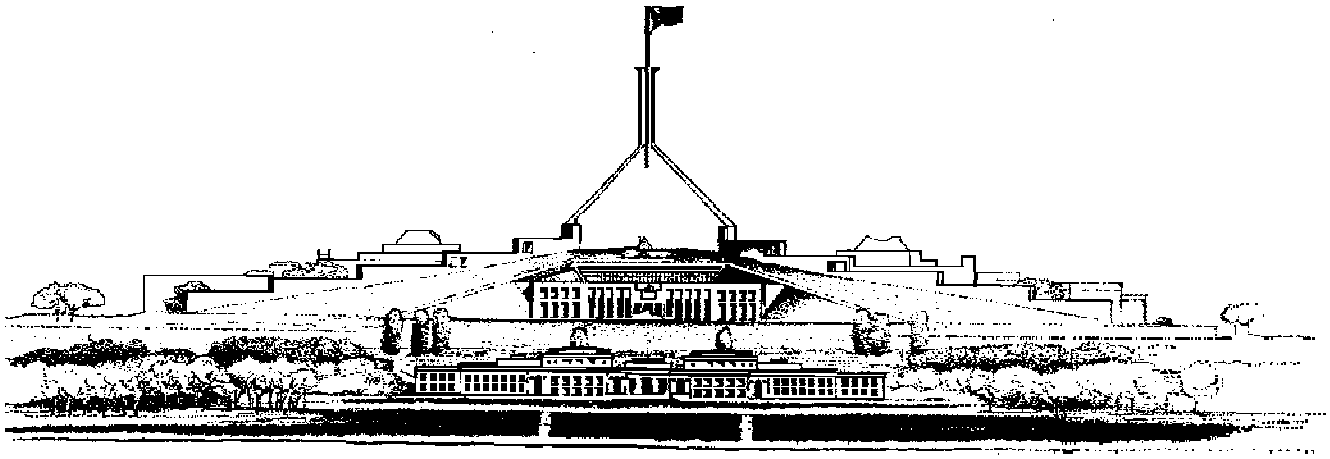
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



SENATE

Official Hansard

WEDNESDAY, 2 DECEMBER 1998

THIRTY-NINTH PARLIAMENT
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE SENATE
CANBERRA

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WEDNESDAY, 2 DECEMBER

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Wednesday, 2 December 1998

The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 9.30 a.m., and read prayers.

MIGRATION LEGISLATION AMENDMENT (JUDICIAL REVIEW) BILL 1998

First Reading

Motion (by **Senator Patterson**) agreed to:

That the following bill be introduced: a bill for an act to amend the Migration Act 1958, and for related purposes.

Motion (by **Senator Patterson**) agreed to:

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (9.31 a.m.)—I table the explanatory memorandum and move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard.*

Leave granted.

The speech read as follows—

This bill implements one of the government's important policy initiatives within the Immigration and Multicultural Affairs portfolio.

The bill gives legislative effect to the government's election commitment to reintroduce legislation that in migration matters will restrict access to judicial review in all but exceptional circumstances. This commitment was made in light of the extensive merits review rights in the migration legislation and concerns about the growing cost and incidence of migration litigation and the associated delays in removal of non-citizens with no right to remain in Australia.

On 3 September 1997, we introduced this bill—then called the Migration Legislation Amendment Bill (No. 5) 1997—into the House of Representatives. It was passed by that House on 23 September 1997 and introduced into the Senate on 29 September 1997. The Senate Legal and Constitutional Legislation Committee conducted a detailed examination of the bill and in its report of 30 October 1997, the majority of the committee recommended that the bill be passed without amendment. The bill was awaiting debate by the Senate when Parliament was prorogued in August.

The bill introduces a new judicial review scheme to cover decisions under the Migration Act relating to the ability of non-citizens to enter and remain in Australia. The key mechanism in the new scheme is the privative clause provision at new section 474.

The privative clause, and the related provisions, will replace the existing judicial review scheme at Part 8 of the Migration Act. Unlike the existing scheme, the new judicial review scheme will also apply to the High Court and not just the Federal Court.

The privative clause does not mean that access to the courts is denied, nor that only the High Court can hear migration matters. Both the Federal Court and the High Court can hear migration matters, but the grounds of judicial review before either court have been limited.

One need only look at the history of the existing judicial review scheme and how it is operating today to see what would happen in the future if it were left untouched.

The current judicial review scheme for visa decisions was introduced by the last Labor government through the Migration Reform Act 1992 and commenced on 1 September 1994. It was part of a package of changes, building on an existing scheme where the attributes that a non-citizen needs to be granted a visa are set out in detail in the migration legislation. The changes included:

- expanded access to merits review;
- a requirement that any review rights must be exhausted prior to seeking judicial review;
- statutory codes of procedure for visa decision-making; and
- some restriction of the grounds of judicial review in light of the access to merits review and statutory codes for visa decision-making.

The Labor government intended those changes to reduce Federal Court litigation and to provide greater certainty as to what was required from both decision-makers, visa applicants and visa holders.

That scheme has not reduced the volume of cases before the courts: just the opposite. Recourse to the Federal Court and the High Court is trending upwards, with nearly 400 applications in 1994-95; nearly 600 in 1995-96; 740 in 1996-97; nearly 800 in 1997-98; and in 1998-99 as at the 25 November, 435 applications. In addition, the Federal Court has re-interpreted the existing scheme's modest restrictions on judicial review to bring back the grounds of review that the Parliament specifically excluded in passing the Migration Reform Act in 1992. The government has been forced to appeal one particu-

lar case to the High Court to get that Court's ruling on the Federal Court's interpretation.

Based on current litigation trends it is anticipated that applications made to the courts could be more than 1000 for 1998-99. That is unacceptable given the extensive merits review rights in the migration legislation and the cost of that amount of litigation which is ultimately borne by the Australian taxpayer.

This trend is despite full and open access by applicants to heavily subsidised independent merits review by the Immigration Review Tribunal and the Refugee Review Tribunal.

From experience we know that a substantial proportion of these cases will be withdrawn by the applicants prior to hearing. The percentage of applicants who withdraw fluctuates between 33% to 50%. Of the cases that go on to substantive court hearings the merits based decision is currently upheld in around 86% of cases.

The government is concerned about the financial burden that such levels of litigation place on the public purse. In the 1997-98 financial year all litigation cost my Department nearly nine and a half million dollars—and this figure does not include the cost of running the courts.

This high level of litigation, particularly by twice refused asylum claimants, cannot remain unchecked. Increased litigation leads to increased costs and delays, and, for those in detention, to a significantly longer period of detention.

It is hard not to conclude that there is a substantial number who are using the legal process primarily in order to extend their stay in Australia, especially given that one third to one half of all applicants withdraw from legal proceedings before hearing.

In the migration area litigation can be an end in itself—it is probably the only area of administrative law where delaying the final determination is seen as beneficial by those pursuing the court action. Given the importance attached to permanent residence in Australia, there is a high incentive for refused applicants to delay removal from Australia for as long as possible. This may be done to give time for them to establish ties within the community which they may hope will yield entitlement to a visa through another pathway.

The incentive to delay removal from Australia is increased if the refused applicants are enjoying privileges such as work rights and access to Medicare. Before the last election, the government changed the Migration Regulations to generally deny work rights to unlawful non-citizens applying for protection visas after being in Australia for more than 45 days, and at the same time thereby preventing such persons from access to Medicare. However, while that is a worthwhile measure, it does not deal with the problem I have outlined.

Faced with the problem I have outlined, Minister Ruddock asked the Department of Immigration and Multicultural Affairs in early 1996 to explore options for best achieving the government's policy objective of restricting access to judicial review. This was done in conjunction with the Attorney-General's Department, the Department of Prime Minister and Cabinet and eminent legal counsel.

The advice received from legal counsel was that the only workable option was a privative clause.

As Senators are aware, section 75 of the Commonwealth Constitution gives the High Court original jurisdiction to consider challenges to the actions and decisions of Commonwealth officers. As a result access to the High Court cannot be legislatively restricted without a constitutional amendment.

However, access to the Federal Court, and the scope of judicial review it can exercise, can be changed by legislation. To simply restrict access to the Federal Court in migration legislation matters, would in practice deflect many cases to the High Court under section 75 of the Constitution. This has the potential to erode the proper role and purpose of the High Court.

Counsels' advice was that a privative clause would have the effect of narrowing the scope of judicial review by the High Court, and of course the Federal Court. That advice was largely based on the High Court's own interpretation of such clauses in cases such as Hickman's case, as long ago as 1945, and more recently in the Richard Walter case in 1995.

Some members of the High Court confirmed the interpretation of what is often called the Hickman principle in the Darling Casino case in April last year.

Senators may be aware that the effect of a privative clause such as that used in Hickman's case is to expand the legal validity of the acts done and the decisions made by decision-makers. The result is to give decision-makers wider lawful operation for their decisions and this means that the grounds on which those decisions can be challenged in the Federal and High Courts are narrower than currently.

In practice, the decision is lawful provided the decision-maker:

is acting in good faith;

had been given the authority to make the decision concerned (for example, had the authority delegated to him or her by the Minister for Immigration and Multicultural Affairs, or had been properly appointed as a tribunal member); and

did not exceed constitutional limits.

The options available to the government were very much shaped by the Constitution. While the government accepts that the precise limits of privative clauses may need examination by the High Court, there is no other practical option open to the government to achieve its policy objective.

It was suggested to the Senate Legal and Constitutional Legislation Committee that the introduction of a leave requirement would achieve the government's policy objective of restricting judicial review to 'exceptional circumstances'. In the government's view, that is not a viable option. While it is possible to impose a leave requirement on the Federal Court, it is not constitutionally possible to do so with the High Court and would leave that Court exposed to applicants going straight to the High Court in order to avoid any leave requirement imposed on the Federal Court. In any event, the imposition of a leave requirement could increase the complexity of the litigation and cause consequential delay and cost, and may in practice even double the number of hearings before the Federal Court. That would exacerbate those problems which the government is aiming to rectify.

To complement the introduction of the privative clause, this bill introduces a number of important technical measures such as time limits in which to apply, and who can apply for review, as well as the type of decision affected by the new scheme. These measures are designed to ensure certainty and efficiency in resolving outstanding issues.

Although the measures in this bill will limit judicial review, many applicants who consider that they have received a decision from the Department which is wrong, will of course still have access to independent merits review by the Immigration Review Tribunal, its successor the Migration Review Tribunal, and the Refugee Review Tribunal. It is the government's intention that all bona fide applicants meeting the criteria for the grant of a particular visa be granted that visa. The independent merits review tribunals act as a safeguard in that respect.

As an additional safeguard, under the Migration Act the Minister has special public interest powers enabling the Minister to grant a visa even there the non-citizen does not meet the prescribed criteria for the grant of that visa set out in the Migration Regulations.

I commend the bill to the Senate.

Ordered that further consideration of the second reading of this bill be adjourned till fourteen days after today, in accordance with standing order 111.

BUSINESS

Days and Hours of Meeting

Motion (by **Senator Patterson**, at the request of **Senator Ian Campbell**) agreed to:

That the Senate shall meet on Tuesday, 8 December 1998, from 2.30 p.m. till 8 p.m.

Consideration of Legislation

Motion (by **Senator Patterson**, at the request of **Senator Ian Campbell**) agreed to:

That the provision of paragraphs (5) to (7) of standing order 111 not apply to the Superannuation Legislation Amendment (Resolution of Complaints) Bill 1998 allowing it to be considered during this period of sittings.

NATIONAL ENVIRONMENT PROTECTION MEASURES (IMPLEMENTATION) BILL 1998

Second Reading

Debate resumed from 25 November, on motion by **Senator Ian Campbell**:

That this bill be now read a second time.

Senator BOLKUS (South Australia) (9.33 a.m.)—I start by saying that this bill is not an insignificant one. It is a bill which sets up a regulatory mechanism for Australia's biggest properly holder, developer and consumer, and that is, of course, the Commonwealth government and its agencies. Essentially, this bill is about how one handles the state regimes, rules, regulations and legislation in respect of the coverage of the Commonwealth and its operations. We are particularly talking about environment protection legislation.

The objective that the government seeks to attain here is the objective that we sought to attain with this legislation when we were in government before 1996. That was to achieve national conformity and national uniformity in application of state rules and regulations. It is interesting to note at this particular juncture that what the Commonwealth seeks to do here for its agencies is something that it is not seeking to do with other environmental legislation which will soon be before this chamber. It is not demanding of that legislation with respect to the corporate sector the same degree of national uniformity. The environment protection impact legislation is

legislation that will be before us very soon and is legislation which in effect devolves national responsibility in many respects to the states.

It is okay for the Commonwealth as a major player to demand and to require national uniformity but, for some particular reason that is unknown, I think, to a major part of the corporate community, that degree of national uniformity is something that this government is not seeking in respect of other environmental legislation. So the question we have before us today essentially is not that we achieve uniformity but that we achieve adequacy of regulations and legislation in protection of the environment. There is a history to this legislation. The genesis of this legislation was, as I say, a process involving state and federal governments undertaken by the previous Labor government. As a consequence of that process, legislation was introduced into the parliament, but legislation which has been substantially changed by this particular government.

In approaching the legislation before us today, what the Labor opposition is attempting to do is to go back to that starting point of the pre-1996 legislation and to recognise that many of the processes that led to that were quite constructive but also to recognise the objectives of that legislation. In doing so, what we are about today is to try and beef up this particular legislation. We recognise that there are a number of major inadequacies in it. Also, in having that starting point, we recognise that some of the amendments to be moved by Senator Allison to the legislation are amendments which do not really conform to the structure and to the objectives of this legislation which the government set out to achieve in 1996 and as governments have set out to achieve now. So in a sense we will probably take a bit of a midway course, but it is a course that will ensure that this legislation is beefed up.

Let us turn to the bill. The bill provides for the application of certain state and territory environment protection laws to the Commonwealth and its agencies in an attempt to create and implement a scheme of uniform national standards. These standards in the legislation are known as national environment protection measures. The bill is also the second chapter in a legislative approach characterised by cooperative Commonwealth-state standard setting, an approach which was commenced by the National Environment Protection Council Act 1994. Specifically, this bill provides five different methods for the implementation of NEPMs which are made under the National Environment Protection Council Act.

The bill provides several methods by which the Commonwealth can implement these measures in order that they will apply to the Commonwealth. These are: applying certain state laws to Commonwealth places, applying certain state and territory laws to Commonwealth activities, the making of regulations, environmental audits or environmental management plans and the use of existing Commonwealth laws. The council act of 1994 provides for the making of measures related to seven particular environmental issues: air quality, water quality, noise standards, site contamination, hazardous waste, recycling and motor vehicle emissions. It is a bill which is designed to apply these measures to the Commonwealth once they have been finalised.

As I said at the outset, governments have been trying to get the balance right in respect of Commonwealth and state responsibilities for quite some time. The constitution has provided some source of guidance. It also has to be said that the courts in this country have been critical in providing a capacity for governments to recognise and to exercise their responsibilities. According to the *Bills Digest* produced by the Parliamentary Library, the difficulties in securing uniform environmental protection outcomes were alluded to in that report. The library is referring to the 1996 Commonwealth *State of the environment* report. In that particular report the independent advisory panel commented:

> The national ability to manage the environment is continually hamstrung by structural problems between different areas of government. Standards vary from State to State, and State and Commonwealth governments frequently battle over environmental issues.

The recent history—over the last 25 to 30 years or so—of protection of the environment

in this country is littered with those sorts of conflicts. There have been high profile issues, the protection of wilderness areas, and there has been a need for the federal government, over the last 25 to 30 years, to intervene to protect some areas of national importance.

Unfortunately, in recent days this federal government does not seem to have the same compulsion or the same degree of moral obligation to protect such internationally accepted areas. But not just the major issues have been of concern and have raised friction between the Commonwealth and states; minor ones, the local ones, have also been issues of concern. When it comes to this particular legislation, much of the impact of it is to confront the issues that are raised by measures of government affecting local communities. Achieving uniformity is one thing but recognising one's responsibility as a federal government is another. That is an objective that we will try to meet through amendments.

The bill before us presents itself as a decision to bind the Commonwealth to measures found in state laws. In addressing the question as to whether the bill meets that objective, the conclusion we come to is that it does not do so. The idea of the Commonwealth meeting environmental standards found in state laws for the measures scheme makes sense for two main reasons. First, there is a need for consistency amongst national pollution control and environment protection laws. This scheme of national uniformity would hardly be a truly national scheme unless the Commonwealth was bound to such a scheme.

The second reason, speaking frankly, is that the Commonwealth must address concerns about the environmental impacts of Commonwealth activities. It is a fact that the activities of the Commonwealth and its authorities can have a significant environmental impact. As I said earlier, they do not have to be national to have an impact. They can have an enormous, pervasive impact on quite a number of communities across this country. For instance, the Commonwealth is a major landowner and operates a wide range of facilities which involve a number of land uses with potential to contaminate land with toxic and hazardous waste.

For example, the *Bills Digest* mentioned earlier refers to the National Transmission Authority which in 1996 was storing over 33 tonnes of highly toxic polychlorinated biphenyl (PCB) material at its 500 sites throughout Australia, posing significant health and environmental risks. Can I say, as a former administrative services minister, that the effect and the spread of Commonwealth property and the contaminated nature of it is something which has to be of continuing concern to government.

Let us go to the issues. The essential question in respect of this bill is whether it adequately resolves the existing legal uncertainties surrounding the question of Commonwealth environmental responsibilities under state law. This issue has been raised for quite some time and, more recently, in a report in the *Sydney Morning Herald* of 17 June last year. The report was entitled, 'State pushes to end exemptions on prosecutions for polluting'. The report stated that New South Wales was seeking a test case to break the long-held perception of standing exemptions of Commonwealth agencies from state pollution control laws.

New South Wales was seeking that. According to the report, all 'Commonwealth agencies in New South Wales were believed to be the subject of examination' by the New South Wales EPA. These included military bases, the Lucas Heights nuclear reactor site, Sydney airport and telecommunications facilities. Had the New South Wales EPA found a test case and run it, it could have opened very easily a new chapter in legal relations between the Commonwealth and the states.

But, whilst New South Wales was looking for that case, in 1997 the High Court in the Henderson case revisited this very difficult question of the application of state laws to the Commonwealth and its agencies. In that particular case the decision of the High Court in August 1997 has considerably reduced the extent to which the Commonwealth and its agents can claim a broad constitutional immunity from state laws. The court found that New South Wales residential tenancy law applied to the activities of the Defence Hous-

ing Authority. It was a 6-1 decision of the court. It was a 6-1 majority which rejected the broad proposition that the Commonwealth cannot be bound by state legislation.

I mention this particularly because one of the amendments we will be seeking to make to this legislation will be to have an opting out arrangement rather than an opting in arrangement. We want a broader application of state legislation rather than having that legislation applied only by individual measures. In that respect, we also do not want to overturn the principles adopted by the High Court in 1997.

New South Wales is not the only state to be concerned. Victoria also has concerns with this particular legislation. In respect of clause 9, for instance, the Victorian government's EPA in its submission to the Senate environmental committee inquiry into the bill stated:

> Clause 9 expressly excludes the application of State laws to Commonwealth places or activities, unless they are applied by the Environment Minister under the Bill.

This, says Victoria, in joining with the message from New South Wales, is a significant step backwards. It continued:

> Passage of the Bill in its current form would leave States in the clearly unacceptable position where none of their environment laws apply to the Commonwealth, with no guarantee, or even presumption that those laws will be applied.

New South Wales is also concerned about this pick and choose approach which the Commonwealth is reflecting in this legislation. It ought to be made known at this point in the debate that this was an approach the previous legislation had rejected and the opposition's amendments with respect to clause 9 will be to try to restore the principles adopted in the previous legislation. It is important to note that the response of Environment Australia in respect of this point is as follows:

> The inclusion of the present clause 9 does not purport to suspend all State environmental provisions, only those implementing a NEPM. Clause 9, for example, would not suspend a whole piece of legislation, only the provisions of it that implemented the NEPM in question.

Even though Environment Australia says that, we feel that objective is not adequately met by this legislation. As I said, we will try to redress that. We do have concerns as to the application of the legislation and we have concerns with legislation which we think focuses more on exemptions of the Commonwealth from the application of state and territory laws than it does on compliance. We are concerned with legislation before us which provides the environment minister with virtually unfettered discretions as to the application of such exemptions on what may be perceived as spurious or indefensible grounds. We are concerned with this legislation because it contains inadequate accountability measures and public scrutiny measures.

The reporting mechanism reflected in this legislation is elaborate, overly bureaucratic and convoluted. We are concerned with the legislation because it expressly exempts the Commonwealth from prosecution for criminal offences and we are also concerned with this legislation because the heaviest penalties of the bill fall on those who are concerned to protect the environment—whistleblowers—rather than polluters. Without prolonging the debate at this stage I indicate that the opposition is supporting the bill but, in supporting the bill, there are quite a number of amendments that we will be moving in the committee stage.

Senator ALLISON (Victoria) (9.47 a.m.)—The stated purpose of the National Environment Protection Measures (Implementation) Bill 1998 is to apply the national environment protection measures to the Commonwealth and its authorities as part of a scheme of uniform national standards. According to the government, it aims to harmonise and standardise national environment protection standards. It also claims to give all Australians the benefit of equivalent environment protection and to ensure that investment decisions of business are not distorted by variations in environmental standards between Australian jurisdictions.

The government says it is to stop forum shopping by industries looking to find the state or territory which has the lowest environmental protection standards. In fact, in the Democrats' view, quite the opposite outcome appears likely. This is just one of the ways in

which the stated aim of the bill is at odds with what the bill does. In the case of the NEPMs, if we can call them that, the difficulties in reaching consensus as to the content of the national environment standards means that the NEPC will be tempted to settle on lowest common denominator outcomes. Essentially this bill relies on state legislation which, firstly, mirrors the NEPC Act and, secondly, creates the National Environment Protection Council. The NEPC has the job of making national environment protection measures and these measures can consist of one or more of the following seven matters, but not more than those seven: ambient air quality; ambient marine, estuarine and fresh water quality; noise standards; site contamination assessment guidelines; hazardous waste impacts; reuse and recycling of used materials; and motor vehicle noise and emissions.

The Democrats believe that the definition of activity under the bill should be broadened to include the formulation of environmental policy, environmental decision making, cumulative effects and indirect effects. The bill provides several methods by which the Commonwealth can implement NEPMs in order that they will apply to the Commonwealth: applying certain state laws to Commonwealth places, applying certain state and territory laws to Commonwealth activities, making regulations, having environmental audits or environmental management plans and using existing Commonwealth laws.

The NEPC Act 1994 provides for the making of NEPMs related to air quality, water quality, noise standards, site contamination, hazardous waste, recycling and motor vehicle emissions. Its stated aim is to apply the NEPMs to the Commonwealth activities, once they have been finalised. However, the essence of this bill is to exempt Commonwealth activities from state laws, unless the federal minister takes active steps to apply them. Unlike activities carried out by other bodies, the Commonwealth is not routinely obliged to comply with state laws. It is not a matter for the minister to exempt the Commonwealth properties; he or she must take action to ensure compliance. Even many of the states do not regard this as being in keeping with the spirit of their agreement with the Commonwealth. The ACT government said:

> . . . the Bill seems more directed to ensuring the Commonwealth agencies are not bound by State and Territory laws to implement NEPMs than it is to giving effect to environment objectives.

Even the Victorian state government was critical of the fact that the grounds for exemption, such as administrative efficiency or national interest, were extremely broad. The national interest is defined as Australia's foreign relations; international obligations; national security and defence; a national emergency; telecommunications activities; the management of aviation, airspace or airports, including aircraft noise and emissions; and any other matter agreed between the Commonwealth and the states. In the Commonwealth's very wide range of facilities and properties, there are some actual and potentially highly contaminating land uses. Hazardous waste is stored, and air, noise and water pollution are not uncommon.

In March last year the House of Representatives Standing Committee on Environment, Recreation and the Arts reported on environmental management of Commonwealth land. In the opinion of this committee 'compliance by the Commonwealth with State and local government environment protection laws and regulations' were 'fundamental to the development of a coordinated approach to environmental management by Commonwealth agencies'. The committee called for a national policy, particularly for environmental management of Commonwealth land and particularly for contaminated sites and for prevention. It said:

> The absence of a clear Commonwealth policy framework is a major constraint on departments and management entities seeking to establish priorities and actions in line with best current practice.

Time does not permit me to give a full account of the many problems identified by the audit but, for instance, as Senator Bolkus has already mentioned, in 1996 the National Transmission Authority was storing 33 tonnes of highly toxic polychlorinated biphenyl. There were 1,060 identified ordnance sites throughout Australia in 1996.

The Management Audit Branch of the Department of Defence found that the Air Force failed to follow procedures for the management of hazardous materials, toxic wastes were being stored and disposed of inappropriately and there was discharge of contaminants into stormwater and possibly the watertable. Poorly managed and uncontrolled disposal sites and, in some cases, inappropriate dumping of scheduled wastes posed a potential risk to personnel. There was leakage and spillage around hazardous waste storage and disposal sites and, finally, inadequate records for the storage of hazardous wastes. So, not only does the Commonwealth have many potential and existing environmental hot spots; its failure to adequately manage them is already known, or at least to the extent that audits have been done.

Furthermore, the bill has been widely criticised as being unnecessarily complex and convoluted—particularly the enforcement mechanism—and that, far from creating harmonious uniformity, it has in fact blurred and confused the Commonwealth-state responsibilities. One state EPA offered the view:

> The bill exacerbates the existing uncertainties about the application of State laws to Commonwealth agencies. No one knows if and when State laws will apply.

The bill does not in fact make any clear commitment to adopt state laws for Commonwealth places and activities, even though section 7 of the NEPC Act is for this to occur. The bill clearly has more to do with exemption for the Commonwealth from state laws than with compliance.

The NEPC legislation was largely agreed to in the Intergovernmental Agreement on the Environment back in 1992 in an attempt to reduce the conflict between the Commonwealth and the state governments on environment issues. The Commonwealth undertook to reach consensus agreement with the states on environmental matters and agreed to avoid taking action to override state government decisions.

It might be worth noting that, so far, draft NEPMs have only been prepared on the National Pollutant Inventory, air standards, hazardous wastes and contaminated sites. In the case of the National Pollutant Inventory, we saw the government take a very conservative course by declaring only 36 substances to be required to be recorded when discharged to air or water, and this compares with over 200 in similar legislation in the United States.

One of the significant constraints of the NEPMs is the requirement to have regard to a range of social, economic and regional factors. As with the way this government has dealt with so many environment issues since coming to office, short-term economic gains are given a higher priority than long-term sustainability. Also typical for this government are the very wide discretionary powers given to the minister. The Environment Defenders Office said in their submission that this discretionary structure 'raises serious problems of ministerial accountability, in addition to the risk of politically expedient, but environmentally unjustified decisions'.

The Australian Democrats' preferred approach to environmental protection would be one where the Commonwealth took a leadership role which resulted in unifying legislation requiring general duty of care for the environment in all jurisdictions. Until that happens, in our view the Commonwealth ought to show the way by at least being prepared to commit its activities to both state and Commonwealth legislation. There may well be an argument for exemption in some circumstances. However, we would argue that this should only be warranted if it is a matter of public health and safety or national security.

It is quite extraordinary to us that this bill gives the Commonwealth so many escape clauses. There is nothing in the legislation which makes the Commonwealth liable to be prosecuted for an offence, and in fact there is no adequate enforcement regime to give affected parties any rights.

The bill obliges the Commonwealth to report, but it is not obliged to monitor and report publicly on how well the goals of an environmental management plan are being achieved, so the public would have no way of knowing whether or not a report had been filed. This fails as any sort of accountability measure. We would like to see a Common-

wealth enforcement system at least equivalent to that in the United States, perhaps overseen by a section of Environment Australia.

In contrast to the lack of enforcement for the Commonwealth is the provision for a conviction, punishable by imprisonment for up to two years, for an employee of a government who, in the course of implementing a NEPM on Commonwealth property, directly or indirectly discloses information obtained from a search of land occupied by the Commonwealth or a Commonwealth authority. In other words, this legislation is very tough on anyone who might blow the whistle on the government.

The bill also seeks to do away with the production of potential evidence in a court. While these clauses do provide exceptions, we believe these measures are not in the spirit of full and true disclosure in environmental performance matters.

The Democrats will, in dealing with this legislation, look to give effect to the government's stated aims and to honour its commitments made in intergovernmental agreements. We will make sure we give effect to the government's rhetoric about the importance of a level playing field. I think it is bad enough that the government has no real national policy on environment protection for its activities, but why should the Commonwealth be allowed to operate with absolutely no environmental constraints? It does not make any sense to allow the pollution of soil, air and water at a facility just because it is in Commonwealth hands, and of course that pollution will not just be confined to that site.

Our amendments seek to see that the rules on polluting the environment and on air and noise emissions are the same for the Commonwealth as they are for every other government, including local government, and for every other individual and company.

Senator MARGETTS (Western Australia) (9.58 a.m.)—At the outset, I think it is important to reiterate the comments I made on Monday about the total opposition of the Greens (WA) to debating the National Environment Protection Measures (Implementation) Bill 1998 during the current session. With a very short spring sitting, we were given little of the legislation to be debated. We were given no idea about the order in which the 18 packages of bills listed for debate in these sittings were to be debated. But we were given assurances that we only needed to prepare those 18 packages of bills. It obviously was not a core promise because we are here debating a major environmental bill with little notice. The government appears not to want any serious examination of this bill, and I am not surprised.

You only have to look at the report of the Senate committee to see the government's lack of commitment to consultation on this bill. The committee advertised the inquiry in the *Weekend Australian* on 6 December 1997 with a closing date for submissions of 12 January 1998—so, smack in the middle of the Christmas period were the opening and closing dates for submissions. And, surprise, surprise, after that enormous period for preparation of submissions on the bill, the grand total of three submissions were received and the committee determined not to bother with any public hearings. With that exhaustive process out of the way, you would have thought that the government would proceed at full pace to debate this very high priority legislation. But, no, we did not see the bill listed for possible debate until the Spring sittings—that were never going to be in August this year because of the election.

The government needs to be aware that, while it may have ministerial and departmental staff who do little else but live and breathe these particular bills, for my staff bills are considered on a needs basis. If they are listed for debate in the near future, they are considered and prepared. If not, they go into the pending file. From our point of view, this is a necessity for getting bills properly considered. As I indicated earlier, because this bill was clearly not listed for debate in the spring sittings the NEPM bill was in my adviser's pending file until Monday.

Let us have a look at why the government is so keen to flick the bill through such scant attention. The reality is that, despite its laudable aims, the bill only adds to the confusion of environmental law in this country—a situation which will be even more confused

after the passage of the Environment Protection and Biodiversity Conservation Bill 1998 (No. 2) next year. Or will it be next week? Will another bill suddenly appear on the list, which we will have to suddenly debate?

My concerns were well expressed by Senator Allison and Senator Schacht in their respective minority reports, and in the opposition comments in the committee report on this bill. They point to confusion, complexity and problems with the substantial ministerial discretion contained in this bill. There is no point in this government going to the international arena, with their steadily reduced credibility, and saying, 'We have the world's best environment laws' when they are all discretionary—or most are discretionary. The reality is they are not enforceable by the public, who know they are being broken.

As the name implies, this bill relates to national environmental protection measures, which are meant to be uniform standards agreed to by all governments in Australia. The fundamental problem, however, is that the nature of the process for uniform standards creates a race to the bottom in terms of environmental standards, so we are looking at the lowest common denominator. In the same way that we have a push for internationally competitive labour rates and corporate taxation, we see pressure for lower and lower environmental standards so that we can attract corporate investment to this country. In addition, there are concerns about the scope of NEPMs, which are currently limited to seven areas: ambient air quality; ambient marine, estuarine and fresh water quality; noise standards; site contamination assessment guidelines; hazardous waste impacts; reuse and recycling of used materials; and motor vehicle noise and emissions.

I have been involved in an issue in Western Australia in recent times which highlights one of the concerns about this approach to environmental issues. The issue was the proposal to dump toxic waste at a site near Toodyay, which is 100 kilometres north-east of Perth. Whilst there is an NEPM dealing with contaminated sites, it appears that lack of political will on the part of various governments has meant that there is no commitment to proceed with an NEPM in relation to the disposal of the contaminated material from those sites. Thankfully, massive public pressure led to the abandonment of this particular proposal, but the issue highlighted a major shortfall in national guidelines for toxic waste disposal and storage.

This bill implements the Commonwealth's commitment, under the Intergovernmental Agreement on the Environment, to enact legislation to implement national environment protection measures in its jurisdiction. Any agreement that the Commonwealth makes in relation to toxic sites cannot in any way, shape or form be done simply by negotiating with state governments. The people who deal with toxic sites on a daily basis are largely local governments, so waste disposal and toxic sites must take in the good work that is done by many councils and the not so good work by other councils—but basically at the level of local government—otherwise you are not going to get a realistic or enforceable or practical outcome in relation to any agreement on waste disposal or toxic sites.

The essence of the Commonwealth legislation is that state or territory laws implementing the NEPM regime do not apply to Commonwealth activities except by declaration of the Commonwealth environment minister. As the *Bills Digest* suggests, the whole question of Commonwealth-state responsibility for environment protection is very confused, and this bill does little to clarify the situation.

It is worth noting in passing that this lies at the heart of my concerns relating to constitutional reform in this country. Debate in this country on constitutional reform has been deliberately focused on the minimalist question of the head of state, but little debate has been on important issues such as the respective roles for the three levels of government in relation to environmental protection and community development. It is about time we had that debate rather than pursuing the coalition's devolution approach. Or should that be the Pontius Pilate approach? The Greens (WA) will not be supporting the second reading of this bill.

Senator CARR (Victoria) (10.06 a.m.)—I speak to this National Environment Protection Measures (Implementation) Bill 1998, noting that it is a substantially different proposition from the version of the bill that was first proposed by the Labor government. It distorts the original intent of the provisions of that original proposition advanced by Labor when in government. This bill was first introduced in 1996 but lapsed due to the March 1996 election. The bill was extensively amended by the Howard government when it was presented to the Senate on 21 October 1997. The second reading debate had not concluded when the parliament was prorogued.

On the recommendation of the Selection of Bills Committee, it was referred to the Senate Environment, Recreation, Communications and the Arts committee in November 1997, and this committee reported in March 1998. Given the importance of this legislation, I was somewhat surprised to read in the committee's report that the advertisements for the inquiry into this bill were placed on 6 December 1997 with a closing date for submissions of 12 January 1998, and that the committee had received only three submissions by the closing date. That is not surprising, if one thinks for a moment about what people are doing over the Christmas-New Year period. I think very little attention would be paid to writing submissions to the Senate Environment, Recreation, Communication and the Arts Legislation Committee.

When the committee finally did get around to considering these matters, it found it had before it 12 submissions in total. However, I also note in this report that the committee did not hold a public hearing into the bill and that officers of the relevant department did not have a forum in which to respond to the criticisms of the proposed legislation that were made in the various submissions to the committee.

What we found was that the inquiry which took place consisted of an exchange of documents between officers of the department and the various interest groups that expressed concern about the bill. It strikes me, given the importance of the issues canvassed in this bill, that a better process of consultation should have been developed by the committee. While it is unfortunate that that did not occur, I note that the report does contain a considerable number of issues that warrant further public debate. I am sure that Senator Kay Patterson, who signed the committee report on behalf of the government, would have given very thorough consideration to the issues raised in the report. As I say, they are very substantial indeed.

Labor Party's concerns about this bill have been borne out in the evidence that was presented through the 12 submissions to the committee. The Labor Party highlighted in its minority report that the bill, firstly, focuses more on exemptions of the Commonwealth from the application of state and territory laws than it does on compliance; secondly, provides the environment minister with virtually unfettered discretions as to the application of such exemptions on what may be perceived as spurious or indefensible grounds; and, thirdly, contains inadequate accountability measures.

An elaborate, overly bureaucratic and convoluted reporting mechanism takes the place of any strong and public accessible reporting and enforcement mechanism and the bill fails the accountability transparency test that might be applied in just about any other area of the environmental legislation. Fourthly, the bill expressly exempts the Commonwealth from prosecution for an offence and, fifthly, the heaviest penalties fall upon the whistleblowers rather than polluters. These are matters of some concern and I trust that at the committee stage of the bill an opportunity will be given to allow further discussion of these matters.

I have said that there were no public hearings on the bill and there was little opportunity to judge the government's responses to the criticisms that had been made of the bill. Nonetheless, it is important to canvass some of the concerns that have been expressed. For instance, the Department of Defence highlights their concerns about the resource implications of implementing the NEPMs, given that it is a requirement of this bill that departments meet cost implications from their

own budgets. I trust that the minister will be able to address that issue in his reply.

The states and territories have raised concerns about the lack of consultation on the legislation. The legislation purports to involve state authorities at various levels and I would have thought that there would have been further discussions with the states and territories about the implications of that. It is an interesting and ironic point that both the conservation groups and the states are coming to this question and reaching the same conclusion—I suggest perhaps for entirely different reasons, but essentially the same point is being made, that these issues are far too important to be allowed to be swept under the carpet without public debate.

Concerns have been raised about the definitions contained in the bill that go to the issue of the so-called national interest. On my reading of the measures highlighted, the national interest is presumably defined as matters including foreign relations; international obligations; national security; national defence; a national emergency; telecommunications activity; management of aviation, airspace or airports; and other matters agreed between the Commonwealth, states and territories.

This is an extremely broad range of issues and, I might suggest, it is open to some considerable controversy. For instance, when the issue of communications is being discussed, particularly in a privatised telecommunications industry, one has, I think, legitimate concerns about the extent to which private companies seek to avoid their community responsibilities and environmental obligations by calling upon the provisions of this bill. It applies equally to privatised airports and the extent to which private firms are able to exempt themselves from the community obligations under the terms of this bill.

As to other matters in terms of the defence powers, I think there are always matters of some considerable debate about the appropriateness of the Commonwealth being able to call upon such a broad range of claims as to what is a national emergency or a matter of national security. We notice that there has been a lack of consultation about these matters. I do not think the defences put in the government's response to this committee of inquiry are adequate. I trust that they too will be able to be responded to at the committee stage of the bill.

It appears that there are some inconsistencies in the way in which the Commonwealth has approached this matter through the COAG review of Commonwealth-state responsibilities and the environment which allows the Commonwealth, from my reading of this provision, to pick and choose which state laws and regulatory authorities it can comply with and those which it cannot.

That would not be such a major problem if there were some consistency in the Commonwealth's approach to these issues and we could, therefore, subject to ministerial discretions, have some form of public assessment. But it would appear under this bill that the ministerial accountability provisions are minimal. The ministerial discretions are extremely wide and, given the history of the implementation of environmental laws in this country, particularly in my state, where we see the EPA used essentially in a most arbitrary manner to defend projects for which state ministers seem to have a particular fondness, or where there appears to be some special relationship between private interests and state authority, it is a matter of deep concern that the ministerial discretion is so wide.

I acknowledge that relying upon state laws is not an adequate response to this concern, as we saw, for instance, with the building of the Citylink project in Melbourne, where the advice provided by the state department to the Commonwealth was totally inadequate and, I might say, quite misleading. It was claimed that environmental assessment measures had been taken which, of course, were not undertaken and which, at the very least, one could only describe as being totally inadequate. So we find that it is not entirely appropriate to rely solely on the provisions of state law; it is equally not appropriate, in my judgment, to give ministerial discretion such a broad writ as is proposed in this bill. The New South Wales government's submission to the Senate inquiry stated:

> The National Interest criteria for excluding the operations of the bill is too broad . . . the lack of scope has the potential to cause considerable uncertainty.

My particular concern here is that ministerial actions are taken not for sound environmental reasons but because of political discrimination against one group or another or in favour of one group or another. As we have seen in the recent disputes concerning uranium mining, it is quite apparent that this government has a very limited view of its obligations to protect the community at large.

For instance, in Queensland, there is the matter of Hinchinbrook and other matters. Madam Acting Deputy President, I am sure you would be only too well aware of the way in which the Commonwealth has approached environmental issues in such a cavalier manner that suggests that the concerns being expressed by agencies such as the Environmental Defender's Office do have considerable merit. The Environmental Defender's Office highlights that this provision of ministerial accountability may in fact allow for governments to circumvent this bill by using regulations to avoid implementing NEPMs, despite what this government has said about its intent with regard to this legislation.

There is a lack of clarity about the way in which governments will act. There is a lack of accountability, to the point where governments are able to act on environmental matters out of political expediency rather than by following sound environmental practices. If one examines for just a short while the environmental record of this government on a range of issues, one has reason for concern.

Another issue raised in the report goes to the question of enforcement. It would appear that under this bill the enforcement provisions are effectively non-existent. Environmental impact statements, whilst not precluded, are not required as regards the application of a provision of state or territory law. Further, as Environment Australia points out, the use of environmental audits will be quite limited.

The Commonwealth and a significant number of authorities are protected from criminal liability under the provisions of this bill, and the bill provides for criminal liability for state officials but not for its agents. I acknowledge that governments have to be careful on this point. In particular, a distinction has to be drawn between imposing liabilities on the Crown as a body politic and imposing criminal liability specifically on servants of the Crown.

Considerable attention needs to be paid to ensure that public servants are not liable to prosecution for actions undertaken on behalf of government so long as the terms of the offence are undertaken as a direct result of government policy, in which case ministers should be held accountable rather than individuals. Nonetheless, there is concern being expressed in the community about the way in which there appears to be a double standard exercised here between Commonwealth public servants and state public servants. There are no realistic sanctions for Commonwealth authorities who do not adequately seek to implement environmental action plans.

Finally, there is concern being expressed about the lack of accountability mechanisms within this bill. There is no public scrutiny of Commonwealth actions regarding the implementation of NEPMs. There is a lack of monitoring or reporting arrangements on how well the goals of an environmental management plan are being achieved. A strong point is made in the Senate committee report, and I quote directly from it:

> There was a strong feeling in submissions that the bill did call for strong accountability mechanisms to be put in place and certain groups argued for greater public scrutiny of Commonwealth actions in relation to the implementation of NEPMs. In particular, the Environmental Defender's Office deplored the lack of a clear obligation on the Commonwealth to monitor and report publicly on how well the goals of an environmental management plan are being achieved.

This report was signed off by Senator Kay Patterson. I trust that these are the views that she fully supported. I am sure she would not have signed off the report unless she did agree with the propositions put. I commend the reading of this report. I am sure Senator Hill will give us the benefit of his advice on these matters and the concerns raised by the committee in regard to this bill.

Clearly, this is a very important matter. It is a pity that there has not been greater public debate on these concerns. It is a shame that this matter is being dealt with in this way. Nonetheless, I trust that in the committee stage of the bill these issues will be attended to in far greater detail.

Senator COONEY (Victoria) (10.22 a.m.)—I want to take up one aspect of this issue which, as Senator Carr has said, is a very important issue. Indeed, it is essential because it deals with the environment and the way that we, as a nation, are going to look after the natural endowments with which we have been blessed.

The issue of the relationships that should exist between the states and the Commonwealth, and between the states themselves, is an ongoing one. It is time there was a formal debate about that issue. On that point, I want to refer to a report prepared in December 1992 on the doctrine of the Shield of the Crown. It was a report by the Senate Standing Committee on Legal and Constitutional Affairs.

Senator O'Chee—It had a very good chairman.

Senator COONEY—Yes, I see that from Queensland there was a Senator William O'Chee. They left out the 'George', which gives it more of a flurry, Senator O'Chee.

Anthony Anderton was on the inquiry's staff at that time—a person who has been neglected in a way he should not have been. He said at that time that the Shield of the Crown was an issue that had not died and that was still in operation. In the context in which he prepared the report, the legislation at issue at that time was the Trade Practices Act and the corporations legislation—the Australian Securities Commission being an example.

That problem of the relationships between the states and what the Commonwealth can and cannot do is, again, a question in this legislation. One way through these problems is to have an objective as to what we, as a nation, want to do about the environment. As I see things, too often we get caught up in the mechanics of the relationship between various governments and what ministers may or may not do rather than define for ourselves a vision and objective of where we want to go on the issue of the environment. The issue has been raised already in debate about the power of the minister, in this context, to make operative particular legislation that might come from the states. I think that is too narrow a basis on which to have legislation like this decided.

We ought to remember the vision of what Australia, with its states, is all about. Sir Garfield Barwick, who was then Chief Justice of Australia, had this to say at the start of the seventies in the case of Victoria v. the Commonwealth:

> I have observed elsewhere that the Constitution does not represent a treaty or union between sovereign and independent States. It was the result of the will and desire of the people of all the colonies expressed both through their representative institutions and directly through referenda to be united in one Commonwealth with an agreed distribution of governmental power.

Later, in his decision in that case, he had this to say:

> The constitutional arrangements of the colonies were retained by, and subject to, the Constitution as the constitutional arrangements for the government of those portions of the Commonwealth to be known as States. These, though coterminous in geographical area with the former colonies, derived their existence as States from the Constitution itself: and being parts of the Commonwealth became constituent States.

The concept we have to get through to ourselves—and to everybody else for that matter—is that we are a nation: not a collection of warring states, but a nation. No matter what part of Australia is affected, it is going to affect us all as Australians. The constitution underpins that concept, not only in terms of Australia as a whole but also in terms of the very states that arose out of the constitution, as Sir Garfield Barwick said.

One of the problems we face—and I think it is faced in this legislation—is that we talk about the environment as if it is a battle between the states and the Commonwealth. If the states introduce a particular environmental law which may not be good for the environment, then the Commonwealth should be able to reject it—not only reject it legally, but somehow reject it conceptually. The problem

is that our view of the environment in this country is a divided view. It is a view that we take not as Australians but as Victorians, Tasmanians, South Australians, Western Australians, Queenslanders—a great state from which you come, Madam Acting Deputy President—and so on.

A lot of the problems that come about in this area of environmental protection—and, indeed, in other areas—arise from our concept of what sort of people we are. We are able to solve this problem with, for example, the Corporations Law. I think that has worked well. Until the Corporations Law was passed, the concept was that there were different states with different laws. Way back that was quite pronounced. It is time we recognised that it is profitable, right and proper for us all to see things as one country—not only in terms of the economy but also in terms of the environment.

I hope that during the committee stage of this bill the minister will address the idea of going to a concept where we are Australians as a whole—where we all have a purchase on every part of the place, and where we are not a group of separate colonies which, in some instances, deigns to unite for a particular purpose.

Senator HILL (South Australia—Minister for the Environment and Heritage) (10.30 a.m.)—I thank honourable senators for their contributions. It seems that, except for the Greens, all parties and individual senators will support the bill. They seem reluctant to support any environmental reform introduced by this government, and we just have to live with that fact.

This is an important piece of legislation. If I might pick up the theme of Senator Cooney, it is an attempt to implement environmental laws on a national scale and to implement consistent environmental laws across the country. It supports a mechanism that was negotiated between the Commonwealth and states and came into effect in 1992, whereby these national standards for environmental protection would be determined through a cooperative state-Commonwealth structure. A number of them under our government have already been determined, such as ambient air quality standards.

The issue then becomes how best to legislatively provide for those standards. Of course, as has been said, the Commonwealth traditionally has been somewhat reluctant to see itself bound by state laws as they apply to its operations. Nevertheless, the trend is towards an acceptance of that, with the remaining reservations being in particular in relation to areas where the Commonwealth would say that there is a particular national interest responsibility.

This obviously leads to debates on detail as to what is an appropriate national interest according to contemporary standards to justify that Commonwealth position. It also leads to a debate on the way in which state laws are to be implemented. Certainly the committee that examined this law did debate the issue as to whether the Commonwealth was given too great a discretion in the application of the state laws. That is something that no doubt we will have in the committee stage of this debate. There is always room to argue about whether this Commonwealth attempt to become part of the national scheme, this bill we are putting before the Senate—bearing in mind that all the states have already implemented their laws to bring into effect the national environment protection measures system across the country—is the best tool to achieve that objective. The debate on some of the detail we are about to have in the committee stage. But I appreciate the fact that the Senate is prepared to give this bill a second reading and look forward to the detailed debate on the provisions in the committee.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

(Quorum formed)

Senator MARGETTS (Western Australia) (10.37 a.m.)—As I mentioned in the debate on the second reading of the National Environment Protection Measures (Implementation) Bill, we are in a ridiculous situation. We have been asked to bring on a bill which was

not on the list and those parties with particular interest in it have not been given proper notice. The amendments that we are supposed to be dealing with have not been circulated yet. We are not ready to deal with it. I move:

That the committee report progress and ask leave to sit again.

Senator HILL (South Australia—Minister for the Environment and Heritage) (10.38 a.m.)—by leave—The Greens (WA) want to block debate. They said in the debate on the second reading that they were opposed to the National Environment Protection Measures (Implementation) Bill. The bill was introduced into this place in 1997. We are now at the end of 1998. It has had a committee consideration. If that is not long enough for parties to determine how they wish to deal with it in the committee stage now that it has had a second reading, I do not know how long they should be given. I would have thought that that was an extremely generous period of time. We would like to have had this bill enacted a year ago, but because of the pressure of other business we were unable to do so.

For the Greens (WA) to come in here after 18 months and say that they are unprepared just demonstrates their deficiency in operation rather than anything else. That is why I would certainly oppose the matter not proceeding today.

Senator ALLISON (Victoria) (10.39 a.m.)—by leave—We have been as cooperative as we possibly can be on this National Environment Protection Measures (Implementation) Bill. Our staffers have worked through the night preparing amendments. They are almost ready. It is a question of having a running sheet. It is very unreasonable of the minister to come in and say that this bill has been around for some time and that we ought to be ready. It was subject to the cut-off just two days ago. This is a complex bill. We are doing our best and trying to be cooperative. We just need some more time.

Senator BOLKUS (South Australia) (10.40 p.m.)—by leave—I can understand the frustration and concern of the Democrats and the Greens on this. I think it is fair to say that last week nobody expected the National Environment Protection Measures (Implementation) Bill to come up for debate this week. The Senate is now in a position where we do not have a running sheet. If we were to proceed with this legislation immediately and consider the amendments that have just been circulated, you will probably find that we will lose a lot of time trying to work out what amendment we wish to discuss next.

