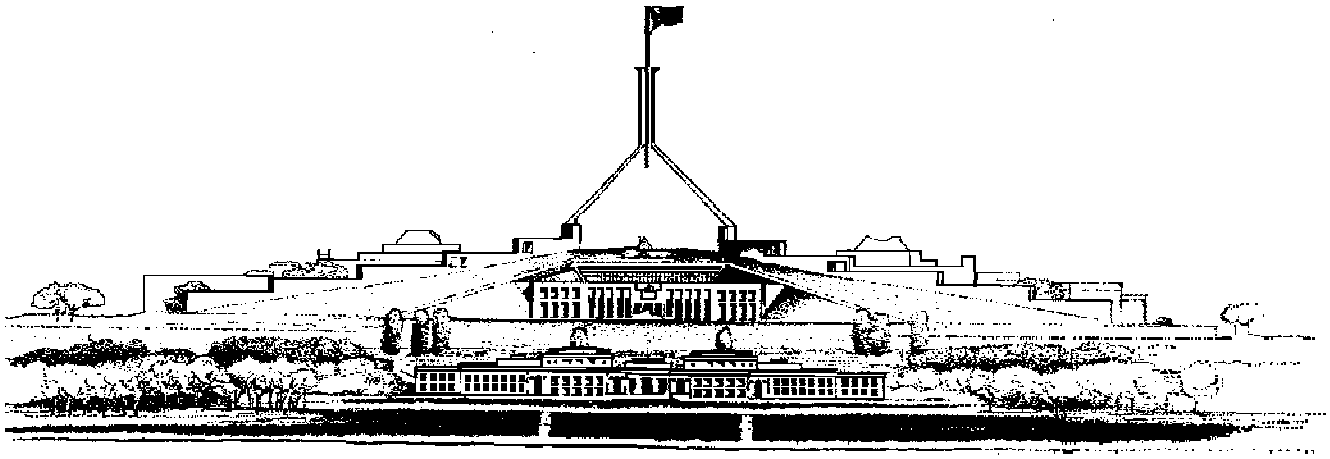
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



SENATE

Official Hansard

THURSDAY, 23 MAY 1996

THIRTY-EIGHTH PARLIAMENT
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE SENATE
CANBERRA

CONTENTS

THURSDAY, 23 MAY

CONTENTS—*continued*

CONTENTS—*continued*

Thursday, 23 May 1996

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

PETITIONS

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

Uranium

To the Honourable the President and Members of the Senate in Parliament assembled the petition of the undersigned respectfully showeth:

That the export of uranium extends the nuclear cycle which fuels the development of nuclear weapons;

That no satisfactory means of dealing with nuclear waste has yet been devised;

That the mining and exporting of Australian uranium contributes to the nuclear fuel cycle.

Your Petitioners therefore most humbly pray that the Senate in Parliament assembled should request the Government:

To withdraw from any treaty or agreement with Indonesia which will lead to the export of uranium to that country;

To foster research and development of safe and sustainable energy generation technologies in Australia and Indonesia;

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

by **Senator Chamarette** (from 1,069 citizens).

Economy

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

The Petition of the undersigned shows that we, being Tasmanian electors, are proud of our country and stand by its constitution. We oppose the appointment by Parliament of a president as head of state and we oppose any measure that will increase the power of politicians. We urge the Parliament to concentrate on the serious issues facing this country, especially youth unemployment and the widening gulf between rich and poor.

by **Senator Harradine** (from 520 citizens).

Industrial Relations

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

We the undersigned citizens respectfully submit that any reform to Australia's system of industrial relations should recognise the special needs of employees to be protected from disadvantage, exploitation and discrimination in the workplace.

We the petitioners oppose the Coalition policies which represent a fundamentally anti-worker regime and we call upon the Senate to provide an effective check and balance to the Coalition's legislative program by rejecting such a program and ensuring that:

1. The existing powers of the Australian Industrial Relations Commission (AIRC) be maintained to provide for an effective independent umpire overseeing awards and workplace bargaining processes.
2. Paid rate awards be preserved and capable of adjustment, as is currently the case in the legislation.
3. The AIRC's powers to arbitrate and make awards must be preserved in the existing form and not be restricted to a stripped back set of minimum or core conditions.

In addition we support the ACTU/ANF campaign against the Coalition's proposals to dismantle other existing industrial protection.

by **Senator Panizza** (from six citizens).

Higher Education Funding

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

The petition of the undersigned shows that we are greatly concerned about the lack of funding granted to Deakin University Council of Students Inc. on behalf of all its student constituents with regards to unpaid funding according to the Higher Education Funding (Students Organisations) Amendment Bill 1994.

This Petition requests that Deakin University students are duly granted funding in line with the Higher Education Funding (Students Organisations) Amendment Bill 1994 as received by other Victorian Tertiary Institutions for 1995 and 1996.

by **Senator Stott Despoja** (from 21 citizens).

Higher Education Funding

To the Honourable the President and Members of the Senate in Parliament assembled: The humble petition of the undersigned citizens of Australia respectfully showeth:

That we are opposed to any moves to cut funding to universities.

We believe that funding cuts to universities can only have a negative impact on society and will impede the development of our Nation.

Furthermore, we are opposed to any increases to the annual amount payable by students via the Higher Education Contribution Scheme.

We believe that increases to HECS will discourage individuals from enrolling in universities.

We believe that university entry should be based upon relative merit, not relative wealth.

We believe that education has a direct social and economic benefit and appropriate levels of funding should be made available from public revenue.

Your petitioners therefore humbly petition that you will not cut funding to universities or increase HECS fees. And your petitioners, as in duty bound, will ever ask.

by **Senator Stott Despoja** (from 134 citizens).

Industrial Relations

Senator PANIZZA (Western Australia)—by leave—I present to the Senate the following petition, from 35 citizens, which is not in conformity with the Standing Orders as it is not in the correct form:

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

We the undersigned citizens respectfully submit that any reform to Australia's system of industrial relations should recognise the special needs of employees to be protected from disadvantage, exploitation and discrimination in the workplace.

We the petitioners oppose the Coalition policies which represent a fundamentally anti-worker regime and we call upon the Senate to provide an effective check and balance to the Coalition's legislative program by rejecting such a program and ensuring that:

1. The existing powers of the Australian Industrial Relations Commission (AIRC) be maintained to provide for an effective independent umpire overseeing awards and workplace bargaining processes.

2. The proposed system of Australian Workplace Agreements (AWAs) should be subject to the same system of approval required for the approval of certified agreements (through enterprise bargaining). Specifically, an AWA should not come into effect unless it is approved by the AIRC.

3. The approval of agreements contained in the legislation should be public and open to scrutiny. There should be provision for the involvement of parties who have a material vconcern relating to the approval of an agreement, including unions seeking to maintain the no disadvantage guarantees.

4. Paid rates awards be preserved and capable of adjustment, as is currently the case in the legislation.

5. The AIRC's powers to arbitrate and make awards must be preserved in the existing form and not be restricted to a stripped back set of minimum or core conditions.

6. The legislation should encourage the processes of collective bargaining and ensure that a certified agreement within its term of operation cannot be over-ridden by a subsequent AWA.

7. The secondary boycott provisions should be preserved in their existing form.

8. The powers and responsibility of the AIRC to ensure the principle of equal pay for work of equal value should be preserved in its existing form. We oppose any attempt by the Coalition to restrict the AIRC from dealing with overaward gender based pay equity issues.

9. A 'fair go all round' for unfair dismissal so that all workers currently able to access these remedies are able to do so in a fair manner, at no cost.

10. Workers under state industrial regulations maintain their rights to access the federal awards system in its current form.

Your petitioners therefore urge the Senate to reject the above proposed reforms to the area of industrial relations.

Tobacco

Senator WHEELWRIGHT (New South Wales)—by leave—I present to the Senate the following petition, from 16,766 citizens, which is not in conformity with the Standing Orders as it is not in the correct form:

We the undersigned citizens of New South Wales call upon the Federal Government to oppose the Senate Community Affairs Committee proposal to ban the sale of tobacco from retailers other than licensed premises and tobacconists. The proposal would devastate many small businesses and transfer wealth to larger retailers.

Petitions received.

NOTICES OF MOTION

Consideration of Legislation

Senator KEMP (Victoria—Parliamentary Secretary to the Minister for Social Security)—I give notice that, on the next day of sitting, I shall move:

That the order of the Senate of 29 November 1994, relating to the consideration of legislation, not apply to the following bills:

Education Services for Overseas Students (Registration of Providers and Financial Regulation) Amendment Bill (No. 1) 1996

Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Bill 1996

Primary Industries and Energy Legislation Amendment Bill (No. 1) 1996

Shipping Grants Legislation Bill 1996.

I also table the statement of reasons justifying the need for these bills to be considered during this sittings. I seek leave to have the statement incorporated in *Hansard*.

Leave granted.

The statement read as follows—

STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN WINTER SITTINGS

HOUSING LOANS INSURANCE CORPORATION (TRANSFER OF ASSETS AND ABOLITION) BILL

Purpose of Bill

To facilitate the restructure of the Housing Loans Insurance Corporation (HLIC) which is designed to place it on a more commercial footing.

Reasons for seeking introduction and passage of the Bill in the 1996 Winter sittings

The Bill is considered essential for passage in the Winter Sittings because it will allow the Government to realise upwards of $101 million of its current equity in the HLIC this financial year. This amount was included in the revised Budget estimates for 1995-96 released by the Treasurer on 12 March 1996. Passage of the legislation prior to 30 June 1996 is necessary to meet this commitment.

Circulated with the Authority of the Treasurer

PRIMARY INDUSTRIES AND ENERGY LEGISLATION AMENDMENT BILL

Statements of reasons for introduction and passage in the 1996 Winter Sittings

The purpose of the Bill is to amend the Offshore Minerals Act 1994, the Wool International Act 1993, the Australian Wool Research and Promotion and Organisation Act 1993, the Poultry Industry Assistance Act and the Laying Chicken Levy Act 1988.

The amendment to the Offshore Minerals Act 1994 is required to preserve the integrity of licences granted under the Act the boundaries of which might be affected by changes in the location of the territorial sea baseline. At present the section only applies where changes to the baseline might be caused by natural processes as tides or storms. The amendment expands the section to apply it to changes in the location of the baseline resulting from acquisition of new data or reconsideration of existing data. The amendment has been made necessary by a recent case where the integrity of licences has been brought into question by a change in the location of the baseline caused by reconsideration of old data.

If the amendment does not proceed the result may be that the relevant Western Australian and Commonwealth offshore exploration licences may be declared cancelled. The current licence holders would then be required to lodge fresh applications with the possibility of any delay leading to legal proceedings for compensation against the Commonwealth.

The amendments to the Wool International Act 1993 set the debt component of the wool tax by regulation, expand Wool International's trading powers and terminate voluntary (additional) contributions.

The Bill will facilitate setting the debt component of the wool tax to zero with effect from 1 July 1996. It will provide an important income boost for the wool industry which is currently experiencing serious difficulties.

A delay in the provision for expanded trading powers for Wool International would limit the risk management instruments producers have available to them to counter volatility in the market. In the current depressed market environment this could seriously affect the future of the industry and generate considerable pressure on Government to assist the industry's recovery in other possibly more interventionist ways. It is also likely that future privatisation will also be delayed and will delay the opportunity for producers to choose a cash payment over shares in a privatised Wool International.

