what the member for Oxley is about—you have to face up to some fundamental issues. That is, the High Court does have a place in Australia's constitution—it was put there by our founding fathers; the states do have their place in our constitution; and the Senate is part of that system.

Whatever scare tactics one might like to run in this country, at the end of the day you must govern this country for all of the people within the guidelines that our founding fathers put there in our constitution. I believe that, whilst we all may be frustrated by that from time to time, that constitution is still a very important focal point in terms of the stability of our nation and the good government of our people.

**Mrs DRAPER** (Makin) (5.30 p.m.)—It is with great pleasure that I warmly welcome the 1998-99 budget brought down by the Treasurer (Mr Costello) on 12 May 1998. With the 'recession that Australia had to have' still a recent memory, at the last election confidence was low on the part of small businesses in my electorate of Makin and across Australia. Unemployment was high and there was little hope that this would change. This was because the government at the time had no policies with which to create growth and jobs or manage the economy. Their policy was to hang on and hope that something would turn up.

I am delighted to report that on the handing down of the Treasurer's third budget the people of Makin no longer feel that there is no light at the end of the tunnel. Instead they see hope and optimism that the economy will continue to grow and that people will prosper. What has brought about this change? Not one measure, nor luck, as those opposite would suggest, but a program of economic as well as social initiatives, all designed with the purpose of giving choice back to Australians. Both our revenue and expenditure measures have been designed to empower small business, empower employees and empower job seekers.

Before going specifically into some of these measures I want to highlight just for a moment the importance of the macro-economic policy settings that the government put in place on coming to office and which we have consolidated with this budget. As a responsible government, we took immediate steps to remedy our inherited debt of over \$10 billion. We put in place a sensible and sensitive program of expenditure reduction to get Australia back in the black and back on track.

There were those opposite who said that trying to balance the books was the wrong approach. But we knew that Australia would not move forward economically unless Australians had confidence that their government was in control of the economic fundamentals and that we were not continuing to run up an unsustainable bankcard of bad debts. Two years on, we can see the fruits of the government's approach. The economy is growing at a reasonable rate in spite of the currency crisis being experienced by many of our northern neighbours. Australia now has the lowest inflation rate since the 1970s. We have the lowest bank mortgage interest rates, which is of great interest to the people in Makin, and we have the lowest small business interest rates since the 1960s.

We are so lucky in Australia to have had a well-managed economy, and many do not realise the predicament we might have been in when the Asian currency crisis hit if at that time we had been running up debts at the rate at which the former finance minister, now Leader of the Opposition (Mr Beazley), did. As it is, we have weathered the storm remarkably well. We may experience some falling off in growth, but all of our economic indicators show that we are an example to the rest of the region.

Many people in Makin have commented to me on what stark relief this is in contrast to the late 1980s, when under much more favourable circumstances the then Treasurer warned that we were becoming a banana republic and the then Prime Minister declared that we were in an economic war and that 'this is as good as it gets' for businesses. It is a salutary lesson indeed to compare the way in which we have dealt with the economic fundamentals in the late 1990s with the roller-coaster ride that Labor took us on during the late 1980s.

I want to deal now with some of the specific measures that have served to increase the level of confidence felt on the part of my constituents. The budget is good news for the elderly Australians in Makin. For example, the gold card has been extended to male veterans who incurred danger from hostile forces during World War II, and the introduction of this measure is one that is particularly pleasing to my constituents who are now entitled to the gold card. As I said earlier when speaking on the Veterans' Entitlements Amendment (Male Total Average Weekly Earnings Benchmark) Bill 1998, this was a measure argued for by my constituents and warmly welcomed by them.

The people of Makin have welcomed the news that 220,000 of our self-funded retirees will benefit from being made eligible for the first time for the Commonwealth seniors health card. In addition, \$280 million has been allocated over four years towards assistance for our elderly and to support the carers of elderly people who wish to remain in their home. This is in stark contrast to the Labor Party's policies of the late 1980s and early 1990s.

The young people of Australia have also been big winners from the priorities that we have set in this budget. Families and the young people in Makin have welcomed the extra \$350 million that has been allocated over four years for a range of measures to address youth unemployment. The government is also extending the highly successful work for the dole project, a project which has been of tremendous benefit to many young people in Makin, and in addition we are committing further funds to the national apprenticeship system which will see 200,000 young Australians in apprenticeships within 19 months.

These measures are giving real hope to our young people who are searching or training for a job, rather than simply churning them through expensive and ineffective programs as the previous government did. These initiatives for our young people can also be placed in the context of the major reforms that we have undertaken since gaining office, to ensure that the youth of Australia will have a bright and productive future.

Young people in Makin will also benefit from the significantly reformed provision of employment services so that people now have a choice of providers through the Job Network scheme. Young people can choose the Job Network provider that best meets their needs. New apprenticeships, which I mentioned a moment ago, are making on- and off-the-job training relevant to the needs of today's world of work, particularly in my electorate of Makin. The youth allowance has removed anomalies associated with Labor's system of payments, increasing the amounts paid to many of our young people and, most significantly, making rent assistance available to students for the first time.

All Australians will benefit tremendously from the government's health spending, as announced in the budget. The \$23.1 billion in the 1998-99 financial year will include \$574 million to public health, \$16,398 million to health care access and \$167 million to Aboriginal and Torres Strait Islander health. In addition, families with children have been allocated \$1,276 million, aged care has received \$3,818 million, and disability services a further \$825 million.

I spoke before about the difference made to my local electorate by the new mood of optimism on the part of local businesses looking forward to the removal of the unfair dismissal laws, which is currently being held up by the Senate. Apart from the improved fiscal outlook and lower interest rates which have shaved an average 3 1/2 percentage points off small business overdraft rates, we are now reducing the provisional tax uplift factor by a further percentage point to just five per cent at a saving to business of \$75 million per year.

On the expenditure side we are implementing a number of small measures to assist business, and small businesses in particular, and this is great news for all Australians. We are allocating \$13 million for the business entry point, a one stop shop through the Internet for businesses to deal with federal, state and local government. This in itself has been a matter of considerable interest to small businesses in my electorate. When running or starting up a small business, the number of different government agencies and the volume of paperwork that has to be dealt with has been enough to overwhelm all but the most committed proprietors of small businesses. The business entry point will mean that they can go to one source for all the information they need about who to deal with and the paperwork they need.

We are also implementing a single registration point with the Australian Taxation Office, the Australian Securities Commission and other major agencies. Of course, paperwork itself is something that we have reduced considerably for small businesses over the last two years—and this has certainly been appreciated in Makin. In response to the recommendations of the small business deregulation task force, we have reduced paperwork associated with the tax system, lessened the tax compliance burden and cut Australian Bureau of Statistics paperwork for small businesses by over 24 per cent. All of this is leading to a freer atmosphere for small businesses to operate in and is all terrific news for small business in Makin. I, along with the people of my electorate, am pleased to note that this budget also includes an allocation of \$260 million for an innovation investment fund.

I believe it is important to place the small business initiatives in this budget in the context of the broader program of reform that we have undertaken over the past two years with small businesses in mind. I have already mentioned our success in reducing the burden of paperwork which the federal government places upon our small businesses. We have also introduced the 'New deal: fair deal' program specifically designed to protect the rights and interests of small business.

In particular, this package of reform provides for protection for small business under the Trade Practices Act against unconscionable conduct; a new mandatory franchising code of conduct and oil code to offer greater protection to small franchisees and service station operators against unfair dealings; a franchise policy council to advise the government on the franchising code and on the performance of the franchising sector; additional funding to the Australian Competition and Consumer Commission to take on more test cases for small business; agreement between the Commonwealth and all states and territories on benchmark principles for setting a safety net of protection for retail tenants; an extension of the Australian Banking Industry Ombudsman scheme to all small businesses from 6 July this year.

We have introduced amendments to the Trade Practices Act to ensure that goods claiming Australian origin are in fact manufactured in this country. This is a reform which has been welcomed by small businesses and consumers alike in Makin. Under new government purchasing policies, small and medium businesses will receive at least 10 per cent of all the federal government purchases, a total of \$1 billion a year, and industry development statements



will be required to ensure that small business participates in larger projects. I would like to take this opportunity to congratulate the Deputy Prime Minister and Minister for Trade (Mr Tim Fischer), who has implemented major Austrade initiatives to help exporters respond to the challenges and opportunities arising from the economic uncertainties in key Asian markets. That is a long list for only two years in government. Indeed, the list could be much longer if my time permitted.

This government has made the difference in Australia leading us into the next millennium with positive outlooks on all of these issues, as on many more which will be crucial to the long term stability of this country. It is important to remember that the government has been instrumental in laying the foundations for a path of reconciliation while also demonstrating strong commitment to social issues such as violence in the media and youth suicide. This government is working hard to ensure the future prosperity of our youth through initiatives such as the 'tough on drugs' campaign, which, I might add, was warmly welcomed by the people of Makin, who believe in a government which has proven it cares about Australians and which will continue to deliver on those issues which affect us all.

While small businesses will rightly argue that there is more that can be done, they can be well pleased with the raft of reforms that we have introduced on their behalf. The beneficial impact of these measures will only be fully felt over time, but there can be no question that each of the measures that has been introduced on behalf of small business is a job creating measure.

As this government frees up small businesses from the burden of paperwork and unnecessary government interference, protects the rights of small businesses against unfair practices and reduces the tax burden that they face, small businesses will grow and prosper and take on more employees. In my electorate 50,000 of the 70,000 people employed are employed by small businesses and those people in my electorate who are still unemployed will be the ultimate beneficiaries of our small business reforms.

This is a budget which builds on the hard work and difficult measures which were taken in our first budget and which were forced upon us by the economic irresponsibility of those opposite. Thanks to this government's willingness to tackle the difficult circumstances which we inherited, we have managed to turn things around in just two short years. Small business employees, job seekers, youth, the elderly and families in my electorate have all benefited from the government's sensible and affordable program of achievements.

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**Mr MUTCH** (Cook) (5.45 p.m.)—It is with a great deal of justification and pride that the Treasurer (Mr Costello) was able to say of the budget that it puts Australia back in the black and back on track. The 1998-99 budget has delivered on the government's commitment to return the budget to a surplus in its first term. A surplus of \$2.7 billion delivers on the government's promise: to ensure that we live within our means and to put the nation's finances back into the black.

The figures speak for themselves. We have the lowest inflation rate—at negative 0.2 per cent—since the 1970s. Under the ALP, inflation averaged 5.7 per cent. We have the lowest bank mortgage interest rates, at 6.7 per cent, since the 1970s, which is great news for home buyers. Under Labor home loan interest rates peaked at 17 per cent in 1989. The 21.2 per cent of households in my electorate which are presently paying off a mortgage should be well pleased. We have the lowest small business interest rates, at 7.7 per cent, since the 1960s. Under Labor they peaked at 20.5 per cent in 1989. According to the April figures, unemployment is at 7.9 per cent. It peaked at 11.2 per cent under Labor.

I was present in Melbourne as a member of the Standing Committee on Financial Institutions and Public Administration, questioning the Governor of the Reserve Bank on its semi-annual statement on monetary policy, when the April figures came in. Employment was up by 58,200—full-time jobs up by 42,000 and part-time jobs up by 16,000—and, of course, the unemployment rate fell to 7.9 per cent.

Of course, one swallow does not a summer make. But the governor was at pains to point out his concern at the potential effects of the Asian shock, while noting our underlying strengths. He said:

To date we have coped quite well with the situation—

that is, the Asian shock—

largely because we were in good shape going into it, with strong domestic demand and low inflation.