In view of the fact that this bill has been brought on somewhat by surprise over the weekend, I am attracted to the view of the Democrats that we should defer this legislation at this particular stage, report progress and come back to it later on today. Legislation is best processed in this place if people do have sufficient notice of amendments and there is a process set in place. You never know, Senator Hill, if you had a chance to look at the Democrat amendments you might find some of them attractive.

The TEMPORARY CHAIRMAN (Senator Calvert)—The question is that progress be reported. A division is required.

A division having been called and the bells being rung—

Senator Hill—I seek leave to have the division called off.

Leave granted

Question resolved in the negative.

Senator HILL (South Australia—Minister for the Environment and Heritage) (11.43 a.m.)—by leave—The Australian Democrats now indicate that they will have their amendments ready for debate after lunch.

Progress reported.

AGED CARE AMENDMENT (ACCREDITATION AGENCY) BILL 1998

Second Reading

Debate resumed from 1 December, on motion by **Senator Heffernan**:

That this bill be now read a second time.

Senator CHRIS EVANS (Western Australia) (10.44 a.m.)—I thank Senator Hill for giving me the opportunity to speak much earlier than I had planned. I was assured that the previous debate would go for some hours.

It is just as well my staff and I are, as always, prepared for battle.

I wish today to speak on the Aged Care Amendment (Accreditation Agency) Bill 1998, and I indicate on behalf of the opposition that we are opposing the passage of this bill. We do so not because we are opposed to the accreditation system but because we have serious concerns about the method that the government has used in consulting with the industry about the implementation of these measures and about the lack of knowledge that still exists about how the accreditation system payments are to be calculated. So we are using our opposition to the bill as a means of raising those concerns, rather than attacking the issue of accreditation.

This bill would insert into the Aged or Disabled Persons Care Act a facility for the minister to set a schedule of fees that the Aged Care Standards and Accreditation Agency would charge when processing applications from aged care facilities for their accreditation under the act. Accreditation under the act will be a prerequisite for receiving government subsidies from January 2001, so the actual accreditation is vital for all providers because without it they will not receive government funding. Therefore, the issues about whether facilities can cope with the accreditation system and afford the costs associated with it are vital to the future of aged care.

The Labor Party supports any initiative that seeks to improve the standard of aged care. It was for this reason that in 1987 we introduced the inspection system for nursing homes, and extended it to hostels in 1991. Between that period and 1993-94, both nursing homes and hostels showed an improvement against all quality standards. That of course is very pleasing and reassuring for the Australian community. However, that inspection system, which is still operating, is wholly funded by the Commonwealth. We as a parliament took the decision that we ought to fund the system that ensured that standards were met in aged care facilities in Australia. It is because of our concern for those standards that we oppose these proposed amendments.

Providers in the aged care industry have genuine concerns about the transfer of responsibility that the bill represents and the implications for standards of care. The providers are also concerned about the lack of information available on the government's proposals for the fees. We seem to be getting mixed messages from the government on just what the proposed fees will cover. The minister in the other House has indicated that fees proposed in the amendment would 'reflect the cost of the accreditation service'. This leaves open full recovery of the costs of running the accreditation agency—that is, they are proposing the complete transfer of funding of this responsibility from Commonwealth consolidated revenue to the actual providers, the facilitators of aged care. They will have to meet the costs of providing community assurance of standards in their own facilities.

The reality is that, under the proposed amendment, all these costs will be transferred to those providers from as early as 1 January 1999. The budget funding of the accreditation agency is subject to review and may be withdrawn, leaving the agency dependent upon fees charged to providers. It is unclear to us what the cost of the accreditation service will eventually be. Industry providers estimate the costs of actually carrying out the accreditation in each facility to be of the order of $5,000 to $10,000. If full recovery of costs is the government's intention, an additional $5.5 million would be added to the overall amount charged to the aged care industry. The accreditation agency's budget is $5.5 million, as reported in the last annual report.

When the budget of the agency is added to the possible costs of the accreditation process, each facility may be liable for a fee of $7,000 to $12,000. With approximately 3,000 facilities, this adds up to a potential $36 million worth of fees across the industry. As the fees that providers can charge residents are fixed by the government, along with the number of beds that the facilities can provide, the only option that facilities have for raising the money for these additional fees will be to make cuts in their running costs and service standards.

By transferring the fees of the new accreditation agency and the costs associated with accreditation to the nursing homes, providers can only recover the costs by reducing the standards of care and by reducing the services they provide to residents. A large number of these facilities are not-for-profit providers. They are not people who have huge reserves or who have the potential to eat into profit margins. They are not-for-profit providers; they are community organisations, and the only way they can absorb these fees is by reducing the services.

There is real concern in some sections, and it is shared by the Labor Party, that this will have a very adverse effect on the small providers. There is no doubt that larger providers will be able to absorb these costs. They have the management systems and the computing systems in place that will ensure they are able to deal with the accreditation process. But 50 per cent of nursing homes have fewer than 41 beds. Many of these smaller facilities are located in rural and remote areas—a development we encouraged because we wanted older people to be able to move into facilities close to their families and close to where they have lived all their lives.

We have serious concerns that this sort of development, with the passing on of accreditation fees to small providers, might affect the viability of those services. So there is a real issue here, one that Ms Moylan, the former minister, highlighted in her speech in the House of Representatives. But it is an issue that the minister has failed to address other than by providing vague assurances that 'it will all be alright, don't you worry about that'.

We can only estimate the potential scale of any fee. Providers have made repeated requests for some indication of the size of any fee that we impose on the sector as a result of the bill, yet the government have failed to provide any proper information. In fact the accreditation kit that they provided has a blank page with the heading, 'Accreditation fees and charges'. But there is no information in it. They provide you with a kit with all the information about what you have to do, but there is no indication of how much they are going to charge you.

The government has not been honest enough to state what accreditation fees would be introduced, and the providers have not been able to assess properly what impact the fees would have on their operations. It must also be remembered that the fee proposed by the amendment is not the only cost incurred by providers. Facilities may need to introduce new quality control and management systems, provide training to staff, and purchase new IT systems.

A recent survey of providers in my state indicates that the total cost of accreditation may be in the order of $50,000 per facility. This is a very real issue of viability for small providers. It would be tragic if the implementation of an accreditation system designed to ensure the maintenance of standards in the aged care industry was responsible for the erosion of those standards of care by forcing facilities to devote funds to the process of gaining accreditation under the government's new system.

The opposition is concerned that this measure represents another step in the government's attempt to cut funds to the residential aged care sector and pursue its policy of user pays in aged care. The government imposed fees on the residents in 1997, and it is now seeking to impose user-pays fees on the providers. It is shifting responsibility for the cost of aged care from the Commonwealth onto both the providers and the clients of aged care services in this country.

At the time the new charges were introduced in 1997, the government claimed that they were intended to cover capital improvements in the industry. The money raised by the infamous $12 a day accommodation charge will not raise the funds necessary for capital improvements in the aged care sector. Providers indicate that the amount raised by this charge is in the order of $240 million over five years, yet the minimum funds required for capital improvements are in the order of $400 million to $500 million. There is a shortfall of over $250 million in the funding that will be provided for the capital

improvements that everyone accepts are necessary in the industry.

This shortfall is exacerbated by the actions of the government which, in 1998-99, cut funding for capital assistance to residential aged care facilities by approximately $13 million—a 29 per cent cut in funding for this item. The government has also failed to highlight that funding for services to rural, remote and other special groups was cut by $5.4 million in the 1998-99 budget, which represented a 27 per cent cut in funding for this item.

If the government members who spoke in support of this bill in the House are true to their commitment to a user-pays system in the aged care sector, they will clearly have to support moves to increase the $12 per day accommodation charge. One of the reasons why we are expressing concern today is that we fear that the government will again seek to make amendments to the accommodation charges for aged care in this country. They are faced with the realisation that the funding measures they have introduced will not meet the capital needs of the industry. They know that the political settlement they reached late last year—in the final announcement prior to the election—will not meet the capital shortfall needs of the industry.

We are concerned that the government are actively reconsidering upping those charges. The whole logic of their approach of user pays, reflected in this bill, means that they will once again have to consider the issue of funding for nursing homes in this country and, if they are true to their user-pays approach, they will have to increase the charges for residents to meet those capital improvements. We are concerned that this is a continuation of the trend of shifting the costs onto the users of aged care services in Australia. However, it may also represent a reconsideration by the government of the charges that will need to be made, because they have pulled the accreditation issue out of the aged care reform package that we were promised in legislation, and have sought only to introduce this measure at this time.

We believe the charges will need to be increased if the government's intention of using the accommodation charge to fully fund capital improvements is to be achieved. The shortfall is obvious, the problem is obvious, and the government's failure to provide any information on this issue in recent months is cause for great concern. We know that the providers are lobbying the government for an increase in the accommodation charge. The fact that the aged care amendment bill has not been introduced and that this bill has been introduced in a piecemeal way gives us real concern that the government is actively reconsidering increasing the charges.

Given all these concerns, I am not sure why the Aged Care Amendment (Accreditation Agency) Bill 1998 has been rushed into this place in this way. There should have been more time for the government to make clear what fees were to be introduced. The accreditation charges to be levied could have been put out as a discussion document and there could have been proper consultation with the industry. We could then have had this debate today in the context of knowing exactly what charges were to be levied on the industry. That could have formed part of the debate.

We do not have that information, and yet we are looking at introducing enabling legislation that allows the government to charge fees to providers without any real idea of the level of fee to be charged, without any real idea of the impact on the industry, and without any real idea of the impact, therefore, on the services provided to clients. As I say, of particular concern to us is the impact on small providers as they try to deal with the accreditation system.

We think the government should continue to provide funding for the accreditation agency, at least for the first round of the accreditation process. This would allow many providers to go through that first round of accreditation, but would not require them to pay a potentially crippling fee on top of the many other expenses that will be incurred in trialling the new accreditation regime. It must be remembered that this is very much a trial of a new scheme. We support the move to accreditation, but we think we will have to monitor its effectiveness, and it is very much a question of seeing how it goes.

The issue of any fee that might be charged by the accreditation agency should be re-examined in the light of the first accreditation round and after the impact of the many other changes that this sector has recently faced have been taken into consideration. This sector has been badly knocked around and, in suffering reform fatigue, it is in need of some stability and surety. We think that this bill, by forcing them into unknown territory without proper consultation and without proper reassurance about the level of fees, is a very unwise move.

We support the maintenance of standards in aged care. We are opposing the bill on the basis that we think that the requirement that the industry pay perhaps over $30 million to administer the standards is not a reasonable impost, given the history of developments in this industry in recent times. We think that the transfer of responsibility for this process to the providers will lead to a reduction in the funds available to provide services to residents. It will particularly be a problem for small providers, and it may lead potentially to a reduction in the standard of care provided to residents.

Until our concerns about those matters can be addressed, we will be opposing the bill. We think it more appropriate that the government provide a draft schedule of fees, discuss the issue widely with the industry and then bring the bill before the parliament rather than seek to have the parliament give it a blank cheque to say, 'Yes, you can set whatever fee level you think appropriate,' and hope that it all works out fine—hope that the agency does address the concerns of small providers and hope that the agency does provide a system which is not going to be a burden on industry. We think we would be abrogating our responsibilities if we took that approach. We think it far more appropriate that the government do the job first and then introduce the legislation in the parliament when it has a full knowledge of what the impact of the move will be.

Senator WOODLEY (Queensland) (11.02 a.m.)—The bill we are debating today, the Aged Care Amendment (Accreditation Agency) Bill 1998, is a bill that puts enables the Aged Care Standards and Accreditation Agency to do a very necessary thing, and that is to charge aged care services fees for accreditation to enable it to partly fund its operation. The point is, of course, that from 2001 all aged care services must be accredited in order to receive Commonwealth subsidy for the provision of aged care. The government has established the Aged Care Standards and Accreditation Agency to manage the accreditation of aged care services. We agree with the government and with the Labor Party that it is very necessary that these things should be properly accredited and properly accountable.

I think all of us are concerned with this issue because all of us have relatives who are aged and therefore require this kind of assistance or assistance through other government measures, or we ourselves know that one day we will face the need for this kind of help. So there is no doubt about it that aged care is an issue that involves all of us, either by proxy or directly. This bill seeks to enable the agency to partly fund its operations through a fee.

I want to point out that the amendment does not set the level of fees for aged care services. That will be set through subordinate legislation, through regulations. We understand that those regulations will be subject to disallowance. We agree with the Labor Party that it really is a pig in a poke for the industry to be hearing that fees will be imposed but not to know what the level of the fees might be. But they are separate issues, and the Democrats do support the establishment of the agency and the ability of the agency to fund itself partly through this particular method. We will, however, be very careful to scrutinise the subordinate legislation, the regulations, which will set those fees. If necessary, we will certainly be involved in disallowing that schedule of fees if they are not realistic—realistic in terms of funding for the agency but, even more importantly, realistic in terms of the ability of the industry to cope with the level of fees charged. So the minister might address in his speech or in the committee stage the question of disallowance, that we have the assurance that we will have the ability to disallow the fee level if it is not in

line with what the Democrats believe is a fair thing.

The other issue which the Labor Party has raised is one which is also very important to me personally but also to the Democrats as well. That is the effect on small rural and remote communities and the ability of their services to pay fees when most of them are really struggling to maintain, in the government's words, their own aged folk within their own communities. The working title for some of these reforms that I think the Senate would remember was the title 'Ageing in Place'. The Democrats very strongly endorse that concept, that not only should people be able to enter a facility and stay within that one place but also they should be able to enter aged care institutions within their geographic location, particularly for rural communities. People in rural areas who want to stay there ought to be able to do so and not have to be sent, or even have to make the choice to travel, hundreds of kilometres from where they have lived all their lives and where they have the support of friends and relatives, which are things that are very important to them.

The whole idea of ageing in place was one which we endorsed very strongly, and we want to make sure that for those small communities and those small services in those areas the fee structure will not inhibit their ability to operate when we know that many of them are really stretched in terms of their ability even at the present time. So another question to the minister to address is that we have had some assurance that there will be a differentiated fee for small rural and remote services, and we really do need on the record a very strong assurance that that will be so. Then, of course, once the regulations are put in place we will look at the schedule of fees to see if that is so.

We understand that the Labor Party will oppose the bill. As I have listened to the debate, I have had some sympathy for that position. But we believe that they are confusing two issues at this point. The two issues are whether or not the agency should be able to fund itself through a fee structure and the level of fees themselves. We believe that we need to separate those two issues.

From our conversations, the feedback that we get from the industry is divided. But, on balance, the feedback is that the industry does believe that the agency should go ahead and that it should be able to charge fees but that, once the fees have been set, if they are too high we certainly need to have the ability to disallow them. So we would separate those two issues—as they are separate in terms of the legislation and the regulations—and we will support the legislation, although we will certainly listen to the debate. I know the Labor Party have amendments. I will be listening carefully to the justification for those amendments. At this stage I would not rule out supporting them, but we will need to hear the reasons for them. At this stage, however, the Democrats will support this legislation because we believe the principle is right.

Most of the groups to whom we spoke believe that giving the accreditation agency the ability to charge fees needs to be seen as a separate issue to the level of the fees themselves. Certainly that was the feedback we got from Aged Care Australia and Community Services Australia of the Uniting Church. They believe this legislation should be passed because, without the ability to charge for services, the accreditation process itself may fall over. As the Labor Party have said, nobody wants that to happen. We want the accreditation process to go ahead because that is absolutely critical.

Those are the issues on which we need to hear from the government. We understand the Labor Party's position in respect of their philosophy on aged care; that is, that the Commonwealth should be responsible for the total funding of aged care. We have had this debate on quite a number of occasions. The Democrats do not agree with that because we are simply aware of the reality of the tremendous cost which is involved. We have also said that we know there are people who are quite willing and able to make a contribution to their own care and their own accommodation in their old age. We would not want to inhibit those people from also contributing

and therefore, in a sense, cross-subsidising the people who are unable to pay.

The Senate would be aware of the work that the Democrats did with the major churches in establishing the subsidy for financially disadvantaged residents. I understand that that part of the reforms is the one part that is really working well. I understand that in most institutions there is no need for the mandatory level of financially disadvantaged residents and that most institutions are exceeding that because the $12 a day subsidy is actually working very well. We are pleased about that.

I need to put on the record that we do not altogether accept the Labor Party's position that the Commonwealth has to totally fund aged care. If, in an ideal world, that were possible, we would accept it. But I noted that even the Labor Party did not actually promise in their election policy on aged care to fund adequately the amount which would have been needed for the infrastructure upgrades. That really meant that the Labor Party were saying it was not really possible to do it totally through government funding.

That was one of the problems that we saw with the Labor Party's policy. In an ideal world we would endorse it, but in the real world there are those who are willing and able to pay for their accommodation in their old age. We believe there should be at least an ability for them to do so, while endorsing very strongly the subsidy which we helped to negotiate for financially disadvantaged residents.

The Democrats will be supporting this legislation. We will listen to the case for any reasonable amendments to it and at that time we will respond. But, in principle, the legislation has our support while we signal that, once the level of fees are established and providing that they are a disallowable instrument, we will certainly want to return to the debate about whether or not the fees which are set are fair. We certainly will want to have an assurance on—and will monitor very carefully—the effect of fees on rural, remote and small services.

Senator GIBBS (Queensland) (11.15 a.m.)—I rise to speak on the Aged Care Amendment (Accreditation Agency) Bill 1998 which, to my mind, is just another aspect of this government's relentless attack on the elderly. On the surface, the bill seems reasonable enough. No-one would argue that there should not be an agency defending and ensuring a high standard of care within aged care facilities. However, it is the uncertainty surrounding the exact monetary implications of this measure that should be of particular concern. The Aged Care Standards and Accreditation Agency is currently funded by grants made under the Aged Care Act. The bill before us seeks to enable the agency to charge fees for its accreditations, allowing it to recover costs. The problem is that the government has refused to give any solid indication of what these fees might be.

The fees must not be such as to amount to taxation but, beyond that rather vague assertion, we are completely in the dark as to what an accreditation might cost. Understandably enough, it has been fairly difficult for service providers to assess the impact the accreditation fee might have when they have no idea how much that fee might be. It has therefore been virtually impossible for anyone to gauge the impact of this bill.

If the fee is low the impact will be minimal. However, if the fee is implemented at a higher level, some small service providers could be forced out of business. The bill allows the agency to set fees at any level without parliamentary control. The government's failure to reveal the fee or even a possible range of prices has created an atmosphere of considerable uncertainty and apprehension among service providers. Hence, this bill has become just another example of this government's smoke and mirrors approach to reforming the aged care sector. They continue to speak in notional rather than specific terms and their policies fail to outline funding arrangements that will ultimately determine the survival or failure of small service providers in particular. It is the smaller service providers who will be hit hardest by this new measure, no matter what the fee ends up being.

At the moment, 50 per cent of nursing homes have fewer than 41 beds and many of these smaller facilities are in rural and remote

areas. Submissions to the current productivity inquiry into nursing home subsidies have indicated that nursing homes need at least 60 beds to operate efficiently under the government's regime. Given this fact, it does not take a rocket scientist to work out that there are quite a few service providers struggling to survive in this environment. How are these facilities expected to endure further decreases in Commonwealth funding? They will, under this measure, have another substantial cost to consider. The only trouble is they cannot even consider it at the moment because the government is refusing to tell them how much the fee will be.

I imagine that at the moment this bill represents a considerable nightmare for small service providers. They have not been able to lobby against it because, without knowing the cost, they cannot say how many facilities will be affected. At the same time, they are unable to reassure residents that everything will be all right because, quite frankly, they do not know. They do not know whether they will be there after this bill goes through. It is impossible to tell. Even if this government does not care about the service providers, what about the residents? How do you think those people feel, knowing that they may not have a home after this measure is implemented? They probably will have a home, they might have a home but, then again, they might not.

If 50 per cent of nursing homes have fewer than 41 beds, and 60 is the commercially viable number, then this measure will undoubtedly hit small providers very hard. Many of these facilities are in rural and remote areas and their closure would have a terrible impact on rural communities which are already losing government services right, left and centre. Older people in country centres have a lot to lose if their small service providers go under. Not only will they be faced with the difficult decision to leave the family home when they need more care but in many instances this may necessitate leaving town as well. Older people often put off leaving the family home, even when maintaining it becomes too much, because they do not want to leave behind the security and independence it represents.

Imagine what a daunting prospect such a move would become if they also had to consider leaving their immediate family and friends. The government simply has not considered some of the practical implications for country people of its bill. Many older couples are separated by illness for long periods of time. Often, if one becomes frail or needs to recover from some sort of treatment, they will enter a nursing home while their spouse stays in the family home. Obviously, it is very important that these people remain in close contact in order to make the whole experience less stressful. Imagine trying to recover from a major operation with your husband or wife hundreds of kilometres away. Worse still, imagine trying to care for and maintain contact over such a distance with a spouse suffering from Alzheimer's.

Taking facilities from country areas will only exacerbate older people's phobia of nursing homes. No-one wants to leave their family home until they have to. If elderly country folk also have to abandon their families to get the professional care they need, I doubt many of them will ever want to receive it. This bill therefore represents just another aspect of this government's cruelty to elderly Australians. Once again, the Howard government has failed to disclose the full implications of its initiative, thereby veiling it in uncertainty. Elderly Australians deserve some certainty when it comes to aged care. It is highly irresponsible of this government to continue to shroud its policies in ambiguity when the specifics are what ultimately will determine the impact on smaller service providers, particularly in rural and remote areas.

The government has continued to confuse and upset older Australians who are already reeling from the implementation of accommodation charges that have threatened the security of their family home. They continue to refer to 'options' and 'choices' as though older people choose to enter nursing home care on a whim. Often older people are forced into such 'choices' as a result of sudden serious illness. The last thing they need is to be forced away from their relatives and friends at such an unsettling time. Therefore,

the threat posed by the mystery accreditation fee is certainly real and quite substantial.

Adding to the uncertainty of service providers is the fact that this may not be the only new expense they incur. Accreditation under the act will be compulsory if they are to continue to receive government subsidies from January 2001. However, the Aged Care Standards and Accreditation Agency is a relatively new body that many service providers have not dealt with before.

The new accreditation procedure could result in some facilities incurring substantial costs before they can become accredited. Facilities may need to introduce new quality control and management systems, update IT systems or implement any number of changes as a result of the new regime. Imagine the implications this might have on smaller service providers. Not only will they have to come up with the accreditation fee, but they might also have to undertake significant expenditure to ensure they comply with the new rules. Surely it would have been more sensible to maintain funding to the agency under the Aged Care Act until service providers had time to adjust to the changes.

Some service providers have indicated that the full cost of accreditation could end up being around $50,000. This would certainly be enough to undermine the financial viability of those smaller facilities already teetering on the brink. The irony of this situation is that the agency set up to ensure standards in aged care might actually end up effectively undermining them. Even if smaller facilities survive the changes, the threat to services is not eliminated. If small providers are forced to institute new administrative and management procedures under the new system, they may have to reallocate funds set aside for services or capital spending. Therefore, funds could end up being diverted away from services for residents. This would certainly undermine the objective of ensuring service standards in the aged care industry.

Without being able to put a price on the fee, it is certainly difficult to gauge the extent of its potential impact. But then why would the government seek to make anything clearer at this stage? They have consistently sought to confuse the issue of aged care, refusing to be tied down on any details or specifics. This government have continued to keep Australians in the dark on aged care. Indeed, they seem reluctant to divulge even the most basic and necessary of information for the elderly. Even publications designed to make the changes clear are an exercise in ambiguity and deception.

Home & Residence Choices for Older People is a Department of Social Security publication designed to give the elderly practical information about their aged care options. This book was supposed to make the government's aged care changes clear so that older people could make informed decisions about their future. However, the 1997 edition of *Home & Residence Choices for Older People* was outdated within about four months. So rapid and confusing were the government's changes to aged care that even the department could not keep up with them. We are yet to see the 1998 edition of *Home & Residence Choices for Older People*. Obviously, the relevant departments are still endeavouring to fathom the changes. The point is that this publication was supposed to be an effort on behalf of this government to make the changes to aged care clear. It was supposed to clarify things, and yet it has succeeded in confusing the issue even further. The 1997 edition is worthless now and the department has failed to produce a new one.

DSS spent $24,000 on market testing alone for the 1997 edition. They must have thought it was an important publication then, so where is it now? And, if *Home & Residence Choices for Older People* is not available, where are older people supposed to get this information from? No wonder they are feeling worried and confused.

Perhaps the government should stop trying to rush through massive changes to the aged care sector and start to think about the impact they are actually having on the elderly within our community. Older people are more apprehensive than ever about entering aged care facilities of any kind. I find it particularly disturbing that this government seems reluctant to offer them even basic information that could reassure them.

The Aged Care Amendment (Accreditation Agency) Bill 1998 will serve to further undermine older people's confidence in the aged care sector as a whole. The government's blatant refusal to reveal the cost of the accreditation fee has left many smaller service providers in a position where they are unable to reassure residents. Surely this is unnecessarily cruel and unfair to both parties.

All of this is taking place within a framework that is completely untested. The accreditation process is being worked through for the first time and the effectiveness of the agency itself is yet to be assessed. Service providers are bound to incur all sorts of expenses associated with the implementation of the new accreditation scheme. It is highly inappropriate that the government is trying to force them to pay to participate in what is actually a trial of its own new system.

This government has done nothing but create confusion and disarray with its so-called reforms to the aged care sector. It has created and maintained an environment of uncertainty and apprehension and older people no longer know where to turn for help. They have been denied vital information about their aged care options and this measure will only serve to confuse the issue further.

Smaller country facilities will almost certainly be threatened by the implementation of the accreditation fee, yet this government will not even give them an indication of cost so that they might be able to assess and prepare for the implications. The government has not provided enough information about this measure to the people concerned; they are hoping to rush it through as an idea and determine the specifics later. This is simply not acceptable considering the potential implications, particularly for country areas.

The Howard government needs to stop approaching aged care issues in such an underhanded way if they are ever to restore any confidence in the sector. If older Australians need to access aged care facilities in times of illness or frailty, they should be able to do so with confidence and without trepidation. I will never support a measure that seeks to deny them that security.

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Senator West.

Senator WEST (New South Wales) (11.31 a.m.)—Mr Acting Deputy President, this is the first time I have been on my feet when you have been in the chair, so congratulations on the extension of your role.

In joining in this debate, I do so with a fair degree of sadness. I am very pleased to see that this government is concerned about accreditation standards, but this Aged Care Amendment (Accreditation Agency) Bill 1998 follows the traditional path of alterations and changes regarding aged care that this government has followed for the last 2½ years. The history of these legislative changes is littered with uncertainty and a lack of consultation.

This has been the situation since the very first days when the government laid the first aged care bill on the table for the community and the industry to comment on it. For how long did the bill lie on the table for comment? Ten days. And then, when we actually read the bill, we found that a whole lot of key parts of the legislation were missing. This was legislation by drip-feed with short periods in which to respond. The key parts—the key determinants which the industry needed to know so they could make their decisions and make comments on things such as what was going to be included in the classification scales of patients—were continuing to be left out.

We had the debacle of the entry fees. There was only going to be a small amount to be paid, but the government would not put a top figure on it. We had the debacle where for five days people who were to be admitted into nursing homes had to pay an up-front bond, but that was then changed to a fee.

The government has not managed to get right the whole reform process that they have undertaken. They have always left consultation with the industry until too late. The consultations with the industry have been totally inadequate, and the industry has not been given adequate time. The government has not taken into consideration what the industry has been saying. Therefore, they have had to come back and say, 'Oops, we have made a mistake; we will have to amend

it.' Wouldn't it have been better for this government to have got its act together on aged care reforms and for it to have talked with all sectors of the industry? When I talk about the industry, I do not mean just nursing home proprietors, of which there is a wide range of categories—the for profit sector, the not for profit sector, the charitable sector and some state government run homes—but I also mean those people who provide the care, the nursing care and the ancillary and support care, and those people who are the recipients of that care. That is what the industry comprises.

But this government has not seen fit to go and talk with the whole industry. One wonders if they only talk with the one part of the industry which happens to be a big donor to the Liberal Party. Now I might be wrong there; it might be mischievous of me to contemplate that. But the lack of consultation that has taken place regarding this particular bill is nothing new. If the advisers in the box opposite care to think back, they could tell the minister, when he speaks, about the short periods of time that have been allowed, throughout all this aged care reform process undertaken by the government, for the industry to comment on the various changes and different aspects. It will be very clearly borne out that this government is not about consultation. They do not care.

Another aspect of this particular bill relates to the fee. What is it going to be? This issue arose with accommodation bonds. Nobody could tell us what the fee was going to be. It was buying a pig in a poke then, and again this is buying a pig in a poke. The industry does not know. A lot of Commonwealth money has been cut out of the industry. It has been forced to become a lot more self-sufficient; it has had to meet many more costs.

When you talk to the industry you find that viability is becoming more and more stretched and more and more uncertain. This is happening more and more with the smaller institutions, and particularly with those in regional areas. It would not take very much consultation with the industry to enable those problems to be reported back to the government. I suggest that it would do this government the world of good if they could actually go out and talk to institutions in those areas because they would learn very quickly about their problems. Financially, these institutions cannot afford to be forced into situations where they do not know what their costs will be. This does not make good business sense. Whether they be for profit or not for profit, these people still have to run to budgets; they still have to negotiate with the lenders or financial institutions that they work with.

How can any organisation that does not know what the financial cost to them is going to be make proper and correct assessments and do their budgets? They cannot do it. Yet this government expects this whole industry to do that, to go and buy a pig in a poke. They are being forced to sign up for something—I accept that accreditation is essential—when they do not know what the costs will be.

As Senator Evans said earlier, the income of these organisations is fixed. This government is making sure that their outgoings are not fixed. Their outgoings are increasing all the time. How do you make A equal B, which it has to do in this situation, or those organisations will become non-viable and be forced to close? You reduce the outgoings, which means that in nursing homes you do not employ registered nurses. You put enrolled nurses in. You bodgie up the paperwork so that it looks like you have adequate enrolled nurses, or you put personal care assistants in. You employ people at cheaper rates. You employ people with lesser skills.

The booklet to which Senator Gibbs referred states only that nursing procedures 'may' be carried out by registered nurses. This government is not prepared to give any guarantee that registered nurses will carry out those duties which registered nurses should be performing. This government does not care about that. So there will be a reduction in standards. Either that or you have an increase in the income to nursing homes. This government sure as hell is not going to put any more into them because all it can do is cut funding. Therefore, the daily fee will rise. It has to be one of the two. You cannot have it both ways. The nursing homes will either have to cut

their service level, which will impact upon accreditation, or they will have to force a rise in the fee. Those are pretty basic elementary management and accountability figures.

The industry has concerns about the costs of accreditation. We have heard figures of $5,000-$10,000 mentioned. When you throw another couple of thousand dollars onto the cost of paying for the accreditation agency, you are talking about $7,000-$12,000. That sort of money is way beyond the means of many small institutions. This government does not look at those situations. It is not looking at the impact on smaller institutions, particularly when in some of these facilities there is multiskilling and a dual role for individuals. In a small hostel or nursing home, the registered nurse will be undertaking administrative work as well as caring for patients. All of this will increase the administrative work. When does he or she get to spend an adequate amount of time with the patients? That question has not been answered.

Many of these small institutions will have problems with training. They have only one entity, as a cleaner maybe or as a cook. Maybe the cook shares the job with somebody else. There will be only one person doing laundry and that person may be doing another job as well. When these people are sent on training, there is no way that, in a town of 300 or 400 people with a 16-bed facility, they can invite the trainers to go to their institution. How could they afford to do that?

These people have to be sent away if, regionally, there is a training day on. That is fine for a large institution which has a number of people; it can afford to send somebody. But if a small institution has to send people 20 or 30 miles down the track to the centre where the training day is being conducted—because more institutions are involved, it will be more centralised and there will be less cost to get the trainer there—how does it send off for one day or part of a day its one and only cook? How does it send off for the day its one and only laundry person or its one and only cleaner? How does it send off one part of two personal care assistants? If an RN is doing administration as well as patient care, how does an institution send off the administrative part of its RN to another town, which may be only 20 or 30 miles away, and leave the care part behind?

All of this will add to the complexity and the cost of running these institutions. While people are away from these institutions, there have to be replacements. That means the institutions will have to find another lot of wages. This government does not seem to comprehend the cost impact of this measure upon many of these institutions. It is totally callous, uncaring and cruel of this government to plough on with bits and pieces of this legislation without consultation and without telling the industry what the fee level will be.

I have a letter that was written to the editor of Gunnedah's *Namoi Valley Independent* of 1 October. The letter is from Susan Lyle of the Gunnedah Nursing Home, Sister Judith Carney of McAuley Hostel, and Dawn Beard of Alkira Hostel. They express concern, seek the support of the community and call for a fair share for aged care. The letter goes on to state:

> Care for the aged, in the community for as long as possible, and, when required, in quality residential care staffed by a full complement of trained and caring staff, is a right for all older Australians. It is a responsibility for the whole community, whether they live in urban, regional or Rural Australia.
>
> These rights maybe at risk, together with the jobs of those providing care for the aged, unless more funds are provided to upgrade or replace facilities to meet newly imposed building standards, and to meet new accreditation policies. Failure to respond will also detrimentally affect the economy of Gunnedah.

This sort of material could be written about many small to medium size communities around New South Wales. I cannot talk about other states because I do not move around those states. This is the sort of plea that I keep hearing throughout New South Wales as I move around and talk to those in aged care institutions and facilities. I make a point of visiting them while I am in those communities; I have a great deal of interest in this matter because I think the government has made an unholy mess of it.

Accreditation is vitally important, but there is this absolute obsession with user pays. We know that less than 10 per cent of the population will use any of the aged care facilities. They are going to force that 10 per cent to foot the bill rather than consider the fact that the whole of the community has a responsibility for the provision of aged care in their community and in this country. This blind adherence to user pays is being illustrated very classically here, with the sort of burden that it places upon a group of people who are really not in a position to be able to afford it.

The cost of accreditation, as I keep saying, needs to be borne in mind. Many of the facilities need to upgrade their information technology because this government wants a bit of a paper chase. If they can provide the pieces of paper, then they are fine. They are not looking at what is being given.

With regard to the daily fees, I have had complaints from a number of facilities about the amount of additional administrative work that has been placed on them with the Australian dollar flip flopping around, particularly in regard to clients who are in receipt of British pensions. They are receiving letters almost weekly or fortnightly from the department altering the fee schedule that the client is having to pay. This involves extra administrative work for the institution. When you have someone who has got dementia, how do you explain to them that this week the payment is going to be such and such and next week or last week it was different? The government has not thought about these matters. It has not comprehended that over 50 per cent of people in nursing homes have some form of dementia. Every imposition they place upon the industry means that more time is taken away from the actual delivery of care, from the provision of care, support and loving nurturing, and is put behind a desk. It is not a very bright move on the part of this government.

We also know that the Productivity Commission has still to bring down its final report about fees, charges and other issues in relation to aged care. So why the hurry for this? Why not wait until you have got everything organised and have consulted the industry before you bring in something different, a change, particularly when the government cannot or will not tell us what the fee is?

I am aware of rural communities where nursing homes or hostels have elected to come under the same umbrella, to be almost taken over by another non-profit group, so that they can have economies of scale, so that there is only one administrative section for those particular institutions. Is this what the government is aiming for? They actually want amalgamations to take place so that you have large organisations, large facilities, which get more impersonal. That is possible; you can do that in communities of a significant size. But I go back to communities like Carcoar, Condobolin, Trundle, Tullamore, Tottenham, Trangie and Warren. What is this going to do for them? It is certainly not going to help their administration.

They agree with accreditation. Everybody agrees with accreditation. Where we have differences of opinion is with the consultation which this government has not undertaken and the fact that it is expecting the industry to buy a pig in a poke, to sign up for something when they cannot be given any indication of what the fee is going to be. If $36 million is needed, how do you get that? It is going to take quite a deal of money from the individuals. It is of concern to many people. It is of concern to me that we run the risk, if they are not going to be allowed an income increase, if their outgoings are going to increase, of seeing a decrease in standards of care given to our elderly people. The elderly of Australia deserve more than this.

(Quorum formed)

Senator DENMAN (Tasmania) (11.53 a.m.)—No-one would object to measures aimed at increasing the level of care given to the elderly. They, more than most, deserve our support and care in their later years. After all, they fought and died for us and gave this country a foundation to build upon. The Aged Care Amendment (Accreditation Agency) Bill 1998 merely creates an illusion of increasing that standard level of care. In its current form, that is all that it is—an illusion.

Accreditation can be a useful tool to achieve minimum standards of care, but this

can only be achieved if the measure is clear and implementation well considered. As the bill stands, none of these basic requirements are present. A major deficit in the legislation, causing insecurity within the sector, is that there is no indication of the costs of the implementation of this accreditation to the various providers.

Stability, both emotional and financial, is vital in a sector, and this is particularly true of community services. If the community service providers of that care are insecure, it will inevitably flow on from even the most professional of providers of care to the clients. This ill-conceived amendment is creating this insecurity because the costs of its implementation are not known. What is known is that there are hidden costs associated with the implementation of the standardised service delivery standards. These costs include employing within their budget the additional administration time, and the time to observe and report, that all accreditation systems require, particularly at their instigation. Secondly, accreditation often incurs additional staff training costs both for learning how to implement the new system and for the additional training which may be required for staff to lift their skills to meet the required standard.

These are just a few of the hidden costs associated with the amendments proposed by the government. This bill is an example of how ill-conceived plans may actually contribute to a reduction in the standards that the amendment is seeking to redress. My home state of Tasmania has a large population of people requiring aged care. Thus the provision of aged care is an industry in our state that supplies employment for many people. While our regional and rural economy has many disadvantages, it can provide a special environment for caring for the aged. A moderate climate and a gentle pace of life contribute to idyllic circumstances to care for the elderly. However, this bill in its current form does not allow for the needs of the rural and regional sector, where economies of scale may cause prohibitive costs—for example, resident classification procedures that are too rigid to work practically in smaller residential hostels.

There are many other factors that can create additional costs to supplying care in regional Australia. Given this government's history of ill-conceived regional policy, combined with their apparent inadequacy when factoring in the needs of rural Australia, I can understand why many providers are extremely apprehensive about this bill.

The extent of the negative impact of this bill will differ from state to state. Each state has its own awards and regulations and the costs of implementing any of the changes could vary considerably. There appears to be no recognition of this at all in the amendment. I have had numerous communications expressing the insecurity of the sector not only on behalf of the organisations and their employees involved in the sector but also from the children of the elderly, who are also expressing their concerns. These concerns relate not only to the cost of providing the care but also to the need for reassurance that the costs associated with this bill will not mean the closure of some of these facilities, thereby endangering the health of the elderly.

In some cases this could result in the elderly moving from the district where they have spent most of their lives. This could have a serious detrimental effect if the elderly face a reduction in choice and are further isolated by the possible closure of the smaller rural hostels. This bill arrives just after another superficially conceived resident classification scale that resulted in immediate calls for review from the government's own partners—the former National Party government in Queensland—because it represented a substantial reduction in revenue from the Commonwealth that will have to be picked up either by the state government or by the elderly.

Largely as a result of this government, Tasmania cannot afford the transfer of the revenue base the reclassification represented. But when you see this amendment in its true light, you see that it also represents a transfer of cost away from the Commonwealth, which is currently responsible for the cost of monitoring standards via the Department of Health and Aged Care to the industry. Thus, the elderly and their families will inevitably pay

the cost of accreditation, as the state cannot afford the additional burden and the industry can in no way soak up this cost that could amount to $10,000, just for the accreditation fee. This does not include the costs that may be incurred by satisfying the demands of accreditation, which may be as much as $50,000 for standards to be met. Is it any wonder there are many smaller facilities in Tasmania that are seriously contemplating closure, when presented with the never-ending cost liabilities this government has been imposing on the elderly?

The inability of the industry to absorb this cost becomes clear when we acknowledge that the industry has been savaged to the tune of $500 million in lost revenue since this government came into office. This does not include the additional losses the elderly have incurred in terms of service provision by losing dental care, choice in medication and numerous other erosions of benefits this government is responsible for.

Thus, aged care is in crisis, as are many other institutions since this government came to power. However, the elderly are particularly vulnerable and, as illustrated by my colleagues' illuminating communications over the past days, the elderly who live in regional and rural states such as my own are even more so. They are disadvantaged by ill-considered, superficial policies. Due to economies of scale, reductions in funding, transfer of cost away from the Commonwealth onto the elderly and a looming cloud of the GST, they will not have their day in the sun. Instead, due to this government, they are in real danger of being dislocated, penniless and cold.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.02 p.m.)—The Howard government is working hard to ensure that care provided to individual older Australians and the life they experience will be of the highest possible quality. I refer anyone to our election commitments of this year. To do this, we are developing an aged care system that will be sustainable into the next century and is based on a creative partnership between the aged care sector and the government. It is certainly forward looking and looking not only at the needs of the elderly but also at the impact on government for many years to come.

The Aged Care Act of 1997 sets the broad framework for this. That act ensured that older Australians have equitable access to aged care services that provide high-quality standards of care and accommodation. Under the act, the agency will ensure that residential aged care facilities achieve and maintain high standards of care and accommodation. The agency is working with service providers to improve the quality of care outcomes for older Australians and encourage individual service providers—no matter where they are located—to improve standards by a process of continuous improvement. It will also take action against services which do not meet care standards.

The agency represents the fulfilment of a 1996 election commitment when the coalition promised that a new partnership would be developed between the industry and government in improving care standards. Consistent with this theme of partnership and as an expression of this theme the intention is that the agencies should charge fees for accreditation. This is also consistent with other accreditation models.

I would compare the process that we have undertaken—both in developing the 1997 act and in making subsequent improvements, including this legislation—with the consultation that was undertaken by the ALP when it undertook reforms in this area in 1987 with little or no consultation. I am sure many of the providers and many of the aged residents would be very mindful that the consultation process has been inclusive and far-reaching, compared with those of 1987 when Labor certainly did not undertake that process.

I draw attention to the second reading speech:

> The government consulted widely during development of the Aged Care Act 1997 and associated principles and has listened to the concerns of service providers since the implementation of the government's age care reforms. The establishment and operation of the agency were an outcome of this process.

The explanatory memorandum talks about monitoring and review of the reforms as follows:

> In June 1997 the government made a commitment to undertake ongoing review of the aged care reform policy and its implementation. This review will be undertaken by an independent expert advised by a working group representing stakeholders. It will cover a two-year period from the commencement of the act in October 1997.

This bill will enable the Aged Care Standards and Accreditation Agency to partially recover its costs by charging a fee to residential care providers who seek accreditation.

As part of the government's targeting the needs of people in regional Australia, the particular needs of small facilities generally, and particularly those in rural and remote areas, will be taken into account in setting the fees. The minister, Mrs Bishop, has instructed the agency to ensure special treatment of rural and remote homes and small homes generally. Senator Woodley very genuinely raised concerns about fees for rural and remote homes and small homes. We certainly take note of those concerns. Minister Bishop is also very concerned to ensure the viability of these facilities to support their important caring work in regional communities.

In relation to the accreditation fees, the minister has given instructions to the agency to ensure that rural and remote and small homes are given special treatment. The bill enables the fees to be dealt with in subordinate legislation—the accreditation grant principles. This was one of the issues referred to by Senator Woodley. The fee structure will be put in place through those principles, which are disallowable instruments. The principles are disallowable instruments by provision of section 96-1(2) of the Aged Care Act 1997 in that regard. This bill provides an opportunity for the fee structure or framework to certainly be scrutinised by senators in the future.

The impact of aged care services paying a fee will not be a burden. Indeed, there are distinct financial advantages in marketing that accrue to residential care facilities that receive accreditation. The fees will be comparatively modest. I take issue with the point raised by Senator Denman with regard to the new resident funding system. It certainly did not reduce funding. A quite separate study by the Centre for Independent Economics found an increase of over $160 million a year.

The passing of this bill by parliament will enable the agency to fulfil its charter of providing a residential aged care accreditation system that ensures that frail older Australians enjoy a quality of care and a quality of life they deserve. It is important to always recognise that we are in a period of change and this does impact on the elderly in the community. But, importantly, change in technology or efficiency that brings improvement of standards and a quality of care for seniors is certainly something that is a high priority of the Howard government. This forms an important part of the government's policy in putting into place the framework for ensuring that older Australians have quality of life throughout their life. I certainly look forward to the support of the Senate with regard to this legislation.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator CHRIS EVANS (Western Australia) (12.11 p.m.)—I want to indicate that, contrary to some fears that may have been generated by Senator Woodley's saying that I was about to move a set of amendments, the Labor Party will not be moving any amendments to the Aged Care Amendment (Accreditation Agency) Bill 1998. As senators would be aware, it is a very small bill which deals with one issue. I may not have been clear enough in my speech in the second reading debate, but our purpose in opposing the bill was to use that opportunity as a platform to raise the concerns that have been raised with us and to seek answers to the questions that we think are unanswered. The parliamentary secretary has still failed to address a number of those concerns in his response to the debate. I will be raising those with him shortly.

I do accept his assurance, and I am glad it has been put on the record, that this will be a disallowable instrument. One of our original

concerns was that it was not clear to us that the schedule of fees would be a disallowable instrument. We received that assurance privately a few days ago, but it is important that the parliamentary secretary has put it on the record today.

I was amused by his suggestion that what occurred with the introduction of the aged care reforms marks 1, 2 and 3 was a consultation process. It was an interesting euphemism for what I thought might have been better regarded as backflips under public pressure.

I want to open the debate in the committee stage by asking the minister whether or not the government had formerly responded to the concerns raised by the Scrutiny of Bills Committee about this particular bill. As the parliamentary secretary would be aware, those concerns were, firstly, why the bill itself fails to specify an upper limit on the level of fees and, secondly, whether, if the principles simply provide a way by which fees are to be determined, the task of setting fees will remain the ultimate responsibility of the minister. Those two questions were raised by the Scrutiny of Bills Committee with the government. I am not aware that the government has formally responded. Those concerns are similar to those raised by the Labor opposition in the debate today and go to the heart of this whole question of the setting of fees. It is important that the Senate has a response to those Scrutiny of Bills Committee concerns before proceeding with the bill.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.13 p.m.)—I will respond to the questions raised by Senator Evans. With regard to the issues that were pursued and raised by the Scrutiny of Bills Committee, I am advised that the answer is no. Legal advice received by the department is that the concerns expressed are not warranted.

Senator WOODLEY (Queensland) (12.14 p.m.)—I want to be fully informed in this debate. Although we have indicated our support for the legislation, the Democrats are always interested in the debate and want to respond to it. I am still trying to work out the opposition's position on this. I felt it was probably a philosophical position to do with their opposition to any user-pays charges whatsoever and their belief that the Commonwealth should pay all the costs of the aged care industry.

I am not sure if that is so, or if the opposition's proposal to vote against the bill is much more narrow and is to do with their concern about the level of fees. A lot was made in various speeches about the effect on small and rural and remote areas—and some assurances have been given by the government about that.

I am trying to work out from the opposition whether they have a broad philosophical opposition to the whole principle of any contribution from the people who are benefiting from aged care assistance, or whether it is more narrow. Are they simply worried that the level of fees may be too high? Could we get clarification on that from the opposition?

Senator CHRIS EVANS (Western Australia) (12.15 p.m.)—As always, we are very pleased that Senator Woodley is interested in the ALP position. Perhaps interest in the ALP position among Democrat senators might result in even more of them joining our ranks in years to come; but I am not sure that is the actual purpose of today's debate.

This debate is centred on a very small amendment to do with the accreditation agency. In the second reading debate, I raised the broader issues of user-pays and our concern about what is happening in the industry. I think I made it clear in my speech during the second reading stage and, again, in my first contribution to the committee stage, that our opposition to the bill is largely based on concerns about how this is going to operate in practice, rather than the principle of accreditation or, for that matter, Senator Woodley, the principle of some payment from the facilities.

The key questions are the level of the fees to be paid, how that is to be structured and what impact it will have on the industry. The whole purpose of my contribution was to raise those questions and, quite frankly, I think the parliamentary secretary has failed to respond to those issues adequately.

I accept your point, Senator Woodley, which I think was well made in the second reading debate, that, in fact, this is a disallowable instrument and so, in some senses, the debate will be held at a later stage about some of those issues. I think that is a fair point to make and one which I totally accept. I suspect the government is now on notice that senators are interested about those issues. When they come to frame the regulation they will no doubt be aware that Senator Woodley and I, as well as Senator Gibbs, Senator West and others, will be taking a close look at it. I accept your point also that, in a sense, this is a debate for another day. But this is our first opportunity to raise those issues, and it is important and proper that we do so.

I think the parliamentary secretary's response to my question about the Scrutiny of Bills Committee report and the issues raised was totally unsatisfactory. To say that the government does not share the concerns, that it rejects the concerns raised by government senators on the Scrutiny of Bills Committee—to say, 'We don't share that concern, so that is all right'—is totally inadequate. It is not a proper response to the report of a committee of the Senate.

It goes also to another question I have raised which I now want to pursue—that is, the question of who is setting the fees. The parliamentary secretary says to us, 'The minister has given assurances about the impact on rural and remote facilities.' What does that mean? It implies the minister is not setting the fees but that, in fact, the agency is setting the fees and she has asked them to consider it. Who is setting the fees? The minister; the agency? And who is determining whether those issues are taken into account or whether they are merely vague expressions of view by the government?

The Scrutiny of Bills Committee question goes to the very heart of our concerns about the whole mechanism to be applied in setting the level of fees and what it means for service and, in particular, small providers. With all due respect to the parliamentary secretary, I do not think that saying you do not share those concerns is enough.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.19 p.m.)—Two issues arise from the comments of Senator Evans in this regard. In my previous answer, I referred to the Scrutiny of Bills Committee consideration of this matter and the fact that the department had received a legal advice on that report. Let me read from that advice about the specification of the upper limit on the level of fees:

> The committee appears to be concerned that in the absence of any monetary upper limit on the level of fees payable the proposed fees would be characterised as taxes. The effect of item 2 of schedule 1 of the bill, however, is that the proposed fees cannot be set at a rate that would result in the fee being characterised as a tax, nor can the minister determine a method of calculating the rate of fee that would result in the fee being characterised as a tax. Item 2 therefore effectively protects the bill from being characterised as a bill dealing with the imposition of taxation for the purposes of s.55 of the constitution.
>
> The committee draws attention to a number of bills, now acts, which adopt the approach of providing for a basic level to be set by regulation subject to a statutory minimum rate. The bills mentioned by the committee, however, are all taxation bills. None of those bills dealt with the provisions authorising the imposition of a fee for service. There are numerous examples on the statute books of acts delegating a power to the Governor-General or to another person to determine the level of fee payable for a service in circumstances where there is no statutory maximum rate. See for example—

a number of quoted cases. The legal evidence to us clearly determined the statement we have made: that this will be a modest cost recovery basis only, not a tax. We have certainly given an undertaking to Senator Woodley with regard to the special considerations that would be made in respect of rural, remote or small homes.