The above measures must be in place by l July 1996 at the start of the new wool selling season and any delay would put the industry under much greater adjustment pressure and potentially jeopardise its future recovery. It could also lead to increased pressure on the Government to further assist the industry through other mechanisms.

The amendments to Australian Wool Research and Promotion Organisation Act 1993 enable payment of the wool industry's funding obligations to the Australian Animal Health Council Limited (AAHC)

If the amendment is not passed by 30 June 1996 the Wool Council of Australia will be in breach of the legal commitment it has undertaken pursuant to Corporations Law as it has no other means of paying the AAHC invoice, now due, for its contribution to the running expenses of the AAHC.

The amendments to the Poultry Industry Assistance Act and the Laying Chicken Levy Act 1988 make a levy based funding mechanism available to participating industries to provide an avenue for these industries to meet their commitments to the Australian Animal Health Council. Included in this proposal is an amendment of the Laying Chicken Levy Act 1988 to acknowledge the Australian Egg Industry Association as the new representative industry organisation for the egg industry which will have responsibility for making recommendations on levy matters, including AAHC funding.

It is essential for the egg industry's continuing participation as a member of the AAHC for these amendments to be given the same priority as the AAHC funding proposal. This will enable the egg industry to fund its contribution to the AAHC as required since the incorporation of the AAHC on 19 January 1996.

If the proposed amendments are not passed by 30 June 1996 the relevant industry organisations would be in breach of the legal commitments they have given pursuant to Corporations Law.

Circulated with the Authority of the Minister for Primary Industries and Energy

---

SHIPPING GRANTS LEGISLATION BILL

STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 1996 WINTER SITTINGS

The purpose of the bill is to repeal the Ships (Capital Grants) Act 1987, and the International Shipping (Australian-resident Seafarers) Grants Act 1995.

The repeal of the Ships (Capital Grants) Act 1987, which provides a taxable grant to shipowners for the purchase of eligible trading ships registered in Australia, is an election commitment. The repeal is to take effect from 1 July 1996.

The repeal of the International Shipping (Australian-resident Seafarers) Grants Act 1995, which provides a taxable grant to employers of Australian-resident seafarers on eligible ships in international trades is also an election announcement to maximise cost savings.

It is highly desirable that the Bill be passed in the Winter sittings for the repeals to take effect on their intended dates and for savings in Budget outlays to be realised. It is also important that the interval between the announcement and enactment is minimised.

Circulated with the Authority of the Minister for Transport and Regional Development

Higher Education Funding

Senator DENMAN (Tasmania)—I give notice that, on the next day of sitting, I shall move:

That the Senate—

(a) notes the concerns of Tasmanian university students regarding the proposed cut-backs to higher education funding by the Federal Coalition Government;

(b) supports the efforts of the National Union of Students and the Tasmania University Union Student Representative Council, attempting to reverse the imminent and devastating decision of the Federal Government on the future of higher education in Tasmania; and

(c) calls on the Federal Government and the Minister for Employment, Education, Training and Youth Affairs (Senator Vanstone) to seriously rethink cut-backs so as to ensure that Australia's higher education sector will be able to continue to produce high quality graduates and undertake research of world class standing.

Burma

Senator CHAMARETTE (Western Australia)—I give notice that, on the next day of sitting, I shall move:

That the Senate—

(a) notes:

(i) with dismay, the arrest in the week begining 19 May 1996 of 71 elected members of the National League for Democracy (NLD) in Burma, and

(ii) that this action by the State Law and Order Restoration Council (SLORC) signals a new level of repression of political activity in the country;

(b) expresses concern at the possibility that the SLORC may move to arrest Daw Aung San Suu Kyi; and

(c) calls on the Australian Government to:

(i) impose unilateral trade sanctions against Burma and work for multilateral sanctions,

(ii) downgrade Australian diplomatic representation in Rangoon,

(iii) close the Austrade office in Rangoon,

(iv) discourage Australian companies from doing business with the SLORC, and

(v) discourage Australian citizens from visiting Burma.

Pacific Oyster

Senator SPINDLER (Victoria)—I give notice that, on the next day of sitting, I shall move:

That the Senate—

(a) notes:

(i) that the Victorian Government is considering releasing the Pacific Oyster into Corner Inlet in Victoria,

(ii) that the Pacific Oyster from Asia has been declared a noxious aquatic species in New South Wales and has taken over parts of the Tamar River in Tasmania,

(iii) that Corner Inlet is believed to support unique and extensive seagrass beds and the world's most southerly occurrence of White Mangrove,

(iv) that Corner Inlet is listed under the Ramsar Convention as being a wetland of international significance, and

(v) that the proposed process of sterilisation, the 'triploid' process, is highly experimental; and

(b) calls on the Minister for the Environment (Senator Hill) to monitor developments in Victoria and to examine whether the proposal is compatible with Corner Inlet's status as a wetland of international significance.

Regulations and Ordinances Committee

Senator O'CHEE (Queensland)—On behalf of the Standing Committee on Regulations and Ordinances, I give notice that, 15 sittings after today, I shall move:

That the Air Navigation Regulations (Amendment), as contained in Statutory Rules 1995 No. 342 and made under the Air Navigation Act 1920, be disallowed.

I seek leave to incorporate in *Hansard* a short summary of the concerns raised by the committee.

Leave granted.

The summary read as follows—

Air Navigation Regulations (Amendment) Statutory Rules 1995 No. 342

These regulations make changes consequent upon the removal of a number of offences from the Air Navigation Regulations to the Air Navigation Act 1920; require preflight security checks of international commercial aircraft, introduce new security standards for the handling of international cargo, make other changes to security matters and provide for a number of offences.

The committee noted the following apparent defects in the regulations:

(a) an unreviewable discretion which may affect a person's livelihood;

(b) inadequate identification requirements for members of uniformed security forces;

(c) undefined wide powers given to public officials;

(d) an offence with no apparent penalty; and

(e) reference errors.

The committee has written to the minister seeking his advice on the above concerns.

Senator O'CHEE—I seek leave to make a short statement about the work of the committee.

Leave granted.

Senator O'CHEE—As the new Chairman of the Standing Committee on Regulations and Ordinances, I would like to report very briefly on the first meeting of the committee for the new parliament and to also pay tribute to the previous Chairman, Senator Colston. As honourable senators are aware, the committee scrutinised each disallowable legislative instrument tabled in the Senate, of which there were more than 2,200 last year, to ensure compliance with high standards of parliamentary propriety and personal rights.

The committee takes this task very seriously. At its last meeting during the previous parliament, it resolved to recommend to the Senate that it disallow the whole of a particular regulation if the minister did not undertake on that same day to amend it. Fortunately, the minister did this, and I will shortly present a formal written report on the committee's actions in this matter.

For the present, however, I will outline the matters dealt with by the committee at its meeting this morning. The agenda of the committee included consideration of some 43

letters from ministers of the previous and new governments and, because of the caretaker period before the recent election, from departmental officers. These replies illustrate the extent of the committee's interest and influence. In them ministers confirm that five acts had been or would be amended to meet our concerns, including one retrospectively; that another act had been applied to a territory and another enabling act had been repealed. In respect of the legislative instruments, ministers advised that provisions of two were void; that in respect of a third, in delightful Sir Humphrey style, that on the one hand the instrument could be considered void, while on the other hand it could be treated as valid; and in respect of a fourth, advice that an instrument that was not void was couched in such terms that the committee resolved to approach the minister again. Two more instruments, the committee was told, were inoperative—whatever that means. Ministers also undertook to amend at least 21 separate instruments to meet our concerns. I say 'at least' because one undertaking was to provide AAT review for all portfolio charging decisions. A number of these 21 instruments will be amended in respect of multiple defects; in the case of one ordinance, nine separate sections will be amended. These 21 undertakings to amend include only substantive improvements and not undertakings merely, for instance, to avoid invalidity or to improve citation and numbering.

The replies also included explanations of the apparent administrative or legal defects raised by the committee. One reply gave reasons for an eight-year delay in complying with a mandatory legislative duty, while another advised that a statutory authority had mistakenly paid $350,000 in payroll tax. The committee was not satisfied with six of the replies and resolved to ask ministers for further information.

I will further elaborate on the work of the committee in the annual report, in special reports, in our regular end of sittings statements, in special statements and when incorporating in *Hansard* our correspondence relating to instruments in respect of which the committee gives a notice of intention to disallow. On behalf of the committee, I will also write to the Prime Minister (Mr Howard) and all other ministers asking for cooperation in ensuring that Commonwealth delegated legislation is of high quality. I will point out that such quality is one of the hallmarks of good government. In conclusion, I believe that the Standing Committee on Regulations and Ordinances will continue to justify the confidence of the Senate, which it has enjoyed in the past 65 years of its operations.

Census Forms

Senator BOURNE (New South Wales)—I give notice that, on the next day of sitting, I shall move:

That the Senate—

(a) notes that:

(i) the ten thousandth signature has now been tabled petitioning against the practice of destroying Australia's census forms,

(ii) the next census is to be held on 6 August 1996 at a cost of more than $140 million, and

(iii) in 1995 the Advisory Council on Australian Archives recommended that census material be retained permanently;

(b) urges the Government not to waste this invaluable and irreplaceable resource by destroying it after its initial statistical use is finished; and

(c) calls on the Government to review the current policy on the destruction of census forms.

Employer Contact Unit

Senator STOTT DESPOJA (South Australia)—I give notice that, on the next day of sitting, I shall move:

That the Senate—

(a) notes, with concern, the implementation of the Employer Contact Unit in Tasmania in May 1996;

(b) recognises this unit, dubbed the 'dob-in-a-dole-bludger' phone line, duplicates mechanisms that already exist within the Department of Social Security for reporting alleged fraud;

(c) notes that in 1994-95 there were 40 145 reviews of entitlements by the department arising out of public information and that only 3 250 were referred to the courts; and

(d) calls on the Government to abolish this pilot scheme and to ensure that it is not imple-

mented nationally, as it has dubious economic benefit and is clearly duplicating a system that already exists.

ORDER OF BUSINESS

Government Business

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

That the following government business orders of the day be considered from 12.45 p.m. till not later than 2.00 p.m. this day:

No. 6— Ministers of State Amendment Bill 1996

No. 7— Dairy Produce Amendment Bill 1996.

Dairy Produce Levy (No. 1) Amendment Bill 1996.

No. 8— Excise Tariff Amendment Bill 1996.

General Business

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

That the order of business for consideration today be as follows:

(a) consideration of government documents; and

(b) general business notice of motion No. 52 standing in the name of Senator Carr relating to higher education funding.

COMMITTEES

Selection of Bills Committee

Report

Senator PANIZZA (Western Australia)—I present the second report of 1996 of the Selection of Bills Committee.

Ordered that the report be printed.