The governor's comment in response to the unemployment figures was:

I have to say that that is a relief.

He noted in his opening statement that 'the outcome for the labour market turned out to be a bit better than we expected'.

The fiscal responsibility of the government is creating rewards for us all. It is just a pity that the ALP is so intransigent on job creating initiatives such as the amendments to the unfair dismissal laws. I note that today's editorial in the *Daily Telegraph* is headed 'A brake on wheels of production' and labels the Senate as 'that ossified Chamber'. I think it was Henry Lawson who once called the upper house of the New South Wales parliament 'the fossil house'. Anyway, the editorial condemns that chamber for failing to pass the government's amendments to the unfair dismissal legislation. The editorial notes:

... According to a major survey of 1200 large and medium businesses conducted by employment broker Recruitment Solutions, 31 per cent of such firms have been affected by unfair dismissal claims in the past 12 months, with the inevitable result that many are turning away from signing on permanent staff, preferring to hire contractors and temporary employees.

The editorial goes on to say:

The Recruitment Solutions study supports a similar inquiry by the New South Wales Chamber of Commerce, which found that more than 42 per cent of small businesses had opted not to employ new staff for fear of falling foul of an unfair dismissal action.

My own electorate has relatively low unemployment figures. In fact, the unemployment rate in Cook of 9.4 per cent for persons aged 15 to 19, the young ones, ranks it eighth lowest of 148 federal electorates. However, in Cunningham, the seat of the honourable member for Cunningham (Mr Martin), which is just south and covers Wollongong, the unemployment rate amongst young people is 25.2 per cent and ranks 135th. The adjoining seat of Throsby, the seat of the honourable member for Throsby (Mr Hollis), has an even higher rate of 26.5 per cent.

It is interesting that the number of people in Cook with trade qualifications is second only to my neighbouring electorate of Hughes. There is great potential for these people who have trade qualifications, who often run their own businesses, to take on young people and impart their knowledge. But the present unfair dismissal laws put a stop to a lot of employment because people are concerned that they can be taken advantage of. We have to remove that bar to employment of young people.

As I also have in my electorate a very high proportion, 15.1 per cent, of people aged 65 and over, and a large proportion of fully owned dwellings—49.2 per cent, which is the 12th highest in the country—you can see that I have a lot of independent retirees, and I am assiduous in my attendance at the Cronulla-Sutherland independent retirees meetings. They will be very pleased with the budget. With some pride the government has shown its great commitment to older Australians by easing the income test for seniors applying for the Commonwealth seniors health care card. We have extended the eligibility to an additional 220,000 self-funded retirees. The income test threshold has been raised from \$21,320 to \$40,000 for a single person and from \$35,620 to \$67,000 for a couple. This entitles card holders to purchase eligible pharmaceuticals for \$3.20, at the same rate as pensioners. The measure will come into effect from July 1999.

In the budget also we have allocated \$500 million over four years to extend the eligibility for the veterans gold card to an additional 50,000 Australian World War II veterans over the age of 70 who faced danger from hostile forces. My local sub-branch of the RSL, the Miranda sub-branch, in their magazine *To the point*, have noted in a column 'Card good as gold' that I have announced that about 439 World War II veterans in Cook will benefit from the change. That information and initiative by the government was received very well.

In addition, the government announced a \$280 million package set aside for the government's 'Staying at home—care and support for older Australians' package, which features assistance to those elderly who choose to remain independent and live in their own homes. In addition, we are providing additional support for carers, quite often the unsung heroes of our community. This government has shown a great commitment to older people in the community. That is very good news for my constituents in Cook.

I want to dwell a little on how well the budget has been received. In politics, you get so many kicks that it is occasionally nice to be able to crow about some of the achievements. The government, because of its fiscal responsibility, has obviously been attacked. We have not taken the pork-barrelling route; we have taken the fiscally responsible route. It is interesting that the day after the budget the *Australian Financial Review* described the budget in a very favourable light. It said:

The Coalition Government has transformed the Australian economy into one which, for the first time in our history, has been able to withstand an international financial crisis.

This reflects the strong position that we are in after the Labor Party brought the Australian economy to its knees a few years ago. The Tourism Council Australia praised the budget. It said:

A record increase in funding for tourism in tonight's budget is good news for the industry.

The government recognises the importance that tourism has played in the past and the fact that it will have more of a role to play in the future. The tourism industry is made up of many small businesses. We are all aware of the benefits to small business, with small business lending rates now at their lowest since the 1960s. To assist the cash flow of small businesses,

which has always been a problem, we have reduced the provisional tax uplift factor down to five per cent. Under the new withholding tax arrangements, from 1 July 1998 eligible small businesses will have the option to remit these payments on a quarterly rather than a monthly basis.

The extra cash flow will result in 300,000 small businesses being able to defer amounts withheld in 1998-99. We have positioned ourselves well in the region because, as we eliminate debt, we eliminate the interest bill that we need to pay each and every year. It would mean not having to pay about \$8 billion in interest each year, writes Terry McCrann of the *Courier-Mail*. That is \$8 billion that is unavailable normally to spend on roads, child care, health, education, the environment and other important areas, and \$8 billion that will be available in years to come if we eliminate debt. That is \$8 billion that will not be available if Labor is able to get control of the treasury bench again. We all know that they treat the treasury bench like the tart shop or the tuckshop.

**Mr Nairn**—They love to spend.

**Mr MUTCH**—They love to spend, as the honourable member interjects. The best part of the government's budget strategy is that it has been able to achieve its goals and has been able to deliver to the Australian people. The budget has not resulted in an increase in personal income tax. It has not resulted in an increase in petrol excise. It has not resulted in an increase in company tax or wholesale sales tax. The contrast with the Labor Party, who were supposed to be opposed to indirect taxation when they increased indirect taxation after the last election, and for good measure also increased company tax, is very pointed.

This election that is coming up, we are all told, will be about credibility. This government has pinned its credibility on the line with responsible budgets. I am very proud to have been part of it. I know that it has been very well received by the community.

**Mr Sercombe**—Have you still got a job?

**Mr MUTCH**—I am still hanging in there. I am very pleased to be part of the team. I am pleased to have been able to speak on this debate.

**Mr McGAURAN** (Gippsland) (5.56 p.m.)—I am very proud to be part of a government that has delivered a budget in the black for the first time in many years. We used to get these headline, as opposed to underlying, surpluses, touted about by, at one time or another, Treasurer Keating. The fact is that on any criteria or any measure—any economic criteria—this is a budget in the black with a real undeniable surplus of more than \$2½ billion.

The importance of that, of course, is that it allows interest rates to go down because the government is no longer borrowing in capital markets, creating a shortage of money that pushes up interest rates. On top of that, we can use the surplus to retire Commonwealth debt and reduce a significant interest rate component of that repayment. Naturally, there are a number of other economic indicators that follow that significant decrease in interest rates, inflation, and the unemployment rate, as investment and growth continue, leading to more job creation.

I do not talk about the 1998 budget with any sense of hubris or complacency. We in the government believe that it is a significant achievement, particularly when you have regard to the fact that, within three years, we have turned around a \$10.4 billion deficit handed to us by the outgoing Labor government in 1996. We regard this as just part of a down-payment of our commitment of serving the Australian people. We will never believe that the need for

reform and economic management has ended. The moment we believe the job is done is the moment that I believe we will lose government. There is so much more to be done. We can talk about what has been achieved.

Unfortunately, I have been put on with but a few minutes notice by my whip. I cannot go through everything we have done for small business, be it reducing the provisional uplift tax factor several percentage points, capital gains tax relief, fringe benefits tax relief, the introduction of more flexible industrial relations provisions, especially regarding Labor's disastrous unfair dismissal laws. The Trade Practices Act amendments lead to more protection against bigger companies. Fair trading allows small businesses to have the same rights and entitlements a consumer would under that legislation. The reduction in interest rates is very significant. For families, there is a saving initiative and a whole range of benefits. For farmers, we have to remember, if I can draw the attention of the chamber to their plight, that they are still doing it very tough. A big ticket item for any farmer is the lowering of interest rates to record lows under this government. Because farmers are price takers, inflation is important also, because that cuts down the cost of their business inputs.

We have also, under a very enthusiastic, vigorous and successful trade minister, expanded our market opportunities. But so much of Australia has been or is now still in drought and, combined with disastrous commodity prices, particularly for the larger agricultural producing sections, such as wool and beef and now pork, it has been very difficult.

Our Advancing Australia Agricultural package, AAA, has helped significantly as have the family restart scheme and the rural assistance program. We have brought in anti-dumping, speeded it up, made it more responsive to an immediate threat of imported or dumped products. Labelling also has been revolutionised under this government so that there is truth in labelling.

There is a great deal we have done and are doing. We know that rural towns and communities are so heavily dependent on the financial viability of the rural hinterland for their own viability. In all of this we are opposed by the Labor Party every step of the way. They oppose, criticise, reject and frustrate us with the minor parties in the Senate. Every major and significant reform of this government, whether it be in regard to families, small business or manufacturing, has been opposed by Labor.

Now of course they want to spend the surplus we have created by way of personal income tax. That is their idea of tax reform. Their idea is to cut personal income tax rates and increase indirect tax rates, which is not a surprise because between 1993 and 1994, despite promises to the contrary, Prime Minister Keating and then finance minister Beazley increased indirect taxation revenue by 14 per cent, a massive amount of money from the pockets of working men and women, farmers, small businesses and families. They oppose us in industrial relations, whether it be on the waterfront or whether it be in regard to further improvement to the unfair dismissal laws.

Labor has no credibility on this matter. They still run around; I notice in my own part of Victoria occasional reports in the rural media of the member for Werriwa (Mr Latham) who goes to schools and we have got him on tape saying there will be more resources for education; there is the member for Melbourne (Mr Tanner), the shadow minister for transport, who promises roads left right and centre with a wink and a nod.

Yet we are also told by the shadow Treasurer, the member for Holt (Mr Gareth Evans) that there will be no new spending initiatives because they are determined to maintain this government's example of fiscal discipline.

So they want it both ways: deceive the Australian people as is their wont, their track record proves that, but also to maximise the political advantage. I have been able only to skate over a few of the issues I would have liked to have examined in greater depth. There are many issues that affect my electorate of Gippsland and rural areas more generally that I will take up at the next available opportunity.

But, in summary, this is a budget which I enthusiastically support and I congratulate all the major framers of it. But, like them, I believe we have a great deal more to do to fulfil our obligations, indeed, responsibilities and duties to the people who elected us to government.

**Madam DEPUTY SPEAKER (Mrs Kelly)**—The question now is that the words proposed to be omitted stand part of the question.

**Mr Sercombe**—The noes have it.

**Madam DEPUTY SPEAKER**—As it is necessary to resolve this question to enable further questions to be considered in relation to this bill, in accordance with standing order 277, the bill will be returned to the House for further consideration.

#### APPROPRIATION BILL (No. 2) 1998-99

##### Second Reading

Debate resumed from 12 May, on motion by **Mr Fahey**:

That the bill be now read a second time.

**Mr LIEBERMAN** (Indi) (6.04 p.m.)—It has been with a lot of anticipation that I have been waiting to have this opportunity, albeit only for about four minutes, to contribute to the debate on the second reading of Appropriation Bill (No. 2) 1998-99. In doing so, of course mindful of the fact that the No. 2 appropriation bill deals with the funding of government programs and the capital works that flow from the appropriation, it is important, I think, that I say these things. First of all, none of these things would be available or possible if the Howard-Fischer government had not had the courage and determination to address the very serious financial position that the government inherited in 1996 with a deficit, an overdraft of recurrent expenditure of \$10.5 billion, that is, the previous government charging to the bankcard the current expenditures of pensions and the like irresponsibly.