The second point you raised was who would make the determination. It would obviously be made by the minister on the advice on the agency but, at the end of the day, it is a disallowable instrument in this place.

Senator CHRIS EVANS (Western Australia) (12.22 p.m.)—I appreciate that advice from the parliamentary secretary. It takes us a bit further than the initial response. It opens

up the question of whether we are looking at partial or full cost recovery. The minister—or at least some of the government speakers—talked at one stage about full cost recovery. If the agency is required to get full cost recovery that will clearly have a determining effect on the level of fees. But, at the same time, you indicated that concessions will be made for small providers, which indicates that full cost recovery might not be met from them.

Are we saying that there is full cost recovery, are we saying that there is partial cost recovery, or are we saying that you will require larger providers to subsidise the costs associated with accreditation for small providers in order for the agency to meet its global full cost recovery objectives? I am not sure what the government is saying about this matter. Is it clearly the case that you will be providing no budget expenditure for the agency? Will it have full cost recovery? What principles will apply, given your assurance that smaller facilities may not have to meet full cost recovery if that were a burden?

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.23 p.m.)—I indicate very clearly that the agency is to receive $6 million per year in government funding for its core activities. Partial or marginal cost recovery would be adopted in relation to the accreditation process in that regard.

Senator CHRIS EVANS (Western Australia) (12.23 p.m.)—I thank the parliamentary secretary for that answer. That was certainly a clearer statement of government intention than we received earlier. In terms of the consultation that is allegedly occurring and the consultation that is to occur, could the parliamentary secretary inform us where we are at with this? As I understand it, the fee is to apply from the beginning of January 1999. Clearly, while you are not able to provide us with the fee schedule today, 2 December, as I understand it, the fees are to start from January 1999. We do not have the fee schedule here.

Is there to be some sort of consultation process with the industry? They tell us that at the moment they have not seen a draft schedule of the fees, but it is to apply from January 1999. I would like to know how this consultation with the industry is going to occur before the fees are set and whether that is going to occur prior to Christmas. It seems to me that you are running out of time for a consultation model to apply, given that from what the industry has told me they have not had any real indications yet as to what the fee schedule will be.

Has any decision been taken as to whether it is going to be a flat fee or a sliding scale based on the number of beds? We have none of that information. If you have any information about what is proposed I would appreciate receiving it, given that appendix 7 of the *Accreditation guide for residential care users*, which is on the fee schedule, is a blank page. There is clearly a lot of interest in the industry as to what you are doing.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.25 p.m.)—I am advised that for the last three or four months a consultation process has taken place with all industry representatives. It is quite advanced. The model that has been looked at with regard to a proposed fee structure is a basic flag fall plus a per bed basis. I understand that those consultation processes are ongoing.

Senator WOODLEY (Queensland) (12.26 p.m.)—Senator Evans certainly threw a concern into my mind that I had not thought of before, and we may need to press the parliamentary secretary for a further answer. If the fees are to start on 1 January 1999, that makes the disallowance process a little difficult because we only have another week in which to deal with the disallowance, and then no sitting time until after the fee schedule comes into place if it starts on 1 January 1999. Could you address that part of Senator Evans's concerns?

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.27 p.m.)—I am advised that there is no official start date of 1 January. Whilst that is certainly indicated and would basically be based on agreement

and the consultation process, I am sure there would be many other situations of a similar nature where subsequently the Senate would address the issue if it had to or it was the outcome of the Senate in that regard.

Senator WOODLEY (Queensland) (12.27 p.m.)—I have a further question. One of the concerns that a number of the peak bodies raised with me was that they are worried that, without the ability to charge for services, the accreditation process would fall over. It seems to be a fairly extreme concern, but can you give some indication about that? If we were to delay the fee structure, then I presume that the accreditation agency would continue with the current government funding.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.28 p.m.)—I am advised that the concerns raised by Senator Woodley have been addressed in so far as, whilst core funding is certainly indicated, the scheme is predicated on the basis of the requirement of fees.

Senator CHRIS EVANS (Western Australia) (12.29 p.m.)—Could I just follow up an answer which the parliamentary secretary gave earlier to my concern about ongoing budget funding of the agency? As I understood it, the agency's budget allocation was to be reviewed consequent upon full accreditation being in place in 2001. Is that the case, or is the government committing itself to ongoing budget funding of the agency? Or is it the case that, after 2001, the full cost of the agency's operations—not just the accreditation process but the full cost of the agency—will have to be met by fee recovery from facility providers?

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.30 p.m.)—I am advised that the $6 million core funding is projected in the forward estimates in that regard and that the review is to be undertaken in consultation with the industry.

Senator CHRIS EVANS (Western Australia) (12.30 p.m.)—I appreciate the response of the parliamentary secretary, but I was interested in knowing the government's attitude to this issue. Is the government intending, as a policy position, that the full costs of the agency be met by facility providers, or has the government got a continuing commitment to fund the basic operation of the agency? It is a policy question that I think is important in shaping our attitude. You say you want full cost recovery of the costs of the accreditation process, but there are obviously the other administrative costs of the agency. I want to be clear in my mind what you are saying about that, whether the government is going to continue to fund the agency or it is going to be an agency that relies solely on fees from facilities for its continued operation and existence.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.31 p.m.)—There is no intent for the government to withdraw from the core funding component.

Senator WOODLEY (Queensland) (12.32 p.m.)—I really should know the answer to this, but perhaps the minister could help us. I understand that the accreditation process or part of it has already begun. Is it the case that we are still waiting for any of the process to begin? I know that it needs to be completed by 2001. Is the government confident that, if this act is passed and the agency gets up and going, the goal of 2001 will be reached? This is a great concern, as you can understand, to the industry.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.32 p.m.)—I am advised that application forms have been distributed and certainly staff training has been implemented, but I am not aware at this point in time of any applications having been granted.

Senator WOODLEY (Queensland) (12.33 p.m.)—Is the government confident that once it is all under way the 2001 goal will be achieved? I think that is the big concern for the industry, because obviously all their funding and planning and so on is predicated on their getting accreditation and being able to operate.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.33 p.m.)—The

agency is committed to working towards that deadline.

Senator CHRIS EVANS (Western Australia) (12.33 p.m.)—I have one final issue I wish to raise with the parliamentary secretary. It goes to the related issue of certification. Forgive me if I am not as clear as I should be in framing this question, Parliamentary Secretary. As I understand it, the facilities are going through a certification process which goes to the physical state of the buildings and their fitness for providing a service of aged care. As I understand it, facilities that fail the certification process will not be able to be accredited. What will occur with facilities that fail the certification process and therefore decide not to seek accreditation? Will those facilities continue to operate until the year 2001, and will they continue to receive funding even if they are not making any effort to be accredited because of their difficulties with certification problems of their facilities? I am trying to get a feel for whether or not we will have a large number of facilities in this situation. As I understand it, 200 or so are having difficulties with reaching certification standards. What is going to occur to them if they decide not to seek accreditation? Will they continue to receive funding for the next couple of years while making no effort, or potentially making no effort—I do not want to cast aspersions—to meet the accreditation standards that we all accept are desirable?

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.35 p.m.)—I appreciate the issues that are raised and I can understand that they naturally would be areas that people in the community would be concerned about. Let me give an assurance that the government is working now with all of the interested parties on these particular areas. In particular, I am advised that a $20 million industry restructuring fund is there to assist. Certainly the intent is to have a managed transition which will contemplate and cover the very issues that you are raising. The objective, of course, is continuity of care for all residents, and certainly there is no intention of finding that there are deadlines that cannot be achieved without negotiation totally with the industry.

Senator CHRIS EVANS (Western Australia) (12.36 p.m.)—I appreciate the parliamentary secretary's response. Perhaps I can pursue the point by asking a simpler question. What recourses are open to the government to ensure maintenance of standards in facilities which do not seek accreditation? After being faced with the documentation, the certification process and the fee for service in terms of accreditation, facilities might decide that they do not want to seek accreditation. What is the sanction, what is the process, for dealing with facilities that may well not even seek to meet the standards that we all accept as being desirable?

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.37 p.m.)—I would hope that this sort of situation will not arise. It will certainly be the intent of the government to ensure that sanctions will not in fact have to be applied. However, I am advised that there are, naturally, a range that could apply, such as closure, suspension, the loss of licence or the loss of approved operator status. But it will certainly be the intent of the government to avoid any of those circumstances wherever possible.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Bill (on motion by **Senator Tambling**) read a third time.

(Quorum formed)

MATTERS OF PUBLIC INTEREST

Employment: Hunter Valley

Senator TIERNEY (New South Wales) (12.42 p.m.)—I rise today to speak about the tremendous amount of good news coming to the Hunter Valley because of the actions of the Howard Liberal government. The Senate will recall, as I have reported on it on a number of occasions, the assistance given by the federal government to Newcastle and the Hunter Valley with the shutdown of BHP's

steel-making operations. The Senate will recall that the federal government contributed $10 million to a special fund to create projects that were to lead to further employment.

There has been a very thorough investigation of quite a number of projects. Most of these are infrastructure based projects that will actually go on to generate far more jobs than the initial infrastructure. There was some unwarranted criticism from Mr Horne, the member for Paterson, of the $7.1 million that has already been allocated. What Mr Horne has to realise is that we have a situation in Newcastle where not one job has been lost at this point from the downsizing of BHP. The work force has gone down from 2,700 to 2,300 because of people leaving for other employment.

I would like to put on the record in the Senate that BHP is actually producing more steel with 2,300 workers than they did with 2,800, and they are producing more steel than they did 15 years ago with 11,000 workers. So it is very highly productive at this point in time. But the real crunch for the work effects of the downsizing of BHP will not be felt until September next year, almost a full year away. Therefore, the federal government is taking great care in the projects that it selects to make sure that they are absolutely viable projects, that they will generate initial employment through construction and then much larger multiples of employment through the private infrastructure and the private firms that are set up as a result of the allocation of this $7.1 million.

It gave me great pleasure two weeks ago, together with the Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald, to launch one of these projects in the $10 million fund. This was the Maitland transport hub. It involved an investment of $1.5 million which the government plans to commit. To show you the job generating effect of that, the prospects are in store, once that transport hub is operational, for $30 million to be spent by the private sector and 600 to be jobs created. This is from an initial investment of $1.5 million.

It is in an area where there is a junction of major roads: the F3 Freeway coming from Sydney, the Pacific Highway going to Brisbane, the New England Highway going north up the valley and the main road into Newcastle. This transport hub is in the centre of all that. It is also on a major section of the northern branch rail line, and these projects will create a hub of rail and road transport businesses in that area and the nearby Holmewood Business Park.

Blue Ribbon and Mercedes-Benz Freightliner have already signed up for this project as part of that $600 million worth of investment. It is terrific to have Mercedes-Benz Freightliner on board. This is an international company that is now relocating into the Hunter Valley because of the Hunter Advantage Fund money allocated by this federal government—and there are many others about to come on board. It does show the commitment of this government to employment within the Hunter Valley region.

The minister who came to launch the project also moved out to the F3 Freeway to launch that section of road. This was done at the same time and I would like the Senate to record that, over the last few years, this government has allocated the money to finish the road at a much faster pace. It is great for those of us that use that road that this section is now open and the eight kilometres of nightmarish upgraded local road that the previous government left us with for the last seven years, on which there were many deaths and many accidents, is now a thing of the past as part of the national highway system. We now have a proper six-lane freeway on that last eight kilometre section that links the former end of the F3 through to the New England Highway. The Christmas road accident rate will drop because of that terrific improvement in the road.

The other major development in that region—and again, this is an area near the end of the F3, and the upgrade of the F3 will actually extend the businesses in the area—is the Holmewood Business Park development. Right near that hub of transport that I mentioned before at the end of the F3 there is a whole range of new businesses going in. It is interesting to note that a lot of these businesses are actually manufacturing businesses and

in the Maitland region we have a situation where manufacturing is actually going up as a percentage of the work force, quite counter to the trend nation wide.

I had the opportunity recently to go with the Newcastle Business Chamber to Holmewood Business Park, where Newcastle Newspapers, a branch of the Fairfax group, has set up a major production plant for high speed printing of newspapers, not only the *Newcastle Herald* but a range of other newspapers as well. This high tech facility has been located right near this transport hub. So what we have developing at the end of the F3, near Maitland and between Newcastle and Maitland, is a major new region for the development of small businesses. With the downsizing of BHP, small businesses are going to be the saviour of the future.

I would like in this place to compliment BHP on the way they have handled the proposed downsizing, the fact that they put in place personal case management plans for the futures of the 2,700 employees. They have tracked those people, they have counselled them, they have provided assistance, they have provided training and funded training at the university and the local TAFE so these people can move on to further employment. Those are the people who have not already been re-deployed within other parts of BHP's operations.

So it is a model to the rest of the business community on how downsizing can be handled. This federal Liberal government—totally outside the $10 million Hunter Advantage Fund—has allocated other moneys to assist in that process. Projects include the business incubators that are being set up in Maitland, the Lake Macquarie area and Newcastle to help these people take the skills they developed at BHP through into other business ventures.

We have allocated funding such as $500,000, for example, to the Lake Macquarie Business Park. Two weeks ago I was out in Lake Macquarie launching that business park. An enormous number of business leaders from the community came along to have a look at that program. It is estimated that, with the business incubator in Lake Macquarie, over the next five years 500 jobs will be generated. Again, that is from an initial investment by this government of $500,000.

I would like to compliment BHP on its role in that, too, because they put in $200,000 as well. They have shown themselves to be very responsible corporate citizens. The government is strategically locating these business incubators in those areas of the Hunter region which are going to be mainly affected by the downsizing of BHP. People tend to think it is a Newcastle problem, but about a third of the BHP work force live in the City of Newcastle, about another third live in the City of Lake Macquarie and another third live in the City of Maitland.

With about 800 people affected in each of those areas, it is very important for us to set up these sorts of programs. The federal government has been right behind this. The former Minister for Employment, Education, Training and Youth Affairs, Senator Vanstone, took part in the launch of a number of these projects in Newcastle when she was the minister. That process is continuing. So for Bob Horne, the member for Paterson, to claim that this government is doing little about the downsizing of BHP is an absolute nonsense.

What I have put on the record in the Senate today about these matters shows that this federal government has taken a very responsible attitude to the downsizing of BHP. The Prime Minister came into the region, he talked to the people, he set up consultative committees and he committed funds. That funding is now going to support job improvements in other areas that are not in the area of steel making.

The Hunter region has a marvellous future. It is an area with tremendous resources. At this time of industrial shift it needs special assistance from the government. We have provided that assistance. The future for the Hunter, as these new jobs are generated in the region, looks rosy.

Textor, Mr Mark

Push Polling

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (12.53 p.m.)—Last week I made a speech in

this chamber in relation to party political research—opinion polling and the like—and I mentioned an individual by the name of Mr Mark Textor. I was, of course, criticised by the coalition government for raising this issue. The opposition was attacked for not concentrating on policy issues or developing alternatives to this government's program.

The truth is that Labor did have a comprehensive plan during the election campaign with an emphasis on job creation and tax reform that delivers fairness through tax credits and targeted tax cuts for lower and middle income earners. It was a plan that formed the basis of the best election result for an opposition party after one term since Federation; a bigger swing than the coalition was able to secure after 13 years in opposition. But, as we remain in opposition, Labor will continue to do its job. We will continue to scrutinise the government and the government's behaviour at every turn. We will not allow the government to rort its way back into office a second time.

In last Thursday's question time in the House of Representatives, Mr Howard responded to a question in relation to Mr Textor, and he said:

> I certainly do know Mr Textor, and I think you know him as well. Mr Textor has been a very competent and a very effective pollster for the Liberal Party of Australia. He is also, like any other person in that area, entitled to do other work.

I ask: does the Prime Minister's approval of 'other work' extend to a contract with the Northern Territory government to unethically conduct research for the CLP while employed at the Liberal Party of Australia National Secretariat? Does the Prime Minister approve of the actions of the Country-Liberal Party, who used Mark Textor as their exclusive pollster for the 1994 election, funded his research from taxpayers' money and then claimed in their return to the AEC that they spent nothing on polling?

Does the Prime Minister have no concerns that Mark Textor conducted his activities from his desk at Menzies House under the nose of Andrew Robb? Does the Prime Minister have no qualms at all about his private pollster receiving $740 a day from the Northern Territory government for the exclusive use of the CLP in an election campaign? Isn't it of any concern that Mr Textor, throughout his research, was obsessive about using the race card for maximum effect, including the unprecedented use of push polling to inflame racial tension in the Territory? Is it 'effective' and 'competent' to use polling techniques imported from Republican Party race based campaigns? Does the Prime Minister also contend that Mark Textor was entitled to do other work when that involved, on two separate occasions, employment on the shadow ministerial staff of Dr Michael Wooldridge during the time he was contracted by the Northern Territory government?

Records showed that Mark Textor was employed by Dr Wooldridge from 26 July 1993 to 27 August 1993, and again from 14 March 1994 to 8 May 1994 at private secretary grade 1 level. On both occasions this coincided with his employment by the Northern Territory government. Senator Ray has lodged a number of questions on notice to ascertain whether this practice of subsidising Mark Textor through his employment by shadow ministers is limited to Dr Wooldridge. This is probably just brazen triple-dipping. He was being paid by the Commonwealth taxpayer, through Dr Wooldridge, and by the Northern Territory taxpayer, through the 1993 Northern Territory government contract. We assume he was also on the Liberal Party payroll.

If Mark Textor is as competent as the Prime Minister says he is, then his polling for the *Bulletin* tells a remarkable story. According to his research, Labor's primary vote surged seven points over the campaign period, while the coalition's declined by four points. If Mark Textor is as accurate as the Liberals claim, then it is a testament to a remarkably effective ALP campaign. Equally, it points to a humiliating performance by the Liberals—a campaign for which Mark Textor himself provided the research. Equally curious is the decision of the *Bulletin* to employ him just for the election period. Did the financial subsidy ensure discount rates for research for the Liberal Party of Australia? If it did, will this subsidy or donation from Australian

Consolidated Press be fully disclosed to the AEC? We await that with interest and in anticipation.

The Prime Minister went on to say this of the government's pre-election market research program:

> Having sort of prepared the ground, I say to those who sit opposite that I am advised that total propriety has been observed by government in relation to those matters.

The Prime Minister has got to know something that the community does not. Many government departments have not provided the market research information requested of them by the Senate. How can we be assured of 'total propriety in relation to those matters' in the absence of total disclosure? Who actually in fact advised the Prime Minister of this so-called total propriety?

When the documents in relation to the Northern Territory rorts were tabled last Thursday, Shane Stone resorted to malicious attacks on one of the participants. Let me assure the Senate that all of our accusations of corruption are based entirely on primary documents, not on the interpretation of any individual. No interpretation is needed because the documents are clear and point specifically to unethical and corrupt practices by the CLP, practices devised and implemented by Mark Textor, Shane Stone, Ron Klein and Andrew Coward.

Senator Crossin last week pointed to aspects of political research carried out by the CLP, by Mr Klein and Mr Textor, and how racial tensions in the Northern Territory were exploited by the CLP. She revealed how the Aboriginal population that makes up close to a third of the territory's population was excluded from CLP focus groups, and she quoted from the Klein research findings that:

> Handled correctly, we feel the Aboriginal issue could ensure the re-election of the CLP.

She reminded this chamber of the notorious push polling technique masterminded by Mr Textor where participants were asked if they would vote for Labor if they knew they were planning to establish two sets of laws, one for blacks and one for whites. In a letter quoted by Senator Crossin, Mark Textor used the two sets of laws concept as an example of the usefulness of focus group research in adding flavour to campaigns—the bitter flavour of racism.

Of course, Mark Textor has some form in relation to low grade, wedge politics. All senators will be aware of the public outcry at the Liberal Party's polling techniques used in the March 1995 by-election for the federal seat of Canberra. In that campaign the Liberal Party's pollsters used push polling techniques developed by right wing Republicans in the United States to test voter perceptions about the Labor Party candidate. In particular, electors were asked whether their voting intention would change if they were told, for instance, that Ms Robinson had supported abortion at up to nine months of pregnancy and that she had defended violent demonstrations against defence industries. These allegations were absolutely false and were known by the pollsters and by the Liberal Party to be complete fabrications.

Push polling as defined by the American Association for Public Opinion Research is, and I quote:

> . . . a tele-marketing technique in which telephone calls are used to canvass potential voters, feeding them false and misleading information about a candidate under the pretence of taking a poll to see how this "information" affects voter preferences.

At the time the then federal director of the Liberal Party, Mr Andrew Robb, denied that push polling had been used or that there was 'any intention of smearing or defaming', to use his words.

I have now been informed by the national secretariat of the Australian Labor Party that Ms Robinson's defamation action against the Liberal Party and their pollsters has been settled very recently. I have been provided with a copy of the full terms of the settlement by the Labor Party, and I will deal with that at the conclusion of my speech because then I might seek leave to table those documents.

I want to stress that these documents have not been provided to me in breach of the confidentiality clause in that agreement. There are some very interesting admissions contained in those documents. In short, let me say that the Liberal Party, and Mark Textor himself, have unequivocally apologised to Ms

Robinson for the push polling techniques that were used during the by-election, and admitted that:

> Some of the questions were published without due regard to either the accuracy of the underlying material on which they were based, or the consequences of their publication.

So, in addition to the apologies, there is a significant damages payment involved.

In these documents we have clear-cut admissions from the Liberal Party and Mark Textor that they have used derogatory and what I would describe as despicable push polling techniques, and that those techniques have a disastrous effect, a disastrous personal effect, on the people against whom it is used.

This is the Liberal Party that the Prime Minister is proud to lead and this is the Prime Minister's personal pollster who the Prime Minister was prepared to vouch for in the House of Representatives last week. Remember that the Prime Minister stated that total propriety had been observed by the government in relation to these matters. That statement from the Prime Minister now is shown to be demonstrably false. Today we have proof positive that Mr Textor and the Liberal Party really go to the most grubby depths imaginable. They are prepared to stoop to any depths at all to try and steal a by-election from the Labor Party.

So you have to ask yourself, Mr Acting Deputy President, where did Mark Textor learn these sorts of push polling techniques? His current company, Australian Research Strategies, is the Australian arm of Wirthlin Worldwide, an international political research operation that is based just outside Washington DC. Its website boasts of its strategic partnership with Burson Marstellar, another corporate mate of the Liberal Party, notorious for its role in the guns buy-back campaign. Wirthlin Worldwide's president, Richard Wirthlin, is a director of Mark Textor's company, as is the president, James Granger. Wirthlin Worldwide provides research to a spectrum of extremist right wing organisations in America. Particularly notable is the research they provide for the Council for the National Interest, which of course is a Washington-based anti-Israel lobby group which promotes conspiracy theories regarding the level of Jewish influence in the United States.

We say that the only way that the Prime Minister of Australia can show good faith in this matter is for him to act to ensure that Mark Textor is never again used by the Liberal Party as its pollster. You have got to cut Mark Textor loose. You have got to condemn his push polling techniques. I seek leave to table the documents I have shown to the government.

Senator O'CHEE (Queensland) (1.09 p.m.)—by leave—If I might make a brief statement, I need to make it very clear to you, Senator Faulkner, that we are happy to give you leave to table the document from Mr Gray to Sue Robinson and the document from Sue Robinson's solicitors to Mr Gary Gray. But all the rest is covered by confidentiality agreement and, for the time being, we do not give leave for the rest to be tabled.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (1.09 p.m.)—I am not seeking leave to table just two of the papers that have been shown to the government. I am not going to engage in allowing another cover-up by the government. If leave is granted for all these documents to be tabled, I am happy to seek leave, but if leave is refused by the government there is yet another cover-up—because they do have something to hide—and I will not press the issue.

Senator O'CHEE (Queensland) (1.09 p.m.)—There is no question before the chair, and Senator Faulkner should not be allowed to ramble on as it suits him. He should be asked to sit down. He has been offered leave, and that is as far as it is going to go.

The ACTING DEPUTY PRESIDENT (Senator Calvert)—The question is whether leave is granted to table a document. I presume leave is not granted.

Senator O'CHEE—No.

Leave not granted.

First International Conference on Drugs and Young People

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (1.10 p.m.)—On Sunday I had the honour of opening Genecom.98. It was an international conference based in Adelaide which gathered professionals together from around the world to discuss genetic technologies. Today I was hoping to use my time to discuss some of the crucial issues raised at that conference, including debate about my private member's bill on genetics which seeks to ensure that people's genetic information is private and that people cannot be discriminated against on the basis of their genetic information. Unfortunately, due to what I consider an unfair and malicious attack on me and the Democrats yesterday by a member of the government in question time, I have to address another issue.

While it was a great honour to address such a distinguished grouping in Adelaide on Sunday, I had a similar honour the week before, on Sunday 22 November, in Melbourne, when I gave the keynote opening address to the first International Conference on Drugs and Young People. Although this event was almost two weeks ago, it seems the justice minister only caught up with this particular issue and speech yesterday.

Yesterday I witnessed one of the tackiest displays of political point scoring I have ever seen in this place. Minister Vanstone took one sentence from my half-hour address to this international and, may I say, quite prestigious conference in an attempt to score a cheap political point. Some in the chamber who spoke to me afterwards thought it was more like slander than political rhetoric and, while I think that her comments should not necessarily be dignified by a response, I note that it is not in the interests of the broader debate about the impact of drugs on our community that her comments should go unchallenged.

I thought that we had reached a point in the debate about the dangers of drug use and the impact of drug related harm and drug related deaths in our community where we encouraged people to speak openly and honestly about their views on this issue, and that we were prepared to not always agree with but at least recognise that there are different perspectives on this issue, not only in the parliament but also in the community, and that we are able to accept those perspectives—or at least debate and listen to them—without sensationalising them and without misrepresentation. I think Hazel Hawke's words are particularly pertinent when she states, 'We all need to be a little more honest about drug use.'

This is a serious issue. It is an issue of life and death for some, and certainly some of the participants involved in the conference had lost loved ones from drug abuse and addiction. Others involved in this conference—from around the world, I might add—were health workers, health professionals, doctors, social workers, youth workers, indeed young people, and police and legislators. I note that the minister for the ACT on health matters, Michael Moore, was present at that function.

It was the first conference of its kind, the first international conference on young people and drugs, despite the extent of this problem, and it was brought together by groups of professionals and groups of people who are all committed to reducing the impact of drug-related harm in our community. Their work is hard, it is emotional, and it should never be trivialised, and yesterday in this place their work was trivialised with a dorothy dixer.

At the conference, I challenged the mainstream media to report my words without sensation. They did. Despite the obvious temptation to get the words 'drugs', 'senator' and 'young people' in a headline, in the main, the media reported the tone and the content of my speech correctly. It was the minister for justice—not at the conference and relying, as her media release admits, on snippets of the speech in a newspaper report—who sensationalised and sought to misrepresent the speech, and shame on her for doing so.

Had the minister been present, she would have heard my comments about her efforts in the campaign, during which I was anything but critical of her personally. The fact that I made those comments makes her outburst in yesterday's question time even more ungracious. Had she been present, the minister

would have heard my detailed discussion of the government's Tough on Drugs strategy. She would have heard me commend the government on aspects of their education strategy, including the work of the health department. I have just been at a women's luncheon upstairs, where I spoke to parliamentary secretary and member of parliament Trish Worth, who has a keen interest in these matters. We were talking about how positive some of the work is that is coming out of the health department in relation to the government strategy.

I acknowledged aspects of the government strategy that were working. I also commended the Prime Minister on his commitment to reducing drug harm out in the community, although I acknowledged, as most people in this place would do, that we have very different positions. We advocate different positions as to how we can solve the problem of the so-called war on drugs.

For the record, I did not endorse drug use. I did not call for the legalisation of illegal drugs. I did call for the decriminalisation of marijuana and I did say that the approach currently favoured by government is weighted more in favour of law enforcement than social and medical practices. I am entitled to this opinion. I called for increased penalties in the areas of drink-driving, drink related crimes and drug related crimes. I put that in as an answer to the minister's query about what penalties the Democrats or I endorse. Yes, I did say:

> It is a fact that some young people enjoy using drugs.

I went on to say:

> It is one of the reasons young people take drugs and why drugs are often celebrated in youth culture.

I am wondering if anyone dares to doubt that statement. It was a statement of fact. It was a statement according to research. It was in answer to the question I posed in the speech: why take drugs?

I outlined some of the other reasons why young people take drugs, including risk taking, including experimentation and including depression, just to name a few. Surely we must examine all the reasons why young people may consider taking illegal and illicit drugs. No matter how distasteful these reasons may be to some of us, we must examine and acknowledge them if we are to find out why young people take drugs.

How dare the minister take this statement of fact, a statement of research and an acknowledgment of one reason why young people may take drugs, and then infer from that—and this was the intent of her comments yesterday and her statement—that I endorse illegal drug taking by young people. The minister made this personal. Just because I acknowledged what the research tells us—that is, that some young people have had recreational experiences on drugs that they may have enjoyed—does not mean that I endorse drug use. It does not mean that I use illegal drugs.

I find it extraordinary too, although perhaps not surprising, that the response to the minister's press release yesterday was journalists ringing me to ask me what drugs I take, what drugs I condone and what drugs I push. I challenge them to ask any member of this place those same intrusive questions. I will also be curious to see, if they do, whether they get the same degree of honesty in response.

I pointed out at the conference that the research shows that young people are not always comfortable with the notion of discussing drugs with authority figures, be they doctors, parents, teachers or legislators. We do not often hear the views of young people on illegal and illicit drugs. The justice minister I think made it clear yesterday why we do not. I said at the conference that if politicians, bureaucrats, health workers, teachers, parents and the media head off towards the moral high ground—if they blindfold themselves with zero tolerance and ignore the reality—then we do not have the real picture and we are not in a position to be believed by young people when we talk to them about drugs. This lack of trust makes it clear why it is sometimes difficult to collect information as to drug use by young people and why they take drugs.

I congratulate the minister on what I assume was the desired effect—journalists

ringing me up to find out what drugs I might take. I do not do illegal drugs, Minister. Just because I do not, that does not mean that it is any less of a problem or that we can afford to ignore, marginalise, trivialise or indeed in some cases criminalise other people's habits in the hope that they will go away. Drugs are not going away. In answer to the minister's comments in question time yesterday: yes, we do need to reduce supply, but we also have to reduce demand. My comments were part of what was designed to be a constructive debate engineered by the Australian Drug Foundation to understand why there is this demand and how we can reduce it.

I also pointed out at that conference that the two single biggest drug problems facing young Australians are alcohol and tobacco. It is a perverse society when young people with drug problems are shunned or marginalised or—as they were yesterday—made a political football out of, yet a justice minister can go on *Burke's Backyard* and parade her cellar full of alcohol and that is considered okay and good publicity. I can see the irony and I hope the minister can. Workers in the field of drug addiction can.

Senator Abetz—And that's not personal?

Senator STOTT DESPOJA—You bet it is. In response to Senator Abetz's interjection, I rarely have personal debates in this place, as most people would acknowledge. But this is personal. This is about my character and my reputation. It is an inference about me and taking drugs, and I will respond personally if I want to.

According to the research, by 12 years of age almost 15 per cent of schoolchildren have tried alcohol; 70 per cent of females aged 14 to 24 and 50 per cent of males consume alcohol in quantities which are hazardous or harmful. More than one in 10 younger Australians has a drinking problem. Alcohol abuse is a serious problem in our community, estimated to cost Australians $5 billion per annum. The Democrats do not want to criminalise alcohol addiction. We believe that is better addressed through community services and health services. However, particular crimes like drink-driving and violent crimes must be given serious penalties.

Each year more than 70,000 teenagers begin smoking and more than 250,000 secondary students smoke cigarettes at least once a week. By 12 years of age, about eight per cent of schoolchildren have tried tobacco. In Australia, we raise around $4.6 billion per annum in revenue through tobacco taxes, but we spend less than one-third of one per cent on smoking prevention programs.

The problems with legal drugs affecting young people—legal drugs as in drugs being used by those over 18, when it comes to tobacco and alcohol—are bad enough, let alone the problems of illegal drugs that affect young people. Heroin is a prime example. This is an issue where people's lives are on the line. The responsibility of us in this place, and indeed of the minister for justice, is to uphold the law. But that must be—and it can be—balanced with rational debate about where laws may need changing.

The Democrats have long supported a harm minimisation approach. We do not support criminalising young people simply because we do not like what these people do. But there is room for broad debate on this issue. There is room for a number of different perspectives and I welcome that rational and calm debate.

Ironically, the real battle in this minister's portfolio is the war on drugs. Chasing Skase is important to the Commonwealth, and the Democrats have certainly given every form of assistance possible to Senator Vanstone in that particular pursuit. But I think the hardest area of her portfolio and the more fragile one is the so-called war on drugs, because lives are at stake. That is why conferences like the international conference, the first of its kind on drugs and young people, are essential. They are essential not just for members of the community to debate these issues but to feed into law-makers who have direct responsibility for reducing the impact of drug related harm in our society.

I would have thought the minister's first approach would have been to look at the papers, read the recommendations and consult with all of these professionals, not seek to make a political point out of one sentence of a 30-minute address by a so-called political

opponent. These conferences are essential for ministers so that they can indeed fix the problem. That is why the actions of that particular minister in this place yesterday stand condemned.

Telstra: Casualties of Telecom

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate) (1.32 p.m.)—I wish to speak today on the treatment of a group of customers of Telstra—the CoT cases. In 17 years I have only used parliamentary privilege on one occasion, but I believe we are here as a parliament to get justice for the people we represent when it cannot be achieved through other avenues.

Over the past 10 years, CoT members have been put through a lengthy and expensive ordeal by Telstra. An Austel inquiry, a Coopers and Lybrand and Bell Canada investigation, arbitration, numerous Senate committee hearings and a court appeal. In November 1993, Coopers and Lybrand, when investigating COT complaints, concluded about Telstra:

> Communication featured inappropriate conclusions, inaccurate statements and evasive responses causing customers and external parties to be misled.

In May 1996, after two years of investigation, the Commonwealth Ombudsman said:

> In my opinion, the effect of applying the restrictive interceptions interpretations was to withhold information from Mrs Garms.

A crucial element for CoT members to prove was whether there were any technical reasons for the poor standard of telephone services delivered to their businesses.

One CoT member, Ann Garms of the Tivoli in Brisbane, a successful restaurateur, opened a new theatre restaurant in August 1989. Calls were not getting through. Telstra was told many times. Eventually Austel directed Telstra to install testing equipment on her lines. Telstra did not follow Austel's timetable, delaying the installation until Friday, 10 September 1993. I will explain later how, on 12 September, Telstra performed major works on the network.

Immediately, on Monday 13 September 1993, the Tivoli call rate increased by 212 per cent, from 69 calls a day to an average of 215. This was after Senator Alston had supported the CoTs in establishing the settlement process. It was to be overseen by the TIO, who promised in writing that it could be settled by April 1994. This settlement process involved obtaining documents under FOI from Telstra—a request lodged personally by the then Chairman of Austel, Robin Davey. Essential network documents were not forthcoming from Telstra. Ann Garms was forced to lodge a formal complaint with the Commonwealth Ombudsman that Telstra were not providing general exchange and network documents under FOI.

In April 1994, the fast-track settlement was changed to a fast-track arbitration process, which the CoT members had to accept under duress on the basis of firm assurances of it being fast-tracked, non-legalistic and with access to documents. In April 1994, Austel also brought down their CoT case report, saying:

> The following matters had the potential to affect the services of particular cases.—Local access network problems in the Fortitude Valley area.

Telstra stated to the arbitrator only one per cent traffic congestion, which he accepted. - Later documents record valley congestion rates of 24 per cent. I table document (A).

While essential documents were still being denied by Telstra, complaints were being made to the arbitrator in May, July and August. Mrs Garms had to submit her claim to the arbitrator within one month. Her technical consultant, George Close, provided a report concluding that the 212 per cent increased call rate overnight could only be attributed to a major works of the exchange and network. Continually, Telstra denied this. Arbitration was concluded. The relevant important technical network documents had still not been provided.

Mrs Garms then appealed to the Supreme Court. At this point it is worth noting that the costs involved for both sides in this long and protracted matter were, in evidence given to the Senate yesterday of Telstra's costs, $14.285 million to 1997, with a further cost for the arbitrators of $4.446 million, with higher costs to come from the Supreme Court action. How outrageous is this conservative

$20 million of taxpayers' money for a publicly funded giant to beat a few small businesspeople?

The whole process has cost Mrs Garms to date $1.1 million plus Telstra's court costs—all to access documents Telstra denied existed. Ann Garms did not have the necessary network documents from Telstra for her case—information which could only be obtained from Telstra. This was despite promises that the fast-track settlement or arbitration process would deliver the necessary documents. These essential documents were not forthcoming from Telstra when it mattered. It was only when the Senate working party committee in 1998 demanded that Telstra deliver network documents to the five COT members that some of these arrived—only weeks ago.

Importantly, for the first time, the documents, whose existence were always denied by Telstra, appeared. The documents date back to 1993 and state categorically that major works were made to the network and that this happened overnight on 12 September 1993. Telstra has always denied any evidence of major work and this has influenced the crucial decisions of the court and arbitrator. Now documents have come to light, only as a result of the recent Senate working party, stating there were major works in rerouting the network and upgrading from the old analog to digital at the crucial moment of 12 September, when suddenly service improved overnight after four years of poor performance.

There are many Telstra statements denying upgrades in September 1993. All the arbitration was done by written documents. Telstra in their principal defence document said:

> There was no major exchange work carried out at the Fortitude Valley exchange as is asserted by the claimants. The network servicing the Tivoli immediately prior to the commencement of 13 September 1993 was precisely the same as the network that was servicing the Tivoli during the period between 13 September and 9 October 1993.

I table that document. Under statutory declaration, Steve Black, Group General Manager Customer Affairs, Telstra, in their technical BOOI report, submitted:

> There was no major exchange work carried out in the valley exchange. There was no complete refurbishment of the customer specific exchange equipment and lines as alleged by George Close.
>
> The increase in incoming answered calls was not due to any replacement, maintenance or upgrading of any equipment servicing the Tivoli's monitored lines. There was no major upgrade document.

I table that document. Mr Peter Gamble, Manager Engineering and Technical Consultancy, Customer Affairs Group, Telstra, also gave a statutory declaration to the arbitrator where he said:

> The allegations made in the Close report cannot be supported by reference to a more detailed examination of the material available. Further, the claimed 'major upgrade' did not take place.

That is document D. And yet Peter Gamble had been provided with a document which stated in relation to 12 October 1993:

> Tivoli restaurant—major work occurring in the exchange. A document withheld from Ann Garms.

That is document H. Mr Peter Croft, partner of Deloittes, chartered accountants for Telstra, in his statutory declaration, said:

> Close compares periods before and after September 1993 because it is alleged by Close that a major upgrade of the telecommunication service to the Tivoli occurred at that time. Officers of Telecom inform me that the major upgrade referred to by Close simply did not occur and that there was no major or unusual work undertaken at that time which would have affected the Tivoli's phone service.

The arbitrator's resource unit concluded in their report on 16 June 1995 to the arbitrator and the TIO:

> While it might substantially affect the determination if further documentation existed which established faults or a major corrective upgrade or which elaborated in more detail on the testing, we accept Telstra's position that such documentation does not exist, and therefore, many incidents remained unexplained. We feel that our aim of accuracy has been achieved for the events covered in the report.

That is document F. Importantly, with this weight of evidence from Telstra, the arbitrator accepted the resource unit report based on Telstra's statutory declarations. The resource unit said, 'We accept Telecom's position that such documentation does not exist.' On 8 August 1996 the arbitrator said in his decision:

Telstra denies a major upgrade of the Fortitude Valley exchange occurred in September 1993 and therefore the claim is fundamentally flawed to the extent it seeks to derive support from this event.

The arbitrator concluded:

I have reviewed all the material submitted by both parties, together with the results of the independent analysis of that material by their resource unit's technical personnel. I accept in essence the conclusions reached by the resource unit.

That is document G. Also Telstra had allowed Ann Garms and George Close, her technical adviser, to view Telstra documents in their viewing room in Melbourne. In January 1996, documents were tagged for photocopying. Some originals and photocopies were never returned to the viewing room. John Armstrong, Telstra's consumer affairs counsel, admitted a few days ago that indeed some files were not returned to the viewing room. That is document I. Telstra is still refusing to discover project documents despite the terms of reference from the Senate working party. In his statutory declaration, George Close recalled the missing documents as:

The reparenting and major equipment change—-modernisation in the Fortitude Valley exchange and tandem in the months prior to the Austel directed testing and monitoring. This document also dealt with network trunking changes, Edison related.

That is document J. Strangely enough, on the day the arbitrator handed down his decision—8 August, 1996—an FOI document was sent to Mrs Garms containing proposed restructure and modernisation of the network serving for Fortitude Valley. Then as a result of the Senate inquiry this year, the confirmation finally arrived setting out major works of the network. I now table document K confirming:

The reparenting of at least 16 exchanges to the valley—the CBD Edison—Charlotte exchanges were upgraded and rerouted implementing the change from analogue to digital for the entire area network.

Yet an affidavit from Telstra's Group Director, Customer Affairs, Ted Benjamin, to the appeal court says:

I deny that Telstra failed to produce any documentation which the arbitrator had directed Telstra to produce.

That is document L. It is only now after the decisions from the arbitrator and the appeal court that a couple of these documents have appeared because of the Senate working party involvement. Telstra's conduct of denial, both of the existence of these documents and the false statutory declarations, has been exposed. This is an important comment on Telstra' s conduct, which must now be addressed. These documents, delivered a few weeks ago through the Senate process, state undeniably that major works and upgrades occurred prior to and at the crucial date of 13 September 1998, which they denied in statutory declarations to the court and to the arbitrator. On network problems, also, not one Ericsson document has been delivered to Ann Garms, yet Ericsson advise on around 80 per cent of Telstra's repair and maintenance work. In a letter of 17 July 1998—document M—Telstra told me no Ericsson documents had been found—they were searching and would get back to me shortly. They have not.

Finding Telstra documents has been like finding a needle in a haystack. Of at least 60,000 documents delivered before the arbitration and court case approximately 75 are only relevant network documents. In response to the Senate working party request, a further 25,000 documents were delivered—mostly irrelevant documents.

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Order! The honourable senator's time has expired. I understand you sought to table some documents. Is leave granted?

Leave granted.

Senator Abetz—Mr Acting Deputy President, I am wondering whether we might invite Senator Boswell to seek leave to incorporate the rest of his speech.

The ACTING DEPUTY PRESIDENT—Do you seek leave, Senator Boswell?

Senator BOSWELL—Yes, I seek leave to have the remainder of my speech incorporated.

Leave granted.

The speech read as follows—

Yet Ann Garms was able to find a document that pin points the major upgrade on 12 September 1996.

I have tabled documents which state "Mitchelton RSS 1 & 2 will be reparented from Mitchelton to Valley exchange during the early hours of Sunday 12th September.

Also to hand two weeks ago is the maintenance activity diary 20 note of September 12 1993 document N—"Reparent Mitchelton to Valley Axe (digital)—the product of 12 months supply, installation and commissioning.

The reparenting of Mitchelton involved around 16 exchanges.

This amounted to major works and upgrades in transferring these exchanges to the new axe technology at Fortitude Valley.

This involved major works and upgrades of the Valley and the CBD—

Rightly called "major works and upgrades" in their documents which were only provided a few weeks ago but denied by Telstra in their statutory declarations to the arbitrator and court.

In May 1993 in anticipation of the reparenting of 12 September 1993 Telstra performed a major upgrade on the central processor in the Fortitude Valley exchange. Document O the dominant rationale for the major upgrading for the reparenting of around 16 exchanges.

Once again it says Mitchelton node is being decommissioned and all dependent terminals are being reparented onto Valley node between August 1993 and December 1993.

Austel's report on page 4 includes Bell Canada's assessment that Telcom customers, which were Tivoli customer's experiencing COT type service difficulties and faults were connected to analogue exchange equipment much of which is past its expected service life."

I ask the question whether the conduct of Telstra is acceptable. I tender to the Senate information that has come out in recent weeks in response to the Senate working party that there was major works of the exchange and network in and prior to September 1993 and tender the Telstra documents denying on many occasions that such major works and upgrade took place.

Telstra were able to maintain their "no major works stance" at the important moments—to the arbitrator and to the court all too late for Mrs Garms who only now is receiving critical information on a major works upgrade. Telstra has misled and deceived the arbitrator and the court by denying these documents.

Banking: Regional Services

Senator MACKAY (Tasmania) (1.40 p.m.)—I rise today to make some comments with respect to local government and banks, which have received some comment in the press recently, and which seem to be an exponentially increasing issue in terms of community concern. Local government associations in New South Wales, South Australia and Victoria have announced over the last few days that they will seriously consider entering the banking sector in order to ensure that their local communities have access to basic business and personal banking services. These announcements are a sad indictment of the federal government's failure to heed the increasingly desperate calls of regional Australia, local government and numerous community, welfare and business groups for urgent action to ensure that all Australians have decent access to bank services.

Instead of taking action, the federal government has stood back and watched as numerous regional and rural communities suffer the economic and social consequences of the last bank leaving town. Those consequences can be very serious and potentially terminal. When a town has no bank, local businesses are forced to travel to the nearest town with a bank to carry out business banking. Existing business often begins to wind down and new businesses do not start up. Towns are pushed further down the spiral of unemployment and depopulation.

The Tasmanian Local Government Association painted a very clear picture of exactly how communities are affected by bank closures when they appeared before the House of Representatives banking inquiry earlier this year. It is an example I have used before, but all those submissions very clearly illustrate the impact of the closure of the last bank in town and the fact that it is often the last nail in the coffin for small communities. The Tasmanian Local Government Association said:

Importantly, when people travel to larger centres to utilise their banking services, they also conduct other business there. There is a drop, therefore, in consumer spending with local businesses in rural municipalities resulting in a loss of jobs and outmigration of households and businesses. This would be likely to result in a reversal of any previous intentions to take out loans for investment in local business and thereby impeding development of small enterprises. Therefore, a loss or reduction in the full range of banking services could impede the

viability of rural communities and place them in jeopardy.

Secondly, electronic banking cannot provide the full banking services which are essential to the sustainability of rural municipalities. Financial institutions have not developed electronic systems to the extent that they offer a real alternative to traditional banking. EFTPOS terminals cannot accept cash, and businesses, which use these terminals, cannot facilitate the deposit of money to a customer's account. They cannot provide account balances.

A study by the University of Queensland found that when the last bank in a town goes, some 90 per cent of respondents are more pessimistic about their community's future, and 39 per cent say they would like to leave the town as well. Clearly, we have here an extremely serious situation.

How many regional communities have been affected by bank closures while the government stands around and does nothing? Over 100 Australian towns have not one bank branch and over 200 communities have only one bank left and are tottering on the brink of having no bank whatsoever. While banks are closing down their least profitable branches—those branches in regional Australia—they are whacking up their fees for basic over-the-counter and electronic services. This is not because the banks are struggling to make a profit, as has been amply pointed out in this place. Collectively this year the big four banks have announced a profit of $5.6 billion. These banks have seen a profit growth of almost 440 per cent over the 1990s—a growth 3½ times faster than the economy as a whole.

Where do these profits come from? Twenty per cent of the profits are from their retail sector, and that is not just from the explosion of home loans; it is from a massive increase in fees, continued cost cutting and bank closures. So the profit is coming from average Australians. These fee increases and bank closures are being conducted by all the major banks. And what has the government done about this? Nothing.

On 20 June 1996, Treasurer Peter Costello told the House of Representative that red-hot competition was the way to keep bank charges down. He did recognise that the government had the option of referring the matter to the ACCC and he said that they would take that action if necessary.

Last week, in response to calls for the government to take action on ever increasing bank fees, Senator Kemp said:

Bank customers can maximise the benefits of competition by actively shopping around for the best products, services and prices to satisfy their needs.

That is pretty hard if you have no banks in your town. This government clearly has no real understanding of the terrible impact bank closures have on regional Australian communities. Many people in regional Australia now have no choice at all when it comes to banking, so shopping around is not an option.

There must be formal monitoring of bank fees and charges instituted by the government through the ACCC and, if necessary, full price surveillance. This is what the Labor Party promised at the last election. We understand what public interest is and the role of government interest is in protecting public interest. It is a great tragedy for regional Australia that the coalition just simply does not understand this.

The government stands by doing nothing and mouthing platitudes that competition, which is clearly not working, will solve everything. Bank customers in regional Australia are being charged more and more for bank services, but there is no guarantee they will have access to a branch and full banking services. Where is the social responsibility in that? Where is the community service obligation in that?

Local government knows what bank closures mean for local communities. That is why local government, as a last-ditch effort, is looking at entering the potentially risky world of banking. Local government has consistently called for the federal government to take action on banking services to make sure local communities are not left in the lurch.

At the recent General Assembly of Local Government, representatives of the 700 local councils in Australia stated:

That the Australian Local Government Association calls upon the Federal Government to negotiate an agreement with the Australian Bankers Association to develop protocols concerning the closure of any

bank branch, and in particular those branches located in rural and regional Australia. Such protocols take account of the social and economic impacts on communities, including: . . .

. Alternative Service Provision;

. Training in other banking techniques (telebanking, giro payments, ATM network development, links to Credit Union Partnership arrangements and such like);

. Consideration of Agency/Joint Venture Service provision.

But the coalition either does not know or does not care about what is happening to these communities. The Treasurer welcomes local government banking moves as being good for competition. But he misses the point that it is not about competition. It is about communities, regional services and the opportunity to grow, and an absolute last-ditch, desperate attempt for regional and local communities to have access to banking services.