Senator PANIZZA—I seek leave to have the report incorporated in *Hansard*.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 2 OF 1996

1. The Committee met on 22 May 1996.

2. The Committee resolved:

(a) That the following bills be ***referred*** to committees:

Bill title	Stage at which referred	Legislation Committee	Reporting date
Export Market Development Grants Amendment Bill (No. 1) 1996—(see Appendix 1 for a statement of reasons for referral of the bill)	immediately	Foreign Affairs, Defence and Trade	17 June 1996
Primary Industries and Energy Legislation Amendment Bill (No. 1) 1996—provisions of the bill (see Appendix 2 for a statement of reasons for referral of the bill)	immediately	Rural and Regional Affairs and Transport	17 June 1996
Taxation Laws Amendment Bill (No. 1) 1996—provisions of the bill (see Appendix 3 for a statement of reasons for referral of the bill)	immediately	Economics	17 June 1996

(b) That the following bills ***not*** be referred to committees:

Australian Sports Drug Agency Amendment Bill 1996

Crimes Amendment (Controlled Operations) Bill 1996

Customs and Excise Legislation Amendment Bill (No. 1) 1996

Education and Training Legislation Amendment Bill 1996

Excise Tariff Amendment Bill 1996

Health Insurance Amendment Bill 1996

Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Bill 1996

Indigenous Education (Supplementary Assistance) Amendment Bill 1996

Loan Bill 1996

Ministers of State Amendment Bill 1996

Natural Heritage Trust Fund Bill 1996

Sydney 2000 Games (Indicia and Images) Protection Bill 1996

World Heritage Properties Conservation Amendment (Protection of Wet Tropics of Tully) Bill 1996

The Committee recommends accordingly.

3. The Committee has ***deferred*** consideration of the following bills to the next meeting:

(deferred from meeting of 8 May 1996)

Koongarra Project Area Repeal Bill 1996

Parliamentary Proceedings Broadcasting Amendment Bill 1996

Prohibition of Exportation of Uranium (Customs Act Amendment) Bill 1996

Uranium Mining in Australian World Heritage Properties (Prohibition) Bill 1996

(deferred from meeting of 22 May 1996)

Housing Assistance Bill 1996

Restitution of Property to King Island Dairy Products Pty Ltd Bill 1996

(John Panizza)

Chair

23 May 1996

Appendix 1

Name of bill: Export Market Development Grant Amendment Bill (No.1) 1996

Reasons for referral/principal issues for consideration:

The Bill reduces the maximum grant payable in any one year from $250,000 to $200,000.

The Bill does not touch upon the EMDG scheme's continuity.

The scheme's continuity has recently been the subject of public comment. Evidence from relevant industry groups, and small and medium sized enterprises would enable consideration of the utility of the schemes continuity in light of the proposed reduced maximum.

Possible submissions or evidence from:

Relevant industry groups, exporting companies, small business representatives.

Committee to which bill is to be referred:

Foreign Affairs, Defence and Trade

Possible hearing date(s): Friday May 31

Possible reporting date: Monday June 17

(signed) Chris Evans

Whip/Selection of Bills Committee member

Appendix 2

Name of bill: Primary Industries and Energy Legislation Amendment Bill (No.1) 1996

Reasons for referral/principal issues for consideration:

Provisions of the bill relating to the wool industry and the potential impact on the viability and survival of many Australian woolgrowers by the proposed changes.

Possible submission or evidence from:

Wool International

Wool Council of Australia

Woolgrowers from around Australia (names to be provided)

Committee to which bill is to be referred:

Rural and Regional Affairs and Transport Legislation Committee

Possible hearing date(s): 31 May or 21 June 1996

Possible reporting date: 17 June 1996

(signed)Vicki Bourne

Whip/Selection of Bills Committee member

Appendix 3

Name of bill: Taxation Laws Amendment Bill (No.1) 1996

Reasons for referral/principal issues for consideration:

Discussion of the proposal to reduce the provisional tax uplift factor to 6% for 1996-97 only.

Costing of this measure.

Possible submissions or evidence from:

Small business organisations, self funded retiree representatives, from the public service concerning costings.

Committee to which bill is to be referred:

Economics

Possible hearing date(s):

Possible reporting date: 17 June 1996

(signed) Chris Evans

Whip/Selection of Bills Committee member

ORDER OF BUSINESS

Nuclear Testing: China

Postponement

Motion (by **Senator Chamarette**, at the request of **Senator Margetts**) agreed to:

That general business notice of motion No. 57 standing in the name of Senator Margetts for today, relating to the resumption of nuclear testing by the Chinese government, be postponed till the next day of sitting.

Introduction of Legislation

Postponement

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

That general business notice of motion No. 2 standing in the name of Senator Herron for today, relating to the consideration of the Aboriginal and Torres Strait Islander Commission Amendment Bill, be postponed till the next day of sitting.

Customs (Prohibited Exports) Regulations (Amendment)

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate)—I ask that business of the Senate notice of motion No. 1 standing in my name, relating to the Customs (Prohibited Exports) Regulations (Amendment), be taken as formal.

Leave not granted.

COMMITTEES

Employment, Education and Training Committee

Reference

Senator PANIZZA (Western Australia)—At the request of the Minister for Communications and the Arts (Senator Alston), I ask that business of the Senate notice of motion No. 2 standing in the name of Senator Alston for today, relating to the reference of a matter to the Employment, Education and Training Legislation Committee, be taken as formal.

Leave not granted.

SCHIZOPHRENIA AWARENESS WEEK

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

That the Senate—

(a) notes that the week beginning 19 May 1996 is Schizophrenia Awareness Week;

(b) recognises that persons with schizophrenia have long suffered social ostracism due to a lack of community understanding of this illness;

(c) understands that much research has to be undertaken to unlock the mysteries of what causes schizophrenia;

(d) recognises that there is still a need for greater community awareness and understanding of schizophrenia;

(e) congratulates the organisers of, and all those associated with, Schizophrenia Awareness Week; and

(f) calls on the Federal Government to ensure that adequate funding and resources continue to be allocated to this important area of mental health.

EDUCATION SERVICES FOR OVERSEAS STUDENTS (REGISTRATION OF PROVIDERS AND FINANCIAL REGULATION) AMENDMENT BILL (No. 1) 1996

First Reading

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

That the following bill be introduced: a bill for an act to amend the Education Services for overseas Students (Registration of Providers and Financial Regulation) Act 1991.

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

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

Bill read a first time.

Second Reading

Senator KEMP (Victoria—Parliamentary Secretary to the Minister for Social Security) (9.47 a.m.)—I table the explanatory memorandum and move:

That this bill now read a second time.

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

Leave granted.

The speech read as follows—

The Education Services for Overseas Students (Registration of Providers and Financial Regulation) Amendment Bill (No. 1) 1996 is a very simple bill. It proposes just one amendment to the principal act. That amendment is to section 20 and it ensures that the act continues to apply for a further two years until 1 January 1999.

Section 20 of the principal act, the Education Services for Overseas Students (Registration of Providers and Financial Regulation) Act 1991, is a sunset clause. It currently provides that the act ceases to have effect on 1 January 1997. This bill proposes changing that date to 1 January 1999.

Extensive national industry consultations have indicated widespread support for this two-year extension of the act.

The principal act provides assurances of education quality and financial protection to international students studying in Australia. It does so by registering providers of international education and training, based on state or territory approval and accreditation, and by imposing financial conditions on private education providers.

The principal act was introduced in 1991 to meet three main objectives, namely:

* to ensure that international students in Australia are treated with equity and fairness;

* to provide a positive basis for promoting Australia's international reputation as a provider of reliable high quality education and training; and
* to ensure that taxpayers' funds are not required to recompense international students who may have been let down by individual education and training providers.

These objectives remain relevant. This is not just the government's view, but the universal view of industry representatives expressed in recent national consultations by an independent consultant. This is an industry which currently earns Australia $1.9 Billion in export revenue annually. It warrants proper protection and this bill allows that protection to continue.

The act has included a sunset clause since its making in 1991. The original provision was for a three year sunset period. This was to allow development of complementary state/territory regulation and to ensure that the regulation of many small and medium sized businesses did not continue without review. Unfortunately, states and Territories have still not implemented legislation which would allow withdrawal of this act. Following review and extensive debate the act was strengthened in 1993 and the sunset date was extended by another three years to the current 1 January 1997. Part of this extensive debate was consideration by the Senate Standing Committee on Employment, Education and Training, which has now contributed to consideration of this act on several occasions.

Consistent with the government's push to limit unnecessary business regulation, it is appropriate to retain a sunset clause in this act. The bill before the house seeks to extend the sunset date by only two years, because this is considered sufficient time to allow further industry consultations to develop simpler, but still effective regulation in this industry.

In particular, when the government has had the opportunity fully to consider the report of the current review, it expects to be able to bring forward further amendments to streamline this legislation.

The industry is an important and valuable one for Australia. It is a major part of our growth in the export of services, bringing many intangible benefits, including the development of contacts for future trade and diplomatic links, in addition to the $1.9 Billion in export revenue annually. This industry deserves continuing protection. This bill is an important part of such protection.

I commend the bill to the Senate.

Ordered that further consideration of the second reading of this bill be adjourned until the first day of sitting in the Spring sittings, in accordance with the order agreed to on 29 November 1994.

ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION AMENDMENT BILL 1996

Introduction

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs)—Mr President, I ask that government business notice of motion No. 3 be taken as formal.

The PRESIDENT—Is there any objection to that being taken as formal?

Senator Chamarette—Objection.

Senator PANIZZA (Western Australia)—by leave—I inform the Senate that no objection was raised at the whips' meeting last night.

The PRESIDENT—You have made your point but there is objection now, clearly.

CONSIDERATION OF LEGISLATION

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

That the order of the Senate of 29 November 1994, relating to the consideration of legislation, not apply to the following bills:

Supply (Parliamentary Departments) Bill 1996-97

Supply Bill (No. 1) 1996-97

Supply Bill (No. 2) 1996-97.

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

That the order of the Senate of 29 November 1994, relating to the consideration of legislation, not apply to the Loan Bill 1996.

COMMITTEES

Employment, Education and Training References Committee

Report

Senator CROWLEY (South Australia)—I present the report of the Employment, Education and Training References Committee on matters referred to the committee during the previous parliament.

Ordered that the report be adopted.

Environment, Recreation, Communications and the Arts Legislation Committee

Additional Information

Senator KEMP (Victoria—Parliamentary Secretary to the Minister for Social Security)—On behalf of Senator Patterson, I present additional information received by the Envi-

ronment, Recreation, Communications and the Arts Legislation Committee during its consideration of the 1995-96 budget estimates.

LOAN BILL 1996

First Reading

Bill received from the House of Representatives.

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

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

Bill read a first time.

Second Reading

Senator KEMP (Victoria—Parliamentary Secretary to the Minister for Social Security) (9.50 a.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—

This bill is a machinery financing measure to enable certain defence expenditures to be met from the loan fund rather than the Consolidated Revenue Fund and to supplement the moneys available to the Consolidated Revenue Fund.

Legally, expenditure from the Consolidated Revenue Fund cannot exceed the moneys available to that Fund. Successive governments have adopted the practice of introducing a loan bill to authorise the issue of moneys from the loan fund to meet expenditures that have been appropriated by the parliament, but for which insufficient funds are available in the Consolidated Revenue Fund.

The purpose of this bill is to make provision for the financing of the prospective deficit in the Consolidated Revenue Fund. The difference between the estimated Budget and Consolidated Revenue Fund outcomes (estimated at about $2.8 billion in 1995-96) arises because appropriations from the CRF include various items which are functionally classified as financing transactions rather than outlays, and thus do not affect the budget outcome. These items include superannuation payments made by the commonwealth on behalf of public trading enterprises.