How can the workings of the nation go ahead, how can the capital works proceed, how could they have proceeded if the Howard-Fischer government had not had the courage and the determination to remove that deficit and to bring this government and this nation back into living within its means and stopping putting things on the bankcard? Of course, that has been achieved and we are back on track. We have wiped the deficit out and we have got a surplus. As a result of that, we can now move forward as a nation under a good government and start to address the very valuable and important capital works projects that the Appropriation Bill No. 2 gives legal authority for.

I am very happy with that—despite the Asian problems which do have an effect on our future, and thank goodness we are in a position where we can cope with those because of our financial responsibility in management—as we now have the combination of a surplus plus a domestic economy where interest rates are at their lowest for years, where inflation is at its

lowest rate for years. Contrast that with what it was three, five, six, seven, eight, nine, 10, 11, 12, 13 years ago, all of those years being under Labor governments. What a remarkable situation we are in, where people can now invest with more confidence, growing confidence; small business particularly is starting to generate that spark that has already been responsible for a lot of Australia's great prosperity. Farmers are able to start thinking about reinvesting in new machinery, new capital, because they see that we are under good management.

But of course we face an election in the next few months. So, moving into the next millennium, this country is at the crossroads where the appropriation bills are setting us up for sustained growth and prosperity, or we can go back to the previous government's administration. That really is a very stark choice for Australians, an easy one for me, an easy one for most Australians, I suspect, and one which I look forward to with relish. I look forward to the next election campaign, with absolute relish because not only—

*Opposition member interjecting—*

**Mr LIEBERMAN**—Whatever, you are most welcome to come at any time.

*Opposition member interjecting—*

**Mr LIEBERMAN**—I have some wonderful colleagues in the National Party who work with me very strongly and we always will and we always will respect each other. We have had some stoushes politically in my political career, but never ever have we lost the goal of working for our country.

*Opposition member interjecting—*

**Mr LIEBERMAN**—I was just getting to that. Do not start me on the reminiscent path of how I saw a state Labor government get rid of all the resources and assets of the hard working Victorian people, and may I say, hollow out the logs and then lose our VDC and our state bank. Remember? We are still struggling with that. So I look forward to the election with relish because of the contrast and the fact that we are going into the election with appropriation legislation based on those matters. I think my time is virtually up—

**Mr Sercombe**—Sadly

**Mr LIEBERMAN**—Sadly. But there will be plenty of other times to discuss these things with goodwill even with my Labor friends and I look forward to debating what we think the future of Australia will be under a coalition government and what it might be if, Heaven forbid, it was not to be and it was going to be under a Labor government.

Question resolved in the affirmative.

Bill read a second time.

**Madam DEPUTY SPEAKER (Mrs Kelly)**—If no member wishes to consider the bill in detail, I will put the question forthwith. The question is that this bill be reported to the House without amendment.

Question resolved in the affirmative.

#### **APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL 1998-99**

##### **Second Reading**

Debate resumed from 12 May, on motion by **Mr Fahey**:

That the bill be now read a second time.

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Question resolved in the affirmative.

Bill read a second time.

**Madam DEPUTY SPEAKER**—If no member wishes to consider the bill in detail, I will put the question forthwith. The question is that this bill be reported to the House without amendment.

Question resolved in the affirmative.

**Sitting suspended from 6.13 p.m. to 8.00 p.m.**

**APPROPRIATION BILL (No. 1) 1998-99**

**Consideration in Detail**

**Mr DEPUTY SPEAKER (Mr Forrest)**—The Main Committee will now consider this bill in detail. In accordance with standing order 226, the committee will first consider the schedule of the bill.

**Ms WORTH** (Adelaide—Parliamentary Secretary to the Minister for Health and Family Services) (8.03 p.m.)—I suggest that it might suit the convenience of the Main Committee to consider the items of proposed expenditure in the order that is shown in the schedule which has been circulated to honourable members. The consideration of the items in groups of departments has met the convenience of the House and the Main Committee in past years. I also take this opportunity to indicate to the Main Committee that the proposed order for consideration of departments' estimates has been discussed with the opposition and Independent members and there has been no objection to what is proposed.

*The schedule read as follows—*

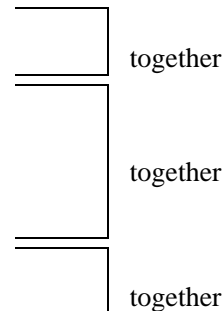
Department of Communications and the Arts  
 Department of health and Family Services  
 Attorney-General's Department  
 Department of Industry, Science and Tourism

Department of Primary Industries and Energy  
 Department of the Environment

Department of the Prime Minister and Cabinet  
 Department of Treasury  
 Department of Finance and Administration  
 Advance to the Minister for Finance and Administration  
 Provision for Running Costs Borrowings

Department of Defence  
 Department of Veterans' Affairs

Department of Employment, Education, Training and Youth Affairs  
 Department of Foreign Affairs and Trade  
 Department of Social Security  
 Department of Immigration and multicultural Affairs together





Department of Transport and Regional Development

Department of Workplace Relations and Small Business

**Mr DEPUTY SPEAKER**—Is it the wish of the Main Committee to consider the items of proposed expenditure in the order suggested by the minister? There being no objection, it is so ordered.

**Department of Communications and the Arts**

Proposed expenditure, \$1,183,973,000.

**Mr LEE (Dobell)** (8.04 p.m.)—Part of the \$1,183,000,000 appropriation for the Department of Communications and the Arts is for something that is dear to my heart—funding for SBS Independent. SBS Independent is a special fund that was initiated in Creative Nation, the Keating government's cultural policy. It provided SBS with an additional sum of money for the first time to give SBS, the Special Broadcasting Service, the ability to commission a whole new series of documentaries, Australian made dramas and innovative television programs and films. SBS Independent has been a great success. Mr Deputy Speaker, if every one of your constituents received SBS television, I am sure they would agree with me that many of those new initiatives have been a great success.

The budget also provides a little extra money for the ABC and SBS to cope with the move towards digital television. There has been some comment in the media that the amount of money which has been provided to the ABC to prepare for digitisation is much less than the ABC sought and may indeed be inadequate to allow the ABC to make all the moves necessary to prepare for digital television. We would be concerned if this government's clear antagonism towards the ABC saw it deliberately under funding the ABC, thus leaving the ABC to have to cut programming to find the funds needed to purchase the equipment it needs to place itself on a full digital footing for television broadcasting. I am sure that members from rural and provincial areas in particular would be very concerned if such cutbacks meant that ABC services for rural or provincial listeners or viewers left them with a lower quality of service than they currently receive from the ABC.

The reason that many of us on this side speak up for the ABC is that there is a great deal of fondness for many of the ABC's programs. I know you, Mr Deputy Speaker, would be a keen listener of Triple J and many of the other services provided by the ABC. *The Ferals* is a very popular children's television program in my electorate. Many other quality programs are produced by the ABC for children. The quality Australian dramas that have been produced by the ABC, such as *Wildside* and many others, are worthy of continued support.

The last thing I want to touch on in the short time left to me is this government's continuing neglect of the Australian contemporary music industry. On its election, the government scrapped the MIDAS program, the music industry development assistance scheme that the former Labor government initiated. The MIDAS program was one that people such as Dobe Newton and others spent a lot of time advocating. It was there to provide assistance to young and emerging artists in contemporary music. Unfortunately, this government has been obsessed with repealing laws which would allow parallel imports of CDs, which would completely decimate the Australian contemporary music industry.

Commercial radio can still do more. One of my hobby horses as the minister was the domination of Australian radio of hits and memories formats. There is the great danger that unless new and emerging Australian artists in the 1990s get a chance to be heard on Australian

radio, there will be no hits and memories from the 1990s. We will be stuck with Billy Joel, Elvis Presley and, dare I say it, Chubby Checker and others. It is very important that we make sure that commercial broadcasters and Triple J understand that they also have a responsibility to make sure that this generation of young Australians has a chance to develop their own hits and memories and that they have a chance to make sure that even the listeners in Launceston get a chance to learn about the emerging musicians and artists that are no doubt playing away in the back streets and in the pubs in Launceston. They deserve a national audience as much as all the others.

If commercial radio is not prepared to provide access to those hits and memories, perhaps the Minister for Communications, the Information Economy and the Arts (Senator Alston) has to look at the role of community broadcasting to ensure that young people have a chance to learn about the new and emerging artists in the Australian music scene. (*Time expired*)

**Mr WARWICK SMITH** (Bass—Minister for Family Services)(8.10 p.m.)—It is rather unfortunate that I missed all the remarks made by the member for Dobell (Mr Lee). They cannot have been too extensive because his speech went only for a couple of minutes. I could give an eloquent speech about the slowness of the lift to get us to this chamber. If anything, we should be trying to speed up that lift. In any event, I know that the former minister, if he had some major matters of moment, would have gone into extensive detail in casting his eyes across this budget. The reason that he was unable to talk for more than a few minutes was that there is no dip in the expenditure for this portfolio. All the expenditure in the budget has been welcomed by the various sectors. I therefore commend the proposed expenditure to the chamber.

**Mr LEE** (Dobell) (8.11 p.m.)—What greater slur can one member of the House of Representatives throw at another than to say that he had nothing to talk about. I remind the Minister for Family Services (Mr Warwick Smith) that the issue that we are raising tonight is our belief that insufficient money is being provided to the ABC. He, more than anyone else, understands the importance of making sure that the ABC receives the funding which it needs to provide quality programming to listeners and viewers across Australia.

I also made the point that the Minister for Communications, the Information Economy and the Arts (Senator Alston) has dropped the ball as far as contemporary music is concerned. He scrapped the funding for MIDAS, the music industry development assistance scheme. The minister has taken a hands-off attitude to commercial broadcasting. He has not been prepared to seek to encourage them to look at their play lists to try to make sure that they are not just research driven in the music that is played on Australian commercial radio.

In many ways, the long-term answer might be to look at the number of community broadcasting licences that are given to young people for youth format radio in particular, be it FBI in Sydney or Hits FM in Melbourne. Perhaps that is the way to exert pressure on commercial broadcasters to give new and emerging artists a go.

Finally, I once again draw to the government's attention the opposition's very firm view that it is time that commercial television broadcasters looked at captioning news services. Under the Keating government—and it has continued under the Howard government—federal funding has been provided for the main news broadcasts on SBS and ABC television to be subtitled. If it is good enough for the public broadcasters, it is time that commercial television, with its pretty healthy profits these days, found the modest amount of money needed to caption

their main 5 o'clock and 6 o'clock news broadcasts to make sure that people with hearing disabilities get access to news services.

**Mr WARWICK SMITH** (Bass—Minister for Family Services) (8.13 p.m.)—I want to take a moment to respond to those matters. There will always be discussions about the level of the ABC's budget. Broadly speaking, they have done very well. They got the additional funds for the digital conversion. We will be discussing that later. Part of that process enables them to convert some of their properties to allow them to be part of the future in digital technology, which all of us would agree is important. Their overall budget allocation is certainly substantial and sufficient to meet their overall charter requirements.

The issues that the former minister, the member for Dobell (Mr Lee) raised with regard to contemporary music—I know that is something that he has genuinely held strong views about in the past—are matters that I am sure the Minister for Communications, the Information Economy and the Arts (Senator Alston) will take into account. I indicate to him that we believe that there are processes in place to support contemporary music. Whether it is to the extent that everyone would wish is always the issue. Nevertheless, as an issue, it is appreciated that building up contemporary music for younger Australians which is domestically based is extremely important.