While the Treasurer fails to grasp the need for the federal government to take action to save many regional communities, the Minister for Regional Services, Territories and Local Government trots out another Telstra sale as a sop, as a solution. The only answer the government can come up with is a vague rural transactions centres program that it will only fund from the further 16 per cent sell down of Telstra. This government does not have the creativity or political nous to come up with an initiative that does not rely on flogging off a major public asset. It is interesting to note that the rural transaction centres proposal will only offer personal banking and limited business banking. That is not what regional communities need. They need full business banking services to enable communities to attract economic development into their regions. This is absolutely axiomatic to a real priority for regional development.

The minister should also understand that local government is opposed to the full sale of Telstra. A motion put to the 1998 General Assembly of Local Government by the Local Government Association of Queensland made that very clear. There is a solution to this problem. It does not involve the further sell down of Telstra, risking an even greater long-term list of services to regional Australia. Labor addressed this adequately at the last election.

What does it require? On 30 June next year, the current system of non-callable deposits will be abolished as a result of the Wallis recommendations. Under this system, banks have been required to deposit an amount equivalent to one per cent of their liabilities with the Reserve Bank and to accept an interest rate upon them of five per cent less than the prevailing market rate. Some $4.6 billion worth of deposits are currently costing the banks $226 million annually in forgone interest. On 30 June 1999, as a result of the legislative termination of the system of non-callable deposits, the banks will gain that $226 million—an absolute windfall that was not anticipated or needed, given the profit margin the banks are currently experiencing.

Before the election, Labor argued that a regional banking policy was absolutely necessary and required. This was a three-step process. The first step was to develop a charter of regional banking responsibility. The second step was that, where the last bank branch had left or was about to leave the town, Labor would encourage voluntary arrangements to fill the gap. But the crucial point was the third step. We argued that a one-off levy on the banks at the abolition of the non-callable deposit system should have been made to establish a regional banking services fund. The regional banking services fund could be used to ensure services are maintained and restored where justifiable.

Labor's proposal would only require a small, one-off levy on the major banks to raise an estimated $20 million for the fund. The fund would have been devoted to encouraging major banks to meet a reasonable community service obligation to maintain branches in regional Australia and assist in the establishment of banks that have a social justice charter. This would have been a first and significant step, a step in the right direction, and one this government could and should take up. Instead, the government takes no action, promising only to do anything if we sell off another 16 per cent of Telstra—more blackmail for regional Australia.

This government cannot just stand around, twiddling its thumbs, and watch as regional communities suffer the adverse economic and social effects of bank closures. It simply cannot continue to rave on about competition, which is clearly not appropriate in this case. The only way that the major banks will retain or reinstate banking operations of marginal profitability in regional Australia is if the federal government establishes a strong mechanism to encourage them.

Local government should not have to step in to save banking services for their local communities. The federal government should be taking action to ensure that local government does not have to do this. I am sure, given the option, they would not, but they are doing it as a last resort.

Labor will not tolerate the current situation. We believe it is grossly unfair and outrageous, and we will fight the government's complacency on bank fees and ever-diminishing bank services in regional Australia every step of the way.

Millennium Bug: Infrastructure Protection

Senator LUNDY (Australian Capital Territory) (1.52 p.m.)—I rise today to alert the Senate to issues of vital national interest that this government has been exceptionally tardy in addressing.

Right now, we have a unique window of opportunity to shape our future and to make the technologies of the future work for us, rather than becoming enslaved to them. As citizens and law-makers, we cannot allow this historic chance to slip from our grasp. And yet that is what Senator Alston and Prime Minister Howard would have us do, because they lack the imagination and the vision to grasp the great opportunities and challenges that the information age presents to our country.

There is a vitally important role for government to play across the spectrum of the truly fascinating cultural, economic and industrial issues that the information society presents to Australia. I will limit my comments today to just three, albeit interrelated, issues that, if left unaddressed, will seriously weaken the ability of Australians to communicate, to engage in commerce and to defend against threats to our national security.

Those three issues concern the protection of Australia's critical infrastructures, the amelioration of the Y2K problem, and the lock, stock and barrel outsourcing of government information technology. Research conducted just recently has shown in much more specific detail than anything the government has produced exactly how vulnerable Australia's critical infrastructures are to both the Y2K problem and more malicious threats.

Critical infrastructures are systems whose incapacity or destruction would have a debilitating impact on the defence or economic security of the nation. They include telecommunications, electrical power systems, gas and oil, banking and finance, transportation, water supply systems, government services and emergency services. Each of these infrastructures is operated, monitored and controlled by networked computers. Consequently, our critical infrastructures are vulnerable to a Y2K or millennium bug crash, valuable data can be manipulated or stolen and these vitally important systems can be disabled or just destroyed by hackers for money, in the aid of terrorism or just for kicks.

Vulnerabilities exist for two key reasons. First, critical choke points exist in each infrastructure and at the interconnection between infrastructures. Second, the various infrastructure systems and their computer networks are interdependent upon one another. If just one computer in a network has not been Y2K protected, it could be a weak link that drives the entire system to collapse. Because of the interdependence between systems, there is a serious possibility that crashes could cascade from system to system.

Mr Acting Deputy President, we have already witnessed critical failures in our electricity, oil and gas, and water infrastructures that demonstrate just how vulnerable these systems are. It is now estimated that the explosion in the Esso refinery, killing two people and cutting gas supplies to the state of Victoria, will cost Australia up to one per cent of GDP. Sydney's water crisis and the failure of the electricity network in Queens-

land also point to serious weaknesses in Australia's critical infrastructures.

What these incidents prove is that Australia's critical infrastructures are more vulnerable than previous assessments have admitted. This is a significant problem in terms of accidents and natural disasters, but should serve as a pointer to the government's current attitude and approach in terms of protecting Australia from the Y2K or millennium problem or even worse scenarios, such as terrorism.

With respect to Australia's financial networks, they are similarly exposed to problems associated with networked computers. The Reserve Bank is the cornerstone of our financial system and yet it too has potential problems with over-centralisation and key choke points between it and the external systems upon which it depends both here and abroad.

Other examples are satellites. Some corporate literature that I read recently stated:

> Satellites are a surprisingly common part of the day-to-day lives of Australians and Australian businesses.

In the same publication, the company states that satellites carry a whole range of information, including telephone systems, management of data for banks, remote oil and gas pipeline monitoring, ground-to-air communications, mobile satellite communications, secure defence signals, the Internet, and radio and TV services. And yet the control of Australia's domestic satellites is centralised at one location with well-known vulnerabilities.

The Howard government has known about these problems for years now and has done nothing about them. Interdepartmental and consultative committees abound on both the Y2K issue and on the hacker threat to our vital national infrastructures, but no substantive action has been taken. The joint communique between the US and Australia, announced yesterday by the Prime Minister, adds nothing, absolutely zero, to developing serious and relevant strategies for protecting our infrastructures from catastrophic failures as a consequence of either the Y2K problem or malicious attack. Yet it is with some irony that we note that the US has in fact taken action in this regard, implementing legislation to identify critical infrastructures and the need for redundancy and contingency plans to be in place, mandated by the US Congress.

Australia, therefore, stands relatively weak and exposed before the very technologies that should enable this small but imaginative society to be strong and resilient. In short, this is a national disgrace and a failure of leadership of the first order. Just as Australians in the 1980s asked themselves why the Menzies government failed to transition the economy to a serious manufacturing base in the 1960s, so will the Australians of 2020 look back to the Howard government's paralysed inaction concerning the information age as yet another lost opportunity of historic proportions and consequences.

The third issue I would like to draw to the attention of the Senate is the government's recent activity in selling off the family's IT silver. In the 1997 federal budget, the government announced plans to outsource information technology infrastructure and services in up to 66 government agencies. This initiative was taken to save $200 million. The finance minister claimed in parliament that this 'is one of the more significant outsourcing initiatives ever undertaken on a national government basis'.

The selling of assets of this type will undoubtedly generate a one-off burst of savings, but there is no doubt that losing control of the information technology infrastructure and the data managed within those systems will seriously undermine the ability of this or any forthcoming government to be effective agents of change both in policy terms and in guiding the outcomes of how we lever information technology and the information society for the future of this country.

Current Australian experience suggests that the benefits of outsourcing are questionable. As it was reported in the *Australian Financial Review*, the outsourcing of 72 IT agencies by the South Australian government has led to considerable criticism. A recent South Australian government review of the progress of the decision has found that costs have fallen so far by only one per cent.

These issues and more highlight very clearly the lack of action of the Prime

Minister and his government with respect to the information age and where our future lies.

The PRESIDENT—Order! It being 2.00 p.m., the debate is concluded.

MINISTERIAL ARRANGEMENTS

Senator HILL (South Australia—Leader of the Government in the Senate)—by leave—Unfortunately, Senator Kemp is still unwell and will not be able to be with us today in question time. Senator Ellison will continue to answer his questions.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Canada

Senator COOK—My question is addressed to Senator Hill in his capacity as Minister representing the Prime Minister. Is the minister aware of a recent article by a Canadian tax expert, Professor Neil Brooks, that finds that the GST has been 'a major disaster at almost every level'?

Senator Watson—It's a different system.

Senator Alston—It's different in Canada.

The PRESIDENT—Order! Senators on my right! There are too many interjections. Senator Alston, I am waiting to hear Senator Cook's question.

Senator COOK—What is the government's response to the wide agreement in Canada that the GST has, and once again I am quoting the findings of Professor Brooks, 'deepened and prolonged the economic downturn; achieved none of the promised economic benefits; administrative and compliance costs were much greater than expected; and gave rise to a substantial increase in the underground economy'?

Senator HILL—I thought Neil Brooks was a swimmer, but that perhaps was a different Neil Brooks.

Senator Faulkner—You know humour is not your long suit, Senator Hill.

Senator HILL—I know there is no sense of humour on the other side. It is on this side that we have a lot to laugh about. Anyway, it is amazing that Senator Cook has got the nerve to ask an economic question, because all of us will remember him indicating to the Australian people just before the 1996 election that the books were in surplus, that the Australian people could rely on the books being in surplus, when in fact they were over $10 billion in deficit. From that position of a total lack of credibility, Senator Cook nevertheless brings forward this question.

On this side of the chamber, on par for the coalition, yes, we do think there is a need for a new taxation system in Australia. We think it is long overdue. Why is it necessary? Because the current system is basically unfair. Marginal tax rates are too high. It penalises and discourages investment. It provides an inadequate payment for basic services such as schools, hospitals and police. It is too complex—taxation legislation is now over 7,000 pages. We on this side of the chamber say that you reform the system in part, Senator Cook—the GST—to take taxation off production and, yes, to put it in part onto consumption. You will give greater encouragement to business, particularly small business, to grow the economy and to employ more Australians. That is a fairer system. It is a system that encourages economic growth and jobs. It is a system that will provide a revenue base to meet all the major social commitments for the future of health, education and the like. It will also deliver a fairer system in that more incentives will be able to be demonstrated through reduced income tax rates.

In all, therefore, the need for a new taxation system has been well made. This government took it to the Australian people, put it on the table and was prepared to do that in a circumstance where we were told it was a great political risk. We took that political risk because we believed that, unless we got the endorsement of the Australian people, it would be hard to pass through this chamber. We have done that. We have had the endorsement. We are re-elected. We bring forward this program proudly to the parliament. We trust, despite the obstructive tendencies of the Labor Party, that they will see that the people are entitled to the system that they voted for and that they are entitled to it because of all the benefits that it will bring, which I have just listed.

Senator COOK—I ask a supplementary question, Madam President. In view of Professor Brooks's Canadian experience, will you now agree that the GST will not eradicate the black economy, as the Prime Minister claimed in his policy speech, and that there is a real risk, based on the Canadian experience, that the number of tax avoiders in the black economy in Australia would increase under a GST?

Senator HILL—No, I don't agree with that at all. I think that it will reduce the black economy. It will be more difficult for people to evade their fair share of taxation. They will still have their income tax obligations. We know the shortcomings in that system; they were part of Labor's legacy to the coalition. But, in addition, they will also have to face up to the GST, as will all Australians. So in actual fact I think it will reduce the black economy. I think that more Australians will pay a fairer share of the tax as a result of this reform. That is one of the reasons why it should be endorsed.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President's Gallery of former New South Wales senator Michael Baume. I trust that he enjoys his visit back to the national capital.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy: Growth

Senator GIBSON—My question is directed to Senator Ellison, the Minister representing the Assistant Treasurer. Minister, would you please outline today's national account figures? What do these figures show about the performance of the Australian economy? What factors have led to this performance?

Senator ELLISON—Today's national account figures are great news for Australia and good news for average Australians. They again show that Australia is unquestionably the strongman of the region. In the September quarter growth increased by a very strong one per cent, but for the year ended in the September quarter it grew by a staggering five per cent. That is only good news for Australians. The major contributor to growth in the September quarter was business investment, with investment in machinery and equipment growing by 14.8 per cent.

As well as that, private consumption also contributed strongly to growth with household consumption growing 1.1 per cent in the quarter. Australia's growth performance compares exceptionally well with others in the region and is indeed stronger than in countries like the US and major European countries. I might add that the average in Europe is some 2.5 per cent—compared with our five per cent, which is double that. It is no wonder the Australian people are overwhelmingly embracing the coalition's policies and it is no wonder that they believe the coalition outperforms the Labor opposition.

The national accounts yesterday were supported by yet another strong retail trade outcome. Seasonally adjusted, retail sales rose 0.8 per cent in October, which was at the high end of market expectations. The October outcome follows an equivalent 0.8 per cent rise in the month of September. Positive growth was recorded for hospitality and services, other retailing, clothing, soft goods, food and recreational goods.

But along with that we also have reduced interest rates. Today Australian home owners and small businesses received some more excellent news with the RBA announcing another cut in interest rates, with the cash rate being reduced by 25 basis points to 4.75 per cent. Aussie Home Loans has already announced that it will be cutting its home mortgage rate to 6.24 per cent. This is to be contrasted with Labor's 17 per cent home loan rates—nearly three times the amount that home owners in Australia currently enjoy. I am pleased to say that the National Australia Bank has also just announced a quarter per cent cut in its rate as well.

What about inflation? We now have low inflation, low interest rates, a budget surplus and solid growth. The CPI rose by only 0.2 per cent in the September quarter and 1.3 per cent throughout the year. The government expects this good low inflation performance to continue.

But what about employment? There is more good news. Madam President, employment has been growing strongly. A total of 170,000 jobs have been created to date in 1998, reflecting solid growth in both full and part-time employment. The unemployment rate fell sharply in October, to reach 7.7 per cent—down from 8.1 per cent in September. That is to be contrasted to that high peak of 11.2 per cent reached under Labor when it was in government.

Senator Forshaw—Are you looking for divine guidance?

Senator ELLISON—Madam President, through you to Senator Forshaw—he might be interested in this—this is the lowest unemployment rate since September 1990. We have delivered the first underlying budget surplus since 1990 and it has been delivered one year ahead of schedule. What does this mean for small business? Good news. It means that small business will enjoy lower interest rates. Over the past year banks have reduced interest rates on variable rate loans on mainstream lending products to the lowest levels on record. The Labor opposition might take that on board. The average overall cost of variable rates for small business loans has fallen by 3.6 per cent. *(Time expired)*

Banking: Fees and Charges

Senator CONROY—My question is directed to Senator Ellison, representing the Treasurer. Is the minister aware that Mr Hockey has stated that the trade-off for low housing interest rates has been that people are starting to pay for some of the services that they are demanding of the bank? Given that housing interest rates have fallen—as the government has been keen to point out—does this mean that we have to brace ourselves for even higher fees for banking services?

Senator ELLISON—I have just mentioned the cut in home loan rates.

Opposition senators interjecting—

The PRESIDENT—Order! Senators on my left will cease shouting in that fashion.

Senator ELLISON—I have just pointed out to the Labor opposition that Aussie Home Loan rates have been cut to 6.24 per cent—the lowest home loan rate in 30 years. That is a pretty good start.

Opposition senators interjecting—

The PRESIDENT—Order! Those on my left will cease interjecting.

Senator ELLISON—The opposition's rate was 17 per cent—nearly three times the rate that Aussie Home Loans is offering at the moment to those people that want to purchase their own home. But what about the great day that we had today?

Senator Conroy—What about Mr Hockey and fees and charges?

The PRESIDENT—Order! Senators on my left have been consistently interjecting during this answer. I am fairly tolerant but it is absolutely in breach of the standing orders and it makes it impossible for other people to hear.

Senator ELLISON—What about the historic day that we had in the other place when a new tax system was introduced to reform this country? What we have in this tax system is the abolition of bank debit taxes and FIDs—those things that will increase the costs of banking services to the consumers. Senator Conroy might want to take note of this. Some nine taxes will be abolished as a result of our new tax system. We will also be abolishing wholesale sales tax, which again will flow on to the consumers that Senator Conroy is so interested in. What we will also be doing is introducing personal income tax cuts for consumers, for Australian battlers. We will be reducing the lowest tax rate of 20 per cent for low income earners to 17 per cent. We will have 81 per cent of Australian taxpayers on an income tax rate of no more than 30 per cent. That is a great improvement for the battlers out there, and especially those people who want to buy their own home.

Senator CONROY—Madam President, I ask a supplementary question. Minister, do you subscribe to Mr Hockey's theory that the trade-off for low housing interest rates is higher fees for bank services? Is it the government's view that if people are to enjoy low interest rates, they must be prepared to pay higher bank user fees, higher EFTPOS

fees, higher credit card fees and higher loan approval fees?

Senator ELLISON—The fact is that, with the abolition of the bank accounts debits tax, the FIDs and the other taxes we will abolish, there will be an incentive for banks to decrease their fees and costs. The opposition might not like that, but across the board there will be a reduction in costs due to the abolition of the taxes that I have mentioned. I cannot put it straighter than that. What the Australian people are looking forward to is more money in their pocket and an abolition of more taxes.

Economy: Growth

Senator FERGUSON—My question is directed to the Minister for Industry, Science and Resources, Senator Minchin. Minister, today's quarter of a per cent cut in official interest rates, combined with continuing economic growth, is great news for Australia, with further massive savings for home buyers and industry. Will the minister outline the continuing benefits to Australian industry from the coalition's outstanding economic management.

Senator MINCHIN—I thank Senator Ferguson for his question. I would like to begin answering it by referring the Senate to something that the then alternative Treasurer, Mr Gareth Evans, said three months ago today, on 2 September. He said:

> All the evidence is that the Australian economy is on a precipice, hanging on by its fingertips.

We now know that Mr Gareth Evans was actually talking about himself. We now know that it was actually Gareth Evans who was hanging on by his fingertips, not the Australian economy. It is no wonder that the Hon. Gareth Evans QC MP is now languishing on the back bench in the House of Representatives, because we know today, as my colleague Senator Ellison has said, that the Australian economy has grown by five percentage points in the year to September—something which you lot thought was impossible but which we have achieved.

Against the backdrop of the Asian economic problems, this is indeed a remarkable growth rate. As my colleague Senator Ellison has said, it compares remarkably favourably with rates in the rest of the world. The USA, which we are told has the fastest growth rate in the world, has a rate of 3½ per cent. Britain and Germany, run by their socialist colleagues, have rates of around 2½ per cent, which is half Australia's rate of five per cent. We have not achieved this incredible growth rate by pump priming, like those opposite, by shovelling in the money—$70 billion dollars of extra government debt in their last five years—but we have done it with surpluses. We have achieved surpluses, yet we have also got a growth rate of five per cent.

Business, industry and therefore ordinary Australians are the great beneficiaries of these policies. Business investment is up 11½ per cent over the last 12 months. Retail industry investment is up 5.2 per cent over the last 12 months. Senator Ferguson would be very keen to know that the car industry in our home state of South Australia, where it is so important, has achieved record sales this year. The Federal Chamber of Automotive Industries has forecast record sales this year of 790,000 vehicles, the highest figure achieved in the history of this country. It is even higher than last year's figure. Last year's figure was a record under our government, but it is even higher than last year's—70,000 more than last year. So the car industry is doing tremendously well and that is great not only for states like Victoria and South Australia but for the whole country.

Mineral exports are up by 4.6 per cent over the last 12 months. At the same time, we have created 400,000 jobs while we have been in office. Our policies have been great for business, great for industry and great for ordinary Australians. Of course, there is more: we are about to cut $10 billion out of the cost structure of Australian industry and business, and that will be great for Australian industry.

Senator Conroy—That's pretty funny, coming from you.

Senator MINCHIN—We have an industry policy; you don't. Westpac is talking about cutting its business interest rates to 6.95 per cent. Under you lot, business interest rates hit 21 per cent.

Senator Conroy—You supported Captain Zero.

The PRESIDENT—Order! There is shouting going on across the chamber which is totally disorderly. It is making it hard to hear. Senator Minchin, you should address your remarks through the chair.

Senator MINCHIN—I remind the Senate that business interest rates under this government have dropped below seven per cent, one-third of the rate that was hit under the Labor Party, when interest rates hit 21 per cent. That is a demonstration of our pro-industry policies and Labor's anti-industry policies. Our industry policies are all about making industry more competitive. They are not about more intervention, which is Labor's answer—when you are trying to find a policy, 'let's intervene'. Ours is about making industry more competitive, and we have done that by lowering interest rates, by delivering the results.

The problem with the Labor Party is that when you ask for a policy, they retreat to the 'just say no' party. We were talking the other day about the space bill and black holes. Labor's policy is a black hole policy. There are no policies in the Labor Party. When you ask them about tax reform, they say,'Just say no.' What about industrial relations reform? 'Just say no.' There is nothing in the Labor Party to put to the Australian people. Mark Latham said:

> We have fallen for this trap which is out there in the populist debate and the sort of argument now that you can have all economic gain, no pain, no reform, no micro reform—not realistic, not real.

(Time expired)

Goods and Services Tax: Public Housing Rents

Senator REYNOLDS—I address my question to Senator Newman, the Minister for Family and Community Services. I refer the minister to the answer that Senator Kemp gave about public housing rents last week when he stated:

> . . . public housing tenants will have significantly greater disposable income as a result of the Government's tax reform policies.

However, Treasury documents have shown that pensioners, students, the unemployed and invalids, many of whom could be in public housing, face a GST burden of up to 30 per cent more than the government's own estimate. So how does the government consider a miserly 1.5 per cent net increase in compensation to be 'significant' while they are in actual fact also giving tax cuts of over $100 per week to the wealthy few who earn over $150,000 per year?

Senator NEWMAN—That was an interesting question. It would be really interesting to have it in writing in front of me so that I could analyse it piece by piece, because it does mislead people.

Senator Faulkner—Why don't you listen?

The PRESIDENT—Senator Faulkner, stop shouting.

Senator NEWMAN—The reality is that the compensation package is not providing a miserly 1.5 per cent for people on low incomes, pensioners and allowees. The reality is that there is a four per cent increase in all social security payments, whether they are income support payments or payments such as rent assistance, telephone allowance, guardians allowance or mobility allowance. Every payment in Social Security and Veteran's Affairs goes up by four per cent on the day on which the tax reform package is introduced. So before there are any changes to anybody's rent or costs in any other areas, that money is up front in social security beneficiaries' hands.

If Senator Reynolds had studied the matter carefully and was being honest about it, she would realise that when all the changes have washed through the system, the commitment then sits there underpinning anything that happens to pensioners and allowees, that is, they remain forever into the future at 1½ per cent above what they would normally be with the CPI rises. Therefore, it is a wage rise forever. If the Treasury was wrong in its calculations as to the impact of the CPI on individuals, they would still be maintained at 1½ per cent above whatever the CPI actually turned out to be.

In terms of people renting in the public sector, you know they already have a considerable benefit over the three times as many social security beneficiaries who rent in the private sector—so they are already benefited. But nobody in the public sector will be paying more than 25 per cent of their income in rent. That is the rule now. It varies from state to state but it is all at 25 per cent or under. While I would like to have sat down with you and studied the detail of your question, those are the principles, that is how it will be implemented, and it is fair and equitable for people who are on social security payments.

Senator REYNOLDS—Madam President, I ask a supplementary question. Minister, I was particularly referring to what Senator Kemp stated in this place last week. In view of your answer, will you please consult with Senator Kemp, study the question in detail and give us a written response?

Senator NEWMAN—Of course I will look at the precise details of what Senator Kemp said, but I am answering you as Minister for Family and Community Services with responsibility both for social security payments and for public housing at the Commonwealth level. So, I assure you, the answer I have given you is the answer you need to know about what the future situation will be under the tax reform package—protection of people on low incomes.

Centrelink: Interview Review Forms

Senator STOTT DESPOJA—My question is addressed to the Minister for Family and Community Services. Can she confirm the contents of an internal Centrelink memo that, of the first mail-out of 130,000 youth allowance end-of-year review forms, 44,500 forms have not been received in time and those young people have had their payments cancelled? Does the minister agree with this memo that these are alarming numbers? Will the minister acknowledge that moving the review process to this time of year and the complexity of the form have evidently presented major difficulties for youth allowance recipients to complete and return their forms on time? Given that the current Centrelink memo states that this customer group is notorious for late or nil return of forms, was a reminder notice sent out to these people, and will a reminder notice be sent out to those outstanding recipients?

Senator NEWMAN—I am unable to confirm any such memo. As to the rest of the questions asked by Senator Stott-Despoja, I will consult with the minister Mr Truss and ask whether there are any answers that he can provide to your question.

Senator STOTT DESPOJA—Madam President, I ask a supplementary question. I thank the minister for that undertaking. With the second round of forms due this Friday, regardless of the outcome of your contacts with the other minister will the minister change the warning on the DETYA web site so it correctly warns recipients that their payments will be cancelled—not that they could be cancelled, but they will be cancelled—and will the minister publicise the deadline? Given that there are another 180,000 cases to be returned and recorded before 4 December, will the minister consider extending the deadline?

Senator NEWMAN—Once again, this is an area of Mr Truss's administrative responsibility.

Senator Conroy—You're a disgrace!

Senator Faulkner—You're the portfolio minister.

The PRESIDENT—Senators on my left will cease shouting.

Senator NEWMAN—Madam President, I feel that the way the Labor Party treats question time is a joke. Senator Faulkner is behaving in his usual larrikin manner. I do not think he brings much credit on the chamber.

The PRESIDENT—Senator, I draw your attention to the question.

Senator Faulkner interjecting—

The PRESIDENT—Senator Faulkner, you have been persistently shouting from the table.

Senator NEWMAN—Senator Stott-Despoja is obviously asking about a matter which is of concern to young people. I certainly would be concerned if the timetable for the return of the

form was unrealistic or making it difficult for them or if there was not widespread publicity about the return date. I can say, however, that normally in cases of this kind where people contact Centrelink—and they can contact them personally—

Senator Bolkus—They can't get through.

Senator NEWMAN—They can get through. Don't be silly. Centrelink is usually ready and willing to give people an extended date. I assume that is what is happening at the moment, but I will have to check that with Mr Truss.

Goods and Services Tax: Regional Australia

Senator MACKAY—My question is directed to Senator Macdonald, Minister for Regional Services, Territories and Local Government. I ask whether Mr Katter was correct when he stated yesterday:

> The cost of living in country areas is much higher than in the capital cities, so if the cost of living is higher therefore the GST that we are going to be paying will be higher as well.

That was from AAP 1 December 1998. Does the minister agree that the cost of living in country areas is much higher than in capital cities, and therefore country people are entitled to more compensation, as claimed by Mr Katter?

Senator IAN MACDONALD—Certainly under Labor, the costs in the bush, where I live and many on my side live—unfortunately no-one on that side would understand the bush—were enormous. As I have tried to explain in the past—and Senator Mackay just does not seem to understand—the cost of getting goods out into the country impacts upon the cost of living—and those goods are carted on trucks that have a 22 per cent wholesale sales tax on them.

Under us, that wholesale sales tax on the trucks goes completely—replaced by a 10 per cent GST, but because trucking is a business the GST comes off. So the costs that were enormous under Labor will be substantially reduced under us. Fuel is a big cost of getting goods out into the country. Under Labor there was a 43c a litre excise imposed for the trucks that bring goods out to the country. That impacts on my cost of living and that of my fellow regional Australians. Under the coalition's tax reform package the cost of fuel will fall by some 25c a litre. So it is a huge reduction for country people. I didn't hear Mr Katter's comments, but certainly what he is getting at is that under the coalition government the cost of living will be much lower than it was under Labor.

Senator MACKAY—Madam President, I ask a supplementary question. Mr Katter actually said that the cost of living is going to be substantially higher under the coalition government and the GST. Minister, isn't it a fact that goods—for example, fresh fruit and vegetables—will be higher in price in rural and regional area than in the cities? Is the minister aware of the *Choice* magazine in 1998 which stated that a set basket of goods in Castle Hill, Sydney, costs $66.24; the same basket of goods costs $78 in Westcourt, Cairns; it costs $86.68 in Newnham, Launceston; $81.87 in Casuarina, Darwin; and $87.60 in Geelong East? Isn't Mr Katter therefore correct in stating that people in country areas will be paying more GST in relative terms on the same goods compared to what the GST will be on goods in the city?

Senator IAN MACDONALD—Under the coalition, the wholesale sales tax, which has been the biggest impediment to those of us who live in the country, goes. I do not think Senator Mackay understands. A prime mover for the trucks that carry goods out to the country costs about $275,000. That includes the 22 per cent wholesale sales tax. The trailer behind the prime mover costs around $225,000. That includes the wholesale sales tax of 22 per cent. So the whole rig is around $500,000. You only have to work out what the wholesale sales tax impact on that is. The tyres on those trucks are $900 each. If you blow one, you are up for $900, and that includes the 22 per cent sales tax. Under the coalition's tax reform package, all of that sales tax goes and the GST comes on but goes straight off, so it is obvious to anyone—even to you, Senator Mackay—that the costs of living will fall. *(Time expired)*

Jabiluka Uranium Mine

Senator BROWN—My question is to the Minister for the Environment and Heritage. In

relation to the Jabiluka uranium mine, is it true that the schist is down 870 metres? Is the minister's commitment to the world authorities that there will not be mining of this schist or ore body before the matter has been dealt with in six months time going to hold true in light of the fact that the mine is already down 200 metres, is progressing at 10 metres a day, and on those figures will have reached the ore body by February? Is the minister able to reassure the Senate that when the ore body is reached there will be no mining of that ore body or stockpiling of the uranium in that ore body?

Senator HILL—It is true that the decline at the Jabiluka mine is being constructed at the moment. That mine was approved last year after a rigorous environmental assessment process. It was demonstrated that it could be constructed in a totally safe way—safe to both environmental and cultural assets. As I understand it, the decline will still be being constructed in six months time. I am therefore not anticipating mining during that period of time. It logically therefore follows that I am not anticipating milling either.

Senator BROWN—Madam President, I ask a supplementary question. To try to cut through the verbiage of that particularly unsatisfactory response, I ask the minister: when he says he is not anticipating mining, is he leaving open the possibility that there will be mining of the uranium ore body and/or stockpiling? Can he say yes or no to that in light of his commitment of last week?

Senator HILL—I am not sure about the commitment of last week, but the point I have just made is that we are not anticipating mining in the next six months. I am very pleased to reconfirm that the 77 conditions that we applied to the approval will ensure that the mine construction is conducted in a totally safe way—both environmentally and culturally.

Senator Brown—I raise a point of order, Madam President. The question I asked was quite clear: is the minister going to uphold his commitment that the uranium body would not be mined or stockpiled? I ask you to request him to address to that question.

The PRESIDENT—I am sure the minister is aware of the question. Senator Hill?

Senator HILL—I have finished my answer.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the chamber of a parliamentary delegation from the Federal Republic of Germany, led by Dr Hans Otto Brautigam, Minister for Justice and for European and Federal Affairs. On behalf of honourable senators, I have pleasure in welcoming you to the Senate and trust that your visit to this country will be informative and enjoyable.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Credit Unions

Senator HUTCHINS—My question is directed to Senator Ellison, representing the Assistant Treasurer. What action will the government be taking to ensure that the $32 million cost impost on credit unions as a result of the government's GST will not be reflected in higher interest rates and higher fees as is claimed in a report by the Credit Union Services Corporation? Won't the higher interest rates and fees that will need to be charged by credit unions to pay for the GST impost mean that credit unions will be put at a distinct disadvantage to the major banks? How does making it more costly for credit unions to do business match both the Treasurer's and the Prime Minister's statements that we need more competition in the financial services market?

Senator ELLISON—The Prime Minister and the Treasurer have reiterated that we do support competition in the marketplace, and we are maintaining our four pillars policy. We have done a lot to help credit unions. Yesterday the Treasurer said in the other place that yesterday was the first time credit unions could issue cheques. We have encouraged them to go into competition with the banks. Even more so, we have encouraged them to go into regional areas and offer those people living in regional Australia their services. We are making things better for the credit unions.

I would remind Senator Hutchins that when the credit unions put out their statement they did acknowledge the things that this government was doing for them. I will reiterate again: we are doing away with the FIDs and the BAD taxes, which will reduce costs of financial services; we are reducing income tax rates, which will give the average worker more disposable income—about $40 to $50 for an average family; and we have the lowest home mortgage rates in 30 years—6.24 per cent. All that is conducive to an environment in which credit unions would like to operate. They can provide better services to working people and those working people will have more money in their pockets as a result of our new tax system.

Senator HUTCHINS—Madam President, I ask a supplementary question. In light of your generosity to the credit unions, minister, I ask you this: will the government consider making credit unions GST free in order that they can maintain some degree of competitiveness against the banks, who by the Treasurer's own reckoning stand to save $670 million annually from the GST? Who does the government support—the major banks or the small credit unions?

Senator ELLISON—What we have done for the credit unions is on record. I reiterate: we have allowed them to compete with the banks and offer services to those people who enjoy their facilities—mainly Australian working people. The issuing of cheques is a great step forward for them. We do support the credit unions—something which Labor never did. Did Labor allow them to issue cheques during their 13 years of government? No. There lies the answer.

Jabiluka Uranium Mine

Senator CRANE—My question is to Senator Hill in his capacity as Minister for the Environment and Heritage. Is the minister aware of recent support from the Wilderness Society for the ERA Jabiluka uranium mine?

Senator HILL—Madam President, I am. This is the Wilderness Society calendar. This is the December page.

The PRESIDENT—Order! Senator Hill, it is not the practice to hold things up in question time.

Senator Faulkner—Madam President, I raise a point of order. Senator Hill should know that it is out of order to hold up any visual material. It shows you how dopey he is; he cannot even hold it up the right way.

The PRESIDENT—Order! I have drawn the matter to Senator Hill's attention.

Senator HILL—This shows the Wilderness Society's support for safe, environmental mining in the Kakadu region.

Senator Brown—Madam President, I raise a point of order.

Government senators interjecting—

The PRESIDENT—Order! There is far too much noise in the chamber today. There has been shouting across the chamber and interjections throughout. It is hard for me to hear and I imagine anybody listening on radio or television would have similar difficulties.

Senator Brown—The Wilderness Society puts its profit from those calendars into saving wilderness.

Senator Ferguson—What's your point of order?

The PRESIDENT—Order! Senators on my right will cease interjecting.

Senator Brown—The point of order is: having displayed the calendar, the minister should tell the Senate which Wilderness Society outlet he bought it from—

Government senators interjecting—

The PRESIDENT—Order! I cannot hear what is being said. The level of shouting in the chamber is absolutely disgraceful.

Senator Brown—Under these circumstances the minister should tell the Senate from which Wilderness Society outlet he bought that calendar so that members of the public can follow his example in supporting the society.

The PRESIDENT—There is no point of order.

Senator HILL—The Wilderness Society—the extremist end of the Green movement—says:

This area is a mosaic of eroded sandstone, rivers, billabongs, flood plains, paperbark swamps, mangroves, monsoon forests and extensive tropical woodlands.

This is actually a photo of the ERA Ranger retention pond No. 1. They hold this out to the world as demonstrating a most pristine environment in the Kakadu region. So the Wilderness Society, which is up in Kyoto leading the charge against the government's approval for the Jabiluka mine, is actually portraying the retention ponds at the Ranger mine as demonstrating how you can present a pristine natural environment in that region consistent with uranium mining.

It is exactly the same attitude as the Australian Labor Party's. For 13 years under Labor the Ranger mine operated environmentally safely. This is a huge open cut uranium mine in the middle of the Kakadu region. Did the ALP go to the World Heritage Committee and say, 'Put Kakadu, with this huge open cut uranium mine in the middle, on the endangered list'? No, because they were in government. But now they are in opposition, what do they say about Jabiluka? Senator Bolkus, on behalf of the Labor Party, goes to the World Heritage Committee and says, 'This new mine'—underground, a much smaller footprint, technology two decades on—'is a danger to the environment.' In 13 years of Labor the Ranger mine was not a danger. So what do the Wilderness Society and the ALP have in common? It seems that when the Labor Party is in office uranium mining is environmentally safe; when the coalition is in office uranium mining is a danger to the environment.

One of the few examples of honesty we have seen from Labor Party spokesmen in recent times is from Mrs Hickey, the ALP leader in the Northern Territory. What did she say in the Northern Territory parliament the other day? She said: 'Ranger has been operated in an environmentally safe way and Jabiluka can be also.

Senator CRANE—Madam President, I ask a supplementary question. Is the minister aware of other information which has been received by the World Heritage Bureau? Is this information accurate?

Senator HILL—I think Senator Crane might be referring to Senator Bolkus's attempts, on behalf of the Labor Party, to undermine the Australian national interest by writing and saying that Kakadu should be put on the endangered list—not mentioning, of course, that Ranger operated for 13 years safely under their regime, but that Jabiluka demonstrates that Kakadu is in danger. A letter from Senator Bolkus includes at least 18 inaccuracies of law or science. Not only do they hide the fact that under Labor uranium mining is environmentally safe, but when they seek to undermine the national interest they do it by misleading the World Heritage Committee as well. That is a disgrace and I will therefore table the letter of Senator Bolkus to the committee and the letter that I wrote in response correcting all his errors.

Senator Bolkus—Why don't you incorporate them?

Senator HILL—Senator Bolkus has called for incorporation, so if that is their wish I will do that.

The PRESIDENT—Is leave granted to incorporate the letters referred to?

Leave granted.

The letters read as follows—

Goods and Services Tax: Level

Senator SHERRY—My question is to the Leader of the Government in the Senate and the minister representing the Prime Minister, Senator Hill. Why is the Prime Minister so frightened about letting consumers know about how much GST they will pay? Why does the government want to keep the GST hidden from the public if the chairman of Woolworths, John Dahlsen, told shareholders at the company's annual general meeting that Woolworths would prefer to have the GST appear as a separate item on dockets rather than be hidden in the price of each item? Given that Australia's largest retailer wants to make sure that the public know how much GST they are paying, why doesn't the government?

Senator HILL—The GST is to be imposed at the rate of 10 per cent; there are no secrets.

Honourable senators interjecting—

Senator Patterson—Have you explained to them about strawberry Quik and chocolate Quik?

The PRESIDENT—Senator Patterson, we are waiting for you to finish interjecting.

Senator SHERRY—Madam President, I ask a supplementary question. Minister, can you confirm that the government claims one of the failures of the current tax system is that people do not know what taxes they are paying on goods? If the GST is to be part of the retail price and not displayed separately, doesn't this make the GST an embedded tax and therefore a hidden tax? How does the mother of all hidden taxes—the $30 billion GST—make the tax system fairer and more transparent?

Senator HILL—It is true that under Labor's wholesale sales tax people do not know what rate they are paying. They do not know upon which goods it applies. Madam President, the GST, by contrast, will be transparent—a 10 per cent rate of tax. People will know what they are paying and they will have the advantage that they will no longer pay the hidden wholesale sales tax.

Taxation: Contractors

Senator MURRAY—My question is to the Minister representing the Assistant Treasurer, Senator Ellison. I draw the minister's attention to the press release by John Buchanan of the Australian Centre for Industrial Relations and Training at the University of Sydney, and the newspaper report on page 6 of this morning's *Australian Financial Review*. Does the minister accept Mr Buchanan's assertion that, if construction contractors had contributed taxation on their gross income at the same rate as PAYE employees, an extra $2.2 billion in taxation income in 1996-97 would have been raised? What is the government doing to close the tax loopholes used by employees who call themselves contractors when they are, in fact, de facto employees? Will the government consider reversing its policy of forcing people out of full time, permanent employment into contractual employment?

Senator ELLISON—I thank Senator Murray for that question. It is an important matter; any matter which deals with tax evasion or loopholes in the tax laws is of great concern to this government. This is currently being investigated by the Australian Taxation Office. As to the extent of the amount that is being avoided, that is under investigation. What we are looking at in our tax reform system is an Australian business number, which we believe will go a long way to addressing this situation.

As part of a program of working with the industry in which this is taking place, we are delivering over 100,000 pamphlets to members of the building and construction industry as well as to the 4,500 businesses which are involved in this area. ATO staff are also visiting those businesses. We are looking forward to continuing to work closely with that industry in relation to the situation.

As there are currently investigations pending, I am not at liberty to reveal details such as names and people involved but Senator Murray can rest assured that the matter is under close scrutiny. We believe that in our new tax system the Australian business number will go a long way to addressing any situations such as this and will make people more accountable.

Senator MURRAY—Madam President, I ask a supplementary question. Minister, I thank you for your answer, but we need further guidance. Will the government consider legislation allowing the ATO to deem contractors as employees where they are, in fact, dependent on and not independent of employers?

Senator ELLISON—The question of whether one is an employee or a subcontractor is a vexed question of law. Aspects of control and direction apply to that. I will take up Senator Murray's question with the Treasurer and then get back to him.

Taxation: Electronic Commerce

Senator LUNDY—My question is to Senator Alston, Minister for Communications, Information Technology and the Arts. I refer the minister to the OECD ministerial forum on electronic commerce held in Ottawa in October, which identified several critical elements of an e-commerce consumption tax

framework. Can the Minister explain the implications of the following elements under the government's proposed GST: consumption taxation of cross-border trade being applicable in the jurisdiction where the actual consumption takes place; digitised products, including software, not being considered a 'good' for the purposes of a consumption tax; and intangible—or digital—property purchased from overseas attracting a reverse charge or self-assessed consumption tax? Can the minister also advise the Senate whether or not the agreement between the US and Australia on e-commerce announced by the Prime Minister yesterday includes adoption of this electronic commerce taxation framework?

Senator ALSTON—Taxation and the Internet is a very important issue and one that has been the subject of much discussion in international forums. Quite clearly, there is a long way to go before we can be satisfied that there will not be significant leakages and costs to revenue as a result. Certainly the capacity of businesses to order and download electronically, and thereby evade sales taxes, is clearly a matter of ongoing concern. That is why the Australian Taxation Office has been examining the issue of tax and the impact of electronic commerce for several years. In 1997, it published a pioneering discussion report entitled *Tax and the Internet*, which analysed both the opportunities and challenges posed by the new technology and made 29 draft recommendations. It proposes to publish a second report in the near future.

The Australian Taxation Office is aware that the fundamental concepts behind taxation are likely to be significantly affected by the capacity of the Internet to avoid jurisdictions and to blur the identification of parties to ensure, in some instances, that it will be very difficult to verify digital contracts. Clearly, a lot more work has to be done. The last thing one would want is for countries to go off unilaterally. What is expected in most countries is that there will be intelligent debate on the subject.

That is why I find it absolutely extraordinary that yesterday Senator Lundy—the wannabe shadow minister for information technology—put out a press release saying that one of the hard questions that had to be asked was: what is the view of the Australian Taxation Office with respect to e-commerce? In other words, she has absolutely no idea that not only has the tax office been looking into this issue for a couple of years, but that it released a very important report on the subject nearly 12 months ago, with 29 draft recommendations. These are matters which are the subject of discussion around the world and ones in which the Australian government has taken a keen interest, both in OECD and other forums. Senator Lundy seems to be totally oblivious to all that has been going on. I can understand why she is making a late run—

Senator Cook—Madam President, I rise on a point of order which goes to relevance. Senator Lundy asked three specific questions of Senator Alston. Instead of answering them, we have got from Senator Alston a tour of the subject and an exposition of the complications but, so far, complete evasion as to whether or not he intends to answer those three questions. We now have 90 seconds left for Senator Alston to answer. I suggest, Madam President, that it is appropriate that you might direct him to apply himself to the hard questions that Senator Lundy has asked rather than simply to evade the issue.

The PRESIDENT—The answer being given is relevant to the question. The detail as to whether or not he deals with the matter specifically I cannot direct him on.

Senator ALSTON—I do not wish to perpetuate the embarrassment of Senator Lundy beyond what is absolutely necessary, but I will say that the GST will clearly make a very significant impact in reducing the costs of many businesses because it will replace—

Senator Robert Ray—You've got no idea whatsoever. You haven't got a clue.

Senator ALSTON—I know the cricket is not on so you have decided to come in here today, but the least you can do is follow it when you are in your room or get someone to give you a summary, because then you would understand. I would have thought that it has been made abundantly clear already that the replacement of a 22 per cent wholesale sales

tax on a whole raft of goods that go to the heart of electronic commerce will be of enormous benefit to that industry and will much more than offset any cost of the GST in relation to electronic commerce. The fact is that many of those imposts will be tax neutral so that, whether they are imports or exports, there will not be any additional costs on business.

Senator LUNDY—Madam President, I ask a supplementary question. Can the minister advise the Senate whether or not the ATO report will be released in time for its due consideration by the Senate in the context of the GST deliberations that are forthcoming? Minister, don't these issues highlight the fact that the GST is a tax that will have difficulty coping in a globalised electronic commerce environment, proving that the GST is a tax for times past, not a tax for the new millennium?

Senator ALSTON—I am not entirely clear what Senator Lundy is talking about. She asked me whether the ATO report will be released in time for the debate, and I have just made it clear that the ATO report was released in 1997.

Senator Lundy—No, the new one.

Senator ALSTON—You did not say anything about any new report. If you are wanting to talk about a new report, we will have to change the standing orders to have supplementaries on supplementaries. You asked me about the ATO report. All I can suggest is that there are still limited copies available and there is an opportunity for you to get one for yourself and digest it, and then you might have a better sense of what is happening in the real world.

Telecommunications: Competition Reforms

Senator WATSON—My question is directed to the Minister for Communications, Information Technology and the Arts, Senator Alston. I would like to preface my question by saying that the Australian Taxation Office is certainly at the forefront of world developments in terms of acknowledging the problems of electronic commerce. The minister would be aware that it is now 18 months since the Howard government introduced free and open competition into Australian telecommunications. Will the minister outline to the Senate the benefits of such competition and provide the Senate with examples where the introduction of competition has delivered lower prices and a wider range of suppliers for Australian business users of telecommunications? I think it will be good news.

Senator ALSTON—I think the good news is that Senator Watson has been prepared to give a glowing endorsement of the Taxation Office. He is well aware of what it has been doing in relation to electronic commerce and tax on the Net. Perhaps he might be prepared to conduct a few seminars for those opposite, who clearly had no idea that any such work had been undertaken.

The world has changed dramatically since 1 July when we introduced competition into telecommunications. There are something like 22 new carriers that have been granted full licences. Most importantly, what is really good news is that consumers are benefiting by dramatic cost reductions, better quality of service and a greater range of products. That has come about not only for residential consumers but particularly for the business community. The findings of the Deloittes telecommunications survey released yesterday, which surveyed 100 of Australia's top companies, demonstrated very significant benefits. In fact, all companies responding to the survey indicated that they had made savings, by changing suppliers or simply by renegotiating contracts with current suppliers within the new competitive environment. Sixty-six per cent of respondents have reviewed their telecom supply contracts since deregulation, 47 per cent have changed suppliers and 13 per cent are considering doing so.

Price is the key factor: 71 per cent of responding companies made savings of 10 per cent or more and nearly 10 per cent made savings of 30 per cent or more. For the majority of those companies, almost two-thirds, their telecommunications bills are over $2 million. At the lower end of the range, therefore, savings of at least $200,000 a year are being made. These cost savings impact on the wider economy and bring greater benefits to

consumers because those savings are passed on in a competitive environment. Deloittes concludes that competition is already delivering real benefits for the majority of players and will continue to drive prices down despite industry debate about the pace of reform.

This survey is telling proof of the substantial economic and social benefits which have arisen as a result of the government's firm commitment to free and open competition in the telecommunications sector. It has been despite the opposition. They have not for a moment given any encouragement to those who might be out there wanting to reap the benefits of these new services that are becoming available for consumers. For example, the Department of Communications, Information Technology and the Arts has found that Telstra's rate to the US at peak times was $1.28 per minute in 1996, and by June of this year some competitors were charging as little as 37c per minute.

So, in response to Senator Watson's question, the answer is that it has been very good news indeed. The process will continue. Competition will no doubt mean that Australia will continue to be a centre of attention for the rest of world, a place for regional hubs to be established and a place for consumers to really reap the benefit of the return of the coalition government.

Senator Hill—On that good news note, Madam President, I ask that further questions be placed on the *Notice Paper*.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Telstra Sale: Stockbroking Costs

Senator ELLISON (Western Australia—Special Minister of State) (3.04 p.m.)—Yesterday Senator Murphy asked me a question in relation to the sale of Telstra and the dealing of stockbrokers in relation to that. I can advise that a selection process is currently under way for key advisory roles in relation to sale of the next tranche of Telstra Corporation Ltd. The list of candidates will not be disclosed for commercial confidentiality reasons. An announcement of the successful candidates is likely to be made by the Minister for Finance and Administration towards the end of the year or early in the new year.

Information Technology: Department of Finance and Administration Outsourcing

Senator ELLISON (Western Australia—Special Minister of State) (3.05 p.m.)—I was asked a question without notice by Senator Faulkner, on which I promised to get back to him, in relation to the IT functions of the Department of Finance and Administration. I table this answer and seek leave to incorporate it.

Leave granted.

The answer read as follows—

Senator Faulkner asked the Special Minister of State, without notice, on 1 December 1998:

"Is the Minister aware that since outsourcing the IT functions of the Department of Finance and Administration to IBM-GSA, DOFA's mainframe function, which was housed in Canberra, is to be shifted to Sydney between 24 and 29 December? Minister how many jobs have already been lost due to this shift in function, and how many jobs will be lost?"

Supplementary

"Perhaps the Minister could also establish how many other IT mainframes functions are currently being shifted, or are planned to be shifted, by other government departments to Sydney and Melbourne through the outsourcing process?"