The bill provides authority for the loan fund to meet defence expenditures incurred in 1996-97 after the passage of the bill that would otherwise have been met from the Consolidated Revenue Fund and, if necessary, to reimburse the Consolidated Revenue Fund for certain non-defence expenditures. The bill also provides the authority to raise loans to cover these payments from the loan fund.

Except for loan raising expenses, which are currently estimated at $0.2 million for 1996-97, the bill does not authorise expenditures additional to those already approved by, or currently before, the Parliament. I emphasise that the bill does not in any way impinge on the prerogative of the parliament to appropriate moneys, but simply provides the means to finance expenditures previously approved and appropriated by the parliament.

Debate (on motion by **Senator Chris Evans**) adjourned.

ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION AMENDMENT BILL 1996

Introduction

Senator HILL (South Australia—Minister for the Environment)—by leave—Mr President, I ask that this matter be revisited. I think Senator Chamarette may have misunderstood the earlier attempt to introduce this bill under government business notice of motion No. 3. I think she is prepared to allow the motion to be made formal. It was the exemption that she opposed, which was notice of motion No. 2.

Senator CHAMARETTE (Western Australia)—by leave—Mr President, I apologise to my colleagues. I was following the program rather than listening to your words and those of Senator Herron. I assumed that I was objecting to the exemption of this bill and inadvertently objected to its introduction. I have no wish to do that. I did not realise that the exemption motion had been postponed. I apologise to the Senate and to the senator.

First Reading

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

That the following bill be introduced: a Bill for an Act relating to the Aboriginal and Torres Strait Islander Commission, and for related purposes.

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

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

Bill read a first time.

Second Reading

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (9.53 a.m.)—I table the explanatory memorandum and move:

That this bill 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 proposes certain amendments affecting the Aboriginal and Torres Strait Islander Commission, commonly referred to as ATSIC, and to the structure and operating arrangements for Regional Councils established under the ATSIC Act. The most significant amendments provide for:

a reduction in the size of regional Councils;

selection and appointment of the chairperson of the commission by the Minister for Aboriginal and Torres Strait Islander Affairs;

improved accountability arrangements for regional councils; and

appointment of an administrator to manage the operations of ATSIC if the administration of public money by ATSIC has been fraudulent or has involved gross mismanagement, or if ATSIC has intentionally failed to comply with a general direction.

When ATSIC came into being, a little over six years ago, it was recognised as representing a unique experiment in public administration. Nothing like it had been tried before, in Australia or overseas. A review by ATSIC of the operation of the ATSIC Act was completed in early 1993 and a number of significant recommendations for change were made as a result of that review. Amongst those recommendations were recommendations for a reduction in the number of regional councils and for the commission chairperson be elected by the elected zone commissioners, rather than being chosen by the minister.

The recommendation to reduce the number of regional councils was aimed at increasing management efficiency and enabling better servicing and resourcing of regional councils.

The recommendation to provide for an elected commission chairperson was based on the notion that this would be consistent with the principles of empowerment, self-determination and self-management which were the basis for ATSIC's establishment. Nevertheless, the commission's report containing this recommendation did acknowledge that the question of appointment of the commission chairperson was a complex issue. The report expressed that, in many ways, the chairperson is the primary link and source of day-to-day advice between the commission and the government. It went on to say that the chairperson must be a person in whom the government may have total confidence, at the same time as having the confidence and trust of, and the ability to represent, all members of the Aboriginal and Torres Strait Islander community.

The former government accepted both of the recommendations for amendment to the ATSIC Act at that time. Consequently, a 1993 amendment to the ATSIC Act provided for a reduction in the number of regional councils from 60 to 36. The reduction in the number of regional councils took effect for the round of regional council elections conducted on 4 December 1993.

The 1993 amendment to the ATSIC Act also included amendments which provided for a fully elected Board of 17 ATSIC Commissioners, with the members of that Board to elect one of their number to be commission chairperson. However, these amendments were expressed to be effective from 1 July 1996 and were therefore intended to affect arrangements for the next Board of Commissioners following the next round of regional council elections, due to be held later this year.

Following completion of the 1993 round of ATSIC regional council elections and the subsequent zone elections, an independent panel was convened under section 141 of the ATSIC Act to review ATSIC's boundaries and electoral systems. The Review Panel conducted consultation meetings in 20 locations throughout the country. Its report to the former minister on its review of electoral systems was completed in March 1994 and was tabled in the House and in the Senate. One of the recommendations of the Review Panel was that the size of regional councils be reduced.

Currently the number of members on a regional council is dependent on the Aboriginal and Torres Strait Islander population of the region and ranges from a low of 10 for regions with an estimated population of less than 1,000 people, to a high of 20 for regions with an estimated population of 10,000 or more. The Review Panel proposed that the act be amended to provide for regional councils to be comprised of 8 members for regions of less than 1,000 people, increasing to a maximum of 12 members for regions with a population exceeding 10,000 people.

The initiative was seen as one which would facilitate more effective and efficient operations by regional councils. In essence, it was the view of the Review Panel that the larger a regional council is, beyond an optimum size, the more unwieldy it is and the less effective it is in the performance of its functions. The Review Panel's report included advice of concerns that:

under current arrangements, decision making processes are unnecessarily protracted due to the size of the regional councils;

many councillors, who are often elected with minimal community support, have little interest in

or make little contribution to regional council operations; and

administrative expenditure associated with the operation of regional councils (including travelling allowance and fees for members) should be kept to the minimum level necessary so that the money available to address community needs can be maximised.

The government accepts the recommendation of the Review Panel to reduce the size of regional councils and the basis for the recommendation. The proposed amendment will contribute to greater efficiency in regional council operations and reduced administrative costs associated with the operation of regional councils. It will also help to ensure that membership on regional councils is gained on the basis of a more appropriate level of community support.

Regarding selection of a commission chairperson, the government acknowledges the importance of democratic principles in assisting the achievement of greater self-management and independent decision making. However, the government maintains that it must retain an appropriate degree of control and accountability where large amounts of government funds are being administered. Selection of a commission chairperson by government is central to the achievement of this objective.

Although the ATSIC Board of Commissioners opposes selection of a commission chairperson by government, it is clear that there is significant division within Aboriginal and Torres Strait Islander communities on this issue. Arguments put forward by Aboriginal people who oppose election of a commission chairperson include reference to the special range of skills required of a commission chairperson and the lack of any guarantees that those skills will be possessed by a person who gains office through the ATSIC electoral processes.

The requirements for an effective commission chairperson are seen to include that:

they must have a good working knowledge of the issues affecting Aboriginal and Torres Strait Islander peoples, both rural and urban;

they must have experience at a high level of administration and be able to work effectively with the government of the day;

they must have an ability to mix with foreign dignitaries and understand the protocols required on these occasions and also to understand the protocols when dealing with Aboriginal and Torres Strait Islander communities across the country;

their integrity must be intact and their honesty beyond doubt; and

they must have the ability to give direction to the commission, commissioners and the administration.

It has been contended that the people who have the range of skills to handle the job of chairperson are in employment already and would not consider leaving their positions to take a chance on being elected through the representative levels to the office of commission chairperson.

The government accepts these views and considers that selection of a commission chairperson with the appropriate range of skills is fundamental to the future success of ATSIC.

Currently the Board of Commissioners is comprised of 17 elected commissioners and 2 commissioners chosen by the Minister for Aboriginal and Torres Strait Islander Affairs. The minister is required to appoint one of the 19 commissioners to be commission chairperson.

The amendment proposed in this bill would have the effect of retaining the current arrangements so that, following the next round of zone elections, the 17 elected commissioners would not elect one of their number to be commission chairperson. Rather, a further 2 commissioners would be appointed by me and I would then appoint one of the 19 commissioners to be commission chairperson.

Another significant area addressed by the bill is the improvement of accountability arrangements for regional councils. In the interest of greater public accountability, the bill includes amendments to make regional council meetings open to the public and to give the public an entitlement to inspect a range of regional council documents.

Under the proposed arrangements, regional council meetings will generally be open to the public but will be able to be closed in certain circumstances, similar to those in which local government meetings can be closed. Such circumstances include where commercial-in-confidence and personal privacy issues are being discussed, and where it is necessary to deal with disruptive conduct. Additionally, the public will have an entitlement to inspect regional council codes of conduct, written procedures for meetings, management plans, written policy documents relating to the payment of expenses and provision of facilities to regional councillors, minutes of meetings (except where the meeting or the minutes are closed in relation to the exceptions I have mentioned) and other documents which would otherwise be accessible under Freedom of Information legislation.

This bill also allows for the Minister for Aboriginal and Torres Strait Islander Affairs to appoint an administrator to ATSIC or to the Torres Strait Regional Authority in the event that the minister is satisfied that the administration of public money by ATSIC or by the TSRA involves fraud or gross mismanagement. The minister would also be able to appoint an administrator should ATSIC or the TSRA breach a direction given to it by the

minister. In this regard, I recently issued directions to both ATSIC and the TSRA requiring that proposed grants and loans be subject to the scrutiny of a Special Auditor.

This power will enable the government to oversee the administration of public money by ATSIC and the TSRA and to act quickly to stop any misuse of taxpayers' money. Of course, I would expect that the appointment of an administrator would be resorted to only in extreme circumstances. I am confident that the use of the Special Auditor mechanism will improve accountability and proper financial management and I am hopeful that the appointment of an administrator will not be necessary. Nonetheless, the government must have the power to ensure that public money is being spent properly.

Once appointed an administrator would assume control of the organisation's property and affairs and perform the powers and functions normally undertaken by ATSIC or the TSRA as the case may be. The organisation would continue to operate with the administrator making decisions which would otherwise be made by the ATSIC Board of Commissioners or TSRA members. In this way the provision of services to Aboriginal and Torres Strait Islander people would proceed with minimal disruption while whatever problems identified are examined.

The administrator will be able to conduct reviews and recommend changes to the structure and operations of ATSIC or the TSRA. This would ensure that the difficulties which led to appointment of the administrator can be remedied during the administrator's appointment and will not be repeated in future. In this way, the elected representatives would be in the best possible position to resume control when the appointment of the administrator ends.

The ability to appoint an administrator will be a useful and essential tool in the government's programme of ensuring proper administration and accountability in Aboriginal and Torres Strait Islander Affairs.

I commend the bill to the Senate.

Ordered that further consideration of the second reading of this bill be adjourned until the first day of sitting in the Spring sittings, in accordance with the order agreed to on 29 November 1994.

COMMITTEES

Environment, Recreation, Communications and the Arts References Committee

Report

Senator PANIZZA (Western Australia)—On behalf of Senator Lees, I present the report of the Environment, Recreation, Communications and the Arts References Committee on a matter relating to marine and coastal pollution, referred to the committee during the previous parliament.

Ordered that the report be adopted.

Environment, Recreation, Communications and the Arts References Committee

Report

Senator PANIZZA (Western Australia)—On behalf of Senator Lees, I present the report of the Environment, Recreation, Communications and the Arts References Committee on a matter relating to goldmining effluent, referred to the committee during the previous parliament, together with submissions and a background paper received by the committee.