The final matter that he raises is with regard to captioning. I did hear an interesting speech from the member for Watson (Mr Leo McLeay) in the chamber yesterday.

**Mr Lee**—He is a strong advocate.

**Mr WARWICK SMITH**—Yes, he has been a strong advocate. As minister for disability services in this place, I can also indicate that I believe that captioning is an issue that should not be too far away from our considerations, and I know that the current minister for communications has that matter in contemplation.

Proposed expenditure agreed to.

#### **Department of Health and Family Services**

Proposed expenditure, \$3,141,041,000.

**Mr LEE** (Dobell) (8.16 p.m.)—I will just speak once in this debate to give my colleagues the maximum amount of time to contribute to this debate on the appropriations for the Department of Health and Family Services. First of all, I express the opposition's disappointment that the government has been unable to find a single dollar for restoration of the Commonwealth dental health program. An endless series of community health organisations and community groups have brought to the parliament's attention the enormous pain and suffering that is being caused by this government's retreat from Commonwealth responsibility in dental health care. The Commonwealth dental health program was funded for a series of years at about \$100 million a year, and that was able to significantly reduce the waiting times for emergency and preventive dental care. Since this government abolished the program in 1996, we have seen the waiting times for dental care blow out dramatically.

I suspect that the next government speaker will probably claim that the scheme was meant to run for only four years, and that therefore it is the Keating government's fault that the program ended in 1996. If there is a government member game enough to run that argument I would challenge him or her to explain to me and to the Main Committee how that can be the case when in the 1996 budget papers the government claimed \$100 million a year saving in the forward estimates for a period of four years. If the program was not in the forward

estimates, how could the Howard government claim a \$400 million saving when it axed the Commonwealth dental health program in the 1996 budget?

The second point to make about the budget is that not only was there not one extra dollar for dental health but there was not one extra dollar for public hospitals that was not on the table at the Premiers Conference when the premiers walked out several months ago. It is in the public hospitals that we have the real crisis facing Australia today. As I am sure members on both sides of the House visit their local public hospitals, and as members of this parliament on various committees speak with various organisations that have expertise in this area, they hear the stories about how the crisis in public hospitals is affecting ordinary human beings and families.

I raised in the parliament the other day the story of the woman who has been told she will have to wait three years before her partial leg reconstruction will be carried out. Then there is the young boy with glue ear who has had put off time and time again an operation which is essential to his ability to hear properly—and every day that operation is put off is another day that only can he not hear properly but his ability to learn to speak properly is being impaired. Ultimately, his entire intellectual development is being affected by continual postponements in that operation. We have the story of the gentleman in Perth who was injured in a helicopter accident and who was forced to wait more than two weeks to get his broken leg set.

If these problems are not getting fixed in our public hospitals, we have to ask whether the federal government is trying hard enough to put funding into public hospitals. When you have a budget surplus of \$2.7 billion, I would expect that surely some of those dollars could be spared to address that crisis in Australia's public hospital system. At a time when this government is looking at putting more money into subsidising health funds, we have to ask whether the government is really serious about addressing that crisis in public hospitals or whether it is simply refusing to admit its mistakes; refusing to admit that it made an enormous error when it put \$1.7 billion into a failed private health insurance rebate which has not made health insurance premiums cheaper, which has not increased the membership of private health funds and which has utterly failed to address that crisis in public hospitals.

So, for all of those reasons, we are very disappointed that the budget, while dealing with a very large sum of money, has not addressed two of the real crises in our health system today. They are two that we will continue to raise in public debate until we can force this government to face up to its responsibilities.

**Dr NELSON** (Bradfield) (8.21 p.m.)—In terms of the crisis, if there is such a thing, in Australia's health care system, much of this has eventuated because we lived through a period of 13 years in which Australians were actively dissuaded, politically and financially, from caring for themselves. Many of those Australians were low income Australians. They were people who perceived that they had a relatively high risk. They had lived through a period where they had previously cared for themselves—the Australian ethic had been that you should do that—but the previous government of which the member for Dobell (Mr Lee) was a member had actively discouraged Australians from caring for themselves.

By the time there was a change of government in 1996, some one million of those people who maintained their private health insurance were earning less than \$40,000 a year: 800,000 of them were pensioners and 500,000 were on health care cards. And I suspect a significant number of those had been supporters of the Australian Labor Party.

Our government believes that we have a responsibility in health, as we do in education, to see that, as best we can, access to the private sector is affordable to low income Australians and, at the same time, that the Australian public hospital system is adequately financed. We went from having around 68 per cent of Australians covered by private health insurance in 1983 to now having only 31.1 per cent of Australians covered. Roughly, every one per cent decline adds about \$90 million a year to the cost of public hospital service provision. The queues lengthened over the period that the previous government was in power, the length of those queues was added to every year, and the demands on the public hospital system rose at a rate far in excess of the capacity of governments to deliver.

So what this government has done in this budget is to put on the table for the states a five-year hospital financing agreement which effectively allows for a 14.9 per cent real increase over five years in funding for public hospital provision. Those states that have been critical of the Commonwealth's offer have been critical on the basis that largely they are uncertain as to whether they will be able to adequately cover the demands that they envisage will be placed on their public hospitals over the five years of the agreement.

In criticising our government for providing financial assistance and various other mechanisms to make private health insurance affordable, the opposition are actually contributing to the uncertainty which some states perceive may exist in terms of future demand. Instead of being critical of the government for putting resources into trying to make private health insurance more affordable than it has been, and for providing also political support particularly for low income people maintaining their private insurance, the opposition should say, as they did in education having had the state aid debate in the 1950s, 'Right, the Berlin wall will come down. We believe that Australia has a health system that has evolved from egalitarian principles, the vehicle for which has been a very strong health insurance ethic; that both sides of politics should be'—as I believe they are—'strongly committed to Medicare and the principles that underlie it; but, equally, both sides of politics should recognise the need and the wisdom for supporting an effective, viable, private sector which is affordable for high risk, low income individuals through the maintenance of private health insurance.'

One of the things that I think many of us, particularly our constituents, tire of is one side of politics criticising the other, irrespective of the merits of what is being proposed. Not all of the things that all governments do are necessarily right in detail. But at the very least I think it is time that Australians had the benefit of a parliament that said, 'Look, both of us are going to see that private health insurance survives, that pensioners, and old age pensioners in particular, can afford to have it and, having put those opinions to one side, we will then discuss the detail.'

The budget measures in relation to supporting both public hospital financing and maintenance of private health insurance are supportable and I would argue that for private health insurance in particular we actually need the support of the opposition to take these measures further. It gives no comfort to low income people to see that they cannot afford access to private hospitals when wealthy Australians can. (*Time expired*)

**Mr DEPUTY SPEAKER (Mr Forrest)**—Before I call the member for Prospect, I advise that members may speak twice on matters in the consideration in detail debate.

**Mrs CROSIO (Prospect)** (8.26 p.m.)—I thank you for that advice also, Mr Chairman; I certainly intend to speak a few times in this debate. Unfortunately, I am watching the clock because I have to go into the other place at 9 o'clock.

We are dealing with the Department of Health and Family Services and I want to touch on family services, particularly child care, because at this very moment the monthly meeting of Fairfield City Council's community development and recreational committee, the body which of course has the responsibility for overseeing some of council's 20 directly managed child-care centres, has a recommendation before it to close another long day care child-care centre at Greenfield Park.

This centre now has too many vacancies because the mothers have had to withdraw their children because of the lack of subsidies coming from this federal government. The centre is no longer viable because the number of children in attendance is not sufficient to meet the expenditure on the centre. That is why I get rather concerned when people on the government benches continually talk about how great this government is in the allocation of funds for child care. Recently—I think it was yesterday—the member for Lindsay (Miss Jackie Kelly) even brought a motion before the parliament, saying how much has been achieved because of what this government has done. I can assure you that, in our community in particular, and certainly in her community because I know it also very well as part of Sydney's greater west, we have seen so many closures taking place. Another closure of a child-care centre in my electorate will be an absolute disaster, because in an area of western Sydney like Prospect once you lose a service you have very little possibility of getting it back again.

If you look at the budget papers, you see that this government is absolutely blind to the ramifications of its decisions for the ordinary working-class families that I represent, the men and women who have until now been able to afford quality child care but which now, because of the actions of this government, will be a thing of the past. I am rather disturbed, having read these budget papers—and they are very extensive—to hear from this government about how much it is doing for the working family. Mr Deputy Speaker, I can assure you that until the last 12 months the working family certainly had a credible child-care centre which gave peace of mind to wives in particular, but also fathers, and at least gave them that ability to make a choice. We no longer have that in communities I represent.

Following the abolition of the child-care subsidies, within Fairfield City Council alone—and I can certainly go on later about Holroyd and the rest of my communities—we now have 10 long day care centres which have only 458 children in attendance. That is roughly an occupancy rate of 60 per cent. This has occurred only since this government came to power and started cutting subsidies. If anyone wants to argue against that, I can show them the figures and I can show them the centres in operation and I can show them when the cuts started to occur. As I speak tonight 277 places remain unfilled because parents have now taken their children out of child care.

The Greenfield Park centre that I am very concerned about, the one I have just mentioned, had a full occupancy rate until the second half of 1997. That centre had been operating at full occupancy. Then the Howard government's operational charges for community based child-care centres came into effect.

The Greenfield Park centre was very much welcomed in a growing working class area when it opened its doors in October 1986. And well I remember it: the people rejoiced. They thought they were finally getting services in an area that so much needed it. When you look at it now, the area has grown up until it comprises largely middle income working parents who see affordable and accessible community based child care as an essential part of raising their family and keeping their jobs. These parents have been let down seriously.

As I said, there are other things I wish to speak about tonight in regard to this section of the budget, but I do want to touch on that matter, because I feel that the people themselves know that it is not the Fairfield Council's fault any longer. It is certainly not the fault of the administrators of the centre. They know that it is the fault of the Howard government. I believe that the Prime Minister (Mr Howard) himself may just as well—he can do it on Friday, if he wants to—push the last child out of the door of that centre, so instrumental has his government been in its heading for its demise.

In the few minutes remaining to me, I quote from a section of the report that has gone before the council tonight as to why Greenfield Park has had to close. It states:

Forty children are enrolled currently, but this is insufficient to ensure viability. The projected deficit for the end of the 1997/98 financial year is \$85,600. This makes the Centre unviable.

A commercial child care centre for 59 children opened on the adjacent site in April, 1998. This now has not had any impact on the current enrolments and this Centre—

these are the great private centres that we are talking about—

is reported to also have very low enrolment numbers.

According to my information, there are four children enrolled in this 59-place private centre. This just goes to prove my argument. I believe that the parents are leaving community care and going to the local—(*Time expired*)

**Mr WARWICK SMITH** (Bass—Minister for Family Services) (8.31 p.m.)—I was here to deal with communications, but I am forced to my feet because of the outrageous claims by the member for Prospect (Mrs Crosio) on child care.

**Mrs Crosio**—It is your portfolio responsibility; I thought it was, anyway.

**Mr WARWICK SMITH**—You are like you are in the main chamber: full of bluff and bluster.

*Mrs Crosio interjecting—*

**Mr DEPUTY SPEAKER (Mr Forrest)**—Order! The member for Prospect has had her turn.

**Mrs Crosio**—I thought I would go again.

**Mr WARWICK SMITH**—You are entitled to, if you wish. The member for Prospect should be aware that the issue with regard to child-care centres is as follows: there have been about 310 net openings of child-care centres over the last period. Many of those have been amalgamations. The legislation was supported by the Labor Party both prior to Christmas and in the amendments that were taken to the House in January and February.