Senator Ellison—the answer to Senator Faulkner's question without notice is as follows:

A mainframe computer owned by IBM-GSA will be moved from Canberra to Sydney over the Christmas break of 1998.

DOFA has outsourced all its IT infrastructure and IT support. The DOFA mainframe was transferred to IBM-GSA in November 1997.

No public sector positions will be lost as a result of the move of the mainframe computer to Sydney.

Other Commonwealth mainframe computers will be outsourced as a result of current OASITO tendering activity; however, the end locations of these computers is not known and will be a matter for the successful service providers.

Many of the staff who previously provided IT Services for DOFA in-house have taken up jobs with the outsourced provider and elsewhere in the private sector:

Number of staff redeployed within DOFA	5
Number of staff redeployed within APS	7
Number of staff employed by IBM-GSA	16
Other (voluntary redundancy)	25

The Government's commitment to SMEs in its outsourcing program ensures that new employment opportunities are created. For example, under DOFA outsourcing, IBM GSA is committed to contracting approximately $5 million in 5 years to small to medium enterprises.

DOFA has achieved significant savings for taxpayers and much better service as a result of IT outsourcing.

Savings of around 45% over 5 years were expected from outsourcing IT. Savings are already slightly ahead of projection for this stage of the contract. First year savings of 31% have been achieved against a projection of 24%.

The Department is also benefiting from the worldwide expertise and knowledge of its private sector service partners through their best ideas and practices.

This government takes job creation very seriously and anticipates that outsourcing will lead to industry development and the creation of world class reference sites which will provide for additional and meaningful job growth. By staff joining world class organisations, another benefit is an increase in skills.

Jabiluka Uranium Mine

Senator HILL (South Australia—Minister for the Environment and Heritage) (3.05 p.m.)—Senator Brown asked a question today about whether there was any chance of mining taking place at Jabiluka during the next six months. I want to draw his attention to the press release of ERA put out yesterday in which the company said:

There has never been any intention to mine or remove uranium from Jabiluka during the six-month interim period.

Goods and Services Tax: Regional Australia

Senator MACKAY (Tasmania) (3.06 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Regional Services, Territories and Local Government (Senator Ian Macdonald), to a question without notice asked by Senator Mackay today, relating to the Government's proposed goods and services tax.

I did have a few notes prepared but, before I go into those, I would like to say that I think we have uncovered a secret obsession here. Senator Ian Macdonald has been asked so far, on my reckoning, four questions since becoming a new minister, and in each and every answer he has just gone on and on about trucks—big trucks, little trucks and middle sized trucks. I have to say that I fear he is going to be a great disappointment to the rail lobby when they get to hear about this complete obsession with trucks. I am not sure what happened to Senator Ian Macdonald when he was young playing in the sandpit, but I think we are talking serious truck deprivation here. In the four questions that he has been asked, the response has been to talk about big trucks, wheels and so on.

The question we in fact asked was a question posed not by this side of politics but by Mr Katter, who made the assertion, absolutely correctly, that the cost of living in regional and rural Australia is substantially higher and therefore he says, correctly—this is not us saying this—that the GST that country Australians, people living in regional and rural Australia, will pay will be higher as well. I asked that question initially of Senator Ian Macdonald, and I will repeat what Mr Katter said, because it is worth repeating:

The cost of living in country areas is much higher than in the capital cities, so if the cost of living is higher therefore the GST that we are going to be paying will be higher as well.

Senator Ian Macdonald responded, 'I think what Mr Katter is saying is that the cost of living is in fact lower in regional Australia and therefore prices are going to be lower.' So that was missed.

The second point of the question we asked was to substantiate something that every single person in this chamber knows, whether they are prepared to say it or not—that is, that prices in regional and rural Australia are substantially higher than those in the capital cities. As I said, you on the other side of the chamber do not necessarily have to believe us, but I think an impeccable source in relation to this information is *Choice* magazine. Incidentally, *Choice* magazine factors in the cost of transport. I think that is something we

might explore, given Senator Ian Macdonald's obsession with trucks. We might have a few more questions in relation to this.

Choice said in July 1998 that a set basket of goods, which everybody is aware of, in Castle Hill in Sydney cost $66.24. *Choice*, not us, then went on to make some comparisons in terms of rural and regional Australia. I could go on, because there is a long list here, but I will not; I will just point out some 'choice' examples—if I can use that dreadful pun. In Westcourt in Cairns, for example, the same basket of goods cost $78.06; in Newnham in Launceston, $86.68; in Casuarina in Darwin, $81.87; in Geelong East, $87.60. That is empirical evidence that the cost of living is substantially higher in regional Australia in relation to food. We could go on and I am sure that others who will be speaking will be going on in relation to what has happened in rural and regional Australia, particularly in my home state of Tasmania.

Senator Abetz—You do go on!

Senator MACKAY—My home state of Tasmania is only too aware of what the coalition has done in relation to regional Australia. We all know, of course, that Tasmania is a regional microcosm, and that regional microcosm voted Labor, completely, assisted by Senator Abetz's best attempts in relation to campaigning. I reiterate on behalf of the opposition our thanks to Senator Abetz for his campaigning efforts. We were fairly disappointed that we did not see more of Senator Newman, because we suspect that we actually could have got our vote even higher. But, anyway, that will assist in relation to Bass.

The bottom line is that Mr Katter is correct. The CPI is higher in regional and rural Australia, therefore the GST will be more. Regional and rural Australia are hurting very badly. Don't believe us—ask the National Party. Ask the National Party what they think about the actions of this government in relation to regional and rural Australia; they are very concerned. Mr Katter is correct. The bottom line is that people in country areas pay more than people in city areas, therefore the GST will have a disproportionate effect—those are the facts. *(Time expired)*

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (3.11 p.m.)—We are indebted, of course, to Senator Sue Mackay for raising the issues of tax and the way that the new tax system, introduced by the Treasurer this very morning in the House of Representatives, will benefit regional Australia.

Senator Mackay, even though she purports to come—and indeed the record will show that she does—from a regional part of Australia, either seeks to mislead people about the effect of the existing tax system and the effects of a change in the tax system on regional Australia or she just simply does not understand it. Senator Ian Macdonald in question time today very eloquently and accurately portrayed the effect of the existing tax system on regional and remote Australia. Those effects are felt no harder anywhere in Australia than in my home state of Western Australia, where virtually everything that is consumed has to travel over enormous distances. Much of the food and other items consumed in the capital city of Perth have to come across the Nullarbor, either on big trucks or on big trains. All of those big trucks and all of those big trains consume big amounts of diesel and other fuel.

Many of the people who live in the northwest of Western Australia rely on a transport system that, when it gets all the way from the eastern states to Perth, still has to make another journey of more than 1,000 miles to get up to the townships of Karratha and Kununurra and to the Pilbara and the Kimberley. So the cost of transport is an enormous part of the tyranny of distance in Australia.

Senator Sue Mackay related some figures from *Choice* magazine which clearly indicated the tyranny of distance and the cost differential suffered by people who live far away from the production centres of Australia. She really nailed home the point that the cost of a basket of groceries is a lot higher. What is the major cause of that differential? It is the distance that those goods have to travel. The old Labor wholesale sales tax system was designed in the 1930s for a 1930s world—a

world without computers or modern communications systems; a world that was a very different place to that in which we live now. What do we seek to achieve by abolishing that outdated system? It is a system that the Australian Labor Party support. They offer no alternative to it.

In question time today we had a question from Senator Lundy in relation to the Internet. We have seen a number of press releases from Senator Lundy about the Internet and people in the rural regions of Australia who want to get access to e-commerce, to get onto the Internet and to get themselves online. What does the Australian Labor Party say to those people? Before they can get online and before they can get connected, what do they have to do? They have to pay the tax office 22 per cent up-front.

Senator O'Brien—That is wrong. That is a distortion.

Senator IAN CAMPBELL—Senator O'Brien says that is wrong and that it is a distortion. Senator O'Brien, within a few weeks, is going to have the opportunity to vote for a new tax system and the end of wholesale sales tax. He has the chance to vote for that bill and get rid of the 22 per cent sales tax on computers, on peripherals—on every single bit of computer hardware.

Senator O'Brien—Why don't you tell the truth?

Senator IAN CAMPBELL—Poor Senator O'Brien says that is not the truth. Senator O'Brien, I refer you to the sales tax acts of this land, the acts that your Labor Party government amended to increase taxes year after year. You have the right to vote for a bill that will get rid of that tax. This Labor Party wants to have a 43c a litre cost added to the price of diesel. Our government wants to reduce that. We want to reduce the tyranny of distance, we want to reduce the cost of groceries in remote and regional Australia, but the people opposite want to put the prices up.

The gross hypocrisy of the Australian Labor Party in this place is that Senator Forshaw wants to support a tax system that taxes the tyranny of distance. That means the further a good travels across Australia, the higher the tax and the higher the price. That is the choice. It is very simple; it is very clear. Even someone with the intellectual ability of Senator Forshaw should be able to work it out. You want to have the 43c a litre extra tax on diesel that we are getting rid of. *(Time expired)*

Senator HOGG (Queensland) (3.16 p.m.)—Having listened to Senator Campbell, it is quite obvious to me that he did not listen to the question posed by Senator Mackay. It was in respect of a comment that had been made by Mr Katter. It is worth while going back to have a look at what Mr Katter has said about this issue. Mr Katter, in the Australian Associated Press release of 30 October 1998, said:

> Clearly a GST where the cost of living in the Gulf of Carpentaria is 40 per cent higher than in Brisbane, their GST will be higher.

He goes on to say in the same release:

> Now there'll be offsets to that as far as freight costs go but there won't be enough to achieve the fairness that should be delivered by this approach.
>
> Clearly, something needs to be done to achieve fairness.

So what Mr Katter was arguing for—and that was the point of the question—was fairness and offset. This question has not been addressed by the government. It is insufficient to point the finger solely and simply at the issue of road costs because even Mr Katter concedes, and I know and you know, that the price differential out in the rural and remote areas throughout Australia, in the decentralised parts of Australia, is significantly higher and not solely—but significantly—attributable to the road costs.

The government states at 61.01 in their tax package that the road transport costs, the costs to the road transport companies, will go down by 6.7 per cent. When one looks at the price effects on the consumers, as listed at page 172 of the same document, it says the transport costs will go up by 2.6 per cent. They are not my figures, they are the figures in the government's document. So, quite clearly, what Mr Katter is on about is compensation to those people who live in rural and remote areas—not only of Queensland but of Western Australia and other decentralised parts of

Australia—for the increased tax that they will have to pay because they are paying a higher price.

Senator Ian Campbell—What did you compensate them for in 1993, you hypocrite?

Senator HOGG—Wait a minute. What we are saying, Senator Campbell, is that those people in the rural and regional areas will be paying a significantly higher amount of tax. The 10 per cent might be the same but the tax that those people are paying will be higher. On the issue of compensation and how it was addressed by the Deputy Leader of the National Party, one goes to the *Age* of 24 September this year. I cite the article of 24 September from the *Age*. It states:

> The Nationals' deputy leader, Mr John Anderson, ruled out further compensation measures to protect rural residents. "I believe that we have ensured that no one will be worse off," he said.

That is simply not the case because people in rural parts of Queensland, for example, where their prices are significantly higher, will pay a significantly higher proportion of that money through the GST. So Mr Katter expresses a view which the coalition have failed to address in their policy. Let us look further at comments made by Mr Katter. A release from the *Herald and Weekly Times* of 16 September this year stated:

> Mr Katter and Dawson MP De-Anne Kelly have promised to cross the floor to protest against the GST, unless compensation is offered, claiming fuel prices will rise under the government's packages.

Wherever you look you will see that Mr Katter at least is consistent in his approach in defending his constituency out there. Mr Katter sums it up by saying in the *Australian Financial Review* of 1 December that he was concerned that the GST would make goods and services in remote areas even more costly. So the issue is compensation, the issue is the fact that the 10 per cent will be applied differently because prices are higher in rural and regional areas. The rural constituents and regional constituents will pay more.

Senator WATSON (Tasmania) (3.21 p.m.)—The thrust of Senator Mackay's question was an attempt to distinguish between the indirect cost effect of the Labor Party's proposals—the troglodyte theories they have at the moment—as opposed to the new taxation system that the Liberal-National coalition proposes. In line with Senator Mackay's evaluation, which was not all that accurate, I propose to use the microcosm that she used, and that is my state of Tasmania, because this new tax system will have a very positive impact on the state and also on the finances of the state. Our state, Tasmania, will benefit in many ways from this new taxation system, which is more than just a GST.

The Tasmanian economy will benefit because the cost of transporting goods and passengers across Bass Strait will be reduced due to the effective elimination of the tax on marine fuel—a very important cost of getting across Bass Strait. The net excise payable on diesel fuel—also used in the heavy transport and rail industries—also will fall sharply.

The Labor Party seems to think we have an obsession with rail and heavy trucks—true. The transport industries will be big beneficiaries because these are the industries that will lose the heavy wholesale sales tax on all their inputs—their tyres, their tarpaulins, their spares, their jinkers, and so on. The farmers and the miners will also pay less for petrol and diesel because they will be able to claim input tax credits for business purposes.

Senator Murphy—They're going to pay.

Senator WATSON—Also, our state of Tasmania, Senator Murphy, will benefit, being a major exporting state. Think of that competition that we now suffer from New Zealand, quite unfairly, because of the cascading impact of all those sales taxes and other taxes. Whereas, under a GST, our farmers and our horticultural producers on the north-west coast—around Launceston, if you are not even aware of it—will benefit because, other things being equal, they will be able to compete on a much more level playing field. We know they are competitive now, so how much better off will they be? How many more jobs will be found?

It will also affect tourism. What happened to tourism last year as a result of that great deal between the Rundle government and the federal coalition? We saw the introduction of the Incat services which brought in $16 million of extra revenue to Tasmania and

extended the tourism season well into the wintertime. The tourism industry will be a big beneficiary from the lower transport costs. Tourism promoters in the remote areas will also benefit from their relief from excise for off-road use of diesel—remote area power generation, and so on. We are looking at a combination of all those tax measures which are there to benefit Tasmania. So far as the government of Tasmania is concerned, it will have sustainable revenue to spend on important community services. This measure will also permit the abolition of some of the worst taxes, like the bank transactions tax and certain other taxes.

Let us summarise the benefits to rural and regional Australia, because that is what the question is all about. The coalition can deliver real benefits to real Australia where the real incomes are earned—out in the regions. That is indeed good. We have always acknowledged the problem in Australia of the wholesale sales tax and the problem it creates for transport in getting goods to remote areas. The cost of transport to rural and regional Australia will effectively be reduced. Let us look at the figures: the cost for off-road users will reduce from 43 cents per litre to zero cents per litre and, for the larger transport users, including rail, it will reduce from 43 cents per litre to 18 cents per litre. These cost savings will be passed on. They will benefit the consumers. They will benefit the people who need this. On top of that, there is a saving of seven cents per litre on petrol for business users. *(Time expired)*

Senator MURPHY (Tasmania) (3.26 p.m.)—I was very interested in Senator Watson's comments. They seem to be a contradiction of his comments when he attended the party's state conference not so long ago. Senator Watson received a swift kick up the rear end when he said that he would propose to the Prime Minister—indeed, I think he said that he told the Prime Minister—that there ought to be greater compensation. Senator Watson, if you have to have greater compensation for lower income people—obviously, there will have to be—and those on benefits, et cetera, then how do you compare that with the position you just espoused here? I understand that you did receive that swift kick, and I can understand that you are now trying to claw your way back into favour. Bob Katter did have it right: it is going to cost more.

I will deal with the issue of groceries, for a start. The fact is that most small retailers, with the introduction of a GST, will have to increase their profit share just to stand still. You know why that is, Senator Watson, and Senator Calvert, you ought to know why it is—

The PRESIDENT—Address the chair, please, Senator Murphy.

Senator MURPHY—It is because they will have to increase their profit share or their take from 30 per cent to 40 per cent just to take account of the GST, just to stand still—let alone any other costs. We know that.

Where do these small businesses exist? They exist for Senator Ian Macdonald's benefit. He always seems to want to mention Boulia, Hughenden, Kynuna—places in Queensland where good old Senator Macdonald comes from. Those places all have small businesses. They are the ones that will be confronted with the heavier costs.

Senator Watson interjecting—

Senator MURPHY—Yes, it is true: costs have always been greater in the bush. True. But the fact of the matter is that you, Senator Watson, and a few others somehow believe that the great majority of the transport industry will somehow pass on a 6.7 per cent decrease—if there is a 6.7 per cent decrease; that is an unknown factor at this point—in the cost of transport.

I spoke to a lot of transport operators around Tasmania during the course of the election campaign. Of course, they would welcome any reduction in the cost of transport. I asked them a question: will you pass on any benefit you receive in cost reduction? Of course they won't, and why won't they? Because they are confronted with a whole range of state costs—registration costs and other road taxes that are applied by the state government—that will not be removed under your proposal. Most of them are struggling to make ends meet. They have to work signifi-

cantly long hours just to make ends meet—just to make a wage. Can you see them passing on a 6.7 per cent decrease? Not likely!

I was listening, just a while ago, to the House of Representatives question time when the Minister for Aged Care was asked a question about fees on food, et cetera, for people in aged care. She was asked if that would apply. The minister did not answer the question, and the reason the minister did not answer the question is because it will apply. All these people—aged people, people on benefits, the unemployed, et cetera—will be confronted with higher costs under the GST. There is a claim that everything will be cheaper.

Senator Ian Campbell—Are you saying they passed on your increases in wholesale sales tax?

Senator MURPHY—I suppose you are representing the ACCC, which you are going to make the price police of the country. What a real great job they have been doing!

Senator Margetts interjecting—

Senator MURPHY—No, they will make them the price police for the GST. How are they ever going to begin to even monitor price charges, price costs, around the country? They simply cannot.

Senator Calvert—How do they do it now with the wholesale sales tax?

Senator MURPHY—But the argument by you on behalf of the government is that things will get cheaper, not dearer. You say that the ACCC will be given the responsibility of carrying out those checks. They will simply not be able to do it. The reality is that Bob Katter was right when he said that things are going to get dearer. Senator Watson was right when he said we needed greater compensation.

You were right when you said it, Senator Watson, at the state conference. You should stand up to your government and keep pushing the issue. Things will get dearer under the GST, not cheaper. That is what the government is trying to hide from the people, and we will find that out during the course of the inquiry that will be conducted by the Senate committee. *(Time expired)*

Senator GIBSON (Tasmania) (3.31 p.m.)—We are talking about regional Australia. Let's go back a few years. What did the Labor Party do for regional Australia? What did they do? Weren't they the people who ran this economy into the ground? Aren't they the people who borrowed heavily when Keating was Prime Minister? They borrowed an additional $70 billion by the Commonwealth government and spent the lot.

Senator Forshaw—Come on!

Senator GIBSON—Yes, you did. You spent the lot. You also sold off $9 billion worth of assets—Qantas, half the Commonwealth Bank and CSL. You spent the lot. Because you spent the lot, you managed to get the economy going reasonably well but then we had to pay the price of that. People in regional Australia had to pay the price. Interest rates way through the roof—that is what they had to pay for. Everyone in business in regional Australia is very dependent on interest rates. You were the people who put interest rates through the roof.

Senator Murphy—We were the people who put in place proper reform to bring interest rates down.

Senator GIBSON—You put interest rates through the roof because you were out of control and were spending taxpayers' money when taxpayers did not realise what you were doing. But, since we have been in, the economy has been brought back under control. Today's economic figures are a vindication of the government's good economic management. Why? Because the government has been living within its means like every other household in Australia, including those in regional Australia.

Everyone in regional Australia knows that the fundamental thing you have to do is actually live within your income. You have never learnt that, and you are still preaching spending up and spending big. That is what you did in the last four years of your reign and people in regional Australia were badly hurt as a consequence.

Now we have got interest rates down to the lowest level for several decades. They are at record low levels. We have strong economic growth. We have low inflation. They are the key things that really matter to people in regional Australia. Why are they living in regional Australia? They are running businesses in regional Australia. That is what it is all about.

The next thing, which we put on the agenda over a year ago, is tax reform. Why do we want tax reform? Because everyone in Australia knows the current tax system is an absolute mess. The Labor Party is committed to keeping the wholesale sales tax. You put it up substantially in 1993 and hurt people, with no compensation—no compensation to regional Australia, no compensation to pensioners, no compensation to anybody. You put up taxes very substantially in 1993 without warning anyone about it.

We have gone out and said, 'We want to change the tax system to make it fairer. We want to restore incentives for people to work, save, invest and prosper.' That is what we are on about. In regional Australia our new tax system will provide just that. It will provide big incentives for people to actually stay in the regions and make businesses work. Why? Because we are going to deliver, on average, 3.2 per cent lower costs for business in Australia.

The regions of Australia are the major exporters. From this new tax system the cost of exports are going to be down by 3½ per cent, equivalent to $4½ billion per annum. What is going to come out of this? Lower costs for business, lower costs for exports, stronger economic growth and more jobs.

The firm, Econtech, which is here in Canberra, did a job for KPMG a couple of months ago. Their estimate was that the Australian economy would grow by 1.8 per cent extra as a result of this tax reform and would provide many thousands of jobs as a consequence. Other estimates have been done, not by the government but by others, running the extra economic growth up to as far as 3½ per cent higher. So the regions will, in fact, be better off. They will have lower income taxes, more money to spend in their pocket and their businesses will prosper so they will have more jobs, higher incomes and be better off. My colleagues have been through the matter of lower transport costs which are really the dominating costs in regional Australia. We are lowering those costs substantially, by 6.7 per cent, particularly with regard to trucks. Truck costs will be a lot lower and so transport costs into all the regions of Australia will, in fact, be a lot lower.

The DEPUTY PRESIDENT—Order! The time for the debate has expired.

Question resolved in the affirmative.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows:

Private Health Insurance: Premiums

To the Honourable the President and Members of the Senate in Parliament assembled:

The petition of the undersigned citizens of Australia draws the attention of the Senate to the need to encourage participation in private health insurance both to allow individual freedom of choice and to maintain a viable health system.

Your petitioners note with satisfaction the Government's proposal to provide a 30 per cent rebate on all private health insurance premiums, without means test, from 1 January 1999. This is necessary to allow those persons who are prepared to take responsibility for their own health care to be able to afford to do so.

We believe that private health care is an essential part of our health care system.

Your petitioners therefore ask the Senate to ensure that the legislation providing this rebate is passed without delay.

by **Senator MacGibbon** (from 72 citizens).

Newsagents: Newspaper Distribution

To the Honourable the President and Members of the Senator assembled in the Parliament.

The Petition of the undersigned draws attention to the potentially damaging affects of National Competition Policy on small business such as newsagents.

Your petitioners ask the Senate in Parliament to call on the federal government to review the decisions of the Australian Consumer and Competition Tribunal which threaten the viability of newsagents and introduce legislation to override these decisions and preserve the current system of

distribution for magazines and newspapers through Australian newsagents.

by **Senator Bartlett** (from 1,114 citizens).

Nursing Homes: Fees and Charges

To the Honourable the Speaker and Members of the Senate

This Petition of Australian Citizens respectfully showeth:

Total opposition to the introduction of higher fees and charges for nursing homes patients. An alternative would be an increase in the general medicare levy for needed nursing home funding.

Your petitioners in duty bound ever pray.

by **Senator Harradine** (from 370 citizens).

Petitions received.

NOTICES

Presentation

Senator Tambling to move, on the next day of sitting:

That standing order 25 be amended as follows:

Omit paragraph (5)(a), and substitute the following paragraph:

(5)(a) The references committees shall consist of 6 senators, 2 nominated by the Leader of the Government in the Senate, 3 nominated by the Leader of the Opposition in the Senate and one nominated by minority groups and independent senators.

Senator Lundy to move, on the next day of sitting:

That the Senate notes:

(a) the wonderful work that has been carried out by many of Australia's Olympic athletes, such as Kate Slatter, Hamish MacDonald and Daniel Kowalski, as part of the Goodwill Sporting Ambassadors program of the United Nations High Commission for Refugees; and

(b) that this initiative highlights the potential sport has as a coalescing force in society as well as focusing national and international attention on important world issues.

Senator Margetts to move, on the next day of sitting:

That the Senate—

(a) notes that:

(i) the decision of Justice R Finkelstein, handed down on 30 October 1998 in the Federal Court of Australia, found that there was no evidence to support the Refugee Review Tribunal's finding and the Government's position that the East Timorese applicant in that case had effective Portuguese nationality,

(ii) Justice Finkelstein's decision, being based on evidence of the Portuguese Government's refusal to recognise the East Timorese as Portuguese nationals and not the applicant's particular circumstances, may be taken as having general application across all East Timorese asylum seekers' cases, and

(iii) on 20 November 1998, the Minister for Immigration and Multicultural Affairs (Mr Ruddock) lodged an appeal to the Full Bench of the Federal Court of Australia against the decision of Justice Finkelstein, despite the futility of this appeal given the clear unwillingness of Portugal to accept East Timorese in Portugal on an involuntary basis; and

(b) calls on the Minister to:

(i) withdraw his appeal to the full Federal Court of Australia, and

(ii) create a special visa category to expeditiously resolve the status of the East Timorese asylum seekers.

Senator Allison to move, on the next day of sitting:

That the Senate—

(a) notes that the Office of the Supervising Scientist has detected more than 100 incidents of leaks and breaches at the Ranger uranium mine over the past 18 years;

(b) condemns the Minister for the Environment and Heritage (Senator Hill) for misleading the Senate by claiming that:

(i) the Ranger uranium mine has not damaged the environment, when history shows this not to be the case,

(ii) 1 000 jobs will be created by the Jabiluka mine when the environmental impact statement indicates that it will only create a handful of extra jobs, and

(iii) indigenous people have enjoyed the benefits of royalties from the Ranger uranium mine, when this money has largely been spent on public services normally provided by government; and

(c) urges the Government to proclaim the Kakadu world heritage property as threatened and to then issue a determination to stop further construction work on the mine.

Notice amended by Madam President pursuant to standing order 76

Senator Tambling—I rise on a point of order, Madam Deputy President. Notices of motion are meant to be succinct and able to be dealt with by the Senate. I ask that you give regard to an appropriate editing of this notice of motion.

The DEPUTY PRESIDENT—I will certainly be asking the President to do such a thing. I draw Senator Allison's attention to standing order 76 next time she is preparing a notice of motion.

Senator Bourne to move, on the next day of sitting:

That the Senate—

(a) notes:

(i) the international focus on wars on drugs, zero tolerance of drugs and combating of crime,

(ii) that international drug revenues are huge and certainly greater than the revenues of many countries, and

(iii) the United Nations General Assembly's special session on drugs, which called for a shift in drug control policies from punishment to public health;

(b) expresses concern that the Australian Government is not attempting to deal with the social and personal consequences of the drug trade around the world; and

(c) calls on the Government to consider drug use and drug abuse as health issues.

Senator O'Brien, at the request of **Senator George Campbell**, to move, on the next day of sitting:

That the Senate adopts the recommendation of the Finance and Public Administration References Committee contained in its second report on the review of the order for the production of indexed lists of departmental and agency files, as follows:

(1) That each department and agency provide, on its internet home page, access to an indexed list of all relevant files created from 1 January 1998, with the present exclusions to continue (departments and agencies may choose to maintain online an indexed list of all new files created from that date or to maintain online an indexed list of, as a minimum, the most recent year's file creations).

(2) That the order of the Senate of 30 May 1996 be varied to provide for the tabling in the Senate on the present six-monthly basis of letters of advice that such indexed lists of files have been placed on the internet.

Senator Woodley to move, on the next day of sitting:

That the Senate—

(a) notes:

(i) that by 12 years of age, 15 per cent of school children have tried alcohol,

(ii) that 70 per cent of female and 50 per cent of male 14- to 24-year olds consume alcohol in quantities which are hazardous or harmful, and

(iii) that alcohol is sold as a legal drug in Australia; and

(b) expresses concern that the consumption of the drug alcohol among our young people deserves attention to address the causes of alcohol abuse among young people.

Senator Murray to move, on the next day of sitting:

That the Senate—

(a) calls on the Federal Government to release all research on drug use by young people, including the high levels of use;

(b) notes:

(i) the reality of drug use among young people,

(ii) the experience that zero tolerance is ineffective in stopping drug use, and

(iii) that it is important not to ignore the reasons why young people take drugs; and

(c) expresses concern that drug taking is a phenomenon among young people which requires innovative and constructive strategies to be addressed.

Senator Bartlett, at the request of **Senator Lees**, to move, on the next day of sitting:

That the Senate—

(a) notes the positive measures taken by the Department of Health and Family Services in producing resources, such as *Rethinking Drinking* and *Candidly Cannabis*, which recognise the reality that some young people take drugs; and

(b) encourages the Government to make information available which minimises health risks.

Senator Stott Despoja to move, on the next day of sitting:

That the Senate—

(a) notes the:

(i) response of the Government to Senator Stott Despoja's comments on drugs among young people,

(ii) failure of the Government to deal with drug abuse in Australia as a health issue, and

(iii) good work the Department of Health and Aged Care has done and is doing; and

(b) calls on the Government to implement alternative strategies to deal with drug abuse knowing that zero tolerance, wars on drugs and total prohibition has not worked.

Senator Allison to move, on the next day of sitting:

That the Senate—

(a) notes that:

(i) more than 8 per cent of under 13-year olds have tried tobacco,

(ii) governments in Australia raise $4.6 billion in tobacco taxes, and

(iii) governments spend less than 1 per cent of the $4.6 billion on smoking prevention programs; and

(b) expresses concern that governments are concentrating on catching drug smugglers at Australia's borders and ignoring the open sale of legal drugs like tobacco.

Senator Chris Evans to move, on the next day of sitting:

That the Senate—

(a) notes that Thursday, 3 December 1998, is International Day of People With a Disability;

(b) reasserts its commitment to achieving an Australian society where people with a disability can live, work and participate as valued and equal citizens.

(c) expresses its deep regret at the recent death of Australia's first Federal Disability Discrimination Commissioner, Ms Elizabeth Hastings; and

(d) congratulates all state and national winners of the Prime Minister's Employer of the Year Awards.

Senator Bartlett to move, on the next day of sitting:

That the Senate—

(a) notes that the first national survey of illicit drug use in secondary schools, (*Australian*, 19 November 1998, p.1) revealed that children as young as 12 have access to the full range of legal and illegal drugs, including heroin; and

(b) supports the ongoing efforts by many in the community to reduce demand for both legal and illegal drugs.

Notice amended by Madam President pursuant to standing order 76

Senator Allison to move, on the next day of sitting:

That the Environment, Communications, Information Technology and the Arts References Committee be authorised to hold a public meeting during the sitting of the Senate on Tuesday, 8 December 1998, from 3.30 pm, to take evidence for committee's inquiry into the development of Hinchinbrook Channel.

The DEPUTY PRESIDENT—Before we move from notices of motion, I draw the attention of senators to standing order 76, particularly section 7, which states that a notice shall consist of a clear and succinct proposed resolution or order of the Senate relating to matters within the competence of the Senate and shall not contain statements, quotations or other matter not strictly necessary to make the proposed resolution or order intelligible. I draw that to the attention of honourable senators for future notices of motion.

COMMITTEES

Selection of Bills Committee

Report

Senator CALVERT (Tasmania)—I present the 12th report of 1998 of the Selection of Bills Committee and move:

That the report be adopted, but that, in respect of the proposed referral of the Workplace Relations Legislation Amendment (Youth Employment) Bill 1998, the bill not be referred to a committee.

Question resolved in the affirmative.

Senator CALVERT—I also seek leave to have the report incorporated in *Hansard*.

Leave granted.

The report read as follows—

REPORT NO. 12 OF 1998

1. The Committee met on 1 December 1998.

2. The committee resolved:

(a) That the provisions of the following bills be ***referred*** to committees:

Bill title	Stage at which referred	Legislation committee	Reporting date
Workplace Relations Amendment (Unfair Dismissals) Bill 1998 (see appendix 1 for a statement of reasons for referral)	immediately	Employment, Workplace Relations, Small Business and Education	15 February 1999
Workplace Relations Legislation Amendment (Youth Employment) Bill 1998	immediately	Employment, Workplace Relations, Small Business and Education	15 February 1999

(b) That the following bills be ***referred*** to committees:

Bill title	Stage at which referred	Legislation committee	Reporting date
Telstra (Transition to Full Private Ownership) Bill 1998 (see appendix 2 for a statement of reasons for referral)	immediately	Environment, Communications, Information Technology and the Arts	15 February 1999
Telecommunications (Consumer Protection and Service Standards) Bill 1998 (see appendix 2 for a statement of reasons for referral)	immediately	Environment, Communications, Information Technology and the Arts	15 February 1999
Telecommunications Legislation Amendment Bill 1998 (see appendix 2 for a statement of reasons for referral)	immediately	Environment, Communications, Information Technology and the Arts	15 February 1999
Telecommunications (Universal Service Levy) Amendment Bill 1998 (see appendix 2 for a statement of reasons for referral)	immediately	Environment, Communications, Information Technology and the Arts	15 February 1999
NRS Levy Imposition Amendment Bill 1998 (see appendix 2 for a statement of reasons for referral)	immediately	Environment, Communications, Information Technology and the Arts	15 February 1999

3. The Committee resolved to recommend—That the following bills ***not*** be referred to committees:

. Aboriginal Land Rights (Northern Territory) Amendment Bill (No. 1) 1998

. Aged Care Amendment (Accreditation Agency) Bill 1998

. Anti-Personnel Mines Convention Bill 1998

. Classification (Publications, Films and Computer Games) Amendment Bill 1998

. Classification (Publications, Films and Computer Games) Charges Bill 1998

. Commonwealth Superannuation Board Bill 1998

. Electoral and Referendum Amendment Bill (No. 2) 1998

. Health Legislation Amendment Bill (No. 3) 1998

. National Environment Protection Measures (Implementation) Bill 1998

. National Transmission Network Sale Bill 1998

. National Transmission Network Sale (Consequential Amendments) Bill 1998

. Superannuation Legislation Amendment (Resolution of Complaints) Bill 1998

. Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 1998

. Superannuation Legislation (Commonwealth Employment—Saving and Transitional Provisions) Bill 1998

. Superannuation Legislation (Commonwealth Employment) Repeal and Amendment (Consequential Amendments) Bill 1998.

The Committee recommends accordingly.

4. The Committee ***deferred*** consideration of the following bills to the next meeting:

(deferred from meeting of 25 November 1998)

. Aboriginal and Torres Strait Islander Heritage Protection Bill 1998

(deferred from meeting of 1 December 1998)

. Customs Legislation Amendment Bill (No. 1) 1998 (No. 2)

. Regional Forest Agreements Bill 1998

. Rural Adjustment Amendment Bill 1998

(Helen Coonan)

Acting Chair

2 December 1998

Appendix 1

Proposal to refer a bill to a committee

Name of bill: Workplace Relations Amendment (Unfair Dismissals) Bill 1998

Reasons for referral/principal issues for consideration

The need to examine the methodology of surveys why surveys have failed to distinguish between small and big business, and between state and federal legislation on unfair dismissals. To also examine the actual number; of unfair dismissal applications, by small and big business, and case statistics, by state and territory, and compare with general perceptions and reportage. To consider the need for education versus legislation. To establish the empirical evidence for job creation as a result of exempting the actual numbers of federal small business unfair dismissal applications by state and territory. And to consider if there is a need for any change to the probationary periods.

Possible submission or evidence from:

Australian Council of Trade Unions

AYPAC and other youth organisations

Department of Employment, Workplace Relations and Small Business

NSW Chamber of Commerce

Tasmania Chamber of Commerce and Industry

Queensland Chamber of Commerce and Industry

South Australian Chamber of Commerce and Industry

Australian Chamber of Commerce

Council of Small Business Organisations of Australia

Yellow Pages Small Business Index Survey

Committee to which bill is to be referred: Employment, Workplace Relations,

Small business and Education Legislation Committee

Possible hearing date(s):

Possible reporting date: As soon as practicable.

signed

V Bourne

Whip/Selection of Bills Committee member

Appendix 2

Proposal to refer a bill to a committee

Name of bill: Telstra (Transition to Full Private Ownership) Bill 1998

Telecommunications Legislation Amendment Bill 1998

Telecommunications (Universal Service Levy) Amendment Bill 1998

Telecommunications (Consumer Protection and Service Standards) Amendment Bill 1998

NRS Levy Imposition Amendment Bill 1998

Reasons for referral/principal issues for consideration:

Provisions of the bills relating to the consumer protection mechanisms. Whether the legislative framework is sufficient to protect consumer access to and affordability of the new technologies, and to allow for any upgrade to Fe USO/CSG framework.

Provisions in the bills to allow Parliament to approve any further sale of Telstra below 50.1 per cent of Commonwealth equity. The nature and scope of the independent inquiry, and the degree of accountability and transparency the bills provide for the conduct of the inquiry.

The need to consider decision making and compliance issues in relation to Telstra and other telecommunications service providers meeting agreed standards of service, and Fe role of the Regulator in this. Performance monitoring generally, and other consumer protections: untimed local calls;

price controls; directory services; data and Internet access.

Possible submission or evidence from:

Consumers Telecommunications Network Communications Law Centre Australian Telecommunications Users Group Telstra Australian Communications Authority

Committee to which bill is to be referred:

Environment, Communications, Information Technology and the Arts Legislation Committee

Possible hearing date(s):

Possible reporting date: As soon as practicable.

(signed)

V Bourne

Whip/Selection of Bills Committee member

BUSINESS

World AIDS Day

Motion (by **Senator Bartlett**) agreed to:

That general business notice of motion No. 53 standing in the name of Senator Bartlett for today, relating to World AIDS Day, be postponed till the next day of sitting.

Pork Industry: Imports

Motion (by **Senator O'Brien**) agreed to:

That general business notice of motion No. 27 standing in the name of Senator O'Brien for today, relating to the Australian pork industry, be postponed till the next day of sitting.

Iran: Baha'i Community

Motion (by **Senator Calvert**, at the request of **Senator Chapman**) agreed to:

That general business notice of motion No. 46 standing in the name of Senator Chapman for today, relating to the Baha'i community in Iran, be postponed till the first day of sitting in 1999.

MILLENNIUM BUG: COMPLIANCE PROGRESS REPORTS

Motion (by **Senator Lundy**)—as amended, by leave—put:

That there be laid on the table by the Minister for Communications, Information Technology and the Arts (Senator Alston), by the adjournment of the Senate on 3 December 1998, the individual reports and associated documents provided by each Commonwealth department and agency in relation to those departments and agencies 'Y2K' (millennium bug) compliance progress.

The Senate divided. [3.56 p.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes	34
Noes	35
Majority	1

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, T. M.	Bolkus, N.
Bourne, V.	Brown, B.
Campbell, G.	Carr, K.
Cook, P. F. S.	Cooney, B.
Crossin, P. M.	Crowley, R. A.
Evans, C. V.	Faulkner, J. P.
Forshaw, M. G.	Gibbs, B.
Hogg, J.	Hutchins, S.
Lees, M. H.	Lundy, K.
Mackay, S.	Margetts, D.
McKiernan, J. P.	Murphy, S. M.
Murray, A.	O'Brien, K. W. K. *
Quirke, J. A.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Brownhill, D. G. C.
Calvert, P. H. *	Campbell, I. G.
Colston, M. A.	Coonan, H.
Crane, W.	Eggleston, A.
Ellison, C.	Ferguson, A. B.
Ferris, J.	Gibson, B. F.
Heffernan, W.	Herron, J.
Knowles, S. C.	Lightfoot, P. R.
Macdonald, I.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	Newman, J. M.
O'Chee, W. G.	Parer, W. R.
Patterson, K. C. L.	Payne, M. A.
Reid, M. E.	Synon, K. M.
Tambling, G. E. J.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	

PAIRS

Collins, J. M. A.	Hill, R. M.
Conroy, S.	Kemp, R.
Denman, K. J.	Chapman, H. G. P.

*** denotes teller**

Question so resolved in the negative.

SEXUALITY DISCRIMINATION

Senator BARTLETT (Queensland) (3.59 p.m.)—I ask that general business notice of motion No. 10 standing in my name, relating

to discrimination on the grounds of sexuality, be taken as formal.

The PRESIDENT—Is there any objection to this notice being taken as formal?

Senator Colston—I have an objection to the formality.

Suspension of Standing Orders

Senator BARTLETT (Queensland) (3.59 p.m.)—Pursuant to contingent notice of motion and at the request of Senator Lees, I move:

> That so much of the standing orders be suspended as would prevent Senator Lees moving a motion relating to the conduct of business of the Senate, namely, a motion to give precedence to general business notice of motion No. 10.

It is my understanding that other members of the chamber, other than Senator Colston, will support this motion, and I understand his reasons. I would like to suspend standing orders to enable the motion to be passed and also to enable Senator Colston to express his reasons if he so wishes.

Senator BROWN (Tasmania) (4.00 p.m.)—I support Senator Bartlett's motion. Of course, this matter should be debated and of course it should be voted on. I would like to have heard from Senator Colston, as Senator Bartlett did, as to why he does not think that is the case. He has effectively blocked a vote on this motion. I think therefore he owes it to the Senate to get up and say why he has taken that action. It is not good enough to just sit in his chair and not respond to Senator Bartlett's request for a log of reasons. We have not seen this happen in the Senate for many months now. It is getting near to the end of the year, and Senator Colston will be as aware as any other senator that matters that do not get voted on now are likely not to get treatment for many months.

Senator Bartlett gave notice of this motion a few weeks ago—a motion concerning discrimination against gay people. The motion is consequent upon the murder of a young gay man, Matthew Shepherd, in the United States in October. This murder raised international furore. In fact, it was featured on the front of *Time* magazine around the world. Subsequent to that, incidents, including at least one in Western Australia in relation to vilification of people because of their sexuality, came to the fore. It is some small respite from that trajectory of events that we read in today's *West Australian* that there has been a court case in favour of people who have been mistreated because of their sexuality in that state.

But we all know—and particularly people who are in the gay community know—that discrimination is rampant, that people who are ostensibly gay or who make that component of themselves clear face vilification, and that it is a very injurious thing for those people to have to endure that, particularly young people.

This is a serious matter. It deserves debate in the Senate. It is an urgent matter for those people living with discrimination. It occurs to them out of the blue when they are least expecting it. They deserve to have the knowledge at least that the parliament is on their side and that there are actions being taken to—as Senator Bartlett's motion says—'condemn discrimination, vilification and violence against all persons'. Surely, Senator Colston cannot disagree with that sentiment. That is the active component of this motion: that the Senate should condemn 'discrimination, vilification, and violence against all persons'. Is that too hard to make up one's mind on? Is that too complicated for us to have resolved?

Senator Colston—Be a bit honest in your argument.

Senator Faulkner—Get up and say what you mean. You are a gutless individual. You rat.

Senator Colston—You useless liar.

The DEPUTY PRESIDENT—Senator Faulkner and Senator Colston! Senator Brown, address the chair please.

Senator BROWN—Senator Colston said 'You useless liar'; I don't know whether that is to me or to somebody else. But he did say, 'Be a bit honest in your argument.' There is nothing more dishonest in this place than to fail to get to your feet and defend a move to truncate somebody else's right to speak on a matter like this. The challenge to Senator

Colston is to get to his feet and say why he does not condemn 'discrimination, vilification and violence against all persons'. I would like to hear that.

Senator COLSTON (Queensland) (4.05 p.m.)—I do not owe Senator Brown anything. I am not sure that I owe the Senate anything. I actually spoke to Senator Bartlett about this and indicated to him why I was not satisfied that the motion should go ahead the way it was. The reason I gave him was that I do not think it is appropriate for an unfortunate incident that happened overseas to be used to bolster an argument in relation to Australia. If it were just the last part of the notice of motion that Senator Brown read, there is no objection to that; it is what comes before it that I have an objection to.

Question resolved in the affirmative.

Procedural Motion

Motion (by **Senator Bartlett**, at the request of **Senator Lees**) agreed to:

That General Business notice of motion No. 10 may be moved immediately and have precedence over all other business today till determined.

Motion

Senator BARTLETT (Queensland) (4.06 p.m.)—I move:

That the Senate—

(a) notes:

(i) the murder in the United States of America of Mr Matthew Shepherd, a 21-year-old gay man, who was tortured and murdered because of his sexuality on 14 October 1998,

(ii) the bashing of two gay men in Western Australia on 4 November 1998 during the course of a robbery and the fact that anti-gay sentiments were used by the assailant to inflict pain and humiliation,

(iii) that hostility, violence and vilification are a continuing experience in the lives of many gay, lesbian, bisexual and transgender Australians, and

(b) condemns discrimination, vilification and violence against all persons.

I thank the Senate. I apologise for taking up the time of the Senate, but it was my understanding that all senators supported the motion. I believe it is a worthwhile motion obviously, since I moved it. I did make some amendments following responses from other senators. I would like to see it passed. I accept the reasons that Senator Colston has just given and indicated to me before.

Senator BROWN (Tasmania) (4.07 p.m.)—In response to Senator Colston's asseveration that this motion would be in order if it did not refer to section (i), let me read that section out:

. . . the Senate—

(a) notes:

(i) the murder in the United States of America of Mr Matthew Shepherd, a 21-year-old gay man, who was tortured and murdered because of his sexuality on 14 October 1998 . . .

Is that too little for us to do—to note that this vicious and nasty episode occurred against a hapless young fellow in the United States because he happened to be gay? The same potential misfortune—of being vilified, at least—is being visited on not tens or hundreds but thousands of young gay people in this country who cop it basically out of the mouths of discriminatory other people.

They say, 'Sticks and stones will break your bones but names will never hurt you.' That is wrong. It takes some young people to suicide. The American experience is not too dissimilar from the experience in this country.

I cannot allow the simple wave of an arm and an objection to a citing of a discriminatory episode which ended in murder in the United States to go as an excuse for an attempt to have a vote or a debate on this matter. That is a pretty poor and low episode in parliamentary debate in this place. I am glad that the putting of the motion has been supported by the more enlightened majority in this Senate.

Question resolved in the affirmative.

INDIGENOUS PEOPLES: SELF-DETERMINATION

Motion (by **Senator Brown**) put:

That the Senate supports self-determination for the world's indigenous peoples.

The Senate divided. [4.14 p.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes	30
Noes	32
Majority	2

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, M.	Bolkus, N.
Bourne, V.	Brown, B.
Carr, K.	Cooney, B.
Crossin, P. M.	Crowley, R. A.
Faulkner, J. P.	Forshaw, M. G.
Gibbs, B.	Hogg, J.
Hutchins, S.	Lees, M. H.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.
O'Brien, K. W. K.*	Quirke, J. A.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Alston, R. K. R.	Boswell, R. L. D.
Brownhill, D. G. C.	Calvert, P. H.*
Campbell, I. G.	Colston, M. A.
Coonan, H.	Crane, W.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J.
Gibson, B. F.	Heffernan, W.
Herron, J.	Knowles, S. C.
Lightfoot, P. R.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	O'Chee, W. G.
Parer, W. R.	Patterson, K. C. L.
Payne, M. A.	Reid, M. E.
Synon, K. M.	Tambling, G. E. J.
Tierney, J.	Troeth, J.
Vanstone, A. E.	Watson, J. O. W.

PAIRS

Collins, J. M. A.	Chapman, H. G. P.
Conroy, S.	Kemp, R.
Cook, P. F. S.	Hill, R. M.
Denman, K. J.	Newman, J. M.
Evans, C. V.	Abetz, E.
Ray, R. F.	Macdonald, I.

*** denotes teller**

Question so resolved in the negative.

GOODS AND SERVICES TAX: PRODUCTION OF DOCUMENTS

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (4.18 p.m.)—Madam President, I intend to ask that general business notice of motion No. 2, which stands in my name, be taken as formal. This matter has been deferred now on a couple of days. Because of the date in the motion and Senator Kemp's continued absence, I think we are running out of time. If formality is granted, I will seek leave to make a short statement of no more than five minutes. If it is not made formal, I will deal with it in accordance with other standing orders.

You may be aware, Madam President, that this matter has been deferred on a couple of days. The difficulty is that, even though Senator Kemp is still indisposed, it is becoming time critical. I am not suggesting that the Senate will necessarily support this motion—I do not take that for granted. But I think you have to take some account of the time frame.

The PRESIDENT—Is leave granted for Senator Faulkner's motion to proceed as a formal motion?

Leave granted.

Senator FAULKNER—I move:

That there be laid on the table, not later than 3.15 pm on Tuesday, 8 December 1998, by the Minister representing the Treasurer (references to Treasury in the following list include the Tax Reform Taskforce):

Fairness

Analysis by Treasury concerning the distributional effects of the proposed goods and services tax (GST) using Household Expenditure Survey data and any other distributional analysis provided on the GST.

Analysis provided to the Government by non-government agencies, academics and others concerning the distributional effects of the GST.

Advice concerning the possibility of alternative bases on which the GST could be imposed and the distributional effects of such alternative bases.

Other advice provided by Treasury concerning the design and/or adequacy of the compensation package.

Advice concerning the compensation package provided by other Commonwealth departments and agencies, eg Social Security, Centrelink, Prime Minister and Cabinet.

Advice provided about compensation packages granted by other nations which have introduced a GST.

Advice provided by Treasury on the relative merits of other tax reform proposals, particularly with regard to alternatives to the tax cuts proposed by the Government.

Impact on inflation

Estimates from Treasury or any other government department or agency of the effect of the GST on inflation. This should include the estimate of the transition period (ie from date of announcement until second year of operation of the GST).

Advice from the Australian Competition and Consumer Commission about the passing on of reductions in existing indirect taxes to consumers arising from the introduction of a GST.

Advice regarding the economic modelling used to derive the estimated inflation effect of 1.9 per cent including the assumptions on which the modelling is based.

Advice regarding what the actual inflation effect will be if all price rises are taken into account.

Advice regarding what the actual inflation effect will be under various scenarios where not all of the value of taxes proposed to be abolished are passed on to consumers.

Advice concerning the effect of the GST on interest rates.

Impact on jobs

Estimates from Treasury or any other government department or agency of the effect of the GST on jobs. This should include the estimate of the transition period (ie from date of announcement until second year of operation of the GST).

Estimates from private sector forecasters/modellers on the employment effects of the GST over the next Parliament.

Estimates from interest groups and academics of the employment effects of the GST.