Ordered that the report be adopted.

HOUSING LOANS INSURANCE CORPORATION (TRANSFER OF ASSETS AND ABOLITION) BILL 1996

PRIMARY INDUSTRIES AND ENERGY LEGISLATION AMENDMENT BILL (No. 1) 1996

SHIPPING GRANTS LEGISLATION BILL 1996

First Reading

Bills received from the House of Representatives.

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

That these bills may proceed without formalities, may be taken together and be now read a first time.

Bills read a first time.

Second Reading

Senator KEMP (Victoria—Parliamentary Secretary to the Minister for Social Security) (9.55 a.m.)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

HOUSING LOANS INSURANCE CORPORATION (TRANSFER OF ASSETS AND ABOLITION) BILL 1996

The Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Bill 1996 will provide legislative authority for measures required to give effect to a substantial restructuring of the Housing Loans Insurance Corporation. It will also provide for the abolition of related legislation, namely the Housing Loans Insurance Act 1965 and the Housing Loans Insurance Corporation (Sale of Assets and Abolition) Act 1990.

The proposed restructure is the same as that envisaged by the previous government. As such, the bill that I am now presenting is virtually identical to one which was introduced by the former government late last year and passed by the House of Representatives on 24 October 1995. That bill, however, was not considered by the Senate prior to the Federal election and therefore lapsed.

The Housing Loans Insurance Corporation was established as a statutory authority just over thirty years ago to meet a structural deficiency in the highly regulated financial environment which existed at that time. Its primary charter was to help low income earners with small deposits to obtain housing finance by insuring lenders against the costs of mortgage defaults.

Since the establishment of the Corporation, a number of private mortgage insurers have entered the market with the result that there is no longer any justification for retaining the Corporation in public ownership.

A sale of the Housing Loans Insurance Corporation was first attempted by the then coalition government in 1979, but processes were terminated by the incoming Labor government in 1983. Two further attempts at a sale were made by the previous government.

Follow the most recent sale attempt, financial advisers to the Task Force on Asset Sales', Baring Bros Burrows and Co Limited, were commissioned to undertake a review of the sale process and the Corporation's position in the market. The review concluded, among other things, that the Corporation enjoyed a number of advantages over its private sector competitors arising from its statutory authority status, including the guarantee of its liabilities, and from the fact that it is not subject to the supervision of the Insurance and Superannuation Commission (ISC).

As these benefits, which effectively placed the Housing Loans Insurance Corporation on a different basis to its competitors, would not be available to any potential purchasers, it was difficult for them to gauge the true commercial worth of the Corporation.

The legislation I am now introducing is intended to address these concerns.

It will, in particular, facilitate the re establishment of the Housing Loans Insurance Corporation as a company incorporated under the Corporations Law and subject to the regulatory requirements of the ISC, as well as those of the states and Territories. The new company will be fully capitalised in line with the requirements of the ISC, drawing on part of the present capital and reserves of the Corporation.

The existing commonwealth guarantee will be removed as far as borrowings by the new Company are concerned. However, the commonwealth guarantee for non-borrowing liabilities will be retained, at least for the present, to minimise any uncertainty in the mortgage insurance industry that might arise as a consequence of the restructuring of the Corporation, given its prominent position in the market. Furthermore, to enable the company to attain the minimum credit rating required for mortgage insurers by state legislation, it would, in the absence of this guarantee, be necessary for the commonwealth to commit significant additional capital resources to the new Company, over and above what is already proposed.

In setting a target rate of return for the new Company, nevertheless, account will be taken of any advantage the retention of the guarantee may accord it.

With the removal of the guarantee on borrowing, there is no longer a need for a specific legislative provision pertaining to any government guarantees as the Treasurer has the powers under the constitution to guarantee liabilities of a non-borrowing nature.

The Housing Loans Insurance Corporation will cease writing business on the day before the new Company comes into operation. The insurance policies of the Corporation entered into prior to and including that date, which are referred to as the 'old book', will become the direct responsibility of the commonwealth. In exchange for accepting these liabilities, the commonwealth will receive the balance of the Corporation's capital and reserves. It is estimated that the level of funds to be trans-

ferred to consolidated revenue will be in excess of $100 million.

The 'new' Housing Loans Insurance Corporation, expected to be known as HLIC Limited, will be contracted by the commonwealth to administer the unexpired portion of all insurance obligations contained in the 'old book'. Funds will be set aside by the commonwealth in a special account to be established by the new Company and will be replenished as and when necessary to meet claims against these insurance contracts.

Separation of the 'old book' will, among other things, enable the new company's performance to be judged independently of the Corporation's previous operations.

The bill currently before the Senate is designed to assist in giving effect to the arrangements that I have just outlined. It includes the following:

provision to the Treasurer of the necessary powers to direct the transfer of assets and liabilities in whatever way is considered appropriate to give effect to the abovementioned objectives;

authority for the Treasurer to enter into any agreement with the new Company which would cover the terms under which existing insurance contracts would be managed, as well as the means by which payments for claims arising from these contracts could be made. The latter includes a standing appropriation for the required funding;

the transfer of staff of the Corporation to the new Company, as well as the transfer of all current rights enjoyed by those staff to such matters as long service leave, superannuation, maternity leave and Comcare. It is not intended that the interests of the staff should in any way be adversely affected by this corporatisation exercise; and

finally, the winding up of the Housing Loans Insurance Corporation and the repeal of all relevant legislation relating to the Corporation. As part of the winding-up exercise, a final report and detailed financial statements as at the date of cessation of the Corporation's activities will be prepared by the Housing Loans Insurance Corporation. After being audited by the Audit Office, they will be tabled in the parliament in due course.

I conclude by noting that this legislation will assist in maintaining an efficient, competitive and diverse mortgage insurance market. This in turn will assist many Australians to achieve the goal of home ownership.

Mr President, I present the Explanatory Memorandum which contains more detailed explanations of the provisions of the bill.

I commend the bill to the Senate.

PRIMARY INDUSTRIES AND ENERGY LEGISLATION AMENDMENT BILL (No. 1 1996)

The purpose of this bill is to introduce amendments to the Offshore Minerals Act 1994; the Wool International Act 1993; the Australian Wool Research and Promotion Act 1993; the Poultry Assistance Act 1965; and the Laying Chicken Levy Act 1988. The bill will also repeal 3 acts and make consequential amendments to the Primary Industries Levies and Charges Collection Act 1991 and the Rural Industries Research Act 1985 because of the repeal of these acts.

The bill contains an amendment to section 15 of the Offshore Minerals Act 1994 to preserve the integrity of licences granted under the act the boundaries of which might be affected by changes in the location of the territorial sea baseline. At present the section applies only where changes to the baseline might be caused by natural processes such as tides or storms. The amendment expands the section to apply it to changes in the location of the baseline resulting from acquisition of new data or reconsideration of existing data. The amendment has been made necessary by a recent case where the integrity of licences has been brought into question by a change in the location of the baseline caused by reconsideration of old data.

This amendment to the Laying Chicken Levy Act 1988 is required following a change in the representative organisation of the egg industry and a subsequent request from the industry for acknowledgment of the recently formed Australian Egg Industry Association (AEIA) as the representative industry organisation on matters requiring industry consultation in place of the former industry body—the Australian Council of Egg Producers (ACEP). The AEIA now needs to be acknowledged in the Laying Chicken Levy Act 1988 to provide it with a legal basis to make recommendations on behalf of industry on levy related matters.

The act imposes a levy in respect of laying chickens hatched and provides regulations for the purposes of levy rates, with the amount of levy as recommended by the now defunct ACEP. Funds raised under this levy currently reside in the Poultry Industry Trust Fund (PITF) established by the Poultry Industry Assistance Act 1965. This act needs to be amended to facilitate the transfer of funds from the PITF to the egg industry development fund administered by the Rural Industries Research and Development Corporation for research and development on the egg industry. The Poultry Industry Assistance Act 1965 along with the Egg Industry Research (HEN Quota) Levy Act 1987 and Poultry Industry Levy Act 1965 will be repealed once the transfer of the funds has been made.

The AEIA has also requested an increase in the research and development component of the levy from 1 july 1996, subject to legislative amendment to the Laying Chicken Levy Act 1988 acknowledging the AEIA as the representative body for these purposes. The egg industry has not increased its contribution to research and development for a number of years and the proposed increase will have the effect of maintaining the real value of its research and development activities. It would be appropriate that any amendment to the act facilitate future changes in industry representative organisation status in a manner similar to the Primary Industries and Energy Research and Development Act 1989 (PIERD Act) eliminating the need for legislative amendment for any future changes in industry representative organisation.

The establishment of wool international in 1993 was part of a strategy to develop a much stronger and commercially driven Australian wool industry, in more direct control over its destiny.

The government believes the industry's long term future lies in it continuing to move towards a market driven approach, closely attuned to the needs of customers and end users, and free from unnecessary government involvement.

This package of amendments to the wool international act 1993 is part of an evolutionary process, and includes:

termination of voluntary, or additional, contributions of wool tax over and above 4.5 per cent of the sale value of shorn wool other than carpet wool;

setting the amount payable to wool international in respect of the stockpile debt component of wool tax by regulation; and

enabling wool international to undertake a program to develop and evaluate the forward marketing of wool through its subsidiary, wool international holdings.

The bill also proposes two amendments to the Australian Wool Research and Promotion Organisation Act 1993. The first is consequential to the above amendment to the wool International Act 1993 in relation to the setting of rates of wool tax. The other will provide for interim wool industry funding for the Australian Animal Health Council by the Australian wool research and promotion organisation.

Voluntary contributions

The payment by growers of the compulsory 4.5 per cent debt component of wool tax from 1 July 1993 onwards entitles them to a share in any surplus from the sale of the stockpile by wool international, to be made available once the associated government guaranteed debt has been retired. It also entitles them, should they so choose, to take up equity in any privatised wool international.

The Wool International Act 1993 provides for eligible wool tax payers to gain additional entitlements by making voluntary contributions up to 5.5 per cent of the sale value of shorn wool, other than carpet wool, in addition to the 4.5 per cent stockpile debt component of wool tax.

The circumstances in the wool industry have changed markedly since the present statutory framework was put in place in 1993. For example, there is now anticipated to be a significant surplus arising from stockpile sales after the government guaranteed debt has been retired. There is, therefore, no need for voluntary contributions to repay debt.

Retaining the provision could also result in a small number of large, well-off, producers enhancing their entitlements at the expense of other eligible wool tax payers, not in a financial position to make voluntary contributions.

The proposed legislative amendments therefore provide for the cessation of voluntary wool tax contributions retrospective to 20 June 1995, the date of the announcement.

Setting the debt component of wool tax by regulation

Currently, the amount payable to wool international in respect of the tax imposed under the wool tax acts on shorn wool, other than carpet wool, is prescribed in the Wool International Act 1993 at 4.5 per cent. These payments go to service stockpile debt.

A review of the 4.5 per cent component of wool tax payable to wool international was conducted early in 1996 in the context of the significant projected surplus of funds in wool international once the government guaranteed debt has been retired.

The review found there was scope to remove this component of the tax from 1 July 1996.

The proposed legislative amendments will enable the setting of the amount of wool tax payable to wool international by regulation which will, in turn, be set to zero. The amendments also provide for the maximum amount of wool tax to be 4.5 per cent.