The reason why the Labor Party and your spokesman supported the legislation is that it was recognised that there had been unchecked growth in child-care centres across this nation and that we were seeing child-care centres opening in areas where they were not needed. There was a lack of child-care centres, be they private or community centres, in areas where there needed to be centres.

The changes which have been made with regard to access to child-care assistance bring into the net 51,000-odd families who for the first time can apply for out of school hours care. Until today, 47,000 families have applied to access child-care assistance for the first time.

The choice that you talk about has been extended by the extension of child-care assistance and the availability of rebates, targeted as they are towards middle to lower incomes, which

is as it should be. They are the families that need the assistance and they are now getting it in a wider way than they received previously. The opposition supported that approach.

The other point to make is that there has not been a decline in the labour force participation. It is now running at 59 per cent for those people with children under 15. That has remained consistent since 1995 and it gives lie to the fact that you try to paint it otherwise.

The union that has the biggest coverage of female employees in this country—the Shop, Distributive and Allied Employees Association—in a submission to the Senate inquiry established by the Labor Party, indicated that it supported the approach of removing operational subsidies for community based care as being a matter of equity. The process now of providing child-care assistance de facto directly to families to exercise their choice as to where they wish to seek their child-care support is the correct direction in which we are going.

Much of what you have said is inaccurate. We had to check the growth, the utilisation and oversupply problems. There has been a net increase in openings. There are examples of where some centres have closed. Where I am able to assist, I have indicated that I will. I have provided an additional \$20 million for outside school hours care for the additional administration. We have provided \$8 million for additional community care—

**Mrs Crosio**—After school care! I'm talking about kids under the age of five.

**Mr WARWICK SMITH**—Why don't you listen for once? Perhaps if you were a bit inclined to listen, you might learn something. You are one of the most obnoxious deliverers of speeches in the parliament that I have ever seen. Why don't you listen? Your own party supported what has been done here. You have been running around with the employees of some of those centres, lending a scare campaign and doing nothing for the support of parents in this country or the children. You do not take into account the fact that four-year-olds in Western Australia and Queensland particularly are now entering preschools for the first time. That also has an impact on numbers.

These are all issues that need to be taken into account, instead of continuing in the way that you are and delivering a scare campaign. If you were genuine about the concerns in your electorate, I am sure I would have heard from you. Many of your colleagues have been in touch. They find that they get excellent support where they have genuine concerns. But not you; you choose to carry on in the way that you are. You are scaring parents unnecessarily and you should be condemned for it.

**Mrs CROSIO** (Prospect) (8.36 p.m.)—I find what the Minister for Family Services (Mr Warwick Smith) purports to know absolutely outrageous. I understand and appreciate his concerns because he has to be wound up to bring out the government's garbage repeatedly. He says that I do not understand and appreciate my own electorate. I can assure him that I have gone from centre to centre. I have repeatedly made representations—to such a degree that even everyone in the Senate, including those on both sides of the House, were presented with petitions and the reasons as to what the effect of the government's decision would be before it was even undertaken. So do not tell me about how the legislation was passed, approved and agreed upon, because that is absolute garbage.

I only hope that the minister is so convinced that what he is saying is correct that when the invitation comes from Fairfield City Council and from some of the mums and dads that I represent that he at least has the guts to stand up. I will provide the venue for him most readily, and welcome him to listen to the concerns.



This is occurring throughout not only my electorate but all of western Sydney, which is one of the largest growth areas in Australia. All of western Sydney is going through the same problem. Parents, I can assure you, are seething at the government's cuts to child care.

This minister gets up and talks about before and after school care, but most particularly about the subsidies granted for out of schools hours care. We are talking about young kids under the age of four whose mothers want to go back to work so that they can help their family and make a contribution to the mortgage and their normal occurrences. Yet the minister says, 'We're giving all these subsidies now. We're looking at before and after school hours care.' I can also show him where his cuts and this government's cuts have closed down before and after school hours care.

Recently, I read a survey of parents using community based child care not only in my area but also in the Penrith area. The member for Lindsay (Miss Jackie Kelly) ought to be here as well. I can safely say that their comments are not my words; they are exactly the same as what I am hearing from parents in my own electorate.

I would like to bring to the minister's attention some of those comments by ordinary people that we represent—not the people in your office here in Canberra. These are the people with the concerns, not those in your ministerial office. A mother in the electorate of Lindsay, in Claremont Meadows, said:

The effect on child care as a parent and worker is unfair. It has made it just better off not working. Trying to pay the house and bills after childcare is now a problem. But at least our centre is trying to stay afloat . . . Our children will suffer if the government does not wake up to themselves.

Another mother said:

Due to the cost of childcare, I cannot afford to have both children in childcare, therefore one child stays with a family member.

Another parent in the electorate of the member for Lindsay—I can give you all of mine; I have pages from my area—said:

My fees have gone up 120% a week over the last 12 months. I may not have changed my hours of work but I was studying . . . I had to drop it because I could not afford to pay 5 days of childcare. Now I am unable to pursue a different working career. What will the Government do next?

I now quote a child-care worker—and these people over here are supposed to be representing them:

I have always felt that I would like to enrol my child in child care as I knew the quality of care my child would receive. I have now changed my mind. Since the funding cuts the quality of care has decreased. Where are we going to go? We cannot work any more. We cannot find access to decent child care. We cannot afford our child care fees. What is this government doing to us?

These comments are from people living and working in my electorate and in all the electorates around the western Sydney region. The representatives of these electorates should stand up and be counted. In particular, the parents of the Greenfield Park centre in my electorate are feeling a great deal of bitterness. They are feeling the same outrage because their child-care centre has just been wrenched away from them by this government. Do not tell me that it is not because of the cuts, Mr Deputy Speaker. We have tried to raise the money and keep it going. There are cuts.

Time and time again government members say, 'Look how marvellous we are; look how much money we've put into child care.' I can tell you: every cut that has been taken out over the last couple of years, including in this budget, represents a cut to services that should have

been available and should have given women in Australia the right of choice. Women have been told, 'Keep them home in the kitchen, because we're not going to give you any choice whatsoever.' I believe that this minister should at least be accountable for the actions of his government, because no longer can we say to those women out there, and to the fathers as well, that they have affordable child care.

I can go back to the days when I was mayor of my community. I saw latchkey kids go out of school with a key around their neck and grab hold of their little brother and sister. They are going to have to do that in future because you are taking services away from them. If you can sit there, smile and say, 'This is great,' I can assure you that for the people of my community it is not a scare campaign or scare tactics. This is one of the things that will bring change in that area. People are demanding better service from this government. (*Time expired*)

**Ms WORTH** (Adelaide—Parliamentary Secretary to the Minister for Health and Family Services) (8.41 p.m.)—The health portfolio is large, with a large amount of money spent on it. Naturally, I must respond to the member for Prospect (Mrs Crosio) who has made some pretty outrageous claims.

I remind those present and the parliament that the federal government has allocated \$4.7 billion for child care over four years. I also inform the member for Prospect that she, Labor candidates and some of their union mates around Australia have not given the child-care industry as a whole, be it the community sector or the private sector, any help, because women think it is costing a whole lot more than it is and are not even applying for positions.

To assist the 28 child-care centres in my electorate, I am putting together a guide and those centres will be providing information for it. They think they have been harmed by this lopsided debate that has taken place. I would like to take this opportunity to place on the record my gratitude to the Minister for Family Services (Mr Warwick Smith), who has kept functioning and alive the 24-hour centre in my electorate, in the city, and the parents there are very grateful for that assistance.

Parents should hear about funding for the following community based centres: the Brompton Child-care Centre, \$11,795; the Catholic Women's League child-care centre in the city, \$7,160; the Lady Gowrie child-care centre at Thebarton—a fabulous place—\$13,358; and the MacKinnon Parade child-care centre in North Adelaide, which, incidentally, has amalgamated recently with the Tynte Street one, which was just around the corner. These are just the sort of reforms that were necessary. What was the point—for those who are unfamiliar with that territory—as Tynte Street and MacKinnon Parade were a stone's throw away from each other. The Prospect Community Child-care Centre is getting \$11,010. Rachel Child-care Centre at Unley is getting \$14,769. That is all to assist as an additional boost. The minister recognises that some of these community based child-care centres are certainly in need of extra care and attention.

Those who work within the industry have told me personally that just scattering funding across that community based child-care sector was not always appropriate. Some were getting funding that should not have. Other very needy ones such as those I have mentioned were not receiving funding. I am very pleased to see that they are.

I would also like to briefly respond to the remarks made by the member for Dobell (Mr Lee). He was not game to touch on too many issues at all. My colleague the member for Bradfield (Dr Nelson) dealt with private health insurance rather well. I remind those present that, under Labor, private health insurance participation fell by over 30 per cent, down from 65 per cent.

It was because they had a Prime Minister and a health minister at the time who told everybody that private health insurance was not necessary. Now we have them bleating about those figures.

The government would like to see those figures very much higher. We recognise that the private sector is very, very important, otherwise there is pressure on the public sector. The Medicare agreements are the subject of another bill currently before the House. But again I remind those present that there is increased funding of 15 per cent, and I hope that those who are able to negotiate on these things just get right on and do it. An extra \$2.9 billion has been provided, despite the fact that the member for Dobell has been known to say that there has not been one dollar extra. So I am not sure how much attention he pays to those sums.

I return to the dental health scheme. It was the previous health minister, Dr Lawrence, who set a target of 1.5 million patients to be treated. She said that this was additional funding for a state responsibility. The health minister before Dr Lawrence, Senator Richardson, referred to a four-year program. So it is just another case of bringing up some more red herrings.

I am extremely proud of what the present government is doing for all the public health areas which are so important. There is the amount of \$6.1 million going towards an anti-smoking initiative, for instance. Funding is being restored to what it well and truly should be for medical research. That works out to be about an extra \$50 million a year taking it up to the \$165 million per year. There is the very good public health initiative for those receiving vaccination for the flu to help avoid pneumonia admissions to public hospitals. There will be \$20 million spent on that. I could go on and on and on. (*Time expired*)

**Mrs CROSIO** (Prospect) (8.46 p.m.)—I thank my colleagues for allowing me to speak, because I have to go to chair the House of Representatives at 9 o'clock. So I am sure the minister at the chair will welcome that because there are a few other things I would like to bring up.

**Mr Warwick Smith**—You would like a cup of coffee before you get there.

**Mrs CROSIO**—I can assure you that it all depends on who is pouring the coffee as to whether I would accept it or not, Mr Deputy Speaker. I would like to touch particularly on what we have been talking about now for the last 18 months, and that is the botch up that this government has done in relation to nursing homes and the availability of assistance for residential care for elderly people.

You do not have to look any further than at the 1998-99 budget to see that another \$13 million has been taken out of capital assistance for residential facilities. This budget has just been a repeat of what it has been year after year. With each budget there has just been a progressive reduction. I think what we are seeing now through all of our nursing homes is not only a lack of facilities but also people who again will probably be accused of running a scare campaign because they are unable afford to go into these types of centres.

But the reason for my bringing this particular issue up is that it is a shame the government has now virtually cut out all assistance in actual capital costs to community groups building into nursing homes. The last grant that went to a community group in my area was to a Chinese group. The previous minister, minister Moylan, came over to open up that particular nursing home and took great praise after saying not only was the small grant given by the government—I think it was about \$1.2 million—but also for the millions that had been raised by the Australian Chinese people in that community to build this wonderful facility for their

aged people. She said that perhaps we should be doing more and more of that. That is a thing of the past.