Estimates of the effects on industries over the period prior and subsequent to the introduction of the GST including the motor vehicle retailing industry and the housing and construction industries.

Other economic effects

Estimates of the macro-economic effects of the GST in the year when it is introduced—these include the effect on inflation, on economic growth, on interest rates, on employment/unemployment and on the black economy.

Other issues

All material from the Tax Consultative Committee (Vos Committee) including the final report, submissions and correspondence with the Government.

The Gibson Committee report, including all submissions to the committee and the correspondence of the committee with the Government.

Treasury analysis of the Cole Committee report on implementing the GST.

Advice concerning the distribution of the GST revenue between the states and territories from the Treasury, the Commonwealth Grants Commission and other bodies.

Estimates of the amount of GST to be raised from specific consumption items for each year announced in the document *Tax reform: not a new tax, a new tax system.*

Madam President, I seek leave to make a short statement of no longer than five minutes.

Leave granted.

Senator FAULKNER—I thank the Senate. I have indicated previously that, given the significance of this motion, it is important to briefly explain to the Senate the rationale behind it.

The opposition has been utterly consistent in two aspects of its approach on the GST. The first is that we do not believe that a GST can be made fair for all Australians. The second is that we believe the parliament and the people of Australia, the Australian public, deserve to have all the information before them before a final decision is made in relation to the package of legislation that has now been introduced into the parliament. That is exactly why we have supported and sought a full Senate inquiry process. This is something to which the government has now been dragged kicking and screaming—eventually and reluctantly—to accept.

The government's reluctance to have comprehensive and thorough scrutiny of this legislation is very evident for all to see. It has held up the introduction of this legislation into the parliament until this week. We have had a situation where the Treasurer has been deriding the inquiry process. I would be interested to understand whether coalition senators in this chamber agree with the Treasurer in relation to his derision, given that they in fact voted for the Senate inquiry that has now been established.

Over past weeks we have had unfounded allegations from the government that the

opposition has been attempting to filibuster on this matter, but we are determined, as we have very clearly said, to do our best to meet the current timetable. The government needs to take up its responsibilities so the proper conduct of the Senate inquiries can be assisted. That is the point of this motion.

It is important that the committees that are responsible for scrutinising the GST proposals are given full, unhindered access to relevant documents and officers. It is also important that access is given to all the relevant documents and material at the commencement of the process, given that the legislation is now before the parliament and given that the work of the Senate committees is now commencing. It is important that the material is made available for the benefit of the Senate and the Australian public.

We are providing, through this particular motion, an opportunity for the government to set in train the process before this year's parliamentary sittings conclude. I think we have been reasonable in setting out our requirements. We extended the deadline of this particular motion, in the first instance, to the last sitting week of this year, but the debate has been held up because Senator Kemp has been indisposed and because a very large number of documents are encompassed by the motion before the chair.

We are well aware of the power of Senate committees to compel the production of documents, but the committees may not be able to make the necessary moves until next year. We are keen for the committees to commence work as soon as possible. The government's modelling data and other material will allow an early and, I hope, a constructive start to that process. Sooner or later, I believe the parliament will get these documents. I think it is in the interests of the government, the parliament and the public that it be sooner rather than later.

The test with this motion for the government today is to provide these documents to the Senate. The documents go to the fairness of the proposals, the effect of inflation, the impact on jobs, and the related economic and other effects of the new tax proposals. This particular motion commends itself to the Senate. I thank the Senate for the opportunity to outline briefly the importance and significance of the motion.

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (4.25 p.m.)—by leave—The government opposes this motion. We do so for some very simple reasons. The opposition, which is moving this motion, is completely opposed to a GST. The opposition has already made up its mind on this issue. It is not fair dinkum about an inquiry to examine whether a GST would be good or bad. It has already made up its mind. It is fatuous in the extreme to be demanding documents relating to the question of whether a GST is good or bad when the opposition has already made up its mind.

The government has already agreed to a full inquiry into the matter by four Senate committees. That is unprecedented. They will be taking five months to inquire into all aspects of the tax reform package. This particular motion does not add anything to what is about to occur—a five-month process of inquiry. I also point out that a number of the documents which the opposition seeks have already been made public.

The household expenditure survey, which is the very first document sought by the opposition, has already been tabled. To the embarrassment of the opposition, it shows that, on the basis on which price changes are measured, the estimated price change is actually lower than the price change which the government, through the Treasury, has assumed will occur. The Treasury assumption is based on its analysis of a 1.9 per cent price change, while the HES estimate is 1.8 per cent. That documentation has already been released.

This motion refers to the Gibson report. That has already been made public and is available to members of the opposition if they want to examine it. Finally, the government has released the Vos committee report, which goes into considerable detail on a whole range of issues. That document is also in this motion. On that basis, and given the fact that the opposition is totally opposed to a GST anyway and is not fair dinkum about this, we oppose the motion.

Motion (**Senator Faulkner's**) put.

The Senate divided. [4.32 p.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes	34
Noes	33
Majority	1

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, M.	Bolkus, N.
Bourne, V.	Brown, B.
Carr, K.	Collins, J. M. A.
Cooney, B.	Crossin, P. M.
Crowley, R. A.	Denman, K. J.
Evans, C. V.	Faulkner, J. P.
Forshaw, M. G.	Harradine, B.
Hogg, J.	Hutchins, S.
Lees, M. H.	Lundy, K.
Mackay, S.	Margetts, D.
McKiernan, J. P.	Murphy, S. M.
Murray, A.	O'Brien, K. W. K.*
Quirke, J. A.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Alston, R. K. R.	Boswell, R. L. D.
Brownhill, D. G. C.	Calvert, P. H.
Campbell, I. G.	Colston, M. A.
Coonan, H.	Crane, W.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J.
Gibson, B. F.	Heffernan, W.
Herron, J.	Hill, R. M.
Knowles, S. C.	Lightfoot, P. R.
Macdonald, S.	MacGibbon, D. J.
McGauran, J. J. J.	Minchin, N. H.
O'Chee, W. G.*	Parer, W. R.
Patterson, K. C. L.	Payne, M. A.
Reid, M. E.	Synon, K. M.
Tambling, G. E. J.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	

PAIRS

Campbell, G.	Chapman, H. G. P.
Conroy, S.	Kemp, R.
Cook, P. F. S.	Newman, J. M.
Gibbs, B.	Abetz, E.

*** denotes teller**

Question so resolved in the affirmative.

MATTERS OF URGENCY

Western Australia Regional Forest Agreement

The PRESIDENT—I inform the Senate that I have received the following letter, dated 2 December 1998, from Senator Margetts:

> Dear Madam President,
>
> Pursuant to standing order 75, I give notice that today I propose to move:
>
> That, in the opinion of the Senate, the following is a matter of urgency:
>
> The need for the signing of the WA Regional Forest Agreement to be deferred and the urgent need for an immediate moratorium on the logging of high conservation value forests, until after the conclusion of an accord process involving all stakeholders and until the WA Environment Protection Authority has had the opportunity to assess the draft RFA that arises from that accord process.
>
> Yours sincerely
>
> Dee Margetts

Is the proposal supported?

More than the number of senators required by the standing orders having risen in their places—

The PRESIDENT—I understand that informal arrangements have been made between parties to allocate specific times to each of the speakers in today's debate and, with the concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator MARGETTS (Western Australia) (4.37 p.m.)—I move:

> That, in the opinion of the Senate, the following is a matter of urgency:
>
> The need for the signing of the WA Regional Forest Agreement to be deferred and the urgent need for an immediate moratorium on the logging of high conservation value forests, until after the conclusion of an accord process involving all stakeholders and until the WA Environment Protection Authority has had the opportunity to assess the draft RFA that arises from that accord process.

Madam President, I would like to thank my colleague Senator Brown and the Democrats for their support in this very important motion. It is the kind of motion that, when you put it into the computer, comes up in green because it is a long sentence, but all the

elements of the sentence are very important, and during our contributions today you will see why.

There are several aspects to this motion. The first is that the signing of the Western Australia Regional Forest Agreement should be deferred. Why? Because the process to date has been an unmitigated disaster and has failed to acknowledge the interests of all stakeholders. Conservation groups agreed to be part of the RFA process until they, along with the tourism industry and local government, were blocked from participating in the steering committee. The steering committee determined much of the research to be undertaken and the direction in which the Regional Forest Agreement would go and was dominated by those committed to maintaining logging in high conservation value forests. So it was set up to come to a certain conclusion, and it is no wonder that it lost credibility at an early stage.

There needs to be a moratorium on the logging of high conservation value old growth forests until the Regional Forest Agreement, or the alternative accord or agreement process that has been proposed, is finalised. Why is that necessary? Because the Department of Conservation and Land Management is currently undertaking a massive logging program in the hope that any area of disputed conservation value will not be there by the time the deal is finalised. Conservation and Land Management's arrogant disregard for the process is outrageous. A recent trip I took to the area near Northcliffe confirmed this frenetic activity. Walking along a road going into the area, not a forest road, was actually the cause of police officers and CALM officers following individuals, including me and a staff member.

An alternative accord process involving all stakeholders should be established so that we can reach consensus on this crucial issue rather than perpetuate the conflict that has existed for so many years. The Western Australian Environment Protection Authority should formally assess any draft RFA that arises from that alternative process. I remember an answer that Senator Hill gave me—if I recall correctly—that he believed that would happen. This is consistent with the commitments already contained in the scoping agreement for the Western Australian Regional Forest Agreement. The draft RFA should be released for public comment.

At the outset, I need to stress that the Greens agree that the best method of resolving a long running dispute about the management of forests is to bring all stakeholders together so that we can move towards a consensus solution. The crash through approach which has been characteristic of the RFA process to date is as unsustainable as the forest management regime promoted by CALM. There are genuine win-win solutions in relation to forest management. The Western Australian Forest Alliance produced a very professionally researched proposal for a comprehensive, adequate and represented forest conservation reserve system and sustainable timber production in Western Australia. While that proposal points out in its introduction that only 15 per cent of Western Australia's original old growth forest remains, they have proposed that 60 per cent of existing state native forests would remain available for sustainable log production. Those issues and proposals deserve serious consideration. So far, they have not been properly taken into consideration.

The Western Australian Forest Alliance also proposes pulp and paper mills for downstream processing, an increased plantation and agroforestry industry, valued added enterprises in furniture and fine wood craft and the use of structural adjustment funding to assist in the development of a truly sustainable timber industry in Western Australia. Industries such as tourism should not be forgotten. We are looking at 10,000 people employed in the south west of Western Australia, compared with ABS statistics in 1997 which show a total of 2,290 people directly employed in the native forest timber industry.

The role of CALM is also crucial in any debate around the Western Australian RFA. The unanimous all party report of the Western Australian ecologically sustainable development committee processed by the legislative council standing committee stated in its recommendations that the Department of

Premier and Cabinet be given the lead agency status for the remaining stages of the RFA process. *(Time expired)*

Senator KNOWLES (Western Australia) (4.42 p.m.)—Today we are debating the urgency motion by Senator Margetts basically calling for a moratorium on the logging of high conservation value forests. I make the point early in this debate that Senator Margetts seems to have overlooked or forgotten that a deferred forest agreement is in place. The deferred agreement does not allow logging in forests that might be necessary for a comprehensive, adequate and representative reserve system and is, in all but name, a moratorium on those areas of high conservation value that might be required for conservation reasons. It is also important to state that the RFA process is in its final stage of negotiations and follows a very comprehensive scientific and consultative process over the past two years. So this is not something that has just come up now and is being rushed through.

To do what Senator Margetts is suggesting today would certainly lead to a greater degree of uncertainty and would disadvantage those communities that are looking for the long-term security that the RFA will deliver. I do not think that the concern of people about old growth forests should be underestimated. This is not something that is being taken lightly.

The background to the RFA process is worth noting. The hallmark of the RFA process in all states, including Western Australia, is the rigorous scientific assessment of the full range of forest values—environmental, natural and cultural heritage, economic and social values—giving rise to the title 'Comprehensive regional assessment'. The development of the RFAs is based therefore on this particular assessment.

While the RFA is being developed, and during the conduct of these assessments, areas that may be required for the reserve system are protected through the deferred forest agreement and, effectively, a moratorium on logging of areas of potentially high conservation values. That is once again a reason why there is some degree of misunderstanding—I would put it that way—in what Senator Margetts is saying. There is virtually a moratorium in place at the moment. At the commencement of the RFA process in Western Australia, a series of public meetings were conducted in regional centres through to Perth to inform people of the proposed approach to the process and to seek their views on how it should be conducted.

My other Western Australian colleagues in the coalition speaking today will of course expand on the fact that in Western Australia the environmental heritage assessments were progressed in a very comprehensive fashion. They will also talk about the specific examples of how the environmental heritage assessments were conducted. One of the things that I would like to mention is the work that was done by Dr Libby Mattiske in her undertaking of vegetation mapping within the region. That particular work by Dr Mattiske as an independent consultant actually won a national mapping award. So I do not think, as just one part of that assessment that has been made, that it could ever be said to be inadequate in any sense.

More than 30 assessment reports on the values of the forest have been made available to the public, including the scientific community, along with an overview report—the comprehensive regional assessment report—which was released in January of this year. Based on the outcomes of these reports, both governments have been involved in integrating all of the assessments—environmental, heritage, economic and social—to develop the draft RFA.

An important stage of this part of the process has been the release of the consultation document titled *Towards a regional forest agreement for the south-west forest region of Western Australia*. That was released in May this year and it details the current situation, the objectives of the RFA and some possible approaches that could lead to a balanced RFA outcome. A critical element of the RFA process has been the consultation and participation in the process by the stakeholders, the scientific experts and the communities likely to be affected by the outcomes of the eventual Western Australian RFA.

Once again, I say that I do not think it is fair or reasonable to suggest that there has not been considerable consultation with all those interested stakeholders. The formal process for hearing the view of stakeholders has been through the stakeholder reference group: the Noongar action group and the State Agreement Acts committee. All stakeholders were invited to participate in the reference group which was established to facilitate direct stakeholder input to the RFA steering committee, allowing more than 60 stakeholder groups long-term input into the RFA process. The stakeholder reference group comprises a broad range of stakeholders, including representatives from the tourism, mining and timber industries, local conservation groups, shire councils, Western Australian government agencies, indigenous groups and forest product industries such as seed collecting, bee keeping and wildflower picking.

All RFA material has been made available to the public at 20 display centres scattered throughout the region. Major reports have also been made available on the Internet. The CRA report and public consultation paper, along with key assessment reports such as the national estate report, were mailed out to a broad range of stakeholders, academics and individuals. All reports are available on request.

There was also a two-month public consultation period from the end of May to the end of July on the contents of the public consultation paper, supported by a series of open days, an RFA info-line and a network of information centres throughout the south-west. Some 30,000 submissions were received during the consultation period and each submission has been carefully analysed and taken into account during the finalisation of the RFA.

During the entire RFA process, there has been a series of newsletters produced which provided information on the process and opportunities for public input. It is also relevant to note that Commonwealth and state officials are available to discuss issues pertaining to the RFA with stakeholder groups and individuals as required. I also think it is fair to say that the government is somewhat disappointed that the peak conservation groups, the Western Australian Conservation Council and the Wilderness Society, have chosen not to participate in the process and the government continues to encourage their involvement. It is a shame because I think if there is a sense of goodwill this can be resolved in an amicable climate. But if you do not have parties prepared to come to the table for consultation and briefing, then that makes that process all that much more difficult.

I simply say to the Senate that there are many things that have been done, and continue to be done, which time does not allow me to cover—but I know my colleagues will. The role of the Western Australian EPA and the Commonwealth statutory responsibilities have been equally important. The report by the Western Australian Legislative Council standing committee is most significant, and there are a number of other issues. I think it is important that it is recognised by all the stakeholders on both sides of the fence that this is not something that has just been dreamt up overnight. It is not something that is taken lightly; it is something where the consultation process has been completely and utterly open to all participants, but also open to scrutiny.

I think that is a most significant thing as well because too often people might claim, in one form or another, that the thing has not been open to scrutiny by all the stakeholders and that much of the information has not been shared. It is for that reason that it does disturb the government that there has been a lack of willingness by the WA Conservation Council and the Wilderness Society to participate in the process because we certainly do want to have their input. They have had the opportunity to do so and I certainly hope that they acknowledge their input is required and come to the table sooner rather than later.

Senator BOLKUS (South Australia) (4.52 p.m.)—The ALP will support the urgency motion, with the change of one word. We do not want to embrace the concept of a new accord process, a formal sort of process. If Senator Margetts is prepared to change the word ‘accord’ to ‘consultation’, I do not think it will change the resolution all that much in

its meaning and effect, but it will be more attractive to us. We would support it with that amendment.

There is a number of reasons the opposition is concerned about what is happening in Western Australia. Senator Knowles presents a glowing picture of the scenery over there as she sees it, but the fact of the situation in WA is that there is enormous concern, widespread concern, from the general public as to what is happening to Western Australian forests. Public opinion polls taken in that state indicate that over 80 per cent of the electorate of Western Australia do not want old-growth forests to be logged for woodchipping. Over 70 per cent want a fair and sustainable balance to be struck with logging over there, and they do not believe they are getting it at the moment under the process that is being pursued by the WA government and CALM.

I believe we in the Senate need to be concerned for two reasons. Firstly, we need to be concerned about the actual process and outcomes in Western Australia. But, secondly, we also need to be concerned about the attitude of the federal government in this place. We have two responsible ministers in this area. We have Minister Tuckey, whose attitudes have become increasingly more well known and, as they become increasingly well known, people are more and more concerned about them. This is the minister who, in the *West Australian* just two weeks ago, was quoted as saying that, as far as he was concerned, he will allow planned logging of all the old-growth forests over time—apart from pristine ones. When asked, in respect of 'pristine ones', what he was talking about, his bottom line basically was that he did not think there were all that many pristine ones around anyway. The minister in charge of this area does not believe in sustainable development and preservation in this area.

Senator Crane—Where did you get that from?

Senator Knowles—That is just rubbish.

Senator BOLKUS—He has had a chat to the public. He has had a chat to the media. He has made it very well known. This is a minister who believes in planned logging, over time, of all old-growth forests.

Senator Lightfoot—That is not his position, and it is not our position either.

Senator BOLKUS—We have got the hoons over there saying it is not his position. I refer you to the *West Australian* newspaper where he boasted very strongly about that being his position.

But the other concern I have is that we have an environment minister in this place who does not, in any sense at all, show he has the backbone to stand up to the likes of Wilson Tuckey. Senator Hill has a responsibility which is different to Mr Tuckey's. He has got a responsibility as environment minister to ensure those principles of sustainability, those principles of ensuring old-growth forests are protected, are factored into the process. What is Senator Hill's response? Senator Hill's response is basically to say, 'Look, I congratulate Wilson Tuckey because he brings knowledge and exposure of the issues to the task.' At a time when he should be standing up against Wilson Tuckey, he greets him into the fold and says, 'This bloke knows what he is doing.' It is no wonder that the concern in Western Australia is widespread and growing.

The Labor Party is committed to the RFA process, but we believe that, in this particular case, the process has gone wrong and has not been based on scientific assessment. We are concerned, as are the public of Western Australia, as to the process. I mentioned the *West Australian*, but a recent editorial in the *Sunday Times* is also worth placing on the record in this place. It argued:

> The state government must put more emphasis on the establishment and cutting of plantation timber, not devastating old forests. The state and federal government should accept that most reasonable Western Australians don't want any more old-growth forests cut down. Clear-felling of these magnificent trees—a wonderful tourist attraction in their own right—has been a disaster. If it continues, the only old-growth forests eventually will be in national parks.

This is from the *Sunday Times*, and it reflects the mood of Western Australia; a mood that was reflected by the WA Legislative Council Standing Committee on Ecologically Sustainable Development in a unanimous report condemning the process.

If that is not enough, let us also put on the record the view of the National Party in WA. It is important to put this view on the record now, before we get to a vote, because I think it is incumbent on the Nationals on this place to listen to their state colleagues. The Nationals in this place always claim to be the defenders of state rights. They always claim to be listening closely to the grassroots of their organisation. The grassroots of the National Party organisation in Western Australia could not be any more clear. They have issued a press release and they have issued a document. I will seek leave later on to incorporate the document in *Hansard*.

It is a document that condemns, in a whole range of ways, the WA RFA process. For instance, it says that the release of a draft RFA for public comment and assessment by the Environment Protection Authority is necessary. It says that what is also required as an outcome is a reduction in the first and second grade jarrah sawlog cut to no more than 2,080 cubic metres per year. It demands the protection of local areas of high conservation value. It demands assistance to the timber industry to encourage greater value adding and the maintenance of employment levels. It demands a review of CALM's funding sources and requirements. It is interesting to go through that document.

The National Party in Western Australia is of a view that it remains concerned that, as the RFA process draws to a conclusion, a number of significant issues are still to be openly and publicly addressed. They are concerned about the forest estate viability and the timber industry's economic growth. But they say the public deserves comprehensive explanations, before the RFA is concluded, of the way in which the RFA and the state government will ensure responsible management.

They are concerned about the logging of standard first grade jarrah. They are concerned that such logging could lead the public to conclude that the jarrah forest is being over cut over a shorter rotation period to ensure timber royalty income is maintained at optimum levels at the expense of sawn-off quality.

They are particularly concerned about the role of CALM. They say of CALM that it appears that large sections of the community believe, rightly or wrongly, that CALM's financial interests in forest management place public interests at a disadvantage.

The National's concern is that the agency's business structure, from which it derives royalties from timber companies on behalf of the state and which is used to fund its forest management conservation operations, leaves it open to the question of the possibility that timber companies may be contracted by CALM to purchase quantities of logs greater than the level of market demand. That is a consistent concern that you hear across Western Australia. It is a concern that did not just come from the WA Nationals; it was also reflected in the Western Australian *Sunday Times* newspaper.

Senator Knowles says, 'Well, it's not going on. The process is continuing, but do not think that the logging is continuing.' It is continuing. There is some concern at officer level in the federal government, but it is not concern that has been reflected by the minister. Apparently in WA there is concern being expressed by Commonwealth officials—as I said, ignored by their minister—that the Western Australian minister for the environment be notified. In fact the Commonwealth officials have informed the WA minister for the environment of their concerns about the current logging of the interim-listed Wattle Block near Northcliffe on Western Australia's south coast. They are concerned about that. They are concerned about current logging and their concerns have been raised with the WA minister. They are concerned that this particular forest block is on the Interim Register of the National Estate. It has high conservation values. Despite that, the RFA process is allowing that particular area to continue to be logged.

The opposition are concerned about a process in WA that we feel is not sufficiently scientifically based. We are concerned about a process that does not provide for the respect and recognition of the principles of sustainability. It is a process that does not provide sufficient protection. It is a process

that has seen two ministers here basically taking the attitude of 'I know nothing and I see nothing'.

As I said, with the amendment that I have suggested, the opposition will support the motion by Senator Margetts before the Senate this afternoon. I seek leave to incorporate in *Hansard* the press statement and the issues statement of the National Party of Western Australia.

Leave granted.

The statements read as follows—

NATIONAL PARTY OF AUSTRALIA—WA INCORPORATED
FACSIMILE TRANSMISSION
Date
18 November 1998

Attention
Tim Daly, Australian Workers' Union WA 9221 1706
Geoff Fernie, Walpole-Nornalup National Parks Association 9840 1037
Gary Fitzgerald, Manjimup Shire Council 9771 1366
Murray Johnson, Fine Woodcraft Gallery 9777 1355
Keith Kessell, Wesfarmers Limited 9327 4256
Julia Levinson, Timber 2002 Albany 9842 2135
David McKenzie, The Wilderness Society WA 9220 0653
Bob Pearce, Forest Industries Federation of WA 9380 4477
Peter Robertson, WA Forest Alliance 9220 0653
Beth Schultz, Conservation Council of WA 9220 0653
Trish Townsend, Forest Protection Society 9380 4477
Rob Versluis, Denmark Shire Council 9848 1985
Alan Walker, Regional Forest Agreement steering committee 9389 8296
Clare Walsh, WA Municipal Association
Virginia Young, The Wilderness Society 02 6247 7270
Pages
3
Message

Attached for your information is a copy of a National Party media statement on forest management and conservation policy released today.

The issues paper to which the media statement refers has been mailed to you. It sets out some of the major issues of concern to the Nationals in the lead-up to the conclusion of the Regional Forest Agreement. It is designed to be a constructive contribution to the forest management debate, and we would welcome your considered response to the issues raised in due course.

Please contact me on 9321 1070 or policy research officer Joanne Hocking on 9222 5171 if you would like to discuss this paper.

Yours sincerely

(signed) Jamie Kronborg
Jamie Kronborg
Director
Nationals Western Australia

MEDIA STATEMENT
Number of pages: 1/2
NATIONALS DEMAND EXPLANATIONS ON FOREST MANAGEMENT

The National Party today asked the state government to give the community a comprehensive response to concerns about significant forest management issues raised as a result of party policy research during the past 12 months.

Nationals' director Jamie Kronborg said an 'issues statement' on forest management and conservation prepared by the party highlighted a number of potential conflicts between government commitments to forest management and current or possible practice in the future.

Mr Kronborg said the party's primary concern centred on the complex question of the jarrah forest's continuing ability to yield sawn timber of sufficient quality and volume to meet the demands of the timber industry in perpetuity and, at the same time, to provide forest reserves for local conservation, tourism or community needs.

'For the timber industry, the possible outcomes of the proposed Regional Forest Agreement set out in papers published as part of that process detail the implications that a change in the size of the conservation estate will have on first and second-grade jarrah sawlog production,' Mr Kronborg said.

'This is clearly the proper approach because the jarrah forest is still being logged principally, in value terms, for the production of first and second-grade sawlogs and the timber industry's primary requirement is for the supply of these sawlogs.

'However, the Conservation and Land Management Department has claimed in a recent, separate paper that the current sawlog specification has become irrelevant.

'In its place it is suggesting a switch to a different harvesting specification known as whole bole logging, which CALM believes could enable the timber industry to extract greater yields of timber from a tree than is now possible using the sawlog specification.

'But the Nationals are very concerned that if the key forest harvesting measure known as the sawlog

specification has become 'irrelevant', as CALM claims, then it would appear that some of the most important conclusions in the RFA public consultation paper, in which the outcomes are based entirely on impacts on sawlog yield, could be called into question.'

Mr Kronborg said the Nationals' issues statement also challenged the government to provide comprehensive explanations about:

- the ways in which the quality of the jarrah forest resource would be maintained if a different harvesting specification was to be introduced
- the reason why the area of jarrah forest cut for logging in the past six years had almost doubled to more than 20,000 hectares
- the reasons for apparent change over time in the size and quality of a standard first-grade jarrah sawlog
- the reason for changes in silvicultural practice which have prevented the timely thinning of regrowth karri and jarrah

'There is a high level of public interest in future management of WA's public native forests and, for this reason alone, the government must ensure that the quality of the resource is maintained in perpetuity for the benefit of many industry and community interests, including the tourism industry,' Mr Kronborg said.

'Everyone in the community needs to ensure that the state takes a responsible approach to forest management, given that the RFA will determine the size of the conservation estate for the next 20 years.

'The additional information which the Nationals are seeking to have placed on the public record will aid the RFA process and help to clarify some significant community concerns.'

Mr Kronborg said the party had already released details of the outcomes it expected from the RFA process.

These included:

- the release of a draft RFA for public comment and assessment by the Environmental Protection Authority
- a reduction in the first and second-grade jarrah sawlog cut to no more than 280,000 cubic metres per year
- protection for local areas of high conservation value
- assistance to the timber industry to encourage greater value-adding and the maintenance of employment levels
- encouragement for the further development of the plantation timber resource, and
- a review of CALM's funding sources and requirements

Copies of the party's forest management and conservation issues statement are available by calling 9321 1070.

(ends)

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ISSUES STATEMENT
Number of pages: 1/11
FOREST MANAGEMENT POLICY
AND THE REGIONAL FOREST AGREEMENT
PROCESS IN WESTERN AUSTRALIA

Background

The National Party in Western Australia has conducted a comprehensive review of forest management since February 1998.

The party has consulted widely with local communities, conservation, tourism and timber industry interests, and senior officers of relevant public agencies and environment ministries.

This has taken place during the Regional Forest Agreement (RFA) process. The RFA is an agreement between the Commonwealth and state governments which is designed to define 'the range of economic and environmental obligations which each government has regarding the long-term management and protection of forest values in specific regions'.

The RFA process in WA's south west forest region should:

- identify areas within the region that both governments believe are required for the establishment of a comprehensive, adequate and representative forest reserve system, and provide for the conservation of these areas;
- provide for the ecologically-sustainable management and use of forested areas in the region; and
- provide for the long-term stability of the forest and forest-based industries.

The Nationals recognise that the overriding intention of the proposed RFA in WA is to deliver general community agreement on the utilisation of WA's public native forests for the next 20 years. The party concurs with the objective inherent in this process and in a public statement in September announced its support for the principle of the RFA process.

However, finding the 'common ground' in the complex forest debate is an extremely difficult task, which the Nationals recognise. The community places a diverse range of values on native forest and consequently there are a number of conflicts

dividing interest groups on forest management principles and practices.

This is aggravated by the differing community values placed particularly on old-growth native forest ranging across economic, cultural, social, environmental or ecological and aesthetic values.

As a result, and despite the genuine commitment of many people and organisations to the RFA process since July 1996, the nationals remain concerned, as the process draws to a conclusion, that a number of significant issues are still to be openly and publicly addressed.

Jarrah: the forest's ability to sustain yields for sawn timber production

The Nationals' primary concern centres on the complex question of the jarrah forest's continuing ability to yield sawn timber of sufficient quality and volume to meet the demands of the timber industry in perpetuity.

Despite ministerial directions by the environment minister in 1993 expressly designed to encourage greater utilisation of lower grade timber, and claims to the contrary, sawlogs of varying grades remain the principle quality product for which the jarrah forest is logged.

The outcomes of a range of possible changes to the current forest reserve system that could follow the conclusion of the RFA, which are set out in a 'paper to assist public consultation' published in July 1998, detail a range of effects on future sawlog volume that would be available to the timber industry.

For example, 'Approach A', which would reserve the greatest area of forest for conservation under any of the three approaches, is forecast to reduce the current volume of first and second grade jarrah sawlogs that would be available for timber harvesting by up to 36,500 cubic metres per year.

The current allowable cut of first and second grade jarrah sawlogs is 490,000 cu/m per year. This was authorised by environment minister Kevin Minson in 1993 following the report of Meagher Committee. This committee noted that a long-term sustainable yield for first grade and second grade jarrah sawlogs was 300,000 cu/m per year. An allowable cut of 490,000 cu/m per year was set for a 10-year period to enable the industry to restructure its activities to account for a reduction in allowable cut to 300,000 cu/m from the year 2003.

The graph which follows depicts the difference between the Meagher committee's recommended long-term sustainable yield of first and second grade jarrah sawlogs, the allowable cut, the actual cut (1996-97) and the levels of cut under the three approaches outlined in the RFA public consultation paper.

Due to the quality of documentation supplied, the graph cannot be reproduced in the Hansard.

The Conservation & Land Management Department's recent annual report shows a total of 374,600 cu/m of jarrah sawlogs was harvested in 1997-98. Of this, about 302,000 cu/m were classified as first-grade sawlogs. Given this, the actual cut appears to have fallen considerably (but we are not able to graph the cut of second-grade sawlogs because the volume has not been defined in the report).

In this context, and in view of the RFA public consultation paper's various conclusions about the implications of the future size of the conservation estate on sawlog production, the Nationals are concerned about CALM's recent claim, in a separate paper, that the sawlog specification 'has become irrelevant'.

> . . . for the future. . . the current sawlog specification has become irrelevant with the smaller dimension sawn timber now being produced to meet the demand of the future and architectural feature markets. Also, given the higher value of the output, it is now possible to make greater economic use of the tree bole.

The 'tree bole' describes the quantity of timber available in a single tree from the base of the trunk to the crown. The RFA public consultation paper acknowledges that the future adoption of 'whole bole' logging methods, generally in place of the current sawlog specification, will enable the timber industry to extract greater yields of timber from a tree bole than is now possible using the sawlog specification. With an uptake in lower grade logs it is anticipated that the sustainable supply of sawlogs for jarrah may vary between 410,000 and 480,000 cu/m per year'[1].

To the Nationals' knowledge, no detailed information about the whole bole-logging and sawing trials conducted in 1997 has been made available to the public, although a total of 6000 tonnes of logs were supplied to 14 sawmillers for the trials. In response to a recent question about this issue, CALM said five trials of whole bole-logging in the jarrah forest had been conducted and that 'initial results from the logging perspective are promising'. However, anecdotal evidence from at least one major miller who participated in a trial suggests there was a range of difficulties in handling and processing whole bole-logs at the mill.

Evidence to the Legislative Council of Western Australia's Standing Committee on Ecological Sustainable Development given by the Forest Industries Federation of WA also raised concerns about whole bole logging:

> The concept of whole bole logging is that the tree is cut at the base and the crown, and what is left is the whole bole. If technically feasible

> it is transported to a mill, otherwise it must be cut into shorter lengths. If it is not straight enough it may need to be cut. That is a different log production system from the current system which involves grading of logs in the forest. The industry and CALM are doing some trials on the concept of whole bole logging, and the main objective is to increase the overall utilisation of the timber resource. However, early indications from the trials are that we are just transferring a waste product from the forest to the mill at a fairly great expense[2].

From the Nationals' research, the issue is whether it is fair to suggest and then to expect that the timber industry and the public should accept the argument that the sawlog specification will become 'irrelevant' because of the future adoption of whole bole-logging and a further refinement of sawing technologies, as proposed in the RFA public consultation paper, when:

1. the jarrah forest is still being logged for the production of first and second grade sawlogs as the principal 'quality' products
2. the RFA public consultation paper 'approaches' detail the implications for the sawlog industry of committing additional forest to the conservation estate
3. and, there is a dearth of information available to the public about the viability of bole-logging and processing

The Legislative Council's standing committee recently examined sawlog yields in relation to achieving ecologically-sustainable forest management. A senior RFA official admitted in evidence to the committee that jarrah sawlog yields were irrelevant to biological sustainability.

[1] *Comprehensive Regional Assessment, 1998 p.42*

[2] *Report of the Standing Committee on Ecologically Sustainable Development—The Regional Forest Agreement Process, August 1998.*

The committee responded with the following statement:

> The Committee does not accept that it is self-evident that the first and second grade jarrah sawlog harvest levels are irrelevant to achieving ecologically-sustainable forest management. The currently applicable parameters for timber harvest levels in the state, determined by the Minister for the Environment and applied by CALM through the Forest Management Plan are given in terms of first and second grade sawlog harvest levels. If (as the witness suggests) the RFA process has abandoned this key indicator without discussion or justification, this appears to be a serious flaw in the RFA process[1].

The Nationals believe the matter of maintaining sustainable yield in perpetuity is central to the future of the forest estate's viability and the timber industry's economic growth. The public deserves comprehensive explanations before the RFA is concluded of the ways in which the RFA and the state government will ensure responsible management of this important community resource.

Expressing jarrah harvest levels in terms of gross bole volume (gbv) felled rather than sawlog volume removed.

Former environment minister Kevin Minson said in his 1993 statement of forest management:

> I recognise that the regulation of the allowable harvest by sawlog volume is really only an indicator of gross bole volume felled—fundamental measure of forest production and sustainability. Fixing set sawlog levels has inherent disincentives to making the fullest possible use of timber felled. I therefore believe it is desirable to develop a system of yield regulation based on gross bole volume felled rather than sawlog volume removed. Once such a system is developed, harvest levels should be expressed in terms of gross bole volume felled at the maximum level equal to the gross bole increment—thus ensuring both forest sustainability and optimum log utilisation[2].

The RFA Comprehensive Regional Assessment report also claimed:

> Because definitions of what constitutes a sawlog will change over time as milling technology and other factors change, the gross bole volume (gbv) is used to provide an estimate of the maximum resource available over time.

The Nationals believe CALM must explain to the public how it intends to regulate and account for the quality of the resource, in the context of its forest structural goals, when 'gbv felled' descriptions and whole-bole logging methods are implemented, assuming whole-bole logging proves a viable and more efficient harvesting specification than the sawlog specification.

This would help to alleviate some of the community's concerns that a switch to 'gbv felled' may create a more juvenile forest, making it difficult for industry maintenance and development to be based on solid sawn timber production.

CALM and industry need to justify to the wider community that a switch to 'gbv-felled' to express jarrah harvest levels and the adoption of whole bole-logging methods are in the best interests of the timber industry and the forest sustainability.

The need for industry to plan its restructuring

As already reported, the Meagher committee determined the volume of the long-term, non-

declining yield of first and second grade jarrah sawlogs to be 300,000 cu/m per year.

The RFA public consultation paper suggests that this decline may be partially offset by:

> an increase in the uptake of lower grade jarrah logs
>
> the future adoption of whole tree-bole logging methods
>
> the further refinement of sawing technologies to enable lower grade logs to be sawn

However, details of whole tree-bole logging trials have not been disclosed and there has been little uptake of lower grade material since Minson's 1993 statement.

This would suggest that the timber industry is still focused on sawlogs as the primary quality source of timber.

If Approaches A and B outlined in the RFA public consultation paper can be described as having a negative impact on employment in the timber industry and employees' quality of life, access to social and physical infrastructure and community viability, then a reduction in allowable cut to 300,000 cu/m for first and second grade jarrah sawlogs per year from 2003 will be of significant concern to the timber industry.

As the Legislative Council standing committee's recent report on the RFA process notes:

> It is disappointing that the 'approaches' do not propose levels for jarrah first and second grade sawlog harvest which are in the vicinity of CALM's estimated level of 300,000 cu/m per year. . . This will significantly affect timber businesses and workers currently reliant on the jarrah resource. . . Given the intention of the RFA process to cater for employment and community needs, it is somewhat surprising that options such as these are not canvassed in the public consultation paper.

The Nationals have similar concerns. Until there is any evidence to support whole-bole logging methods and a significant uptake in lower grade logs, it would seem the industry is relying heavily on sawlogs for sawn timber production. Therefore, plans for industry restructuring are vital given a forecast drop in supply in the year 2003.

Forest management and silvicultural treatment for timber production in the jarrah forest

The Nationals are concerned about a lack of information generally available to the public, and hence a lack of public debate, about the implications of forest management in relation to silvicultural practice.

In 1991-92 the area of jarrah forest 'treated' by CALM to meet contemporary log supply contracts and to ensure future supply availability totalled 10,550 hectares. This area has steadily increased since 1991-92 to a total of 20,190 ha in 1996-97.

What is of concern is that CALM told the Environmental Protection Authority in 1993 that silvicultural practice would generally be limited to certain silvicultural treatments, each expressed as a percentage of the total area to be 'treated'.

However, there have been some significant differences in the actual use of these various treatments, with a marked increase in the area treated as:

1. 'shelterwood', in which a forest stand is cut, but not cleared, to encourage seedfall and the production of jarrah lignotubers, and
2. 'selective', in which stands of marginal forest are cut

In a written response to a series of questions about these silvicultural treatments, CALM told the Nationals the increased area cut to shelterwood in recent years 'is an indication that a more precautionary approach is being taken to ensure that sufficient growing stock is available for release. Shelterwood cutting has only been introduced since the late 1980s and forest officers and silviculturists have been learning how best to apply this treatment to various forest types'.

It is also of concern to the timber industry that the size and quality of a standard first-grade jarrah sawlog, for example, has changed significantly over time. This could lead the public to conclude that the jarrah forest is being over-cut, over a shorter rotation length to ensure government timber royalty income is maintained at optimum levels at the expense of sawlog quality.

None of these issues has been canvassed in the current public debate, nor in the RFA public consultation paper. The Nationals believe it is appropriate, given the high level of public interest in forest management issues, that comprehensive explanations of the reasons for the apparent changes in silvicultural treatments and reported changes in sawlog quality should be placed on the public record.

Silvicultural treatments in the karri forest

The government's current forest management plan required 2000 ha per year of regrowth karri to be thinned to ensure that its viability as a future source of sawn timber is maintained at an optimum level.

However, in the four years to 1996-97, a total of just 140 ha of regrowth karri was thinned despite a requirement that this treatment should have taken place in about 8000 ha of forest. CALM claims that in the past four to five years it has been required to reschedule logging into areas of karri forest previously cut under a selection-logging prescription in the 1950s and 1960s 'because of Commonwealth government processes and litigation which

have deferred logging in other old-growth karri areas'.

In response to a question about this marked reduction in thinning treatment, CALM told the Nationals that 'short-term delays in thinning schedules will not significantly affect future sawlog availability'. CALM continued: 'Also, karri is a self-thinning species. The future sawlog crop trees will continue to grow and develop without intervention by thinning.'

Again, the Nationals believe it is appropriate that a comprehensive explanation of the reason for this change in silvicultural practice should be placed on the public record.

The role and responsibilities of the public forest management agency

The Conservation and Land Management Department (CALM) is the principal agency responsible for public native forest management in Western Australia.

For a number of years some sections of the community have perceived an inherent conflict of interest in CALM's administrative charter, centred on the agency's responsibility to ensure the proper management of the public native forest estate but which requires both the conservation and exploitation of the forest resource.

The Nationals expect the government to conduct a comprehensive, independent study of CALM's administrative responsibilities beyond the issues raised by the report of the independent expert advisory group on the assessment of ecologically-sustainable forest management which was conducted as part of the RFA process.

The public has a right to expect that government agencies responsible for the management of any public property, and especially 'property' as sensitive as a limited native forest resource of which a significant part has been acknowledged as 'not (being) in a steady state', will discharge its responsibilities entirely in the public interest. However, it appears that large sections of the community believe, rightly or wrongly, that CALM's financial interest in forest management places the public interest at a disadvantage.

The Nationals are also concerned that the agency's business structure, by which it derives royalties from timber companies on behalf of the state and which are used to fund its forest management and conservation operations, leaves open to question the possibility that timber companies may be contracted by CALM to purchase quantities of logs greater than the level of market demand.

The Nationals believe the significant public interest in these matters should be addressed.

Report of the Legislative Council of Western Australia's Standing Committee on Ecologically Sustainable Development (ESD)—The Regional Forest Agreement Process

The Western Australian Legislative Council's all-party select committee inquiring into ecologically sustainable development in Western Australia has delivered an unanimous interim report on the RFA process.

The committee has recommended that the Department of Premier and Cabinet assume responsibility from CALM as the lead agency for the rest of the RFA process and that an accord process be developed between industry, conservation, government and other interests in an effort to reduce the level of conflict surrounding forest management.

Recommendations include:

development of an accord process to determine an acceptable definition of old growth forests

flexible application of JANIS criteria to ensure protection of local conservation needs

recognition be given to community support for more reservation of the main belt karri forest

consideration by the proposed accord process about how the implementation of the long-term sustainable jarrah sawlog harvest is to be achieved

The committee has also reinforced a view that the RFA does not have to be finalised until the year 2000 and that the intent of the scoping agreement for the RFA process be honoured by the State Government by releasing a draft RFA for public comment and assessment by the WA Environmental Protection Authority.

Environmental Protection Authority's Report on CALM's 1997 progress and compliance on the implementation of the 1994-2003 Forest Management Plan (subject to ministerial conditions)

An advisory committee to the Western Australian Environmental Protection Authority, which has been examining CALM's progress and compliance report with its implementation of the current forest management plan, subject to certain ministerial conditions, is expected to present its report to the EPA in the near future.

CALM is of the view that the RFA and the EPA advisory committee review are two separate processes, which is obvious. In a written response to a question about the EPA review, CALM told the Nationals it did not believe the review could have a bearing on any aspect of the RFA's outcome.

Given the scope and timeliness of these two separate and independent inquiries, the Nationals believe it is imperative that the ESD Committee's and EPA committee's findings are considered before any determination is made to conclude the RFA.

RFA Scoping Agreement

A scoping agreement signed by the Commonwealth and state governments in July 1996 confirmed the government's intentions to proceed with the negotiation of a Regional Forest Agreement for the south-west forest region of Western Australia.

While the Nationals recognise that this agreement has no legal capacity, it has had the effect of creating a public expectation that any draft RFA should be the subject of an environmental impact assessment by the Western Australian EPA before the RFA is concluded.

There is a significant public interest in this matter, with some sections of the community now of the view that such an assessment would be likely to provide further protection of the public's interest in comprehensive forest management.

The Nationals believe the government, as a 'decision-making authority' under the terms of the EPA Act, is at best required to refer any draft RFA to the EPA for assessment. It at least has a moral obligation to do so. This has been reiterated in the ESD Committee's report.

Local conservation needs

Forest areas of 'high conservation value' have been identified by local communities. These include, for example, Jane, Giblett, Hawke, Sharpe and Hilliger, all of which are now well known in the public arena.

As the ESD standing committee's recent report highlighted:

> The difficulty the RFA process poses for people interested in reservations in a particular location is that JANIS criteria percentage targets for reservation could be met without the claims for reservation of a particular location having even been considered.

The committee also recommended:

> . . . the flexibility provisions in the JANIS criteria be used to promote local conservation and recreation needs and to improve the distribution of reserved areas, particularly in areas where little old growth is identified by the Comprehensive Regional Assessment.

A concern of the Nationals is that nearly all areas of high conservation value, according to maps of the forest estate published during the RFA process, correspond with the areas of highest significance for sustained timber yield for the next 40 years.

It is apparent that there is a conflict as to how these areas should be managed and this may require an independent assessment to examine the values of these areas, including tourism's economic potential.

[1] *Report of the Standing Committee on Ecologically Sustainable Development—The Regional Forest Agreement Process, p.80*

[2] *Minson, Kevin. 1993. Native Forest Management and the Future for the Hardwood Timber Industry—A Ministerial Response to the Report of the Scientific and Administrative Committee Established under Ministerial Conditions in respect of CALM's 1992 Forest Management Proposals.*

The ACTING DEPUTY PRESIDENT (Senator Reynolds)—Senator Bolkus, you also require leave to move the amendment.

Senator BOLKUS—No, I am suggesting to Senator Margetts that maybe she would like to consider that sort of approach. It might be better if we do it that way.

Senator ALLISON (Victoria) (5.02 p.m.)—I rise to support Senator Margetts's motion to defer the signing of the Western Australian Regional Forest Agreement. As my colleague Senator Murray has indicated on many previous occasions, we support the concept of RFAs, but certainly not the process of this one. Public consultation on this RFA has been grossly inadequate. I think the role of the Western Australian Department of Conservation and Land Management in overseeing the process has been comprehensively discredited. Frankly, we would probably be only a little worse off if the Forest Industries Association were steering the RFA process.

The level of government secrecy has been such that we should fear the worst from this RFA. Independent scientists, the community, tourist concerns and government departments unlikely to toe the Court government line have all been excluded from the RFA's steering committee. Taxpayers are being forced to subsidise the enormous environmental vandalism sanctioned by the Court government, and they are not even allowed to know what they are in for. The Court government has refused to submit the draft RFA to the Environment Protection Authority for assessment, so there goes one of the very few mechanisms that the public has to call the government to account over this kind of dealing.

This issue is taking on Franklin Dam proportions. More than 80 per cent of submissions to the steering committee opposed logging the remaining 10 per cent of Western

Australia's old-growth forests. Polling by AMR Quantum Harris research has revealed that 87 per cent of Western Australians do not want these forests clear-felled. It was extremely heartening to see the AFL football coach Mick Mathouse—

Government senators interjecting—

Senator ALLISON—Sorry, Mick Malthouse—in the *Weekend Australian* last month defending Western Australia's forests. In the Senate one is supposed to know about football but obviously not about forests. Public figures who lend their presence to campaigns such as this are doing incredibly valuable work. At a time when conservation issues are consistently considered to be off the national agenda, and especially off our commercial television screens, we do need prominent people to be up there speaking out.

The logging companies have been spending buckets of money trying to convince us that mainstream Australia—whatever that is—has no environmental conscience, yet the students and the so-called 'ferals' who have so ardently defended our forests at blockades are just the tip of the iceberg of opposition. These people are no doubt far more representative of mainstream Australia than are the timber company executives who are magnificently remunerated in their work of trashing our national heritage.

Even the National Party, as Senator Bolkus has said, has come out against the decimation of jarrah forests. When the National Party comes out against logging, surely the right thing for the Court government to do is to shut up and listen just for a change. If Premier Court were here today, I would ask him to remember his father's words. Sir Charles Court promised exactly 20 years ago that half of the West's sawlog material would come from plantation timber by the year 2000. By the year 2010, it would be two-thirds. Of course, 1998 has almost come and gone and only 31 per cent is derived from plantation sources.

It makes no environmental sense and no economic sense to turn these precious natural assets into woodchips. Most of us, I think, reject the idea that magnificent stands of jarrah and karri should be wasted on toothpicks and railway sleepers or, worse, paper. Isn't it strange that economic rationalist politicians work themselves into something of a lather over things like graffiti, which the artistic drives of some young people are channelled into, yet they actively encourage the greater vandalism of woodchipping old-growth forests. The environmental vandalism engaged in by the Court government deserves a three strikes and you are out approach in our view—summary justice of the sort that they are so fond of meting out.

In this chamber this week a motion co-sponsored by the Democrats, the Greens and the ALP was defeated. It would have adopted the recommendations of the WA Legislative Council Standing Committee on Ecologically Sustainable Development. The motion called for the replacement of CALM as the lead agency for the RFA. It also called for the release of the draft RFA for public comment, its submission to the EPA for assessment and its finalisation through an accord process. The refusal of the Howard government and the Court government to countenance any of these measures is in direct contravention of the RFA scoping agreement. Logging continues in such sensitive areas as Wattle Block and Dombakup 24, contravening the 1992 National Forest Policy. *(Time expired)*

Senator CRANE (Western Australia) (5.08 p.m.)—I hope that in the time I have to speak on this urgency motion I can dispel some of the misinformation and nonsense that has been peddled in this place. Senator Margetts, Senator Allison and Senator Bolkus have all come in here regurgitating their speeches that we heard when the Tasmanian RFA and the Victorian RFA were dealt with. No doubt when we get to the next one we will hear speeches containing the same words with a few small changes. They refuse to acknowledge that this process is a scientific one. It is not and never has been—and nor should it be—a PR process. It is a public consultation process.