A consequential amendment to section 51 of the Australian Wool Research and Promotion Organisation Act 1993 is needed to take into account the proposed amendments to the Wool International Act 1993.

This section provided for a recommendation of the Australian Wool Research and Promotion Organisation to be put to a ballot of wool tax payers in respect of the percentages of wool tax payable under the wool tax acts for research and develop-

ment and of promotion. The recommendation must have regard to the legislated percentage of wool tax payable to wool international in respect of debt reduction. Under the proposed amendments, this amount will now be set by regulation.

Future marketing activities of wool international

As part of its legislated functions, wool international has been examining various options for further developing risk management mechanisms for the industry. As part of this examination, it has recommended its subsidiary, wool international holdings, undertake a limited trading program to develop and evaluate forward and futures markets as a risk management tool.

Proposed amendments to the Wool International Act 1993 make provision for wool international to hold shares in a subsidiary undertaking such a program including the use of futures and currency contracts for hedging purposes.

Notwithstanding this provision, wool international would require the prior approval of the minister for primary industries and energy before it could commence the trading program using wool international holdings.

This approval will be tabled and its making advised in the gazette. Either house of parliament will be able, during a period of three sitting days, to disallow the approval.

The provision will be subject to a sunset clause such that if no approval has been given by the minister by 1 july 1997 the Governor-General may proclaim the provision as having no further effect.

Strict measures to limit the financial risk of the proposal and details of operational aspects, such as reporting requirements, would be specified in the conditions encompassed in the ministerial approval. The memorandum and articles of wool international holdings would also need to be changed to reflect these conditions.

Other key points regarding the program are:

It would be conducted as a commercial operation separate from wool international with a two year time frame commencing in 1996

It would be funded from revenue received from the management of non-wool assets, as provided for in the existing legislation

There would be no government guarantee involved

Wool international holdings would have access to the stockpile on a commercial basis only

Regular reports to the wool international board would be required to be provided and through the board to the minister

Rigorous risk management arrangements would be put in place to ensure the program was conducted within an agreed capital limit

Separate and transparent accounting would be required

Subjection to all the requirements of corporations law, and all forms of taxation.

The use of a subsidiary such as wool international holdings or a separate corporate entity would ensure the trading activities were kept separate from those of wool international proper, whose main legislated responsibility will remain the management of the stockpile.

Such a separation is very important in the context of maintaining market confidence in wool international's stockpile operations.

The point is therefore emphasised that the program undertaken by wool international holdings would in no way impact on the disposal of the stockpile under the fixed release schedule. Wool international holdings would only have access to the stockpile on the same commercial basis as any other industry participant.

The proposed program, which has the support of the Wool Council of Australia, would represent a natural progression in wool international's efforts to stimulate more effective management of risk in the industry, the need for which has been clearly demonstrated by the current price volatility in the wool market. Unlike most other commodity markets, the wool industry, particularly growers, does not make adequate use of risk management options such as forward selling and futures contracts to manage risk.

However, while the forward trading proposal is ultimately directed towards risk management and strengthening the forward and futures markets for wool, it would also provide valuable information in considering the options regarding a privatisation of wool international.

It would assist eligible wool tax payers to evaluate the commercial viability of a privatised organisation undertaking forward marketing operations and providing risk management services. In this way it would help eligible wool tax payers to make a more informed decision regarding privatisation.

The proposal does not pre-suppose the eventual privatisation of wool international. Eligible wool tax payers, through the issue of a prospectus, will have the choice, based on their own commercial judgement, as to whether they leave their equity in a privatised wool international.

Wool industry funding of the Australian Animal Health Council

The bill will also repeal the provision at section 79 of the Australian Wool Research and Promotion Organisation Act 1993 for wool industry funding of the exotic animal disease preparedness consultative council, and substitute this with provision for

an industry contribution to the proposed Australian Animal Health Council Limited.

The Exotic Animal Disease Preparedness Consultative Council ceased operations on 30 June 1995, and the proposed Australian Animal Health Council Limited has been established as a non-profit company, limited by guarantee, under corporations law.

The Australian Animal Health Council will be jointly owned and funded by the commonwealth government, state and territory governments and the peak national representative bodies of Australia's livestock based industries. The council's mission will be to ensure the Australian animal health service system is capable of maintaining acceptable national animal health standards which meet consumer needs and market requirements at home and overseas.

The Wool Council of Australia has sought, and supports, the amendment. This is an interim measure which will cease to apply after the 1996/97 financial year. The wool council is considering alternatives for longer term funding and will advise its position in due course.

Complementary legislation to provide for the participation of other livestock industries in the proposed Australian Animal Health Council is contained in an Australian Animal Health Council Livestock Industries Funding Bill.

SHIPPING GRANTS LEGISLATION BILL 1996

The purpose of this bill is to give effect to the Government's pre-election commitments to repeal the International Shipping (Australian-resident Seafarers) Grants Act 1995 and the Ships (Capital Grants Act) 1987. These measures will save Australian taxpayers about $52 million over the next four years.

The Coalition strongly opposed the International Shipping (Australian-resident Seafarers) Grants Bill when it was debated in Parliament last October. I remind the House of how this scheme developed from the deal made by the former Prime Minister and his senior ministerial colleagues, with the ACTU and the Maritime Union of Australia, to end the shipping strike called by the MUA over the sale of ANL Limited and ANL's shareholding in Australian Stevedores.

For its part of the bargain, the MUA undertook to give serious consideration to supporting the Government's proposed sale of ANL and negotiating an industrial agreement with shipowners to deliver significant cost savings. Well we all know the story on ANL—the MUA opposed the sale tooth and nail and forced the Government to back off from selling the Line to P&O, the only prospective buyer. Needless to say, ANL made further losses which continued to be a drain on the Australian taxpayer.

As for the industrial agreement; the so called Maritime Industry Restructuring Agreement, or MIRA, was duly negotiated and was supposed to produce cost savings of some $200,000 per ship per year. However, the MUA has largely failed to deliver on its commitments, with the result that the promised savings have simply evaporated.

One of the key elements of MIRA was for the industry to reduce the crewing factor from around 2.13 seafarers per berth to 2.0 by changes in work practices, improvements in safety and cutting out workers compensation rorts. However, the quarterly survey by the Bureau of Transport and Communications Economics shows that over the 12 months to December 1995, the crewing factor worsened rather than improved.

Another key element of MIRA was for a peace accord to maintain an environment to minimise industrial disruption. Yet late last year, at the behest of its mates in the ACTU, the MUA took national strike action in support of a few mining industry workers at Weipa. In short, the MUA, despite the peace accord, was happy to damage its own industry and the nation as a whole in a political gesture to the power brokers of the ACTU, who would rather have the MUA flex its industrial muscle than use the proper processes in the Industrial Relations Commission.

The evidence is there for all to see. The international shipping grants package has not delivered its complementary MIRA reforms; it has simply provided a windfall gain of $19 million to existing operators.

I now turn to the repeal of the Ships (Capital Grants) Act 1987. This scheme was introduced in 1987 with an intended five year life. In the words of the then Minister, the Hon Peter Morris, when introducing the bill, the legislation was to assist Australian ship operators to acquire modern, technologically advanced ships which could be operated at lower crewing levels. The scheme was subsequently extended another five years to June 1997. Hand in hand with this grant scheme went a generous accelerated depreciation tax concession.

In addition to these generous subsidies and tax concessions, there has been the financial assistance to the industry through the previous Government's shared funding of early retirement and voluntary redundancy packages for MUA members. The total value of all these measures over the past nine years is estimated to have been in excess of $320 million.

While the crew levels on Australian ships are now equivalent to international standards, the crewing factor of around 2.13, which is largely accounted for by the most generous leave system of any

maritime nation, is well above the international average of around 1.7.

The industry is also saddled with a costly and inefficient pooled employment system for MUA members, which gives employers no right to select the most suitable, appropriately trained, ratings for their shipping operations.

This pooled labour system, more fitting to the 1920s than the 1990s, also denies employers the opportunity of creating a strong company ethos among staff.

These factors, coupled with the high wages paid to Australian seafarers, means that Australian shipping is no nearer to being internationally competitive than it was nine years ago.

The Australian taxpayer cannot be expected to continue pouring capital grants into shipping, when it has failed to address the serious problems impeding its development as an efficient and competitive world class industry.

In addition to the winding up of the ships capital grants scheme, a bill will shortly be introduced to repeal the related accelerated depreciation provisions under section 57AM of the Income Tax Assessment Act 1936.

However, consistent with established practice when tax concessions are withdrawn, transitional arrangements will enable those ships that would have qualified for the capital grant, had the scheme continued for the further 12 months, to still qualify for the accelerated depreciation concession.

This is provided they continue to meet the compliance criteria set out in the Ships (Capital Grants) Act 1987, and are delivered to the shipowner and registered in Australia before 1 July 1997.

I now turn to the details of the bill.

The key elements of the bill are contained in Schedule 1 to the bill.

Item 1 of the Schedule repeals the International Shipping (Australian-resident Seafarers) Grants Act 1995. In accordance with clause 2 of the bill, the repeal of the act is to take effect on 1 July 1996.

Item 2 of the Schedule provides for the continuation of the International Shipping (Australian-resident Seafarers) Grants Act in respect of entitlements accrued under the act, up to and including 30 June 1996.

Item 3 of the Schedule amends the sunset provision in the Ships (Capital Grants) Act 1987, with the effect that a grant will not be payable if the ship is delivered to the shipowner, or registered in Australia, after 30 June 1996.

Finally, the Government has already begun consulting the shipping industry on other elements of the shipping policy reforms foreshadowed before the general election.

These include such matters as the possible establishment of a second register-type structure for Australian shipping. Second register structures have been adopted by a number of traditional shipping nations to provide their shipping the opportunity to compete on similar terms with flag of convenience shipping.

The Government is examining whether a second register structure in Australia could provide the impetus to the Australian shipping industry to become internationally competitive, something that the massive subsidies paid out over the past decade by the previous Labor Governments has singularly failed to deliver.

Ordered that further consideration of the second reading of these bills be adjourned until the first day of sitting in the budget sittings, in accordance with the order agreed to on 29 November 1994.

Ordered that the bills be listed on the *Notice Paper* as separate orders of the day.

EDUCATION AND TRAINING LEGISLATION AMENDMENT BILL 1996

First Reading

Bill received from the House of Representatives.

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

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

Bill read a first time.

Second Reading

Senator KEMP (Victoria—Parliamentary Secretary to the Minister for Social Security) (9.57 a.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—

This bill repeals the Training Guarantee Act 1990 and the Training Guarantee (Administration) Act 1990 and amends the Higher Education Funding Act 1988 and the States Grants (Primary and Secondary Education Assistance) Act 1992.

The Training Guarantee Scheme was introduced on 1 July 1990 by the previous government to increase the quality and quantity of training provided by

industry. While it was clear that there was a need to improve the training effort, the training guarantee did not receive widespread support. It imposed a mandatory financial commitment on all but very small companies that did not reflect the quality or relevance of training provided.

Over the period that the training guarantee was operational, employer dissatisfaction with the scheme increased. It was suspended in July 1994 for a period of two years by the previous government.