We have another group that is working very hard in our area. The council and the state government have been able to provide the land to try to get grants and funding. I think I actually recollect that on the last occasion that the Prime Minister (Mr Howard) sent the member for Macquarie to attend that particular function. He said he would do his utmost to help the SWIA group, as they are called. It is the south-west Italian-Australian community who are working to try to build better facilities in that particular area for the aged. Yet there has been no money forthcoming. In fact, every door at a federal level they have knocked on seems to be closed. They cannot even get their foot in the door, and written representations have been made on countless occasions.

I bring this up because I think that it is wrong for a government, any government of either political persuasion, to refuse to assist a community group. For every \$1 million they get out there they would probably raise \$2 million to \$3 million to build those facilities. The community is being denied fantastic assets. I can only praise the SWIA group because they realise they are working uphill; they are not going to get the funding that other groups within our community have received in building these nursing homes and hostel facilities. I might add that representatives of governments of all political persuasions have toured and explained the virtues of these facilities and how well the committees have worked together, how beautiful the structures are and how happy and contented the people are who are living in those facilities.

The 1996-97 decision was compounded in the 1997-98 budget. We now see that we no longer as governments give assistance to those people. We are denying—as I repeat myself—the community at large in having those facilities. The government cannot meet their commitment. The government have virtually closed the door and said we are not going to build any more facilities; we are not going to provide any more cash. If the nursing homes that are out there now cannot provide, it will be your problem. But now we are extending it to 10 years to give you chance at getting far better accreditation and see what you can do to raise further funding. So they are the nursing homes that are already in existence.

What we are then saying to these community groups who feel they want to dedicate their time and effort in assisting the aged in their community to have the access to better facilities is bad luck; we have closed that door. I think the community is going to suffer in the long run because of that. If the minister has not been invited out to see what has been done by the Australian Croatians in the Cardinal Stepinac village, he should go and see it. It is second to none. In fact, Prime Ministers of all political persuasions have gone through it and also praised that community for the work they have undertaken in not only building the village but also in building now the nursing home facilities. Recently I believe the minister for immigration was out there praising them for what they have been able to achieve. That will not occur any more because we have closed that door.

No longer will we have the Prime Minister of this country, as he was doing recently when he was going through the Scalabrini village, praising that part of the Italian community—Australians who have worked very hard again to build facilities—and say we should see more and more of this in our communities. You are going to see more and more of it only if the government takes on board that they have a certain amount of responsibility as well.

You cannot build large intensive capital works without a certain amount of assistance in the first place. If you can get land, fine; councils and communities seem to come together to be able to get it. All they are asking for from the government is that seed funding to get the commencement of the particular capital program. Once they have that commenced, the communities rally around whether through balls or whatever and raise the funds. I have seen it happen in my community time and time again. In fact, we had a previous Prime Minister come and open a \$5 million spastic centre in western Sydney. Because we did not have a facility there we built our own and we made sure that our kids out in western Sydney are catered for. This is the type of assistance we need. (*Time expired*)

**Dr NELSON** (Bradfield) (8.51 p.m.)—What we will not have any more in Australia is an expectation which is an unsustainable one that the government of the day will be able to finance all of the needs of all Australians who are elderly and are in need of residential and community care. What the government has committed itself to doing is to see that those people who are able to may be asked to make a contribution to their care when they most need it.

What did we just hear about the Chinese community? We heard that the Chinese community made a significant contribution of their own toward the building of a nursing home. What we are doing is spending over \$3,000 million on residential aged care in this budget. We are funding 74 per cent of the cost of residential care for elderly Australians, on average \$30,000 for each person who goes into a nursing home.

The previous government, of which the member for Prospect (Mrs Crosio) was a member, of which she was presumably so proud, reduced by 75 per cent down to \$10.7 million in its last year the amount of capital it was spending on Australian nursing homes. In contrast, this government is committed to spend \$40 million on capital in regional and rural nursing homes alone, and an extra \$20 million allocated over 1997-98 and 1998-99 to assist with industry restructuring to make sure that older people have access to safe comfortable and dignified accommodation.

What we are also doing of course is asking those people who do have the capacity to make a contribution in the form of a capital contribution or capital charge—accommodation charge—to make a contribution to the facilities in which they live so that the contribution they may make is spent on them and the facilities within which they live. What we are also trying to do is legislate to see that a minimum number of places are made available for those who might be considered to be financially disadvantaged—those people who would be described as concessional residents.

The other thing that the member for Prospect appears not to have much interest in or knowledge of is the fact that we are putting \$280 million into a carers package. Amongst other things, we have increased by 3,900 the number of community aged care packages which the government is financing. Those packages, amongst other things, include increased funding for aged care assessment teams, an incontinence support program and a series of initiatives to improve community support facilities. What we are actually trying to do is reduce the need for older Australians, who understandably are often resistant to it, to move into a residential care facility in the first place.

I come back to some of the comments I made before in relation to private health insurance. The member for Prospect, and I know—the member for Port Adelaide (Mr Sawford) would never be like this—that she refuses to accept reform on Australia's waterfront, refuses simplification and broadening of Australia's tax base, refuses to see for example the New

South Wales energy industry privatised, refuses to see significant reforms in regulation, refuses to see reforms in Australian transport, seems content to live in a country that has an underlying growth rate of two to three per cent and then says, 'We want every child in this country irrespective of income to have a government funded child care place. We want every older Australian, in a country with collapsing age dependency ratios and rapidly changing demographics, irrespective of background to have fully funded government residential aged care.' We have seen and heard the member for Prospect supporting the member for Werriwa (Mr Latham), who says that all higher education ought to be publicly funded and free and accessible to everybody who wants it.

The fact is that no matter how noble these things may be, we cannot afford them. What we have done in this budget is commit \$3,000 million for residential aged care. That is a real increase of 37.5 per cent on last year and at the same time we have put a lot more resources into community aged care. We are developing a national strategy for ageing and at the same time trying to increase the wealth creating activity and incentives that are available in Australia. You have got to do the very best you can. It is about time that we had the support of the opposition members. They might disagree on detail but it is about time that they started to put Australia's interests first—not the political self-interest of their own party. (*Time expired*)

**Mr JENKINS** (Scullin) (8.57 p.m.)—The discussion on the \$3 billion of funding in this portfolio takes place in the context of the \$2.7 billion budget surplus. We heard the crowing in the budget speech about how a surplus was intrinsically good. But would I like to put it into context by using some real world examples, whilst I have a captive audience, of the problems that we have out there in real electorates—real problems to which we could put some of that \$2.7 billion if we really had the will. I do not necessarily think that the market is that type of forgiving beast that really does the right things when it is given whatever it is offered.

One of the first examples I would like to give is not actually from my electorate; it is from the electorate of Bass in Tasmania. It involves a mental health program at Scottsdale. To give due recognition, perhaps the member for Bass, the minister, actually knows of the program. This program is a very successful program based on the local general practice. It was funded under the division of general practice. I think it would appear to have suffered because of the reduction in that funding. It was a program that was targeting the level of suicide that was in a rural community in Tasmania, and it had had very successful results.

So in the context of this consideration in detailed debate, I ask what is it we are trying to achieve, when the best that the local member can do, perhaps because he was the minister, was to get an extension of six months on the funding? I hope that there is better news for this program around the corner. But what sort of society are we really living in when, because we are looking at the bottom line, those types of programs miss out?

We then have the renal dialysis unit at the Launceston hospital, a very successful dialysis unit, a unit that is probably too successful for its own good, a unit that caters for the whole of the north of Tasmania. There is a suggestion that there should be a program in the north-west corner of Tasmania, where patients from that area could go to a facility closer to home, saving them the hour or two in travelling—or three or four, if you take into account both ways. So why is it that we cannot find the will and the way to find funding for those type of programs?

I will go to some examples from my electorate. I was interested in the challenge by the honourable member for Bradfield (Dr Nelson) to us as members of the opposition that we should perhaps come together and look at some of the proposals that have been put in place. In the state of Victoria, we cannot get a coalition government here at the Commonwealth level agreeing with the coalition government at the state level so that we can sort out the problems of the funding of public hospitals. In my area in the suburb of Epping the Northern Hospital was opened earlier this year. But already for the next financial year, that new hospital will have to find six per cent savings.

At a mobile office I conducted on Saturday morning, I had a constituent come to me with his tale and his involvement with the public hospital system in Victoria. This man had been on the waiting list for prostate surgery. At Easter time he had to admit himself in an emergency situation. He was at the hospital from 3 a.m. to 2 p.m. He was discharged with a catheter or, as he said, was given a tube and told to go home. I am willing to accept that up to this stage that might have been appropriate treatment. But after two days, he discovered that he was bleeding. He went back to the hospital, was told not to worry and to go away. On the third day, when he continued to bleed, he went back to the hospital, was told the same thing—‘Go away, there is no problem’—when he said, ‘No. I am not leaving. I want to be treated.’ On the fourth day, he had the operation. Two days later, he was discharged from hospital. Fortunately, at the end of the saga, he is much better. But it would appear in this case that this man was being given the run around and not optimal treatment on the basis of the stretched resources. That is wrong. It is something that we really have to attack. I do not believe that we can sit back and say, ‘Here is a \$2.7 million surplus’ as if it is something that is good. (*Time expired*)

**Mr WARWICK SMITH** (Bass—Minister for Family Services) (9.02 p.m.)—I will briefly respond to the remarks from the previous speaker, the honourable member for Scullin (Mr Jenkins) on two matters. The first is the issue of the mental health suicide prevention program in the seat of Bass, which I understand he did visit and that that is why he is somewhat familiar with it. The funding there was extended. He would be aware that the payment of the suicide prevention funds go to the states, which prioritise their needs in conjunction with the effort they make on the mental health approach. Whilst I am responsible for some of the suicide prevention funds, the mental health strategy is dealt with through the department of health by the Minister for Health and Family Services (Dr Wooldridge). But that does flow back through the state departments.

The extension of that program enables the states to have access to further funds and to prioritise their needs. You will be aware from your other travels that there are pilot programs—one of which is in Tasmania; others are elsewhere in this nation—to develop strategies at a grassroots level to assist with suicide prevention, particularly in rural areas where there is, unfortunately, a much higher incidence of attempted and successful suicides amongst young males. In my area, that is a matter of deep concern to me.

I am interested that he has an interest. I know it to be genuine rather than political. He can be assured that there is no reduction in funds. There will be a continuation of that side of the program but perhaps in a better coordinated fashion to cover the whole north-eastern area rather than just one town with one practitioner. But that is actively being worked through now with the GPs and the state department.

Another issue the honourable member raised concerns the Launceston hospital and the renal unit. There is no diminution in funds. What one is trying to see here is a development of services to be more convenient to the range of patients that need to use these services. He can be assured that the development of the Australian health agreements, once signed by the state, will see a continuation over the next period with the support of the public hospital system in the state of Tasmania.

The other issues he raised relate to broadly the health portfolio. There is no diminution in funding or support for the development of the health needs across this nation. We are proud as a government of what we have been able to achieve. Once the states and the ACT and Queensland have indicated their willingness to proceed to the new Australian health agreements—and the honourable member should cast his mind back to the difficulties his government had in coming to agreements with the states about these issues—once those agreements are reached, we go forward with a dual commitment both at state and federal levels to deliver health services to the standard and quality that Australians would expect. All governments recognise the enormity of the task that they have. Certainly we do. We feel positive about the contribution that we have made to date and the likely outcomes of continuing discussions.

**Mr JENKINS** (Scullin) (9.05 p.m.)—Another element of the portfolio is crisis accommodation. I wish to share with the chamber two examples again. These are live ones that were brought to my attention on Saturday morning. One involves a single male parent with two children under five. He finds himself living back at home with his mum and dad, including at least one brother and sister. The chap's sister is retarded. The fellow sleeps on the couch. He confronts a waiting list of three years for accommodation for him and his two kids; that is, him and his family.