The first thing that I will say about the consultation that has occurred in this process is that not only have the Green groups, represented on a de facto basis in Western Australia by Senator Margetts, steadfastly

refused to participate in the RFA consultation process but also they have chosen instead to block the lawful activities of the timber industry. They have denied the industry their rights, through protest actions which endanger themselves and the forest workers—not only their jobs but also their lives. You should think about that. These protests have been exacerbated by the conflicts in south-west communities and remove any potential for a future accord.

The Conservation Council of WA and the WA Forest Alliance never took the opportunity to involve themselves in the process. They refused to join in. They now seek to have an accord put in place. They could join in today if they wanted to do so. Yet they never took the opportunity to be included from day one. They never exercised their democratic rights: they ignored the process. I find it very hypocritical that we now have a representative from WA coming in here and saying, 'We want to get involved now.' Let us think about that. They had the opportunity but they denied themselves that opportunity. That is their problem.

It is essential to deal with some of the events that have taken place. I refer to the moratorium on the logging of high conservation value forest. The deferred forest agreement, signed by the Prime Minister and the Western Australian Premier, dealt with this issue. Areas of forest that may be required for a future conservation reserve system were deferred from timber harvesting until the RFA was completed. That is fact.

Senator Brown interjecting—

Senator CRANE—Senator Brown from Tasmania can jump up and down all he likes. If he would deal with the facts for once in this place, he would find out what is going on. Additionally, the Western Australian Minister for the Environment subsequently nominated other areas of forest that may be required for a conservation reserve system so that these areas would also not be logged until completion of the RFA.

Senator Brown—And then they will be logged.

Senator CRANE—No, not necessarily. How wrong you can be. How little you know. Regarding the accord process, consultation processes for the RFA have included—and listen to this very carefully, Madam Acting Deputy President, because it is absolutely crucial to getting the truth on the table—two series of public meetings in towns throughout the region; a stakeholder reference group, which has held nine meetings in both city and country locations; a Noongar action group, which has held at least five meetings; a state agreements act committee, which has held five meetings; a series of 10 community heritage workshops; a series of seven Aboriginal community workshops; surveys and interviews to develop a regional social profile; surveys and interviews to gather information on the full range of forest based industries, including timber, mining, tourism, apiary, craft, specialty timber, firewood, wildflower picking and seed collection; surveys and interviews of sawmill industry employees; more than 120 meetings with individuals or groups of stakeholders; eight local discussion group workshops to assist with social impact assessment; reports made available for public comment and feedback; specific public comment and feedback requested for two major reports on assessment of ecologically sustainable forest management in the south-west forest region of Western Australia and the public consultation paper *Towards a regional forest agreement for the south west forest region of Western Australia.*

That is a very comprehensive list of the consultation that has occurred. There is still an opportunity for these groups to join in, if they so choose. The time I have to speak is unfortunately short. There is a lot of information that can be put on the table and it needs to be recognised in its proper context.

I have heard some criticism of CALM. No department or environmental institution has done more to control feral animals in a state, region or forest than CALM. No organisation has done more to rehabilitate and increase the population of native animals.

Senator Margetts interjecting—

Senator CRANE—You should go down and have a look at it and open your eyes

occasionally. I emphasise that very strongly. For political purposes some people have now changed their position, but I think it was in about 1992 that CALM's plan in Western Australia for management of its forests was heralded as world's best practice but, in fact, it became the springboard for even more demands to close down forest areas. But remember who supported that at that time. Remember a West Australian Labor premier called Carmen Lawrence? Remember a leader of the Democrats called John Coulter? They both supported it, as did a number of other prominent people throughout Australia. It is very important that we deal with this aspect on its merit.

In the time remaining to me, I would like to say a little about the change of wording suggested by Senator Bolkus. He suggested that 'accord' should be changed to 'consultation'. He is trying to play a clever trick. There is a great difference between 'consultation' and 'accord'. He is trying to put in place what could occur now if these people were to wake up, join the process and make a contribution. They are welcome to make a contribution. In fact, we on our side of politics want them to make a contribution. They make a contribution in many areas, not least in the Landcare program, which I have discussed with them often and consistently. There is still time for them to get involved in the RFA process.

Lastly, I want to say something about forest plantations. Senator Allison made some comment about this. Regardless of the current process, the plantation development, of which I am very proud, having been involved in getting it off the ground, is far ahead of that in any other state in Australia. It is increasing at an enormous rate. I do not have time today to go into the details, but I will avail myself of another opportunity to put on the public record the position with regard to the enormous amount of plantation development on both public and private land in Western Australia and the contribution that is being made by a variety of sectors. *(Time expired)*

Senator FORSHAW (New South Wales) (5.16 p.m.)—I rise to support the proposal with the alteration to the wording suggested by Senator Bolkus. Indeed, having listened to the last speaker, Senator Crane, I am sure people would be wondering whether he even listened to any of the contributions made by earlier speakers.

I understand that Senator Crane has his hands full at the moment. After all, he has the job of trying to repair the damage that is being inflicted upon rural and regional Australia by his ministerial colleagues in the other place, whether it be in the wool industry or in other areas of agriculture or forestry. Having listened to Senator Crane a moment ago, you could be forgiven for wondering whether he has even canvassed the intent of this proposal.

The proposal calls for a deferral of the process of signing the RFA pending certain things happening. In particular, we would suggest there is a need to improve the consultation process. That is something that is not just being called for by green groups or conservation groups, as you might refer to them, Senator Crane; you have ignored the fact that this is a call that is coming from right across the spectrum. For instance, as Senator Bolkus pointed out—and I will come back to this point in a moment—there are very strong calls from your coalition colleagues, the Nationals, to halt this process and try to get it back on track.

I use those words 'back on track' because, in answer to a question from Senator Margetts on the 25th of this month on this very issue, what did we get from the Minister for the Environment and Heritage in this place, Senator Hill? There was fulsome praise for Mr Tuckey—Chainsaw Tuckey—and there was an attack upon the New South Wales government. We then had this throwaway line:

> Having said that, the progress on an RFA for Western Australia, whilst it is a little slower than I would have liked, remains on track.

The concession is there. If Senator Hill had told the full story, he would have said that not only is it not on track or slowed down, but it is right off the rails.

Government senators interjecting—

Senator FORSHAW—I remind senators opposite that when Senator Hill and Mr

Tuckey, the minister in the other place, tried to turn the attack back upon the New South Wales government with respect to the recent RFA situation in that state, their own coalition colleagues in the upper house in New South Wales endorsed the very agreements negotiated by the Carr government, because they adopted the process of consultation. Whilst we recognise that in this debate it will never be the case that all sides will be completely satisfied, we had a satisfactory outcome.

But we do not have that situation in Western Australia; far from it. Senator Knowles said, 'Well, we must have had consultation because 30,000 people lodged submissions.' I would have thought that the fact that 30,000 submissions came in was indicative of the fact that there were real issues to be dealt with here and that maybe some of the major players in the process should be given a little more recognition than has been given to them by the Western Australian government.

I refer, for instance, to the Western Australian Municipal Association—the association that represents local government in Western Australia. They have been very critical of this process. They have pointed out that the RFA steering committee does not represent all of the stakeholders. They are calling for the process to be deferred so that their interests can be recognised.

Senator Lightfoot interjecting—

Senator FORSHAW—I remind Senator Lightfoot that these are not people or organisations that are generally in the camp supporting the Labor Party or the Greens, and the same can be said about the media interests that Senator Bolkus referred to. There is the Western Australian Forest Alliance; no doubt their views have been put adequately by the Greens here. As Senator Bolkus said, there are also the Western Australian Nationals. If you are not prepared to listen to us or to conservation groups, why don't you at least listen to those people who are closest to you in ideology—your own coalition colleagues? On 18 November, they issued a media statement. I will quote from this media statement and, at the end of my speech, I will also seek leave to have it incorporated in *Hansard*. I will provide a copy to the government. I point out that this media statement is a document that goes with the issues statement that was incorporated earlier. This is what the Nationals put in their media statement:

> The National Party today asked the state government to give the community a comprehensive response to concerns about significant forest management issues raised as a result of party policy research during the past 12 months.
>
> Nationals' director Jamie Kronborg said an 'issues statement' on forest management and conservation prepared by the party highlighted a number of potential conflicts between government commitments to forest management and current or possible practice in the future.
>
> Mr Kronborg said the party's primary concern centred on the complex question of the jarrah forest's continuing ability to yield sawn timber of sufficient quality and volume to meet the demands of the timber industry in perpetuity and, at the same time, to provide forest reserves for local conservation, tourism or community needs.

Later on in the media statement Mr Kronborg highlights a range of issues. The media statement finishes with:

> "There is a high level of public interest in future management of WA's public native forests and, for this reason alone, the government must ensure that the quality of the resource is maintained in perpetuity for the benefit of many industry and community interests, including the tourism industry," Mr Kronborg said.
>
> "Everyone in the community needs to ensure that the state takes a responsible approach to forest management, given that the RFA will determine the size of the conservation estate for the next 20 years . . .

Attached to that media statement was the issues statement that Senator Bolkus referred to. I would like to quote extensive sections of that document but it has already been incorporated in the *Hansard*. The National Party says in it, for instance, that:

> . . . finding the 'common ground' in the complex forest debate is an extremely difficult task, which the Nationals recognise. The community places a diverse range of values on native forest and consequently there are a number of conflicts dividing interest groups on forest management principles and practices.
>
> This is aggravated by the differing community values placed particularly on old-growth native forest ranging across economic, cultural, social, environmental or ecological and aesthetic values. As a result, and despite the genuine commitment

of many people and organisations to the RFA process since July 1996, the Nationals remain concerned, as the process draws to a conclusion, that a number of significant issues are still to be openly and publicly addressed.

They go on to identify the issues in that issues statement. For instance, they refer, as Senator Bolkus pointed out, to the report of the Legislative Council standing committee which looked at the issue of sawlog yields. They particularly point out the problem of conflict of interest that exists within CALM, the Conservation and Land Management Department, and how that issue needs to be addressed. They refer to proposed changes in respect of measuring gross bole volume felled, rather than sawlog volume removed. The statement states:

CALM and industry need to justify to the wider community that a switch to 'gbv felled' to express jarrah harvest levels and the adoption of whole bole-logging methods are in the best interests of the timber industry and the forest sustainability.

This is not a conservation group; this is the Western Australian National Party saying to the Western Australian government and all those involved in the process that they have got to put up the scientific and other justification required for that process. I would ask honourable senators and the ministers in this government this: if you cannot listen to anyone else because of your ideological blinkers, why don't you at least listen to those people who sit next to you on your own side, who are saying to you and who are saying publicly in this very extensive issues statement—

The ACTING DEPUTY PRESIDENT (Senator Reynolds)—Order! The honourable senator's time has expired. Could I just say that we will have the same arrangement. Senator Forshaw sought leave. He has to provide the document and you can indicate whether or not leave is granted at a later stage.

Senator Brownhill—I don't think we need to incorporate it, Madam Acting Deputy President, because it has all been read.

Senator FORSHAW—I did not read the entire document. I would seek leave to incorporate it. As I explained, it is actually the media statement that accompanies the document that has already been incorporated.

Leave granted.

The document read as follows—

NATIONALS DEMAND EXPLANATIONS ON FOREST MANAGEMENT

The National Party today asked the state government to give the community a comprehensive response to concerns about significant forest management issues raised as a result of party policy research during the past 12 months.

Nationals' director Jamie Kronborg said an 'issues statement' on forest management and conservation prepared by the party highlighted a number of potential conflicts between government commitments to forest management and current or possible practice in the future.

Mr Kronborg said the party's primary concern centred on the complex question of the jarrah forest's continuing ability to yield sawn timber of sufficient quality and volume to meet the demands of the timber industry in perpetuity and, at the same time, to provide forest reserves for local conservation, tourism or community needs.

'For the timber industry, the possible outcomes of the proposed Regional Forest Agreement set out in papers published as part of that process detail the implications that a change in the size of the conservation estate will have on first and second-grade jarrah sawlog production,' Mr Kronborg said.

'This is clearly the proper approach because the jarrah forest is still being logged principally, in value terms, for the production of first and second-grade sawlogs and the timber industry's primary requirement is for the supply of these sawlogs.'

'However, the Conservation and Land Management Department has claimed in a recent, separate paper that the current sawlog specification has become irrelevant.'

'In its place it is suggesting a switch to a different harvesting specification known as whole bole logging, which CALM believes could enable the timber industry to extract greater yields of timber from a tree than is now possible using the sawlog specification.'

'But the Nationals are very concerned that if the key forest harvesting measure known as the sawlog specification has become 'irrelevant', as CALM claims, then it would appear that some of the most important conclusions of the RFA public consultation paper, in which the outcomes are based entirely on impacts on sawlog yield, could be called into question.'

Mr Kronborg said the Nationals' issues statement also challenged the government to provide comprehensive explanations about:

the ways in which the quality of the jarrah forest resources would be maintained if a different harvesting specification was to be introduced

the reason why the area of jarrah forest cut for logging in the past six years had almost doubled to more than 20,000 hectares

the reasons for apparent change over time in the size and quality of a standard first-grade jarrah sawlog

the reason for changes in silvicultural practice which have prevented the timely thinning of regrowth karri and jarrah.

'There is a high level of public interest in future management of WA's public native forests and, for this reason alone, the government must ensure that the quality of the resource is maintained in perpetuity for the benefit of many industry and community interests, including the tourism industry,' Mr Kronborg said.

'Everyone in the community needs to ensure that the state takes a responsible approach to forest management, given that the RFA will determine the size of the conservation estate for the next 20 years.'

'The additional information which the Nationals are seeking to have placed on the public record will aid the RFA process and help to clarify some significant community concerns.'

Mr Kronborg said the party had already released details of the outcomes it expected from the RFA process.

These included:

the release of a draft RFA for public comment and assessment by the Environmental Protection Authority

a reduction in the first and second-grade jarrah sawlog cut to no more than 280,000 cubic metres per year

protection for local areas of high conservation value

assistance to the timber industry to encourage greater value-adding and the maintenance of employment levels

encouragement for the further development of the plantation timber resource, and

a review of CALM's funding sources and requirements.

Copies of the party's forest management and conservation issues statement are available by calling 9321 1070.

Senator LIGHTFOOT (Western Australia) (5.27 p.m.)—I rise to reject the motion put forward by Senator Dee Margetts this afternoon. There are two parts to it and I will give the reasons why I reject it. As for the first part, I find the deceit of the motion quite disturbing. Senator Margetts's motion spoke, inter alia, of the need 'for an immediate moratorium on the logging of high conservation value forests.' It just happens to be—and I do not know whether Senator Margetts knew this or not when she put this motion up—that the moratorium on the logging of high conservation value forests actually exists. She seems to have forgotten that.

She has forgotten that there was a deferred forest agreement—and that is the one that is still in place—which does not allow logging in forests that might be necessary for a comprehensive, adequate and representative reserve system. That agreement is in all but name a moratorium on those areas of high conservation value that might be required for conservation reasons. That superimposes on what Senator Margetts said, so that part of it is already in place. In the second part she concludes:

. . . until the WA Environment Protection Authority has had the opportunity to assess the draft RFA that arises from that accord process.

Again, there must apparently be some deceit, or perhaps Senator Margetts might want to clear that up when she gets up to rebut what I have said. But the last part of the motion is also rebutted by the RFA being subject to the legislative obligations of both the Western Australian and the Commonwealth governments. This means that changes to the reserve system as a result of the RFA, under current WA legislation, would require assessment by the EPA as part of the development of the new forest management plan. That will be the means of implementing much of the regional forest agreement.

Senator Crane—Dishonest!

Senator LIGHTFOOT—It is in effect dishonest. Perhaps Senator Margetts can clear that up, because I think it is a very serious thing to put up an urgency motion of this nature, only to have it rebutted. That is from the office of the Minister for Conservation and the Environment in Western Australia.

Senator Brown—That wouldn't be honest then, would it?

Senator LIGHTFOOT—I think, Senator Brown, that that is a very unkind thing to say about one of the best ministers that this nation has ever seen with respect to the environment and conservation—a very objective lady indeed in her portfolio. So I think that that is rather unfair. Senator Allison said in her read speech—obviously prepared by someone else, and I think that's another form of deceit—that the consultation process was grossly inadequate. And yet it has been going for two years.

The south-west of Western Australia, from which all of our timber is commercially harvested with the exception of some sandalwood that is pulled from the rest of the state, goes from Gingin in the north of Perth—in a generic sense—down to and including Denmark. The area is roughly bounded by the Albany Highway to Point Naturaliste and out to the coast that faces the Indian Ocean.

The RFA contained certain forest statistics based on the industry, but that industry is not based purely on the harvesting of timber—or, as someone said, on the mining of timber, and no doubt some timber is mined in the sense that it is not replaced. It also contains a significant area of mining worth about $2.68 billion to the state in the last fiscal year. That includes bauxite—incidentally, there are reserves of bauxite for 70 years, 2,600 million tonnes of it—tantalum, lithium, tin, 2.4 million tonnes of coal mined annually within that area that I just described, mineral sands, and gold.

That of course entails employment. This is what this is all about. This is not just about conservation of timber, the preservation of certain areas; it is about the whole process that is encompassed by this area. It includes tourism as well. You come in here and try to destroy industries but you offer no solutions to unemployment. That industry employs 8,118 people in that area.

Senator Margetts—Sorry? What? It does not.

Senator LIGHTFOOT—But there are five times that number who are dependent indirectly on that area. Where is your solution for that, Senator Margetts? And what is the Greens' record on unemployment? Not good. You never offer anything for that. You destroy but don't offer some solution to it. That means that 40,000 jobs are at risk if you destroy that area. Not only is there $2.68 billion coming out of that area; there is a further $3.3 billion for Western Australia, and it is equivalent to $4.68 million nationally. That does not include payroll tax, royalties, regional revenues and local purchases that mining companies and others, such as the timber industry, put into the district. We know there are competing industries. We try to take into account industries such as nature conservation and water catchment—200,000 million litres of water come from that area to serve Bunbury and that area between Bunbury and Perth.

I want to say something to defend someone who was a very prominent Labor man, Dr Syd Shea. We are very lucky to have him in Western Australia. He is one of the most brilliant scientists that has ever been in the west and employed by the west. He has great feeling and a great natural empathy for that area that he is currently managing.

Senator Brown—He is an agent of destruction.

Senator LIGHTFOOT—He is not, and it is very unfair of you to say that. I will defend Dr Sydney Shea. I do not often see eye to eye with him politically but he is a great man for the job that he does for CALM and the job that he does for Western Australia. *(Time expired)*

Senator MARGETTS (Western Australia) (5.34 p.m.)—I am very pleased to be able to refute some of the arguments made today. It is interesting that the coalition was not prepared to give more time for the Greens and the Democrats to put their arguments. The government has given 25 minutes. Their arguments are very easy to refute.

The moratorium has been cited as existing. Let me tell you that the moratorium as it was originally set up included a halting of logging in all National Estate listed forests. That includes the Wattle Block, where people are desperately trying to halt the destruction and vandalism of those important ecological systems and forest areas. The moratorium was basically taken by the coalition and stripped

of most of its power—most of the areas that had been listed on the National Estate. So, basically, it means nothing much at all under the coalition. Senator Knowles said that the deferred forest agreement is being taken into consideration. In fact, it is being ignored.

Rigorous scientific assessment requires peer review. Again and again the Department of Conservation and Land Management have refused to have their scientific papers peer reviewed. Why? It is because they are afraid of what real scientific analysis will do to their sham scientific assessments. They will not get them peer reviewed and they cannot be classified as scientific assessments unless they undergo proper peer review.

Senator Knowles mentions vegetation mapping. She clearly forgot to mention the satellite pictures from the Landsat images by the CSIRO. They are shocking pictures which show the reality of what is happening to Western Australian forests. A lot of people were set back on their heels to see those images of what was really happening—the real picture in Western Australia.

Since this sham RFA started in 1996, 50,000 hectares of high conservation forests have been cut. What kind of protection or moratorium is that? Senator Knowles said that if you do not have parties prepared to come to the table for consultation the process becomes so much more difficult. Yes. The strong work, the enormous work, that Dr Christine Sharpe has done on the ecologically sustainable committee has for the first time got all parties together and made sure that they make progress—talking to workers, industry, conservationists and government bodies and getting them together to work their way through issues of structural adjustment, employment and how the industry can be sustainable in the future.

Is it sustainable? There have been various comments made about what Western Australia does. In the *Australian* magazine of 21-22 November on page 21 the indications are that other states are doing much better. Western Australia is still 68 per cent dependent on hardwood whereas New South Wales is 36 per cent dependent, Victoria 38 per cent and Queensland has got to 21 per cent because they are using more plantations. We are not being smart with our forest management; we are not being smart with employment.

Let us talk about public meetings. I went to the one in Mundaring. It was a sham until the people who wanted to protect the forest actually hijacked the meeting in a very creative way and got people talking to each other and checking the information. Instead of having a one-to-one discussion where people can be fed nonsense, they opened up the meeting. The majority of those at the meeting said that it was a great idea. Something useful was actually done. The rest of it was a sham. The consultation processes were not public meetings, they were shams.

The misinformation and nonsense is often coming from the people who should be taking responsible decisions. Green groups have chosen to take a responsible view because they found that the steering committees—the people who were forming the process—cut out all of those people, including the people in the tourism industry, who had the majority of jobs at risk as a result of the processes taking place.

We know the figures given by Senator Lightfoot are incorrect in terms of direct employment. In my first contribution to this debate I gave the real figures for direct employment—comparing the forest industry and the tourism industry—let alone the indirect employment in the other small industries that rely on the forest remaining as old growth forest and resources for the future. It is no good CALM simply breeding animals if their habitat is being destroyed. I seek leave to amend the motion by replacing the word 'accord', wherever occurring, with the word 'consultation'.

Leave granted.

The Senate divided. [5.45 p.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes	31
Noes	34
Majority	3

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, M.	Bolkus, N.

AYES

Brown, B.	Carr, K.
Collins, J. M. A.	Cook, P. F. S.
Cooney, B.	Crossin, P. M.
Crowley, R. A.	Denman, K. J.
Faulkner, J. P.	Forshaw, M. G.
Gibbs, B.	Hogg, J.
Hutchins, S.	Lees, M. H.
Mackay, S.	Margetts, D.
McKiernan, J. P.	Murphy, S. M.
Murray, A.	O'Brien, K. W. K.*
Quirke, J. A.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
Woodley, J.	

NOES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Brownhill, D. G. C.
Calvert, P. H.	Campbell, I. G.
Colston, M. A.	Coonan, H.
Crane, W.	Eggleston, A.
Ellison, C.	Ferguson, A. B.
Ferris, J.	Gibson, B. F.
Heffernan, W.	Herron, J.
Knowles, S. C.	Lightfoot, P. R.
Macdonald, I.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	Newman, J. M.
O'Chee, W. G.*	Parer, W. R.
Patterson, K. C. L.	Payne, M. A.
Reid, M. E.	Synon, K. M.
Tierney, J.	Troeth, J.
Vanstone, A. E.	Watson, J. O. W.

PAIRS

Campbell, G.	Chapman, H. G. P.
Conroy, S.	Kemp, R.
Evans, C. V.	Tambling, G. E. J.
West, S. M.	Hill, R. M.

*** denotes teller**

Question so resolved in the negative.

GOODS AND SERVICES TAX: PRODUCTION OF DOCUMENTS

Senator CALVERT (Tasmania)(5.50 p.m.)—Earlier this afternoon a vote was taken which I believe was a mistake on the government's part—a misunderstanding between the whip and the whip's clerk on numbers. I seek leave to have the vote on general business notice of motion No. 2 recommitted. The reason was a genuine reason, and it was a genuine mistake that happens from time to time on both sides.

The PRESIDENT—Is leave granted?

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (5.50 p.m.)—by leave—Ordinarily, when these sorts of things occur, it does mean that a whip or other responsible officer in the chamber comes and seeks leave for such a vote to be recommitted. I do make the point that there normally is a more fulsome explanation than the one we have just heard from the government whip, and on occasions the senator concerned—

Senator Ian Campbell—There was no senator concerned.

Senator FAULKNER—If there is no senator concerned, that might be the nature of the explanation that ought to be given to the Senate. Let me make a couple of points in relation to this particular motion that I think it is important for the Senate to acknowledge. The general principle in relation to divisions where there has been either a mistake in pairing—whether it be a mistake that the whips of either the government or the opposition take responsibility for, or in the circumstances where a senator misses a division—the view of the opposition consistently has been that we would want to see the will of the electorate reflected in votes on the floor of the Senate.

That is a very important principle which, as you would know, Madam President, I have espoused on a number of occasions when we have had similar instances previously. The point needs to be made that, while the opposition is being asked to recommit this vote—and I want to indicate that the opposition will take a consistent approach, as it always has, on these sorts of issues—the will of the electorate will not be reflected when a new vote is taken. Because of the change in approach of the Prime Minister in relation to accepting the tainted vote of Senator Colston in all divisions, a whole series of divisions which would otherwise have been lost by the government—and this is one—will now be won.

Senator Watson—Be charitable—it's getting close to Christmas.

Senator FAULKNER—Well, you leave then, Senator Watson. We know what your position is on the GST. If you actually voted honestly in the chamber, Senator Watson, we

would not be facing this situation either. We know you are an internal critic.

Senator Ian Campbell—Senator Faulkner implied Senator Watson voted dishonestly. Senator Faulkner should withdraw that comment—he just cannot help himself.

Senator Watson—You know I am in favour of the GST.

Senator FAULKNER—We know you are an internal critic of the government on this particular matter.

The PRESIDENT—Senator Faulkner, you should be addressing the chair and you should not be referring to other senators in that fashion.

Senator FAULKNER—Senator Watson is interjecting and he is getting a bit for his own corner.

Senator Ian Campbell—Madam President, that was a clear reflection on the honourable senator. He said that Senator Watson should vote honestly, which clearly implies that he votes dishonestly. Senator Faulkner should withdraw that immediately and make an apology to Senator Watson.

The PRESIDENT—It does seem to be casting an aspersion on a senator. You might phrase your thoughts differently and withdraw the way you said it.

Senator FAULKNER—Thank you, Madam President. It is not my intention to cast an aspersion on Senator Watson. I thought Senator Watson's comments a week or so ago spoke for themselves.

Senator Ian Campbell—Madam President, will the honourable senator withdraw the remarks unconditionally and make an apology to Senator Watson without further wasting the time of the Senate because he loves the sound of his stupid voice?

The PRESIDENT—Senator Campbell, that is not an appropriate way to address the matter. Senator Faulkner, I ask you to withdraw that comment so there is no misunderstanding about what you were actually saying.

Senator Robert Ray—Madam President, on a further point of order, Senator Campbell is in the habit of jumping to his feet and addressing the Senate.

The PRESIDENT—I noticed that, Senator.

Senator Robert Ray—He should actually have prefaced it with the words 'point of order'. This has become a pattern. Normally we do not object, but the other day it happened many times and it has happened again today.

The PRESIDENT—Senator Faulkner, I will ask you to withdraw that comment and explain yourself in a different way.

Senator FAULKNER—I withdraw those of my remarks that caused offence to you. The important principle that the opposition espouses in relation to this particular matter is that the will of the electorate should be reflected in the votes of the Senate. That is not going to be reflected in the forthcoming vote in the Senate if this division is recommitted. Senator Colston holds a tainted vote which is now accepted by Mr Howard. It was previously rejected by the government and Mr Howard, and then the Prime Minister was finally forced to take a position in relation to what, in my view, are the sleazy and slimy deals and arrangements the government had made in relation to Senator Colston.

However, for the life of this parliament, Mr Howard—although he did not announce it, either before or during the election campaign—has made it clear that he intends to accept Senator Colston's vote. That means that a number of divisions are going to result in a different outcome than would otherwise be the case.

Senator Ian Campbell—You promised to vote for the GST. You lied to the Australian public.

Senator FAULKNER—This is from a 'never, ever' senator!

Senator Carr—And a former Democrat.

Senator FAULKNER—I wish you wouldn't bring up his background, Senator Carr! It is very embarrassing for Senator Campbell. The situation is that, in relation to this issue—and it is an important one—the will of the electorate will not be reflected in votes on the floor of the Senate because

Senator Colston holds a tainted vote. If he were voting in accordance with the wishes of the Queensland electors who put him in this place, he would support the opposition on this motion and on every other one before the chair.

Mr Howard has changed his approach. He now accepts the tainted vote of Senator Colston. That means that a whole range of non-government initiatives before the chair that would otherwise have found favour, support and a majority vote in the Senate no longer will do so on equal voting. That is the truth of the matter. I do not know what Senator Colston's motivations are and I do not much care. What I am addressing is Mr Howard's motivations.

Another point needs to be made in relation to this very important issue, and we should consider it. This particular vote occurred in relation to a very important issue—an order for the production of documents in relation to the goods and services tax. I believe it is worth making it very clear that, on the day the government introduces its legislation into this parliament and there is now a capacity for both parliamentary and public scrutiny of the legislation, the government asks for the recommittal of a vote to ensure that material that is important in terms of parliamentary and public scrutiny is not made available for the benefit of each and every senator and the Australian public.

Senator Ian Campbell—The minister is on his sick bed.

The PRESIDENT—Ignore the interjection, Senator.

Senator FAULKNER—That is what we are being asked to recommit. The principle that the Labor Party has consistently taken in relation to these matters is that the will of the Senate be reflected in voting before the Senate chamber. The government whip has indicated to the chamber that there was a mistake of some description, perhaps in communication between the whip's clerk and the whip. It has not been detailed any more for the benefit of senators. I accept the explanation of the government whip, as has been our practice to accept not only whips' explanations in this place but also explanations made by individual senators when we have a circumstance of the will of the Senate not being reflected in a vote that is taken on the floor of the Senate. That is the fundamental principle. Of course, on this particular occasion it is tainted by the grubby, indefensible and disgraceful behaviour of Senator Colston and Mr Howard.

Senator CALVERT (Tasmania) (6.01 p.m.)—by leave—I make a point of clarification. In my haste to recommit the vote, I might not have been as fulsome as I would like to have been. But I would like to make the point that my clerk was absolutely correct when she came in here. I have a witness to prove that she did say, 'Five plus the leader.' Inadvertently, the acting whip at the time thought it was five less the leader. I think that is the way it worked, because Robert Hill turned up. That is the reason the mistake was made. I apologise to the Senate for the lecture you have received from the school prefect over here about what we do wrong.

The PRESIDENT—The question is that leave be granted to have the motion recommitted.

Leave granted.

The PRESIDENT—The question now is that general business notice of motion No. 2 in the name of Senator Faulkner be agreed to.

Question put.

The Senate divided. [6.06 p.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes	33
Noes	33
Majority	0

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, M.	Bolkus, N.
Brown, B.	Carr, K.
Collins, J. M. A.	Cook, P. F. S.
Cooney, B.	Crossin, P. M.
Crowley, R. A.	Denman, K. J.
Evans, C. V.	Faulkner, J. P.
Gibbs, B.	Harradine, B.
Hogg, J.	Hutchins, S.
Lees, M. H.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.

AYES

O'Brien, K. W. K.*	Quirke, J. A.
Ray, R. F.	Reynolds, M.
Schacht, C. C.	Sherry, N.
Stott Despoja, N.	West, S. M.
Woodley, J.	

NOES

Abetz, E.	Boswell, R. L. D.
Brownhill, D. G. C.	Calvert, P. H.*
Campbell, I. G.	Colston, M. A.
Coonan, H.	Crane, W.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J.
Gibson, B. F.	Heffernan, W.
Herron, J.	Knowles, S. C.
Lightfoot, P. R.	Macdonald, I.
Macdonald, S.	MacGibbon, D. J.
McGauran, J. J. J.	Minchin, N. H.
Newman, J. M.	O'Chee, W. G.
Parer, W. R.	Patterson, K. C. L.
Payne, M. A.	Reid, M. E.
Synon, K. M.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	

PAIRS

Bourne, V.	Chapman, H. G. P.
Campbell, G.	Kemp, R.
Conroy, S.	Tambling, G. E. J.
Forshaw, M. G.	Alston, R. K. R.
Lundy, K.	Hill, R. M.

*** denotes teller**

Question so resolved in the negative.

COMMITTEES

Scrutiny of Bills Committee

Report

Senator COONEY (Victoria) (6.08 p.m.)—I present the 10th report of 1998 of the Senate Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills *Alert Digest* No. 11 of 1998, dated 2 December 1998.

Ordered that the report be printed.

Environment, Communications, Information Technology and the Arts References Committee

Report

Senator ALLISON (Victoria) (6.09 p.m.)—I present the report of the Environment, Communications, Information Technology and the Arts References Committee on matters referred to the committee during the previous parliament.

Ordered that the report be adopted.

Legal and Constitutional Legislation Committee

Report

Senator COONAN (New South Wales) (6.10 p.m.)—On behalf of Senator Payne, I present the report of the Legal and Constitutional Legislation Committee on annual reports.

Ordered that the report be printed.

Finance and Public Administration Legislation Committee

Report

Senator COONAN (New South Wales) (6.11 p.m.)—On behalf of Senator Gibson, I present the report of the Finance and Public Administration Legislation Committee on matters referred to the committee during the previous parliament.

Ordered that the report be adopted.

Senator COONAN—I also seek leave to have the report incorporated in *Hansard*.

Leave granted.

The report read as follows—

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE;

Report on Matters Referred to the Committee in the Previous Parliament

The Committee met and considered references not disposed of at the end of the 38th Parliament. It resolved to recommend to the Senate that

The following inquiries of the 38th Parliament be re-adopted:

Statutory authorities—The continuing oversight of the establishment, operation, administration and accountability of bodies established pursuant to Commonwealth statute *(referred to the Standing Committee on Finance and Government Operations 6 October 1977; amended 8 October 1986; again referred 22 September 1987 to the renamed Standing Committee on Finance and Public Administration: transferred to Legislation Committee 10 October 1994; readopted 29 May 1996)*

Non-statutory bodies—The continuing oversight of the establishment, operation, administration and accountability of bodies for which the Commonwealth is wholly or partly responsible, being bodies which are not departments (or parts of departments) nor statutory authorities (or sub-bodies of statutory authorities) nor incorporated companies nor in-

corporated associations *(referred to the Standing Committee on Finance and Government Operations 17 November 1983; amended 8 October 1986; again referred 22 September 1987 to the renamed Standing Committee on Finance and Public Administration; transferred to Legislation Committee 10 October 1994; readopted 29 May 1996)*

Companies and associations—The continuing oversight of the establishment, operation, administration and accountability of incorporated companies and incorporated associations owned by the Commonwealth and of those in which the Commonwealth holds a major or substantial interest *(referred to the Standing Committee on Finance and Government Operations 8 October- 1986; again referred 22 September 1987 to the renamed Standing Committee on Finance and Public Administration; transferred to Legislation Committee 10 October 1994: readopted 29 May 1996)*

Portfolio Budget Statements, including consideration of a new, improved format *(referred 21 November 1997)*

Senator Brian Gibson

Chairman

MINISTERIAL STATEMENTS

Development Cooperation Program

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (6.12 p.m.)—On behalf of the Minister for Foreign Affairs, I present the eighth annual statement to parliament on Australia's Development Cooperation Program. I seek leave to incorporate the statement in *Hansard*.

Leave granted.

The statement read as follows—

Eighth Annual Statement to Parliament on Australia's Development Cooperation Program.

Mr Speaker, when I delivered last year's Annual Statement I tabled ***Better Aid for a Better Future.*** It represented a fundamental realignment of Australia's aid program to the clear objective of *"advancing Australia's national interest by assisting developing countries to reduce poverty and achieve sustainable development"*. It outlined new priorities for the aid program and set the framework for their implementation.

Since that time, the regional economic crisis has placed urgent demands on Australia's assistance. Our capacity to respond to these events has been due, in no small measure, to the changes put in place in *Better Aid for a Better Future*. Today I will outline:

. how we have responded to the crisis in our region, including increased support for governance and resumed growth;

. the role of human rights in the aid program;

. our progress in implementing the policy directions I announced a year ago; and

. the emphasis placed on involving the Australian community in our aid efforts

REGIONAL ECONOMIC CRISIS

The regional economic crisis has been compounded by a series of natural disasters including droughts across South East Asia and the Pacific. These events have thrown millions of people back into poverty and threatened thirty years of development progress. In Indonesia, for example, widespread and increasing unemployment and poverty, food shortages, and children leaving school mean not only that people are suffering now, but that impacts will be felt across generations. And, as the social and economic impacts intensify, the capacity of regional governments to respond is diminishing.

Australia is playing an active and leading role in helping these countries deal with the impacts of the crisis. Our response, through the aid program, has been targeted at a number of levels.

First, we have been using our influence in international forums to ensure active participation by other donors, including the international agencies, in responding to the crisis. In March I travelled to Washington to meet the President of the World Bank and to urge the bank to take a lead role in coordinating assistance. I also met the Managing Director of the IMF and stressed the importance of ensuring that the social costs of the crisis were not overlooked in pursuing economic reforms. The Prime Minister, the Treasurer, the Minister for Trade and I have engaged in extensive consultations with affected governments—encouraging them to adopt appropriate policies and offering practical assistance.

It is critical that we maintain the momentum of an effective international response. For this reason, early next year I plan to convene a meeting of Ministers from major donor and recipient countries in the region

The meeting will focus on the long-term development challenges facing the region and what needs to be done to restore growth. I expect it will result in greater international coordination and a high level political commitment to address the economic and social impacts of the crisis.

Through the aid program, Australia has provided additional resources to the worst affected countries including Indonesia, Thailand, the Philippines and Vietnam. In Indonesia alone we have increased total aid flows by 25% compared to last year. Much of this has focussed on helping people cope

with the crisis by providing food aid and essential medicines.

The social and economic impacts of the crisis are not going to be short-lived. Our aid response must therefore also focus on helping regional countries return to sustained growth and limit the potential for recurrence of the crisis. Crucial to this is an increased emphasis on governance, which was identified as a key sectoral priority in *Better Aid for a Better Future.* To this end, Australia is supporting partner countries to

. deal with systemic problems in the banking/finance sectors;

. strengthen corporate, legal, judicial and institutional frameworks; and

. improve public administration.

At the recent APEC Leaders Meeting in Kuala Lumpur, the Prime Minister announced a major package of economic and financial management assistance for APEC developing economies affected by the crisis. The package, which exceeds $50 million over three years, targets priority areas identified in the Australian-commissioned APEC Economic Governance Capacity Building Survey.

HUMAN RIGHTS

The increased emphasis on governance is not limited to economic and financial management issues. It also includes a strong emphasis on human rights. Regional governments increasingly accept that getting their economic fundamentals correct is only part of the task. Australia's aid program is seeking to build on this recognition that sustainable development is strengthened where human rights are genuinely protected and exercised.

Sustainable development and human rights are inter-related in a myriad of ways. The whole aid program in one form or another contributes to human rights by addressing the needs of the world's disadvantaged.

I am aware that many of my fellow Parliamentarians share my interest in promoting and protecting human rights through Australia's aid program. Last June the Joint Standing Committee on Foreign Affairs, Defence and Trade delivered its report *Australia's regional dialogue on human rights.* Having considered the Committee's views, today I would like to outline a clear framework for supporting human rights through the aid program. It will form part of the Government's full response to the Committee's report, which will be provided in due course.

The framework consists of six key principles.

. Human rights are a high priority for the Government. Civil and political rights are ranked equally with economic, social and cultural rights

. The aid program will continue to undertake activities that directly address specific economic, social, cultural, civil and political rights. A particular emphasis will be on the creation of durable institutional capacity to promote and protect human rights.

. The emphasis is on the practical and the attainable. AusAID, as the Government's aid agency, will pursue practical aid activities in support of human rights. These activities complement and build on high-level dialogue on human rights. Dialogue on human rights and representations about individual human rights cases will normally be carried out through diplomatic channels.

. The aid program will develop activities primarily as a result of consultations and cooperation with partner countries on human rights initiatives. Regional and multilateral activities will also be undertaken.

. Considerable care will continue to be applied to the use of aid sanctions associated with human rights concerns. The Government will consider such sanctions on a case-by-case basis. Aid conditionality based on human rights concerns would only be used in extreme circumstances since it can jeopardise the welfare of the poorest and it may be counterproductive.

. AusAID will continue to link closely with other arms of the Australian Government on governance and human rights issues. AusAID will also liaise with NGOs and human rights organisations in Australia.

Practical action based on these principles means that the aid program will continue to focus on its objective of assisting developing countries to reduce poverty and achieve sustainable development. These principles will underpin our strong support for civil and political rights throughout our aid work. The aid program will seek to maximise the benefits for human rights in all development assistance activities. To support implementation of these principles, AusAID will develop practical guidance for program managers, contractors and recipient government counterparts.

The new framework I have outlined today is an elaboration of the basic principles set out last year in *Better Aid for a Better Future.* It will take the aid program another step forward as a practical, vigorous and evolving expression of Australians' concerns that people everywhere get a fair go.

IMPLEMENTING BETTER AID FOR A BETTER FUTURE

I would also like to take this opportunity to report to the Parliament on other key achievements in implementing *Better Aid for a Better Future. Better Aid for a Better Future* outlined the importance of focusing our assistance in regions and countries to better achieve lasting improvements in people's

lives. It called for the development of comprehensive strategies, developed in partnership with developing countries. It also required the aid program to be able to provide rapid relief in cases of emergencies and respond to changing pressures. This approach is no more apparent than in our program of assistance in Papua New Guinea. During the past twelve months we have responded very effectively to changing pressures: rehabilitation of agriculture after the 1997 drought, responding to the tsunami tragedy, and contributing to peace and reconstruction in Bougainville. In April this year I was privileged to be a witness to the peace signing ceremony in Bougainville, which was yet another step in the path to ending the 9-year civil war which has ravaged that Province

Reviewing the Treaty on Development Cooperation with Papua New Guinea has been a key issue over the past year. The review will set in place arrangements to ensure that Australian aid to PNG reaches those most in need and makes a real difference to living standards. It is expected that the review will be completed in the first half of 1999.

Another key achievement during 1998 has been the development, for the first time, of a Pacific wide comprehensive strategy with clear objectives and outcomes and incorporating country specific strategy statements. I will be launching this strategy later this month during my visit to the Pacific. Australia's assistance to the Pacific during 1998 has placed a strong emphasis on improving policy and management reform and on assisting countries deal with the impacts of the regional economic crisis.

Of course, adopting a more targeted approach to aid delivery is not limited to the funding provided in partnership with countries. Considerable work has been put into developing a new framework to ensure our aid dollars are only directed to those multilateral organisations which are effective and efficient in pursuing our priorities.

In *Better Aid for A Better Future*, I announced that AusAID would develop a formal statement of principles outlining the role of Non Government Organisations (NGOs) in the aid program. This policy statement is currently being developed in consultation with the NGO community and I look forward to announcing it early next year. 1998 also marked a year where NGOs made a special contribution in areas such as civil society, humanitarian relief and small-scale development at the local level. Our partnership with them is based on solid foundations—the depth of community support for their work and the quality of the assistance they provide.

Better Aid for a Better Future outlined five key sectors of health, agriculture and rural development, education, governance and infrastructure. These sectors are taken into account in the development of country strategies.

Specific policies for each sector have also either been or are being prepared:

. Australia's Gender and Development policy has been operational since March 1997,

. the Education and Training Policy has been in place since August 1996;

. a new Health policy has been approved and will be released shortly;

. a policy for Agricultural and Rural Development will follow a major review due to be completed by the end of November 1998 ; and

. work is well underway on a comprehensive Private Sector Development Strategy, which will include the plans for increasing support for small enterprises.

COMMUNITY INVOLVEMENT

Another major initiative during 1998 has been the significant focus on involving the Australian community in Australia's aid program.

In *Better Aid for a Better Future* we outlined our intention to research public attitudes towards overseas aid. In July I published the results of that research. A comprehensive survey demonstrated that the vast majority—84 per cent—of Australians support overseas aid and that they are motivated by humanitarian concerns. This support was vividly demonstrated in the Australian community's overwhelming response to the tragic tsunami disaster in Papua New Guinea and more recently, the devastation caused by Hurricane Mitch.

In the past year we have placed a high priority on informing Australians about the aid program and involving them both in its delivery and development—to demonstrate that Australian taxpayer's dollars are spent effectively and to improve the quality of our aid efforts.

We have commenced a program of community outreach activities to inform Australians better about how their overseas aid program works. This has included a range of seminars hosted by my Parliamentary Secretary, Kathy Sullivan; displays at agricultural shows; enhancing AusAID's internet site and our publications.

In August, I introduced the Certificates of Appreciation Program to recognise the efforts of Australian overseas volunteers. I would like to take this opportunity to thank my Parliamentary colleagues from both sides of the House for their participation. Australians from all walks of life have been working as volunteers to help people in other countries for many years. In addition to acknowledging the valuable contribution volunteers have made, the Certificates of Appreciation Program increases community knowledge of the role of volunteers in Australia's aid program. For me, meeting some of these Australians has been one of the highlights of the year.

During the past year I have also launched the Australian Youth Ambassadors for Development Program. The Program will place five hundred young Australians on development projects in the region over the next two years. I am pleased to say that the response to the program's first round of placements has been overwhelming, with around 700 young, highly skilled Australians applying. I look forward to farewelling many of these talented young Australians in February. The work done by these young people will be very valuable. I believe a great benefit will also come through the forging of lasting relationships with the region, thus helping to strengthen mutual understanding between Australia and our neighbours.

In May I appointed eleven distinguished Australians to the Aid Advisory Council. I have greatly appreciated the Council's contributions to the planning and delivery of Australia's aid program. The Council helps ensure the aid program reflects the values of the wider Australian community and plays an important role in opening the aid program up to new ideas and approaches to development.

There can be no doubt that 1998 was a challenging year full of many achievements. Ensuring our aid efforts remain as responsive and relevant as possible, making a difference to the lives of the poor, is a continuing demand. We must also build on Australian community support for our aid efforts. I firmly believe that even as a relatively small nation, we can continue to make an important contribution to our region and to development cooperation worldwide.

COMMITTEES

Membership

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—The President has received letters from party leaders seeking variations to the membership of committees.

Motion (by **Senator Ian Macdonald**)—by leave—agreed to:

That senators be discharged from and appointed to committees as follows:

Community Affairs Legislation Committee—

Participating members: Senators Forshaw and Schacht

Substitute member: Senator Lees to replace Senator Bartlett for the consideration of the provisions of the Private Health Insurance Incentives Bill 1998 and two related bills.

Economics Legislation Committee—

Participating member: Senator Schacht.

Employment, Workplace Relations, Small Business and Education Legislation Committee—

Participating member: Senator Schacht.

Environment, Communications, Information Technology and the Arts Legislation Committee—

Participating member: Senator Schacht.

Foreign Affairs, Defence and Trade References Committee—

Participating member: Senator Forshaw.

New Tax System—Select Committee—

Participating members: Senators Brown and Harradine.

Rural and Regional Affairs and Transport Legislation Committee—

Participating member: Senator Schacht

Substitute member: Senator Schacht to replace Senator Forshaw for the consideration of the provisions of the Petroleum Retail Legislation Repeal Bill 1998.

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Message received from the House of Representatives returning the following bill without amendment:

Migration Legislation Amendment Bill (No. 1) 1998

PAYMENT PROCESSING LEGISLATION AMENDMENT (SOCIAL SECURITY AND VETERANS' ENTITLEMENTS) BILL 1998

First Reading

Bill received from the House of Representatives.

Motion (by **Senator Ian Macdonald**) agreed to:

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (6.14 p.m.)—I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The speech read as follows—

Madam President, this bill introduces the legislation package to implement Budget initiatives to generally make social security payments payable fortnightly in arrears which will simplify the Social Security Act 1991 and provide consistency. The bill will also simplify the date of effect of determinations made under the act.

Currently, social security payments are payday-based, period-based or lump sum amounts. The Bill will change all payday-based social security payments, that is, social security pensions and payments made under the family allowance system (for example, family allowance and child disability allowance) into period-based payments similar to the current payment system for social security benefits. Payments of lump sum amounts, such as for maternity allowance and maternity immunisation allowance, will not be affected by this initiative.

The changed payment arrangements will provide that an instalment of a social security payment will be payable in arrears for a period and at the times specified by the Secretary. In general terms an instalment period will be a period of 14 days, however, the legislation will be flexible in that shorter or longer periods will able to be determined. For example, all Australian pensioners who reside overseas will continue to receive their portable pensions every 28 days and in respect of a period of 28 days.

Madam President, all social security payments that are period-based will also have specific legislative provisions enabling a daily rate of payment to be calculated. This will ensure that a person's exact entitlement is able to be determined in respect of a period. This will simplify the understanding of the social security system not only for customers, but for interest groups, courts, tribunals and staff of Centrelink and the Department of Family and Community Services, by matching the payments received with the periods for which the payments are made.

The initiative will substantially reduce overlapping entitlements and non-recoverable excess payments because of efficiencies gained by reducing processing times. For those customers who find themselves in financial hardship, legislative provisions that allow an advance payment to be made (generally of an amount equivalent to one weeks entitlement), will be available to ease this hardship.

Madam President, this bill will also make significant amendments to the date of effect provisions in the Social Security Act 1991. These new provisions will ensure greater efficiency, equity and accuracy in the reassessment of social security payments. The commencement provisions will not be affected by this initiative.

The date of effect provisions in the Social Security Act 1991 currently vary from payment to payment. This initiative will simplify these provisions by providing consistent treatment across payment types. The social security system will be enhanced and improved by becoming more responsive because inconsistencies will be removed. More determinations will be automated so errors will be lessened. Further, simpler transfer provisions will also result in more streamlined administration.

Madam President, the general rule in respect of the date of effect of a determination will simply be that an event or a change in circumstances that necessitates a reassessment of a customer's entitlement will be from the date of the event or the change in circumstances. General reporting requirements will be a consistent 7 days (the **notification period**). However, a longer period of up to 28 days will be given to those customers who, in special circumstances, either because of the type of event or change in circumstances or because of the individual circumstances of the person concerned, require a longer period in which to report to Centrelink. Customers who reside overseas, in remote localities or experience a bereavement, for example, can all be provided, as a principle of Government policy, with an extended notification period.

This bill will make similar changes to income support payments made under the Veterans' Entitlements Act 1986.

Madam President, I commend the bill to the Senate.

Debate (on motion by **Senator Carr**) adjourned.