In the lead up to the election, the government outlined its intention to abolish the Training Guarantee Scheme as it has become evident that the training guarantee was not the answer to Australia's comparatively low levels of training. This bill gives effect to the government's commitment, and will repeal the Training Guarantee Act 1990 and the Training Guarantee (Administration) Act 1990.

While the training guarantee will be abolished with the passage of this bill, the need for training reform in Australia remains—but it must be reform that is driven by industry, not imposed upon it.

The government will develop a modern, relevant training system that is flexible, responsive and meets the needs of industry. This is a more important goal than imposing minimum expenditure levels on an enterprise, when we cannot ensure that the training they need is relevant and readily available.

The government will ensure that industry can actively participate in the development and implementation of a modern system of training in Australia, ensuring appropriate industry driven outcomes to provide Australia with a first class training system.

The bill also provides for the amendment of subsection 22a(3) of the Higher Education Funding Act 1988. This amendment addresses an anomaly created through the Higher Education Funding Act (No. 2) 1995 which allocated funds under subsection 22a(5) for the years 1996, 1997 and 1998. As a result of an oversight, subsection 22a(3) was not amended at the same time to enable determinations to be made approving the expenditure of funding for these years.

The open learning initiative has facilitated access and increased flexibility in the provision of quality tertiary education to the community. There are two key elements of the open learning initiative which operate together to achieve equitable access to education, the open learning agency of Australia and open net.

The open learning agency of Australia acts as a broker between education providers and individuals wishing to study through open learning. Open net enables its clients to use computer based communications to access education resources and to communicate via the Internet.

This government is committed to the application of modern communications technology to enhance education service delivery and access to information resources. The open learning initiative is central to the government's vision of equitable access to the resources of education for all of the community. The amendment will enable the government to continue its support of this initiative.

As the amendment gives effect to the expenditure allocated by the Higher Education Funding Amendment Act (No. 2) 1995, there will be no additional budgetary implications arising out of the measure.

The amendment of the States Grants (Primary and Secondary Education Assistance) Act 1992 provides an additional $20.7 million in capital funding for non-government schools in 1996-97. This completes the previous government's undertaking in 1992 to provide additional funding for a limited period of time.

In the expectation that the commonwealth would provide these funds, non-government schools have undertaken capital commitments which the current government is now fulfilling.

I commend the bill to the Senate.

Ordered that further consideration of the second reading of this bill be adjourned until the first day of sitting in the budget sittings, in accordance with the order agreed to on 29 November 1994.

CUSTOMS (PROHIBITED EXPORTS) REGULATIONS

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (9.57 a.m.)—I move:

That the Customs (Prohibited Exports) Regulations (Amendment), as contained in Statutory Rules 1996 Nos 47 to 50 (inclusive) and made under the Customs Act 1901, be disallowed.

This motion ensures that the Commonwealth government continues to have a role in the export of some of Australia's most important commodities and, of course, that important mechanisms for protecting the environment are retained within the national government's purview.

The opposition believes that the Commonwealth government's export control over alumina, bauxite, coal, ilmenite concentrates, leucoxene concentrates, monazite concentrates, rutile concentrates and flour, xenotime concentrates, zircon concentrates and flour,

and liquefied natural gas should not be abandoned lightly. The removal of export control over these commodities deserves the community's proper consideration and should only occur once the Commonwealth has considered more effective ways to ensure that the national interest can be guaranteed.

While accepting that there is a need to develop better processes, the opposition rejects the removal of export controls over the minerals that I have mentioned on, fundamentally, three policy grounds. Firstly, there have been a number of incidents in the past where the Commonwealth powers over export licences have led to improved prices offered for our exports, particularly coal. At various times, previous resources ministers have secured better returns for Australia's minerals by refusing to approve licences until the industry obtained a better price.

Secondly, the opposition believes that there is a very important role for the Commonwealth government in resource planning. In our view, it is not in the national interest to have these matters and responsibilities entirely in the states' hands. There must be some level of input from the Commonwealth government. While we concede that export control powers are a clumsy mechanism—and I have often conceded this in this chamber and publicly—we believe that they are better than no mechanism at all. So until the government develops an alternative means of providing the Commonwealth with a role, the opposition will not be supporting the removal of these minerals from export control.

Thirdly, the removal of Commonwealth export controls over these minerals has enormous consequences for the management of Australia's environment. These, I believe, are consequences which the government either has not considered or, alternatively, is not interested in considering. If the latter is the case, then I think it is a very poor reflection on the government indeed.

This coalition government is very keen to extol the virtues of its so-called Telstra environment package. We heard a lot about it in the first few sitting days of this parliament. We have heard the government continually condemn non-government senators in this chamber for not supporting the partial sale of Telstra. In fact, they even had the hide to question our environmental credentials. I believe this is a motion which clearly identifies those in the chamber who have a real commitment to the protection of the environment in this country.

The debate on the motion will also demonstrate which senators consider the environment to be a mainstream issue—in other words, not the sort of issue that becomes some sort of convenient policy tool to blackmail senators into supporting the partial privatisation of Telstra. The link between the partial privatisation of Telstra and the environment policy is holding environment funding in this country hostage to the privatisation of Telstra and has been exposed from day one by the opposition, the then Labor government, and is something that we will continue to reject.

The government's amendments to the Customs (Prohibited Exports) Regulations (Amendment) are a clear indication that the government is only willing to pay lip-service to environmental issues and environmental protection. After all, it appears that the government does not actually realise that it was the Commonwealth's control over the export of mineral sand products which enabled another conservative government, the Fraser government, to ban sandmining developments on Fraser Island in Queensland. It is precisely those export controls that this coalition government wants to abolish.

Under the government's policy, the Commonwealth would have no power to step in and act as it did in the case of Fraser Island unless some other piece of Commonwealth legislation—such as the World Heritage Properties Conservation Act or the Australian Heritage Commission Act—happened to apply. That is limited in itself. For example, the Australian Heritage Commission Act can be effective only if the Commonwealth minister, a Commonwealth department or agency is involved, and only if the relevant proposal satisfies the criterion 'might affect to a significant extent part of the National Estate'.

I think most of us would appreciate—certainly those who have some involvement in these issues—that it can be very difficult to prove that criterion prior to the commencement of a mining activity. The World Heritage Properties Conservation Act is also limited because there are currently only 11 properties that are inscribed on the World Heritage list and it is limited to protecting those areas. Of course, these are areas of very great and unique environmental significance in this country.

I really do believe that here we have clear evidence of the government's lack of commitment to the environment. That is being exposed. On the one hand, we have heard, ad nauseam, the benefits of the government's Telstra environment package but, on the other hand, when it actually gets a chance to do something about the Commonwealth government having a role in protecting the environment, the real colours of the government are shown.

They stand absolutely exposed on this issue. The attempt to try to sneak these regulations through the parliament should demonstrate to any interested observer the real commitment of this coalition government to protecting the environment in this country. As far as the opposition is concerned, we are wise to these sorts of tricks, this early sleight of hand from the government. Community organisations and the community are pretty wise to them also. We are not going to accept a situation where an important Commonwealth power is discarded by a government which really is on about very little else other than considering the environment as a trinket to be traded for supposedly the more important prizes, in this case the partial privatisation of Telstra.

On this issue, the government stands exposed. If it really has a commitment to the protection of the environment, if it really has a commitment to the Commonwealth government using its powers to protect the environment in this country, it would not have acted in the way it has. I commend this disallowance motion to the Senate so the Senate can take the responsibility in this manner that the government clearly refuses to do.

Senator PARER (Queensland—Minister for Resources and Energy) (10.10 a.m.)—Not only am I disappointed at the opposition's motion to disallow the regulation removing export controls from certain minerals but, let me say, so is the industry. I am disappointed because it flies in the face of our own policy to remove export controls. These were not done for the reasons given by the previous speaker, Senator Faulkner, and I will come to that in a minute.

It also demonstrates the absolute hypocrisy of the Labor Party and its preparedness to abuse the legislative process for narrow sectional interests. We all know what that is: it is basically the CFMEU which sees the export controls on coal as some sort of market mechanism. We all know that it would like to have some marketing authority. That was thrown out by sensible people like former Senator Peter Walsh and others who realised the futility of it.

The third point, which I believe is more important, and the opposition can go on as much as its likes with its mischief making and denial of our policy implementation, is that it is to the detriment of extending our export trade.

Senator O'Chee—Which minerals are those?

Senator PARER—I will come to those, Senator O'Chee. Let me address each of these concerns in turn and at the same time address some of the remarks made by Senator Faulkner. The coalition's resources policy made our position abundantly clear before the last election. Let me quote the relevant section on export controls:

> For Australian resources companies to be internationally competitive, it is crucial that government policies be equally competitive. The ability of the federal Labor government to veto exports and thereby frustrate legally binding agreements between Australian suppliers and overseas buyers is an unnecessary irritant to the development of goodwill with our trading partners.

It hung there for years and years like some sort of Damocles sword. It continues:

> The continued existence of export controls sends a strong message to international investors that Australia is not serious about attracting resources investment and export contracts.

A Liberal and National government will abolish export controls on all mineral commodities with the exception of uranium, where special requirements are necessary to adhere to Australia's international treaty commitments.

We could not have gone to the Australian people with a clearer statement of our intention. It was absolutely clear.

I would like now to turn to the hypocrisy and duplicity of the opposition on this matter. The opposition proposes to disallow the regulations on the grounds they would weaken the federal government's environmental powers—that was the main thrust of Senator Faulkner's push. A recent article in the *Australian* quoted the opposition's spokeswoman, Dr Lawrence, as saying:

The export controls power was the only power available to the Commonwealth government to stop sandmining on Fraser island.

That was mentioned by Senator Faulkner. She continued:

Why would the Commonwealth be taking away powers it's traditionally used successfully to protect significant parts of our environment?

I would like to expose the full extent of Labor's hypocrisy, and it might also assist Dr Lawrence, who is renowned for her amnesia. Let me briefly outline the history of export controls. Export controls were originally applied to all minerals by the Whitlam government in 1973. In fact, for the interests of senators in this place, I was heavily involved in that particular process. They were imposed at that time because of concerns about the capacity of business to negotiate fair price outcomes on international markets. It was at a time when there was fairly massive expansion in the development of our commodity products, particularly the coal industry.

In the 1960s we saw the very rapid growth of the iron ore industry, and then the oil crisis occurred. Coking coal was the area that attracted most attention at the time. I saw the coking coal price rise from about $12.50 to $18 to $27 to $50 over a period of two or three years simply because of the oil crisis. It was a matter of demand and supply. It always is a matter of demand and supply in the market. If you do not believe me, look at what happened to Bunker Hunt when he tried to capture the silver market.

The important thing—we should remind Dr Lawrence and Senator Faulkner of this—is that export controls were introduced before the passage of all Commonwealth environmental legislation. The Environment Protection (Impact of Proposals) Act, the Australian Heritage Commission Act, the Endangered Species Protection Act and the world heritage legislation were all passed after the original introduction of export controls. Since then, most of the export controls have been removed—some by the Fraser government, but more recently by the previous Labor government—on such things as salt, copper scrap and iron ore. The previous government lifted those controls.

I ask: what is the difference between coal and iron ore? You would have to argue that there are much wider markets for coal, because it is such a diverse commodity, than there are for iron ore. To argue that it is a matter of pricing mechanisms is ludicrous and wrong. The net result is that export controls are now relevant to only five commodity groups: uranium, coal, bauxite alumina, LNG and mineral sands.