An even more distressing example was the woman who came up to me. This woman has a family of four boys and a husband at home. They live in a three bedroom home. She informed me that she was looking after a young 18- to 19-year-old woman and that woman's 10-week-old son because the young woman had been kicked out of her home by her mother. It would appear from investigation that the waiting list for that type of crisis priority housing is something in the order, in my local area, of six to 18 months. I find this a tragic situation. I know that from time to time—this perhaps is not being fair minded, because with this government there is an over emphasis on private charity—the community is being asked to do too much. In this case, this woman who has taken the young mother in because that young mother is homeless, really is taking too much of a burden. I do not think that we should be a type of society that allows those types of gaps in our service provision.

Even if the argument that is put by ministers or government members is that there is no diminution in funding—and we can have the debate about that; it tends to be about whose statistics or facts and figures are right—at the end of the day I do not really care. I ask that if we are going to parrot that a bottom line of \$2.7 billion in surplus is appropriate, what do I tell these people who are suffering? I do not think they are suffering for a whole host of the other reasons that have been given. That is the difficulty that we really have. They are the great challenges.

I appreciate that the Minister for Family Services is still here. I will briefly raise another issue that I have raised with him, which is the scrapping of the community help reference pages in the White Pages. The people who have raised this with me have written, after the



reply from the minister. They still believe it to be mean spirited. I probably still believe that they are right, because I think that it was a small amount of money and that for organisations such as these people that have contacted me, these are truly self-help organisations. They are not greatly funded organisations. They are not organisations that have great budgets for promotion. They need the type of assistance that the White Pages represented for something like 200 groups. It was a readily accessible information service on behalf of those groups.

I believe that we have to step back. I am sorry that the minister, in his reply, did not give me any solace that there are alternative ways in which these people can get their message across. That is a difficulty.

This is a bit off the mark in the portfolio, but I will briefly mention the chronic fatigue syndrome society's concerns about the guidelines that have been put out by the NHMRC, which really emphasise what it believes to be the psychological aspects of the disease rather than that it has other bases. I hope that the government will look at that. (*Time expired*)

**Mr WARWICK SMITH** (Bass—Minister for Family Services) (9.10 p.m.)—I do not like to delay further, but I thank the honourable member for Scullin (Mr Jenkins) for his contribution. On the issue of crisis accommodation, I inform him that the supported accommodation assistance program, which is funded through this portfolio, provides assistance to about 1,200 community welfare agencies across the country to assist with homelessness and with people in crisis. Some 140,000 people were assisted during the previous year, 1996-97. Those funds are obviously continuing. We provide emergency relief funding to about \$24 million per year to a range of organisations around this country to lend support to the people that the member was referring to in his examples.

I am familiar with many of these issues. Only recently, as he probably knows, I spent some considerable time in Melbourne visiting many of the crisis accommodation centres early in the evening and late into the evening to talk with those actually providing the services. The one point with which I would disagree with the member is that there is a great deal of private charity in this country. I believe that it needs to be encouraged. The volunteers that I have met and I am sure the honourable member has met are the mainstays of many of these services. We do our bit with taxpayers funds, but they make a huge effort. Every opportunity ought to be taken to encourage them. The Salvos, St Vincent de Paul and many other groups do a great deal of good work. I would have to disagree with the honourable member. We do not rely on them; we encourage them and support them. The work they do is vital in our community to assist those who are in crisis. I obviously wish to pay tribute to them. I encourage more broadly the support from the community for the work they do.

I take a very strong personal view that the development of an actual capacity of social capital the business community to be more active in many of these areas. That was the purpose of the community and business round table that I coordinated recently. I think we will see more and more of this approach in this country. It is bipartisan, if I read Mr Latham's book correctly. Those final chapters are talking about the development of social capital. He seems to be going in the same direction and following the government, which is quite appropriate.

The final point that the honourable member made about the White Pages and community help pages, I will have to refresh my memory about. I am concerned to make sure that access to information is readily available. Information shared is the best information in so many areas of endeavour. That is certainly the case here. It should be made readily available, particularly for people who might want assistance in crisis. That would seem to me to be appropriate. On

the issue of chronic fatigue syndrome, my colleague Dr Nelson was nodding his head in agreement. I feel sure that he is correct and that others have made note of your comments tonight. I am sure that some action will be happening in that direction as well.

**Mr JENKINS** (Scullin) (9.14 p.m.)—The final issue that affects my electorate is what is currently happening in Victoria with the Austin and Repatriation Medical Centre. The Austin and Repatriation Medical Centre resulted from the amalgamation of two fine institutions, the Austin and the Repatriation General Hospital in Heidelberg. At the time, it was part of the handing over of the repatriation hospital system to the states. This should have been a great success. They were two fine institutions. The story since the amalgamation is not one that reflects great credit on those who are involved in the decision making. What we find at the moment is that the first steps have been taken by the Victorian state government to sell the Austin and Repatriation Medical Centre. Once that institution is sold, it will be driven by profit. There is no other conclusion that one can come to. It is one of the grander examples of a phenomenon that appears to be happening throughout the public hospital system.

To a certain degree, what is happening throughout the public hospital system is the outsourcing and privatisation of elements of the operation of public hospitals. It could be the imaging department, or it is mostly pathology departments and departments like that. I am not really convinced as yet that the type of efficiencies that are purported to result from this type of privatisation are gained.

One thing that I do not think has been factored into the situation where this sort of privatisation and contracting out have taken place is the other important elements about our major public hospitals, such as where they are teaching hospitals and centres of research. Where pathology departments, radiology departments and other aspects have been privatised, there is no longer free availability of those sections of the hospital. I do not believe that, when the tenders have been put in place, the brief for those tenders has taken that into account. This is a hidden cost of the phenomenon. I believe that it contributes to some of the savings that have been seen on paper. They have not been taken into account. If the bean counters were being fair, they would be discounting any outcomes that they think they are achieving because those elements have not been taken into account. I really believe that we should be putting the brakes on these sorts of phenomena.

The wholesale sale of a major public hospital at this time is, to me, entirely inappropriate. Already there is competition between the public sector and the private sector in hospitals. That is an element of the ongoing argument about the funding of our health system. But to be selling off in the Victorian context—in the northern suburbs of Melbourne context—a major contributor to public health at this time is scandalous. The pressures that this institution has been put under in the run-up to this sale have meant the institution winding down; at one stage, because of cash flow problems, the institution was nearly technically bankrupt. This is a disgrace. We can talk about elements of asset stripping in all sorts of other contexts, but where it appears to be happening in the context of a major public hospital, all those who are responsible—I acknowledge that this is mainly a state concern—stand condemned. For an important portion of my electorate, this hospital is very important. This hospital and the northern hospital provide the major hospital access for my constituents. These sort of phenomena have to stop. (*Time expired*)

**Dr NELSON** (Bradfield) (9.19 p.m.)—In her contribution, the honourable member for prospect (Mrs Crosio), in putting what were incorrect points but arguing against the

government's budget in relation to child care, mentioned that many young women are having to work to help pay for mortgages. Then the member for Scullin (Mr Jenkins) has more or less said that we should be spending our \$2.7 billion surplus and putting it into what are worthy programs. It is very important that members of the opposition understand why it is critical for Australia to be maintaining a surplus, particularly at this time. Whilst it might be seen to be kind in one sense to spend some of that surplus on, as I say, very worthwhile individual examples, the fact is that in 1996-97, new housing starts in this country were one per cent. They were 12.1 per cent last year. Most of those new housing starts were financed by mortgage originators. Most of those people who have those loans are battling young families. Those mortgage originators, unlike the banks, do not have those loans underwritten by billions of dollars in deposits upon which they are paying very low interest. We have to convince the rest of the world, those who lend us money, at a time when our terms of trade are deteriorating, that we are able to underwrite that debt. It is very important that we have high levels of domestic savings. No-one can lead that more so, nor should they lead it more so, than government.

When we went through the banana republic balance of payments crisis in 1986, the problem was that we basically had very low levels of government savings in Australia. We were considered to be a high risk. What is happening at the moment is a moderate increase in demand with an increase in imports and a reduction in exports largely fuelled by what is happening to us in Asia. It is very important that the government do everything it can to reduce the premiums that people pay on interest rates. If we spent a lot of that \$2.7 billion surplus we would be creating many more, and more painful and emotive examples, than the member for Scullin has used to illustrate his argument tonight. It may seem at times to be an unfair thing to do to accumulate such a surplus, but it would be much more cruel for us simply to turn around and spend that money because we would be exposing not only the next generation but, immediately, ourselves to what is going on around us in our region.

**Mr JENKINS** (Scullin) (9.22 p.m.)—Perhaps a medical graduate should not be debating with a science graduate matters economic. I believe that there are contrary views that can be placed in an economic sense about how we should be handling the budget and whether it should be a surplus of the size of the present government has put in place in this budget, whether it should be smaller or whether it should be, in fact, a deficit. It is probably inappropriate in the context of this debate to further the debate. People such as John Kenneth Galbraith would put different views about what is really important. I place on the record—in a way totally irrelevantly, in the context of the debate that is before us—the fact that—

**Dr Nelson**—I did economics before I—

**Mr JENKINS**—There you go. You should never lead with your chin like that. As I said in the second reading speech, one of the economic indicators that I think this budget fails on is the level of growth that there will be in the economy, because the growth will generate what I believe to be the most important thing, which is employment.

Again, this illustrates the way in which, if we get down to talking about the figures that are contained in the budget papers, there can be a totally different emphasis depending on what angle you are coming from. On behalf of the nearly 800,000 Australians who still find themselves unemployed, we should be placing more importance on what happens for them. It is interesting in the context of this health portfolio debate that Galbraith would put a case that a number of the programs that we have talked about—even in tonight's debate—perhaps

should be looked upon as capital injection. He would say, I think, that a suicide prevention or a drug program, for instance, should be seen in that context because they would improve the human capital elements of society. They are not necessarily just recurrent funding. They have long-term benefits. I believe that if we get back to looking at spending portions of the surplus for those long-term benefits, we will have the advantage. It is an interesting contention that we might look at health expenditures and education expenditures in other than the traditional way—just as recurrent funding.

**Ms WORTH** (Adelaide—Parliamentary Secretary to the Minister for Health and Family Services) (9.25 p.m.)—I want to comment briefly on some of the matters mentioned by the honourable member for Scullin (Mr Jenkins). There is in the government no greater believer than I in good expenditure on public health measures to improve the long-term health of the community. This budget, as I mentioned before the member for Scullin came in, has a number of very significant measures in it. That is something that we are proud of and something that is being done for the future.

Even if one looks at the wiser use of medicines and programs for education run for prescribers on the overuse of antibiotics, for instance. Not only does the community benefit because they will be maintaining their susceptibility to antibiotics instead of having adverse reactions in the future but also there is less expenditure on that part of the PBS, which means that there is more money available for newer drugs as they become available. The collection of unwanted medicines out of the community is also part of this budget of \$3 million over the next three years. This means that there will be fewer children poisoned by their parents' and grandparents' prescription medicines and therefore fewer admissions of those children to hospital.

I refer to comments by the member for Scullin. He acknowledged that the public hospitals are run by the state governments and not the federal government. I want to comment for a moment on his view on the privatisation of some of those hospitals. Sometimes the states use privatisation and some other measures as cost shifting to the Commonwealth. It is not necessarily a way of consumers not having their health care met but perhaps a different way of funding it.