NOTICES

Presentation

Senator Ian Macdonald—by leave—to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the *Migration Act 1958*, and for related purposes. ***Migration Legislation Amendment Bill (No. 2) 1998***.

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY BILL 1998

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (LICENCE CHARGES) BILL 1998

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (CONSEQUENTIAL AMENDMENTS) BILL 1998

Report of the Community Affairs Legislation Committee

Senator COONAN (New South Wales)—On behalf of Senator Knowles, I present the report of the Community Affairs Legislation Committee on the Australian Radiation Protection and Nuclear Safety Bill 1998 and two associated bills, together with submissions and *Hansard* record of proceedings.

Ordered that the report be printed.

WOOL INTERNATIONAL AMENDMENT BILL 1998

Report of the Rural and Regional Affairs and Transport Legislation Committee

Senator CRANE (Western Australia)—I present the report of the Rural and Regional Affairs and Transport Legislation Committee on the provisions of the Wool International Amendment Bill 1998 and on the bill, together with submissions and *Hansard* record of proceedings.

Ordered that the report be printed.

Senator CRANE—I seek leave to give notice of a motion relating to the report.

Leave granted.

Senator CRANE—I give notice that, on the next day of sitting, I shall move:

That, in accordance with the recommendation of the Rural and Regional Affairs and Transport Legislation Committee contained in the committee's report on the provisions of the Wool International Amendment Bill 1998 and on the bill, the following matter be referred to the committee for inquiry and report on or before the last sitting day of the first sitting week in 1999:

The administration, management and performance of Wool International Limited, including all aspects of the proposed sale and disposal of Wool International Limited by the Commonwealth Government.

NATIONAL ENVIRONMENT PROTECTION MEASURES (IMPLEMENTATION) BILL 1998

In Committee

Consideration resumed.

The bill.

Senator BROWN (Tasmania) (6.17 p.m.)—I just ask the minister whether he could inform the committee as to when he expects this bill, if passed by the Senate, to be implemented and whether that will be in conjunction with the more comprehensive legislation that the government has slated for the amendment of environmental laws in this country.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (6.18 p.m.)—As the honourable senator will know, this is a bill in which Senator Hill has a very great interest. He will be here very shortly to deal with these matters and I am sure he will be able to indicate very clearly an answer to your question. This is something that in my former life as Senator Hill's parliamentary secretary I was very much aware of and I am aware that this bill does something that is desperately needed within Australia. It relates to environment protection measures and it is a bill that I know Senator Hill has consulted on very widely. I am aware that he has spoken at length with our colleagues around the states. He is very familiar with it all. Now that Senator Hill has arrived, perhaps you can reask the question along those lines.

Senator BROWN (Tasmania) (6.19 p.m.)—I do not want to embarrass the minister further than he has been by not being here when his bill was brought on. It seems to me the minister very often is missing when it gets to important environmental questions, missing not only in time but in content. I will have to accept the fact that he is late yet again. The question I did ask, for the benefit of the committee and the minister, was: is the intention to sign this legislation into law one which is tied to the much more comprehensive change of laws which the minister has mooted, by which he is devolving his responsibilities for the environment back to the states, going back to the pre-1972 situation effectively, or does he anticipate that if this legislation passes the Senate it will be brought into law before that much more comprehensive and damaging set of environmental laws that he intends to bring before the Senate when we resume sittings in February?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.21 p.m.)—I cannot think of any immediate

connection. This is a process that started, as I said earlier when those who were interested in the subject were in the chamber, Senator Brown, as an agreement that was reached in 1992 between the Commonwealth and the states and that required legislative implementation by each. Each of the states has passed law to do so and the Commonwealth is now seeking to meet its share of that responsibility.

Senator BROWN (Tasmania) (6.21 p.m.)—As the minister was not answering the question, let me give the connection. This legislation is of the lowest common denominator. It means that we bring into national application the standards on which all states and territories agree. So it is lowest common denominator legislation. That is the connection with the legislation that the minister has foreshadowed for next year on a much wider plane, where he wants to devolve responsibilities for the environment—responsibilities which have been built up by serial governments, particularly since the Whitlam government and the disastrous Lake Pedder affair in 1972—so that governments would have national responsibility for nationally important items of the environment. Here we have a minister who wants to shed those responsibilities back to governments, including maverick state governments which do not care a hoot about the environment, and to introduce not the precautionary principle to environmental prudence on behalf of this great nation of ours but the lowest common denominator principle. As such, the minister is continuing on his way of abandoning proper environmental responsibility and principle. But that is a matter for the public to judge. The simple question I ask is whether the minister is going to bring this into law if it passes the Senate before the much wider suite of laws which he wants the Senate to deal with in February are dealt with?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.23 p.m.)—There is obviously a misunderstanding by Senator Brown. This is designed to produce consistent national standards that obviously have great benefit and, within our federation, the best way to do that is through a cooperative scheme. This is a cooperative arrangement—there is no doubt about that—but it does not necessarily lead to lowest common denominator outcomes; it leads to outcomes that are agreed between the Commonwealth and the states. If we look at those that we have debated at length and implemented, such as ambient air quality, I am quite confident I can say that it is not a lowest common denominator outcome. In relation to bringing it into law, we would want to do that as soon as possible. As I said, it does not have a link as such with our other environmental reform legislation which we intend to have debated in the new year.

Senator ALLISON (Victoria) (6.24 p.m.)—by leave—I move Democrat amendment No. 1:

(1) Clause 3, page 2 (lines 7 to 11), omit the clause, substitute:

3 Objects of Act

(1) The objects of this Act are:

(a) to make provision for the implementation of national environment protection measures in respect of certain activities carried on by or on behalf of the Commonwealth and Commonwealth authorities; and

(b) to protect, restore and enhance the quality of the environment in Australia, having regard to the need to maintain ecologically sustainable development; and

(c) to ensure that the community has access to relevant and meaningful information about pollution; and

(d) to rationalise, simplify and strengthen the regulatory framework for environment protection; and

(e) to improve the efficiency of administration of environment protection laws.

(2) For the purposes of this Act, ecologically sustainable development requires the effective integration of economic and environmental considerations in decision-making processes, through the implementation of the following principles and programs:

(a) the precautionary principle, namely, that if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing meas-

uring to prevent environmental degradation;

(b) inter-generational equity, namely, that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;

(c) conservation of biological diversity and ecological integrity;

(d) improved valuation and pricing of environmental resources.

The Democrats propose this amendment which expands on the current objectives of the act, in line with the second reading speech of the government, to acknowledge that this is a significant milestone in the development of environment protection in Australia and represents a commitment of the Commonwealth and the states to work cooperatively, et cetera. The minister's second reading speech says:

It bears repeating that the objectives of national environment protection measures are to ensure that people, wherever they live in Australia, enjoy the benefit of equivalent protection from air, water, soil pollution and noise and secondly, to ensure that decisions by business are not distorted and markets are not fragmented by variations between jurisdictions in relation to the adoption or implementation of major environment protection measures.

The objectives that we have put forward in this amendment will tighten up the act and give it some focus in line with the very many pieces of Commonwealth and state legislation that now encompass the principles of environmentally sustainable development. We feel it is important to put these into the act both for reasons of continuity with so many other pieces of legislation and to make the act sensible in the context of what it says it is trying to do. I think that there is nothing extraordinary, nothing radical, about these objectives, and I commend them to the Senate.

Senator BOLKUS (South Australia) (6.26 p.m.)—I indicate at this stage that the opposition cannot accept the totality of amendment No. 1. Our starting point is, as I mentioned in the earlier debate, that we introduced a bill in 1996, and the object of that bill was, as the government claims is the object of this bill, to ensure that state rules, regulations and legislation apply to the Commonwealth and Commonwealth authorities. We do not look to impose through this particular bill a broader spectrum of environmental responsibilities than currently exists under the state legislation that would apply either through the common law or the application of this legislation.

I have indicated to the Democrats that the opposition are not able to accept the whole of their amendment No.1 because of the broad nature and the new principles it applies in some respects. They are principles that were not primarily in the initial 1996 legislation. Although we do have problems with the totality of the Democrats' amendment No. 1, we can, if the Democrats were inclined to move their amendment in amended form, accept subclause (1), paragraphs (a), (b) and (c) of the amendment. I put that to Senator Allison—she may be able to accommodate that request. Were she to proceed with amendment No. 1 as: '3 Objects of Act', subclause (1) 'The objects of this Act are (a), (b) and (c)', then the Labor Party would be prepared to support such an amendment.

Senator ALLISON (Victoria) (6.28 p.m.)—The Democrats would be prepared to do that. I must say that it is a bit disappointing. These are, in fact, comparable to state legislation and, if you like, give the highest common denominator benchmarks to the bill. The ALP instituted the ESD process at the Rio summit, and I would have thought these were in line with those. Nonetheless, we are very keen to see the objects of the act expanded and I am happy to move subclause (1)(a), (b) and (c) and not move the rest of that amendment.

The TEMPORARY CHAIRMAN (Senator Bartlett)—Senator Allison, are you seeking leave to amend your amendment?

Senator ALLISON—Yes, Mr Temporary Chairman. I seek leave to amend Democrat amendment No. 1 by omitting subparagraphs (1) (d) and (e) and paragraph (2).

Leave granted.

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.29 p.m.)—I do not think it is a matter of great consequence, but I do think you will end up with a product that is a touch misleading in

those two pieces of legislation that make up the whole package. The NEPC Bill, which was passed in 1994, establishes the council and the scheme and in fact sets out these objects within its schedule. That is where I would respectfully suggest they should be.

The bill we are debating now is simply to implement measures that are passed pursuant to the scheme, which has these objects inherently within the existing legislation. That is why the object of this act—being the bill that we are debating now—is to make provision for the implementation of national environment protection measures in respect of activities carried on by or on behalf of the Commonwealth and Commonwealth authorities.

If instead you want to say that the object of this bill we are debating today is to make provision for the implementation of national environment protection measures in respect of certain acts, the point I am making is that in effect you have the scheme set up and you have these principles set up within the existing legislation. What you are simply doing now is looking for a tool whereby you can apply the measures that are determined by the ministerial council within Commonwealth law. Thus, what I am suggesting is that the objects you are seeking to include are better placed in the first act, which is exactly where they currently exist.

Senator ALLISON (Victoria) (6.31 p.m.)—Minister, that might be the case if this were just about implementation. But we realised when we looked at this bill very closely that it is in fact about exemptions for implementation. So that makes the necessity for the objects of the act to be expanded to go into things like 'protecting, restoring and enhancing the quality of the environment in Australia,' having regard to the need to maintain ecologically sustainable development to ensure the community has access to relevant and meaningful information about pollution. These seem to me to be very important matters to have in the objects clause, given that this is not just about implementation. As I said, this is about exemptions and about the Commonwealth avoiding obligations.

Senator BROWN (Tasmania) (6.32 p.m.)—While the minister is getting information, I will just add to that. I question whether these aims, which include giving the act the object of protecting, restoring and enhancing the quality of environment in Australia, will extend to forests, for example. I ask that question because just today we have had news from Victoria that a court has ruled that logging under the Victorian state government was proceeding illegally in the Otways.

I was involved in a court case just a couple of months ago where it was determined that the state government had effectively been logging illegally in East Gippsland, in Goolengook. What we are talking about here is National Estate forests. We are talking about regions that the Commonwealth has agreed should have their high conservation values protected. But the state government has twice been caught out, not just by citizens but by the courts of law, for illegally breaching its obligation to protect the environmental values.

Is that what the minister is aiming to achieve: to give governments like the Kennett government in Victoria—which has now been found repeatedly to be an illegal logger of forests of high environmental value—the responsibility that the minister has not got himself? Of course, in Western Australia and Tasmania illegal logging of National Estate or high conservation value forests has been found to occur as well. I do not know about New South Wales, but I have no doubt—as this is broadcast day—that people will call me up to say the same about that state.

The question for the minister is: are the objects that we are now dealing with—that, because of Senator Allison's move, the Senate may be writing in here to 'protect, restore and enhance the quality of environment in Australia'—really going to be a sham because of this government's derelict attitude to its obligations to the forests and, in particular, this minister's behaviour?

On the record—not just of those people who might have an opinion but of the courts of law—twice in a matter of months at least one state government has allowed illegal logging of the people's high conservation

value forests. How does the minister respond to that situation? What assurance can the minister possibly give that governments that can do that are going to do the right thing by the environment of the people of Australia?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.35 p.m.)—I appreciate the opportunity to reflect further upon the revised Democrats amendment. I would be prepared to accept it in the hope that we might move on. I do not see that there is any particular downside to it. I believe it is superfluous, but there is probably a lot of superfluous stuff in Commonwealth legislation. Senator Brown, no, the forests are not listed as one of the areas for NEPMs under section 14(1) of the previous act.

Senator BROWN (Tasmania) (6.36 p.m.)—Why are they not listed? The minister has been at the front of moves to have the states take control of the forests—which should be his responsibility—as an environmental amenity. He has given the country assurance that high conservation value forests and the wildlife that live in our wild forests will be protected. He is saying that through regional forest agreements in New South Wales, Victoria, Tasmania and Western Australia the Commonwealth is doing the right thing by giving the states control.

I am saying that he is utterly wrong. I am saying that we have now had the clearest example of where that is wrong. We have had, for example, the Kennett government breaking the law, its own law. It cannot uphold its own laws on protecting the forests. Why should we be giving approval to this minister to devolve more of the ability to determine the nation's standards to such governments? That is the question. Has the minister any answer in this committee to that reprehensible behaviour of the Kennett government and its logging authorities in Victoria? Why should we disregard that as a really important barometer of the direction in which he is taking this country as far as environmental standards are concerned?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.38 p.m.)—I guess because those who debated the bill of 1994 did not choose to include it. All we are seeking to do today is to provide a mechanism to implement that previous legislation. I am reminded, however, that there is planned to be a review of the early legislation in 1999. Perhaps we should ensure that Senator Brown's views are taken into account on that occasion.

Senator BROWN (Tasmania) (6.39 p.m.)—Yes, put it off. The minister cannot think of anything better to do at the moment. Let me try this one: there is, Mr Temporary Chairman, as you will know, mounting evidence that the destruction of forests is one of the most potent forms of the production of greenhouse gases around the world. But this is particularly pronounced in Australia where studies by CSIRO and others have indicated that a quarter or more of the greenhouse gas production in this country is coming out of removal of native vegetation and forests. I ask the minister: what is there in this legislation which has the lowest common denominator factor built into it—any state standards will do—that will put a lid on this prodigious production of pollutants into the atmosphere from the destruction of forests?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.40 p.m.)—There is not anything in this bill. As I said, the 1994 bill sets out areas in which, through a cooperative scheme, the Commonwealth and the states are to determine national environment protection measures. The purpose of this legislation is to enable those measures to be enforced within the Commonwealth's jurisdiction. As I said a moment or two ago, forests was not included as one of those measures.

Senator BROWN (Tasmania) (6.40 p.m.)—But I had moved from forests to air pollution. The production of greenhouse gases is pollution of the atmosphere. Of course, it has not only a pretty awesome potential destructive capacity for the living environment on this planet but also, potentially, a great destructive capacity economically. What I was asking the minister was this: does this legislation cater for air pollution of the global warming variety—the production of greenhouse gases? Does it standardise, for example, the allocation of greenhouse gas production potential to

the states and territories? Is there any means whereby the minister, through this legislation, can ensure that state by state, territory by territory, some lid is put on the production of global warming gases from this country, which is now under international agreement following his trip to Kyoto last year?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.41 p.m.)—There is no measure or proposed measure in relation to greenhouses gases. Certainly, one of the measures that was carried a little time ago was a national pollutant inventory. This will have the effect of bringing those provisions into force under the Commonwealth jurisdiction. The issue of meeting our Kyoto obligations and addressing the issue of greenhouse gas emissions is one that the government is seeking to address through other means.

Senator BROWN (Tasmania) (6.42 p.m.)—I ask the minister: what efforts are being made by the government to assess the production of greenhouse gases through the logging, harvesting, destruction of forests? I mean here the commercial activity of bringing down wild forests in Australia.

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.42 p.m.)—Again, it does not relate to this bill because this bill is to provide a mechanism to bring into force within the Commonwealth measures that have been agreed under the 1994 bill. Certainly, forestry does lead to emissions. They were included within our inventory and they will be included within the targets that we will need to meet under the Kyoto protocol. So we are addressing that in a comprehensive way, looking at both sources and sinks. It will require considerable changes in practice to achieve that goal but, as I said, the government is seeking to implement that goal through other means.

Senator BROWN (Tasmania) (6.43 p.m.)—Can the minister tell the committee which bill is going to deal with greenhouse gases because the other legislation does not either? Is he going to have legislative ability to deal with Australia's international obligations on greenhouse gas production and is he going to have legislative ability to deal with those states or territories that do not want to contribute, that want to ride on the back of those states and territories that do the right thing? Can he ensure that those businesses that do the right thing are not disadvantaged by businesses such as the coal industry and the logging industry that are prodigious greenhouse gas producers and have done precious little to contribute to the national and international obligation to cut down on the quantity of global warming gases coming out of this country?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.44 p.m.)—Again, it is not relevant to the bill before the chamber. The other bill to which Senator Brown refers does include greenhouse gases, as I recall, as a matter of national environmental significance. However, the approach of the government in dealing with this issue, as it applies between governments, has been to seek a cooperative response. The latest manifestation of that was in the national greenhouse statement that was put out last week, which is a cooperative scheme between governments which will be implemented by action plans in the months and years ahead.

In relation to particular industries, Senator Brown would be aware that in the Prime Minister's statement of November last year there were certain requirements upon industries. Preference has been to achieve those requirements through voluntary means, but in a number of instances we have said that if that is unsuccessful we will require them to be achieved through mandatory methods. All of that is yet to come in the years ahead as we fulfil the commitment that we made in Kyoto.

Senator BROWN (Tasmania) (6.45 p.m.)—It is germane to this piece of legislation because this is one of the opportunities we have to amend and legislate with regard to global warming gases. Can the minister tell the committee what form of mandatory reduction in global warming gases he has in mind. From the shape of that word, it will obviously require legislation to be considered in this place. It will therefore presumably help to make up the shortfall in this piece of legislation. Maybe the minister could indicate

to the committee what his schedule is for bringing in mandatory restrictions on the production of global warming gases, how they are going to be implemented and what sort of penalties he is looking at for infractors.

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.46 p.m.)—It is quite imaginative to say that it is relevant to this bill, because it is not included in this bill. Having said that, the statement by the Prime Minister in November last year was a public statement. It reviewed a whole range of industry sectors and it indicated where we would require mandatory outcomes if they could not be achieved on a voluntary basis. Just to recall a few of those, one was in relation to building codes, where I think it is well accepted that Australia's energy standards could be significantly improved. Another one was in relation to the compulsory purchase of renewable energy, and there were a number of others. As I said, our preference in achieving the goal of Kyoto is through a cooperative scheme because we do not believe in lowest common denominators, and we think that through cooperation you can do better than a regulatory outcome. That is the way in which we are proceeding.

Senator BROWN (Tasmania) (6.47 p.m.)—I want to pursue this matter with the minister a little further because it is germane to this legislation. There is the opportunity to amend this legislation to cover global warming and the responsibilities of the states where the Commonwealth wants to shed responsibilities, as it is generally doing through this legislation. I will not delay the committee, but this is very vital information which the committee should have. Can the minister tell the committee what the process is by him or his government to quantify the amount of greenhouse gases coming out of the native forests of Australia as they are being logged?

Senator HILL (South Australia—Minister for the Environment and Heritage) (6.48 p.m.)—Again, Senator Brown says it is relevant because he might want to amend the bill to include it. But as I said before, this bill is all about implementing measures that are enacted pursuant to the 1994 piece of legislation, which does not include what Senator Brown is talking about.

However, having said that, in a cooperative spirit, Senator Brown would also be aware that we have within our national inventory estimates of emissions from the forestry sector, as we have from other land use. There is a considerable degree of error at the moment. We are seeking to reduce that degree of error through continual scientific research and evaluation. We are doing that in a domestic sense and we are also doing it in an international sense in the form of major studies that have been conducted by the IPCC, which will report in about 18 months time.

Senator BROWN (Tasmania) (6.49 p.m.)—I understand that the error which the minister is talking about has been, unfortunately, an error of way underestimating the amount of global warming gases coming out of forests that have been cut down, not only here but right around the world. That is an error that will weigh very much against our ability to meet our international obligations.

Amendment, as amended, agreed to.

Progress reported.

DOCUMENTS

The ACTING DEPUTY PRESIDENT (Senator Reynolds)—It being 6.50 p.m., I shall now call on consideration of government documents.

Inspector-General in Bankruptcy

Senator HUTCHINS (New South Wales) (6.51 p.m.)—I move:

That the Senate take note of the document.

I wish to point out to the Senate some information contained in the report of the Inspector-General in Bankruptcy. Page 1 of the report says that there have been 24,408 new bankruptcies in 1997-98, which represents an increase of 11.8 per cent over the figure for the previous year. The figure for the previous year, 1996-97, was 26 per cent higher than the figure for 1995-96.

The report also says that the highest increase was in Victoria, with 19 per cent. The most significant aspect of the Inspector-

General's report to the parliament is this comment:

> The significant rise in new bankruptcies over the past five years has therefore been in the non-business, or consumer, bankruptcy category.

If you go to page 11 of the report, you will see it has defined the categories of bankruptcies as:

> (a) *business related* bankruptcies—where an individual's bankruptcy is directly related to his or her proprietary interest in a business or company; and
>
> (b) *non-business related* bankruptcy—where the bankrupt's occupation and cause of bankruptcy is not related to any proprietary interest in a business or company.

The definitions of the circumstances that have caused a number of men and women in this country to go into bankruptcy in that non-business related area are listed as eight points. Significant ones are unemployment; excessive use of credit facilities, including pressure selling; losses on repossessions and high interest payments; domestic discord; absence of health insurance or extensive ill health; adverse litigation; liabilities incurred on guarantees; gambling; speculation; extravagance in living and 'other causes'.

Tonight I want to briefly touch on how sad it is that over the last five years, as commented on by the Inspector-General, a number of families in this country have gone to the wall because of unemployment, because they have not been able to manage their incomes, or because of domestic discord. I know this from personal experience. I have seen some pretty unscrupulous people in the finance industry who have got people to commit themselves to levels of debt which they know full well the people are not capable of repaying. The people get themselves into a state where they see millions of dollars, stars and all the rest of it. But a lot of people know that in the end sometimes people are not in a position to be able to repay those debts and they go into bankruptcy.

If you look, further in the report, at the table of categories of people that go into bankruptcy, there are two large groups that stand out. The first is, unfortunately, 'labourers'. They comprise a significant number of the people in this country that have gone into insolvency as a result of overcommitments, domestic discord or, unfortunately, unemployment. The other group consists of people who work in the road transport industry, who comprise a significant group of men and women who have gone into bankruptcy. All I wish to say, in commenting on this report, is that I think it is sad that this has occurred in this area over the last five years, and obviously the biggest sector is unemployment.

Senator HOGG (Queensland) (6.56 p.m.)—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Consideration

The following government documents were considered and not debated:

> Dried Fruits Research and Development Council—Report for 1997-98. Motion to take note of document moved by Senator Forshaw. Debate adjourned till Thursday at general business, Senator Forshaw in continuation.
>
> Public Service and Merit Protection Commission—State of the service—Report for 1997-98. Motion to take note of document moved by Senator Hogg. Debate adjourned till Thursday at general business, Senator Hogg in continuation.
>
> Australia-China Council—Report for 1997-98, incorporating reports for the period 1 July 1994 to 30 June 1997. Motion to take note of document moved by Senator Hogg. Debate adjourned till Thursday at general business, Senator Hogg in continuation.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Reynolds)—Order! There being no further consideration of government documents, I propose the question:

> That the Senate do now adjourn.

Banking: Mergers

Senator McGAURAN (Victoria) (6.57 p.m.)—Bank mergers have become an issue of late. Last week ANZ shares jumped on the expectation that the government would allow mergers between the big four banks. Where this forlorn hope began can only be known to the brokers who recommended buying shares. However, by the close of trade on Monday, ANZ shares had slipped back to their original

pre-surge price, no doubt inflicting losses on investors who believed the rumour.

Neither the government nor the parliament can be blamed for the actions of this overanxious market. Since the election, the matter of bank mergers has not been an issue on this government's agenda. To make it clear, the Treasurer said on Sunday, 29 November, that the Federal Government would rule out big bank mergers until it was convinced that competition had improved in that particular area, and we remain wholly unconvinced. The matter was further put to rest when the Prime Minister stated on Monday that the ban would stay because parts of the banking industry were still not as competitive as they could be. He said, 'They'—the banks—'are a long way short of providing the sort of competition the Australian public requires.' That is where the matter stands for the coalition government. If mergers of the big four are allowed, the big four will soon become the big two, for it is conceded that if the mooted merger of the National and ANZ banks takes place then just as quickly Westpac and the Commonwealth will merge so as to remain competitive.

That would mean that the four banks presently controlling 66 per cent of the market would become two banks controlling 66 per cent of the market, and on the rise. The market domination by the two banks would inevitably lead to a reduction in competition, having an adverse effect on customers. Professor Alan Fels from the Australian Competition and Consumer Commission stated:

> . . . the more competition is reduced, the less incentive there is for the merged companies to pass on the benefits.

The case for mergers is not strong. That case is as follows. The big banks are relatively small by world standards. Australia's largest bank, the NAB, is ranked 38th. To enable a successful venture into the international arena, a merger between the NAB and, say, the ANZ would create a bank controlling one-third of the Australian market. A bank of this proportion would certainly have sufficient critical mass to rival the big banks of the United Kingdom and the United States. Don Argus, the NAB managing director, said in the *Financial Review* on 13 September 1996:

> Australian companies had to acquire critical mass in domestic markets if they were to become big enough to compete internationally.

However, banks like the NAB are already operating successfully in the international market, without the so-called 'domestic critical mass'. For example, the NAB has successful operations in America and Ireland.

The second reason major banks seek mergers is to achieve economies of scale, which would be a natural consequence of merging two like operations into one. What the banks consider as economy of scale others would consider market domination. That is not to say that, over the past decade, bank mergers have not been successful and necessary to stimulate competition within the marketplace. For example, in 1991 the Commonwealth Bank took over an ailing State Bank of Victoria. In 1995, the Challenge Bank was taken over by Westpac, and the Advance Bank acquired the Bank of South Australia, followed by a merger between St George Bank and the Advance Bank. The most recent merger has been between Westpac and the Bank of Melbourne. But each merger was scrutinised on its merits and marked against a set of rules and conditions, ensuring no loss of competition.

The ACCC takes the view that for a major bank and a regional bank to merge there must be an alternative strong regional bank operating within the state. It is true to say that in the past three years there has been an encouraging increase in competition between the big four banks. The home loan market is more competitive than ever before, with institutions such as Registered Australian Mortgage Securities—RAMS—and Aussie Home Loans undercutting home loan contracts of the big four banks and offering reduced fees and other incentives to customers to change their allegiances.

However, as the Treasurer pointed out, more can be done, particularly in the area of business loans. The big four still have a vice grip on business lending. New entrants into the market like AMP, who recently took out a banking licence, Citibank—a notable busi-

ness lender—or credit unions, who have recently been given the power to issue cheques and take up banking like activities, will all have a big effect on the market share of business lending.

There is an argument that time needs to be given for these new entrants to establish themselves, and there must be more entrants before the market is fully competitive and ready for a merger of the big four. But I would like to take it a step further. While this is fair argument, it is not going to happen—at least not in the very foreseeable future. The Australian market is too small to attract or sustain entrants that will match the size of the big four.

I believe the issue of big four mergers should be off government and bank agendas. The reasons as stated are: that the big four will become the big two, therefore reducing competition in the market; new entrants and smaller banks will be knocked out by the new merged entities; small business and farm loans will become increasingly difficult to access; and further branch closures in rural and regional areas will occur.

There is also the question of the perception of the worst of bank culture being enhanced if the big four merge into two. We are only too aware of the adverse effects the past bank culture has had on the rural and regional areas of Australia. It has brought about a fear of what a superbank would do to rural communities. I therefore cannot conceive of any reason in the foreseeable future to support the merging of any of the big four banks.

Journalistic Standards

Junior Wage Rates

Senator HOGG (Queensland) (7.04 p.m.)—I rise to speak on two matters this evening. The first is an article which appeared in a column called 'The bottom line' of the *Courier-Mail* yesterday. I think it would interest a couple of people on the other side. The article is headed 'High flyer shows his true class'. I quote from the article:

A certain Queensland federal politician is about to find out how cold the collective shoulder of flight attendants can be.

Apparently the opinionated and self-absorbed pollie recently encountered a trainee attendant who was trying hard on what was only her second day on the job.

Our frequent flyer objected to some aspect of her service and later fired off an angry note to the airline. The poor woman was subsequently sacked.

Senator McGauran—Was that you?

Senator HOGG—No, that's the reason that I am standing up—because it is definitely not me.

Senator O'Chee—It is not me either, Senator.

Senator HOGG—I'm glad to hear the denial from Senator O'Chee, and I am waiting for other voices as well.

Senator Ian Macdonald—How do we know it's not you?

Senator HOGG—I can assure you that it is not me and it is not any of my colleagues, because the behaviour outlined there is quite reprehensible. If there is an element of truth in this, then the journalist should have at least either named the person or left the article out completely, because printing this article has besmirched the likes of me, Senator O'Chee and other fine Queenslanders who of course are not to blame at all. Undoubtedly, it is not because I have a thin skin that I am raising this matter this evening; it is because of this poor journalism. Of course, I would hate to see others implicated in this. Qantas and Ansett both came out today and denied that that had happened. If that is the case, then the journalist should print a retraction of the story and stop that sort of miserable scuttlebutt.

Senator McGauran—Good, I'm with you; I'm on your side.

Senator HOGG—Senator McGauran is with me, for which I am eternally grateful.

Senator McGauran—I suspected your motives to begin with.

Senator HOGG—Good, you are very good. Having had those interjections I now turn to the main issue I wanted to address this evening, and that revolves around an interview given this morning by the Minister for Employment, Workplace Relations and Small Business, Mr Reith, on the issue of a union

splitting ranks with the ACTU over junior rates of pay. It just so happens that that is a union with which I am very closely associated, both as a delegate to its national council as the president of the Queensland branch and as a life member of that organisation, which is the Shop, Distributive and Allied Employees Association.

The allegation made by Minister Reith was, of course, completely wrong. To correct the record I am going to read into the transcript a press release from the National Secretary of the SDA, Joe de Bruyn. The press release starts:

Union Denies Split on Junior Rates

The Shop Distributive & Allied Employees' Association (SDA) today strongly denied there was any split between its views and that of the ACTU on the issue of the future of junior rates of pay.

This follows the claim this morning from the Minister for Industrial relations, Mr Peter Reith, that the SDA had a different view on the abolition of junior wages to that of the ACTU.

The SDA covers over half of the nation's junior workforce who are employed in the retail and fastfood industries.

The National Secretary of the 230,000 members of SDA, Mr. Joe de Bruyn said that the Union's submission to the inquiry on junior rates of pay being conducted by the Industrial Relations Commission had been cleared by the ACTU before it was submitted.

So there is no doubt: it was cleared by, and with the knowledge of, the ACTU. The press release continues:

"Our submission was strongly supported by the ACTU and reflects the ACTU's own support for the removal of junior rates", Mr. J. de Bruyn said.

"Our submission states that junior rates are discriminatory in that it pays employees in accordance with their age, rather than in accordance with the value of the work performed.

"It also says that junior rates are illogical in a society where the emphasis is on equity rather than discrimination.

"Just as women workers achieved equal pay for work of equal value more than two decades ago, so young workers today should be paid in accordance with the value of their work.

"Our submission states that junior rates are a form of exploitation of young workers and they perpetuate the financial difficulty facing youth workers as their income is set at a fraction of the adult rate, while their living expenses are not discounted in a similar way."

The press release continues:

A Rate for the Job

"Our submission argues that society recognises an 18 year old person as an adult for all purposes and accordingly, junior rates for workers aged 18 and above should be eliminated without further argument", Mr. de Bruyn said.

"Our submission also states that workers aged below 18 should be paid a rate for the job based on the value of the work they perform.

"We recognise that this principled position is substantially different than the present regime of junior rates and accordingly we argue that we should move from the present system to the new system in a phased way over a period of time, thereby removing any adverse economic impact.

"Our submission recognises that a worker aged under 18 years may lack experience in the job or knowledge of the work or may not achieve the work performance of a person aged 18 and above.

"If this is the case, such a young worker should be paid a training wage set at an appropriate level while he/she receives structured training. When the junior worker achieves full competency the adult rate should be paid without further delay.

The press release goes on:

Mischievous Intent

The Union said that the comments made by the Minister for Industrial Relations, Mr. Peter Reith claiming a split between the Union and the ACTU on junior rates were mischievous in intent and designed to divert attention from the merits of the Union's submission.

"While Mr Reith may attract a blaze of publicity over alleged differences, at the end of the day, the necessity of removing discrimination against young workers will emerge as the real issue for the Industrial Relations Commission and for the Parliament", Mr. de Bruyn said.

So quite clearly it rebuts any notion that was put forward by the minister for industrial relations, Mr Reith, or information—

Senator Jacinta Collins—Misinformation.

Senator HOGG—Misinformation—thank you, Senator Collins—on this issue earlier today. Quite clearly the SDA did have its submission cleared and put together in conjunction with the submissions of the ACTU. There was no split. What we did see in effect was a cheap beat-up by the minister in response to a submission that was well thought

out and recognised the needs of the retail industry and that any changes in this area needed to be phased in. In conclusion, this clearly shows that the minister not only got it wrong but got it wrong very badly.

Australian Union of Students

Senator SYNON (Victoria) (7.13 p.m.)—A year ago I rose in this chamber to express some strong views on voluntary student unionism. That speech was given on the 20th anniversary of Clark v. University of Melbourne & Others—a landmark case, which ruled that the University of Melbourne did not have the legal power to levy compulsory union fees on students. A year later, and we have just passed the 21st anniversary of that watershed decision. In 21 years we have had over 7½ years of a coalition government federally and yet we, as liberals, have still not legislated to allow students that most basic human right of freedom of association. We still support a regime which forces students to pay for services not intrinsically associated with the attainment of academic qualifications. It is an indictment of all liberals that we have allowed this situation to continue.

There are, however, encouraging signs. On a positive note, my colleague the member for Sturt, Chris Pyne, in a speech predominantly on voluntary student unionism, spoke of 'how the doctrine of compulsory unionism strikes at the heart of every liberal', and recently the ACT division of the Liberal Party unanimously called on the federal government to legislate for voluntary student unionism in the territory universities under its jurisdiction.

On a more disturbing note, Senator Stott Despoja last week reaffirmed the Australian Democrats' opposition to students having a choice as to who they associate with and how they spend their money. Senator Stott Despoja stated that the Democrats believe in 'universal membership of student organisations'. Do the Democrats use this euphemism because they are too ashamed to call it for what it is—compulsory student unionism.

In 1996, this government, with the support of the Australian Democrats, legislated to outlaw compulsory unionism in the workplace. We gave that legislation real teeth and it has bitten hard in forcing unions to become accountable to their members. The workplace relations reforms were a central plank of our policy, and we had a clear mandate to introduce them. We also had an even clearer mandate to introduce voluntary student unionism back in 1996 but we did not do so.

The Australian Democrats indicated they were happy to give workers freedom of choice, but that same right would stop with students, who would be denied the right of freedom of association. Senator Stott Despoja, and her colleagues, would argue that the person working in the cafeteria at a university has the right not to belong to the catering union to get a job, but the poor student eating the food is forced to belong to a student union to get an education.

The Democrats spokesperson on education suggested that a recent NUS report on ancillary fees was recommended reading for 'anyone who cares about real access to higher education'. Well I care about access to higher education and students rights, and so I read the report and was surprised to see that the main point seemed to have been missed. For example, NUS notes that 83 per cent of campuses charge a 'compulsory non-academic service fee', and that on any financial measure they use, the compulsory non-academic services fee charged was by far the highest. In fact—and I use the NUS survey results once more—the median compulsory fee charged was $260 per student per year. This peaked at $392 per student per year.

Finally, the only campuses in the country where this is not charged are those in Western Australia. Senator Stott Despoja says:

> As the frequency of ancillary or illegal fees increases, more students are finding it increasingly difficult to meet these additional costs.

She concludes:

> . . . up-front fees are a psychological and financial disincentive to enter into and pursue higher education.

Well said, Senator! A voluntary student unionism model would remove these fees, so I can only assume that the Democrats, in continuing to oppose VSU, support the imposition of psychological and financial disincentives to pursue higher education.

In fact, student unions throughout Australia collectively acquire, through compulsory means, over $100 million every academic year from students. These are for non-educational purposes. Western Australia is the only state to have legislated to protect students' freedom of association and their ability to spend their own money as they see fit. The Western Australian legislation asserts that membership of, and payments to, student associations are voluntary. Three cheers for Western Australia.

In Victoria we are still a long way from true VSU. For example, at Melbourne University students are forced to pay $325 a year, up-front, at a time when they can least afford it. Unlike HECS charges, the fees cannot be deferred. At best, they often pay fees for services they never utilise. At worst, they pay fees for activities that they may be morally, ethically or politically opposed to.

Under the Victorian legislation, section 12F(3) attempts to define the areas that students' compulsorily acquired fees can be used. However, a document prepared for the Melbourne University Student Union executive in 1996, entitled *A&S fee and the VSU legislation—pushing the boundaries as far as they will go*, demonstrates the attempts by student organisations to define their political functions as services, and, hence, supposedly 'allowable' and worthy of compulsory funding under the Victorian act.

Examples are numerous and include:

. "child care, housing, employment, support for overseas students—arguments for full funding from A&S fee of Welfare Officers and Committees?

. food and beverages, meeting rooms . . .

. libraries and reading rooms, academic support . . . Education Officers and Committee, and Project Officers of course".

The discussion paper continues in the same vein, drawing the conclusion that compulsory fees can provide 'full funding of everything except elections'.

The ambiguity is such that even now the National Union of Students is considering legal action. In her report, this year's NUS Victorian branch president, Laura Smyth, wants to 'challenge the VSU legislation regarding the capacity of student organisations to pay NUS affiliation fees'. When NUS, a highly political organisation, believes that they can be funded, then one must question the effectiveness of the legislation in protecting the ability of students to freely associate with organisations of their choice.

This government has a clear mandate to introduce voluntary student unionism and to abolish the closed shops on campuses. We must legislate to ensure that this fundamental democratic right of voluntary membership and payment of fees to student unions becomes a reality.

Nearly two millenniums ago, a famous Roman senator, Cato the Elder, was so convinced that an invigorated Carthage posed such a risk to the stability of the Roman empire that he finished every speech and letter with the words 'Delenda Est Carthago'—Carthage must be destroyed. These words have become synonymous with a war fought to the end, and with a resoluteness to see the ultimate battle waged. Cato lived to see the Romans invade Carthage in 149 BC. His constant warnings were vindicated.

To supporters of voluntary student unionism everywhere, we must take up the battle cry: 'Compulsory student unionism must be destroyed.' For liberals it is a pillar of faith that the freedom of the individual must be protected.

Yes, VSU is on the agenda. Yes, people are talking about it. But it has been on the agenda for 21 years and talk is not enough. Compulsory student unionism must be destroyed.

Forestry: Tasmania

Senator MURPHY (Tasmania) (7.22 p.m.)—I rise to speak again on the issue of forestry. I was interested in the debate about the Western Australia RFA proposals. It reminded me, to some degree, of what is happening in my state, but on a different front. There has been some debate—and there continues to be debate in Western Australia—on the preservation and protection of forests and forest species. My state is probably one of the richest states in terms of forest resource. We have the opportunity to create

thousands of good jobs in my state in downstream processing industries.

In early November, the Forestry Corporation released its new growth plan for the future. Last week, I was talking about that growth plan and somebody who came to Tasmania in 1992 with a view to creating jobs in forestry in my state. The growth plan says, among other things, that there will be better log segregation to achieve the most valuable product. I find that very interesting. It also says that expressions of interest will be called for—and they have been called for—to develop what they now call 'laminated veneer lumber plants and merchandiser chipper flitch mill operations'—one in the Huon, one in the Derwent and one in the north-west or north-east.

In the late 1980s and early 1990s, I was part of a process which culminated in state legislation in 1991. The Commonwealth paid to the tune of $11 million for a forest and forest industry council to be set up. We developed a forest and forest industry strategy called 'Secure futures for forests and people'. I have sent all senators a letter containing a few photographs which will give a limited idea of what the problems are in terms of Tasmania's forests at the moment. I will deal with what happened in 1991 and what was said about how crown pulpwood would be derived and arrived at. In recommendation No. 1, it says:

Determine pulpwood supply levels based on the following priorities:

(a) pulpwood produced from approved sawlog operations, selection harvesting, clear-felling;

(b) silviculture operations, thinning overwood removal to enhance sawlog production;

(c) sawmill residues;

(d) regeneration of understocked stand for future sawlog production;

(e) salvage, e.g. fire, pest, disease and construction activities; and

(f) plantation establishment for (1) sawlog trials and (2) pulpwood.

That is not a bad position to have, but the reality is that exactly the opposite has happened and is happening. As I said last week, I challenge all senators to view videos I have taken over the course of the last three months. As someone who has been involved in the timber industry since the late 1970s, I know a reasonable amount about it. The National Forest Policy Statement, which came about as a result of trying to settle the dispute between conservation and commercial timber use of our forests, had a number of objectives. One of the principal objectives was the commercial use of forests and value adding or downstream processing in this country.

We have heard about the billions of dollars worth of development that was supposed to occur and the thousands, if not tens of thousands, of jobs that were to be created as a result of the development of the National Forest Policy Statement into a regional forest agreement. The Prime Minister and the then Premier announced at the signing of the Regional Forest Agreement for Tasmania that, at a minimum, 1,000 new jobs would be created. However, not one new job, in net effect, has been created. Indeed, the number of jobs in Tasmania's forest industry continues to decline at an alarming rate.

I noted with interest today's *Sydney Morning Herald* front-page headline which said, 'First prize in the loggers' lottery: you're sacked.' After 60 years in the industry, these people had their names drawn out of a hat and lost their jobs, along with 11 others. The reason that is happening in New South Wales is that they have a shortage of sawlogs because they are required to preserve and conserve certain areas of forest to maintain a proper ecosystem balance. There is nothing wrong with that; I support it. But what is wrong is that in my state we are chipping millions of tonnes of sawlog, and yet in New South Wales and Victoria, people are losing their jobs. People are also losing their jobs in my state.

This is a totally unacceptable set of circumstances. It should not be allowed to continue. No government, state or federal, and no opposition, state or federal, should allow this to continue to occur. You cannot deny the facts. You cannot deny the photographs. You cannot deny the videos. They speak the truth. You cannot fudge them. You cannot make them up. I want to read a letter from the Forest Practices Board on claims I made

about the woodchipping of sawlogs in Tasmania. It says:

> The allegations that you make in your letter which relate to the Forest Practices Act or Forest Practices Code are very general and appear to have no basis. Windrow burning of stumps and slash is standard plantation establishment practice.

It was not the stumps I was talking about; it was the thousands of tonnes of logs.

I raise the question with regard to the saw logs being chipped. It says in another paragraph:

> Forestry Tasmania carries out independent mill gate audit of truck loads entering pulp mills in the state. These audits have found, and recovered, less than one per cent of expected deliveries to be saw logs at any pulp mill. At Hampshire mill, Forestry Tasmania's independent inspections found no saw logs delivered last year.

The date of this letter is 3 June 1998. It goes on:

> For the first time, two saw logs were found in one truck load earlier this year, 1998. These logs were redirected to a sawmill and a five times royalty penalty imposed.

All I can say to that is what a load of rubbish it is. It is not true, because I have the photographic evidence—photographic evidence that is supported by foresters who are qualified internationally and by sawmillers who come from within my own state.

In 1992, when I was the secretary of the Timber Workers Union, I participated in industrial action against the company known as APPM, which was actually owned by North Broken Hill-Peko. Many of the people who now come to me were contractors and loyal supporters of that company. They stood side by side with the company during the 1992 APPM dispute and strike, which was one of the most significant strikes in the country. They now find themselves, like these people mentioned in the *Sydney Morning Herald*, with no job. Ten more contractors on the north-west coast of Tasmania lost their jobs in the last two weeks—loyal supporters of the company and loyal supporters of an industry. It is not acceptable. We cannot allow this sort of thing to continue in this country if we are about bringing to this country import replacement programs, job generating programs, in particular with an industry where we have a great capacity to do that. Governments have before them many reports that would indicate, in relation to hardwood in particular, that there is a shortage in supply over demand in our region of the world and indeed globally.

We cannot accept this. We cannot allow it to continue to happen. This federal government has but one opportunity. During the course of the debate on the Regional Forest Agreement legislation, I hope that senators will take the opportunity to have the legislation referred to a Senate committee and have something done about it. *(Time expired)*

Forestry: Tasmania

Trust Bank of Tasmania

Senator WATSON (Tasmania) (7.33 p.m.)—As one who has had an interest in selling logs of milling and woodchip quality and all the other areas that Senator Murphy mentioned, I cannot let the opportunity pass to say that I find it just unbelievable that any contractor would allow that situation with logs like those photographed by Senator Murphy. It is just unbelievable that these organisations, which include fine furnishings timber mills, would put so much expense into getting logs to that state and then burn them.

Tonight I would like to talk about another issue. Tasmanians are very fond of their local bank, the Trust Bank of Tasmania. As all Australians are aware, Tasmanians are very loyal people. We can remember, of course, predecessors such as the Launceston Bank for Savings, the Hobart Savings Bank, the permanent building societies and the Launceston Permanent Investment and Building Society. The bank has a very long history, but many of its customers have been dismayed by some recent comments by the managing director, Mr Paul Kemp, who said that within two years customers may have to pay $5 for every over-the-counter transaction. According to Mr Kemp, some customers, particularly those of mature age, are reluctant to use automatic teller machines and EFTPOS. He believes these people are causing the current long queues. Unfortunately, more than 60 per cent of Trust Bank customers are of mature age, so

the bank should recognise a very real reason for keeping these people happy.

The Trust Bank has recently installed a brand-new computer system costing $23 million which is having a greater than expected number of teething problems. According to the Trust Bank, the computer system places it in a position to address year 2000 problems, but other banks have installed major computers and do not have this sort of problem. Because of the down time and the slow responses, customers are having to wait 30 minutes and longer in queues. In some cases the queues have stretched to the front doors of the banks and into the street. No-one wants to queue in the street but it is being forced upon them. Mr Kemp says that one of the main reasons why the queues are so long is that people with simple transactions really could have them handled very efficiently by alternative means. This is the attribution theory: blaming the mature age customer for the long queues and not the bank's computer problems. I ask what has happened to good old-fashioned service.

The bank says in its annual report that the Trust Bank's gold star banking promise to do everything in its power to help its customers achieve their personal and business goals has underpinned the bank's strategies, products, services and success. Perhaps the Trust Bank could assist its mature age customers by inviting them to free sessions on how to use the ATMs and EFTPOS instead of threatening them with a $5 fee for every transaction if they do not fall into line. Perhaps some of their mobile sales staff, those in telephone banking and those in technology, who have been taken out of branches, can be returned to the branches to teach the mature age people how to use this new technology. But who can blame customers if they leave the Trust Bank in droves to move their custom to the more amenable building societies and credit unions?

These comments from Mr Kemp are indeed unfortunate. The banks are part of a service industry, and service companies define their reason for being through their service strategy, as in the Trust Bank's gold star banking promise. The service strategy guides and energises firms in creating value for customers. Quality service should underpin value creation. The Trust Bank exists to service customers, not the reverse. As we know, the Trust Bank may move to a public float.

Senate adjourned at 7.37 p.m.

DOCUMENTS

Tabling

The following government documents were tabled:

Australia-China Council—Report for 1997-98, incorporating reports for the period 1 July 1994 to 30 June 1997.

Bankruptcy Act—Inspector-General in Bankruptcy—Report for 1997-98 on the operation of the Act.

Commonwealth Authorities and Companies Act—Reports for 1997-98—

Anindilyakwa Land Council.

Australian Nuclear Science and Technology Organisation.

Development Allowance Authority Act—Development Allowance Authority—Report for 1997-98.

Family Law Act—Family Court of Australia—Report for 1997-98—Erratum.

Primary Industries and Energy Research and Development Act—Dried Fruits Research and Development Council—Report for 1997-98.

Public Service Act—Public Service Regulations—Public Service and Merit Protection Commission—State of the service—Report for 1997-98.

Public Service and Merit Protection Commission—Workplace diversity—Report for 1997-98.

Telecommunications Act 1997—Funding of consumer representation, and of research, in relation to telecommunications—Report for 1997-98.

Tabling

The following documents were tabled by the Clerk:

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—Amendment of section 40, dated 30 November 1998.

Customs Act—Instruments of Approval Nos 40-43 of 1998

Fisheries Management Act—Temporary Order No. 2—Ban on fishing for pilchards.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Sydney Orbital: Expenditure

(Question No. 2)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 10 November 1998:

(1) What moneys have been allocated for expenditure on the Sydney Orbital and other projects in Western Sydney in the years 1998/99, 1999/00, 2000/01 and 2001/02.

(3) Can: (a) the total cost; (b) expenditure each year, including expenditure committed in out years; (c) expenditure to date; and (d) the cost-benefit ratio be provided for each project.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

(1) The following are the allocations for the Sydney Orbital and for other projects in Western Sydney:

Project	1998-99	1999-00	2000-01	2001-02
Western Sydney Orbital	0.0	0.0	0.0	0.0
Cumberland Hwy—widening	7.0	7.0	10.5	0.0
Access ramps to F5—Prestons to Campbelltown	0.0	0.0	1.9	6.0

(2) The information in respect of (a), (c) and (d) is set out in the following table:

Project	Total Cost ($m)	Expend to date ($m)	BCR
Western Sydney Orbital	840.0	38.0	2.7
Cumberland Hwy—widening	25.0	0.7	2.4
Access ramps to F5—Prestons to Campbelltown	8.0	0.0	2.0

(b) the amounts set out in the table in the answer to (1) are expected to be the expenditure each year, including expenditure committed in out years.