I move to the question of the surplus and what should be done about it. It is something that members of the opposition have had a bit to say on. I will plagiarise some of the comments of the Treasurer (Mr Costello) because I think he has explained it rather well. He says that a lot of people ask, 'If you are back in the black, why not spend some of that money. What is the good of a \$2.7 billion surplus unless you spend it?' He explains that the Howard government came to office with a deficit of \$10.3 billion, which means that each year Australia's debt was increasing by more than \$10,000 million. The surplus means that this year we are not increasing the debt. As a result of the last five Labor budgets, Australia has accumulated debts of \$96,000 million, which in turn means that we have to collect \$8,000 million in taxes just to pay the interest bill. The surplus of \$2.7 billion means that we have \$2,700 million to start paying off the debt. It is a bit like your credit card, the Treasurer would have said. If you do not make monthly payments on your credit card, the amount of debt increases. If after eight years you finally get yourself into a position to make the monthly credit card payments, the outstanding amount has not gone away; it is still there. It is just that in that month you are not making it greater. Instead of running up the debt this year, we are actually retiring debt; in other words, paying back some of that credit card that has been run up by the previous government.

Once we have dealt with that debt, we will be able to spend more money on health and education and other community needs, which are so important. In 1998-99, the government debt will be reduced by \$31 billion. This amounts to a debt reduction of \$1,660 for every Australian. The Treasurer would also say that this is a pro-youth policy. While people of our generation like to be running up debt and leaving it for others, it is not a fair way to go for the youth of tomorrow, be they employed or unemployed.

In the few brief seconds I have left, I thank my colleagues in the opposition for being here tonight to make the points they have made and to thank in particular the member for Bradfield (Dr Nelson), who chairs the government back bench health committee, and my colleague the Minister for Health and Family Services (Mr Warwick Smith) for the attention that they have paid to the detail in tonight's debate. I commend this expenditure to the parliament.

Proposed expenditure agreed to.

**Attorney-General's Department**

Proposed expenditure—\$849,024,000—agreed to.

**Department of Industry, Science and Tourism**

Proposed expenditure—\$1,939,114,000—agreed to.

**Department of Primary Industries and Energy**

Proposed expenditure—\$500,972,000—agreed to.

**Department of the Environment**

Proposed expenditure, \$372,506,000.

**Mr JENKINS** (Scullin) (9.32 p.m.)—The expenditures before us here relate to the portfolio of the Department of the Environment. The issue that I wish to raise tonight is a current proposal to open the Jabiluka mine in Kakadu. In the last several weeks when I have been back in the electorate, one of the issues that I have been raising and which has resonance within the community is the government's support of the opening of a mine in Jabiluka. Many of the comments that I get about that are very interesting. Some are from people who have visited the area and have found it to be a wonderful part of Australia. They believe that it should remain untouched. They have a great degree of concern about the type of economic activity that is being proposed in a world heritage area. I believe that this is going to become one of those issues on which, quite rightly, people will be questioning the actions of the government and the extent to which it has decided that there is something within the Kakadu area that should be exploited for its economic value.

This debate comes at an interesting time. At the moment, uranium matters have certainly taken on a greater importance because of the actions of the Indian and Pakistani governments in exploding nuclear devices to prove to the world that, in their eyes, they have in some way come of age. This will yet again focus world attention on the trade in uranium ore and whether or not we are able, to the degree that we would wish, to account for where uranium that is sold by Australia ends up.

Another aspect of the appropriations for the Department of the Environment relates to the Commonwealth Greenhouse Office. Last year when we were considering the appropriation bills in consideration in detail it was in the run-up to Kyoto. I and the opposition put a very definite alternative view to that of the government about the sorts of targets that we should be trying to achieve at Kyoto. The types of targets that have been set in the Kyoto context have been, I think, very generous to Australia. Having said that, I acknowledge that, whilst

they were generous, they still will take a lot of hard work to achieve. It is not something that we are going to achieve by just sitting around and doing nothing. It will take an intense effort by industry and the wider community to ensure that emissions stay at only eight per cent above those from 1990. That still represents a sizeable reduction given the way those emissions would have grown over that time.

One of the great challenges that we have is putting in place the types of policies that will ensure the reduction in emissions of those greenhouse gases listed in the Kyoto proposals. This will have differing effects on differing industries. That will have to be looked at. A fair point being raised by industries is that they should not have a greater part of the burden, and that that burden should be shared equitably. I know you, Mr Deputy Speaker Mossfield, as a member of the House of Representatives Standing Committee on Environment, Recreation and the Arts, realise that there is a great challenge for Australian industry to ensure that the burden is shared equitably across all the players that are involved in emitting greenhouse gases. I hope that we will adjourn this debate and return tomorrow morning. (*Time expired*)

**Mr CHARLES** (La Trobe) (9.37 p.m.)—I appreciate the remarks of the honourable member for Scullin (Mr Jenkins). I will say a few things about Kyoto, the climate challenge and greenhouse gas. As an engineer I am one who remains a bit of a sceptic about the modelling and predictions of Agamemnon for Earth because of increases in carbon dioxide in the upper atmosphere. I remain unconvinced that scientific evidence proves to us that we are suffering global warming, or will increasingly suffer global warming, which will have catastrophic effects because of the increase in carbon dioxide.

However, while I say that, I believe very strongly that we need to reduce our dependence on burning the element carbon in all its forms to produce energy or for any other purpose, be it heat, light or whatever. I have said for a long time that in not only future generations but future centuries the world will not thank us if we deplete the world's reserves of carbon in terms of petroleum in one form or another, be it coal, oil or gas. If we deplete those reserves, future generations will need carbon for other purposes, and they will need big quantities of it, because we will learn to better use carbon for other things in the future. I do not even know what they may be.

Perhaps some of you have read, as I have, the trilogy of the habitation of Mars: *Red Mars*, *Green Mars* and *Blue Mars*. They used a tremendous use of carbon in that science fiction work, which went on for some 2,400 pages. I found it really quite believable. I say to the members here that I think we should conserve our carbon.

I really believe that the initiatives being put in place by this government to encourage further development of renewable energy resource development is very positive for our nation. I have long been an advocate of harnessing the tides in the Kimberley to produce power for Australia. It was some 34 years ago that John Lewis came to Australia and was commissioned to do a study of the Kimberley by the then institution of engineers. He produced a study which predicted at that time, 34 years ago, that there was enough capacity in the Kimberley—with the combination of high tides and narrow inlets which could be dammed, putting turbines in the wall and the turbines spin when the tides flow in or out—to power Australia 27 times. But it is a bit hard to get it from there to the east coast, where we need the power.

We never had the political will to do it, and we have not been able to see the benefit in the high capitalisation cost of tidal energy: the very long, up to 120 or 130 years, running time and the benefits to society of producing energy of an absolutely known quantity on an

absolutely known schedule; the tides go up and down every day on an exactly predictable schedule. If they should ever fail, so would we have.

I am pleased to tell the House that I believe that Derby hydro power will finally give us at least a demonstration plant in the Kimberley to prove that hydro power through tidal energy is a way to the future. I hope that in future decades we finally see the way to advancing Australia into the oncoming hydrogen economy. We have to stop burning carbon. We need to start using hydrogen as our energy source. If we harness the tides in the Kimberley and convert them into electricity and use the electricity to convert water into hydrogen and oxygen, and pump the hydrogen, we will have done a magnificent environmental job for Australia.

Debate (on motion by **Mr Slipper**) adjourned.

**Main Committee adjourned at 9.44 p.m.**

### QUESTIONS ON NOTICE

The following answers to questions were circulated:

#### **Australian Federal Police**

##### **(Question No. 2835)**

**Mr McClelland** asked the Attorney-General, upon notice, on 31 March 1998:

Has he received a submission from the Commissioner of the Australian Federal Police (AFP) regarding the resources the AFP needs to carry out its statutory obligations; if so, (a) what resources did the Commissioner indicate were needed; (b) how has the Government responded to that submission; and (c) have the additional resources been provided.

**Mr Williams**—The answer to the honourable member's question is as follows:

Other than in the context of normal budget processes, I have received no such submission from the AFP. However, I am advised that, in accordance with normal practice relating to Government reviews, the AFP and other interested organisations and individuals have made written submissions to the Review of Resourcing Needs of the AFP, chaired by Mr Tony Ayers, AC.

Mr Ayers has been requested to report to Government by 30 June 1998. Resource decisions relating to the AFP will be made by the Government following its consideration of the report from Mr Ayers.

#### **Aged Care**

##### **(Question No. 2836)**

**Mr McClelland** asked the Minister for Family Services, upon notice, on 31 March 1998:

(1) Has the period that an aged care resident can be away from a hostel without suffering a reduction in benefits been changed; if so, (a) what are the changes and (b) have the changes been made retrospective.

(2) Will the changes referred to in part (1) prevent residents in aged hostels from spending more time with their friends and or relatives.

**Mr Warwick Smith**—The answer to the honourable member's question is as follows:

(1) (a) Under the Aged Care Act the Government has increased the amount of recorded leave that a care recipient can take from a residential aged care service from 28 days to 52 days per year which can be used for any purpose. The only situation where a reduction of benefits occurs is when an aged care resident has been on extended hospital leave for 30 days or more. Where this occurs the resident's classification level will be reduced by 2 levels. The amount of hospital leave is unlimited.

(b) These changes have not been made retrospective.

(2) The changes referred to in part (1) will not prevent residents in hostels spending more time with relatives and friends. In addition to overnight leave, there is no restriction on the number of days a resident can be away from the hostel where no overnight absence is involved.

#### **Military and Education Funding**

##### **(Question No. 2875)**

**Mr Latham** asked the Minister for Defence, upon notice, on 7 April 1998:

Is he able to provide (a) data on changes in recent years to the ratio of military to education spending in each Western nation and (b) details for comparison between Australia and other nations since 1996.

**Mr McLachlan**—The answer to the honourable member's question is as follows:

Recent reliable information on education spending by other Western nations is not readily available. Furthermore, there are difficulties making meaningful comparisons between nations, given the differences in defining education expenditure, the varying involvement of different levels of government and the varying part played by the private sector in education.

As a proportion of Commonwealth Outlays, the ratio of Defence spending to Education spending by the Commonwealth in recent years is as follows:



	92-93	93-94	94-95	95-96	96-97	97-98
Defence/Education	1.07	1.00	.96	.94	.91	.96

(b) The following table shows an indicative trend of Defence expenditure as a percentage of GDP for Australia and a selection of other nations

Country	1993-94	1994-95	1995-96	1996-97	1997-98 (est)	1998-99 (est)
Australia	2.3	2.1	2.1	2.0	1.9	1.9
Canada	1.7	1.6	1.4	1.3	1.2	1.1
China	1.4	1.3	1.1	1.0	1.1	1.1
France	2.7	2.7	2.6	2.5	n.a.	n.a.
Germany	1.5	1.4	1.4	1.4	n.a.	n.a.
India	2.7	2.7	2.6	2.0	2.4	2.4
Indonesia	1.3	1.3	1.3	1.3	1.4	0.9
Malaysia	3.0	2.9	2.8	2.7	2.3	1.6
New Zealand	1.2	1.1	1.2	1.2	1.1	1.0
Singapore	4.6	4.3	4.7	4.3	4.5	4.9
South Korea	3.7	3.4	3.2	3.3	3.2	3.0
Sweden	2.7	2.7	2.5	n.a.	n.a.	n.a.
Thailand	2.5	2.4	2.2	2.2	2.5	1.6
UK	3.6	3.4	3.1	3.0	2.9	2.8
US	4.3	3.8	3.7	3.5	3.3	3.1