As I indicated, the government made it clear that controls will remain on uranium for safeguard, environment and heritage purposes. The thrust of the opposition's motion is therefore directed at only four commodities. What about all the other mineral commodities that I have mentioned? Why does the motion apply to a select few? What about iron ore? What about gold? What about lead zinc?

Senator O'Chee—Limestone.

Senator PARER—What about limestone? The list goes on. The present debate is not relevant to all those commodities because controls on them have long since been removed, including by the now opposition.

It is perfectly obvious. We are seeing an opposition—pretty soured by the fact that it lost an election, and lost it in a pretty large way—again frustrating what was a clear policy commitment by this government before the last election to improve our overseas trade position. The opposition would at least be

consistent and credible if it were arguing for export controls on all export commodities. But it is not. It is arguing for the retention of export controls on only those four commodities. This is nothing short of a total contradiction. It is totally illogical.

Let me go back to the original purpose of export controls. Senator Faulkner referred to it. It is price. In my view, this was never a valid concern, and certainly not in today's highly competitive international market. I mentioned at the outset that I can speak with some authority, because I was involved in the coal industry for so long. Since 1973, the government has exercised export controls on coal at varying levels of intensity, ranging from engaging in negotiations directly with buyers to the system inherited by the Howard government; that is, light controls. They paid only lip service to this part of it.

For Senator Faulkner to say that government intervention in export control mechanisms lifts prices is crazy. I can give you a personal example. Even in the days when they claimed that this system was effective, you would still negotiate prices overseas. There was the old story—we have heard it all before—of joint buying by the Japanese. It was pretty well accepted by the industry. It beat the hell out of talking to 15 buyers because, instead, you were talking two, who went under the name of coordinators. There were different coordinators for different countries.

It always came back to the market. Even though some companies criticised the outcomes of some of those negotiations, the first place they wanted to make their contracts with was Japan. Do you know why? Because the best price out of all countries came from Japan. It still does.

I can recall arguing with a former head of trade and resources in Canberra for two days not about the price that we had achieved but about what was the form of words that would be acceptable. That is why I say the thing has always been a charade. It was ludicrous.

Over the period, prices have risen and fallen in accordance with normal commodity market cycles. These export controls have been in existence since 1973. In the period of the two oil crises, the price of coal went up. The reason was obvious: it was market driven; it was concerned about supply, and so on. Those export controls have still been exercised throughout the eighties when the prices have kept coming down. You cannot artificially effect the price by government intervention. Despite government efforts, you cannot—and will not—defy the market.

Indeed, I would challenge anyone to prove that the exercise of controls has really changed the outcomes of any major price in any commodity. It has never happened. The market has always been the determining factor. In an international market, you are competing with people. I don't care which raw material you are talking about. If you are talking about iron ore, you are competing with India. If you are talking about coal, you are competing with Canada, the United States, Poland and a whole range of other countries.

There is clear evidence that export controls have had a detrimental effect. They introduced into the minds of buyers uncertainty about reliability of supply. There are a lot of countries which do not have at their disposal the source of raw materials. It forced countries like Japan to make protective investments in Canada—the two examples are Bullmoose and Quintette—following intervention by the government on export control in the seventies.

There was also Korean investment in the United States. None of those investments was good to those people. But that was the cost they were prepared to pay for diversification, because of the uncertainty that a government may come into this country at one time and cut off their supplies.

In my view, having seen the industry's history, export controls over the years have cost this country billions of dollars—not millions—in lost investment. I saw it happen with Korea, where at one time they would buy material for their steel making purposes at a percentage as high as 70 or 80 per cent. That figure is now down to around 40 or 50 per cent. I might be wrong. That was because of that uncertainty. There were other factors—I will be the first to admit—such as uncertainty about industrial relations strikes and all that sort of thing. But this was a very major one.

I plead with honourable senators to think of the best interests of Australia. We are now seeing similar investments by our own buyers in Los Angeles to allow access to coal for power generation from western US coal fields. The existence of export controls has had an adverse effect on market perceptions about the extent of government influence on the market. As I mentioned earlier, this relates to the reliability and certainty of supply. Australia is the only major coal exporter that imposes export controls. Can't we grow up? Aren't we a mature country?

Senator Lees—What about the environment?

Senator PARER—I will come to the environment.

Senator Margetts—You mentioned it.

Senator PARER—I think I have mentioned the environment.

Senator Lees—We are still waiting.

Senator PARER—I mentioned it, senator, as Senator Margetts picked up. Is that what you are about—advantaging our competitors overseas at the expense of Australia? Even if there was a valid reason for export controls, they are no longer relevant today. My belief is that they were never relevant; they were always a charade.

The Australian industry has become more sophisticated and internationally competitive and Australian companies are equipped to achieve market prices. Export controls are totally inconsistent with Australia's broad thrust for free and open markets. This is something that the opposition pursued when in government. They pursued free and open markets with vigour. Now they come in here and oppose an effort to free up and open a market.

The export of LNG will earn Australia $1.7 billion in 1995-96. Massive investments need long-term contracts, as everyone knows. The price is fixed to the oil price. If the oil price goes up, LNG goes up; if the oil price goes down, LNG goes down. There are prospects for significant expansion in the industry, maybe even doubling its size. But the industry has indicated that it would be more competitive in spot markets if the price controls which currently exist were removed. For goodness sake, listen to that. We have a problem with our current account deficit and the size of our foreign debt, brought on by the previous government. We are addressing that.

It is totally absurd to suggest that the removal of export controls on LNG will lessen the ability of the Commonwealth to take adequate account of environmental considerations. The regulatory provisions of the Petroleum (Submerged Lands) Act apply to all offshore operations in Commonwealth waters, including the north-west shelf project and any new offshore developments, including pipelines to shore. This provides the Commonwealth with the necessary authority to consider environmental significance under the Environmental Protection (Impact of Proposals) Act. The Environmental Protection (Impact of Proposals) Act 1974 requires this environmental consideration to include all associated onshore operations to produce liquefied natural gas for export.

Therefore, removing the price controls on LNG has no impact on the Commonwealth's ability to protect the environment. Indeed, the only effect of maintaining export controls on LNG is to encumber our industry. Isn't it about time people on the other side started to think about Australia and put Australia first? This sort of decision is simply to the benefit of our international competitors. Maybe that is what senators opposite want.

The removal of export controls does not mean that the government will cease to have an interest in prices received for commodities. Voluntary arrangements have already been negotiated with the coal, bauxite, alumina and LNG industries to keep the government fully informed on market developments and prices. In the case of bauxite and alumina, a voluntary agreement between the industry, the Department of Primary Industries and Energy and the tax office is being negotiated to address transfer pricing concerns which were the prime purpose of controls on those particular commodities. In any event, the powers of the Taxation Office are sufficient—some would say more than sufficient—to address the government's concern about fair and reasonable prices.

The bauxite industry was a little concerned about the removal of controls because they felt they could allow the taxation department to go too far in the determination of prices on the transfer pricing issue. Therefore, it was at their request and our agreement that the department would continue to stay in there as the honest broker so that there was agreement on what was fair pricing in regard to alumina and bauxite.

The Commonwealth will therefore have adequate information with which to scrutinise the prices obtained through the sale of LNG in overseas markets. Government objectives on commodity price related matters would be more effectively met by directing resources to further improving the market—that is the positive thing that should be done—transparency rather than administration of export controls.

Let me return to the thrust of the opposition's case. It argues that it is necessary to retain these controls as a means of providing a legislative trigger to force miners to carry out environmental impact assessments. That is one of the thrusts. I have demonstrated that this is a flimsy argument because export controls are only relevant to four commodities. As I indicated earlier, what is the difference between coal and iron ore? What logic is in that?

I debunk the myth that this government is not concerned about the environment. The environment package which we have developed—Senator Faulkner referred to it—conditional on the sale of Telstra, represents the most comprehensive environment package ever developed by an Australian government in history. Let me remind senators that the Commonwealth environmental powers are not the only ones. Under our federal system the prime responsibility for land management, including environmental matters, rests with the states and territories. The states have extensive and effective environmental legislation to protect the environment, including mineral development.

This is something that people should listen to very carefully. The effectiveness of state environmental processes was recognised by the Labor government when it initiated the intergovernmental agreement on the environment with the states. This agreement provides for full faith and credit to be given to state environmental processes and aims to streamline the process and remove duplication, an action by the former government which I totally support. One of its few good decisions was to enter into that intergovernmental agreement on the environment.

What the Howard government wants to do is honour the commitments which the previous government made under the IGAE to accredit state processes. That has already been acknowledged. In many cases, Commonwealth environment processes for mining rely on state processes. Senator Faulkner, when he was environment minister, acknowledged the state processes in relation to the assessment of Queensland coalmines. You were the one, Senator Faulkner, who recognised the state processes for environmental matters affecting coalmines.

At the time, the Environmental Protection Agency had conducted an environmental assessment of Queensland coalmines in consultation with Queensland authorities and the relevant coal companies. Senator Faulkner indicated that the environmental aspects had been properly identified in the Queensland assessment, were subject to appropriate state controls, and have been and continue to be adequately addressed by the companies.

The opposition spokesperson on the environment, Dr Lawrence, has argued that export controls provided the trigger for the Commonwealth to intervene on Fraser Island. I think I have discussed this. Given the purpose for which export controls were originally produced, this was an abuse of power. I saw in the seventies how export controls were used to stop mines because a bureaucratic attitude was taken that the minerals should be kept in the ground. In other words, there was a view taken that they knew more about demand and supply than the people involved in the market. Mines were stopped. I should make the point also that had there not been a proposal to export, there would have been no Commonwealth trigger and sandmining could have occurred. This is the case for all export

control powers and it highlights the inconsistency across all mineral commodities.

For these reasons I have outlined, it is simply not in the national interest to maintain export controls on a handful of minerals. We should accept that the state environmental controls over our mineral industries are more comprehensive and equitably applied than the selective approach on export controls on just four commodities. Used properly, the intergovernmental agreement set up by the previous Labor government should provide much better protection for the environment through greater consistency in environmental processes.

The government believes that environmental protection is better achieved through cooperation, consultation and agreement with the states rather than the partial lever provided by export controls. The removal of export controls was a clear commitment by the coalition during the election campaign. It was endorsed by the Australian people and, in my belief, the amending regulation should proceed.

Just in conclusion, the whole basis for removal of export controls is simply to assist our commodities in an internationally competitive export market. It is to make sure that we maximise the sale of our commodities to markets, and particularly in the growing areas of South-East Asia. Export controls send the wrong signals. I have indicated that it is beyond doubt that the existing export controls have been to the detriment of this country. When I say to the detriment of this country, I mean in regard to things like investment, wealth creation and employment. If senators are interested and wish to promote this country and not give some sort of benefit to our competitors overseas, they should not support this disallowance motion by Senator Faulkner.

Senator LEES (South Australia—Deputy Leader of the Australian Democrats) (10.34 a.m.)—I am most disappointed to listen to what the minister has had to say and the way in which he has basically said to us that competition is what is really important, that we must be prepared to sacrifice virtually anything and everything. Indeed, I am sure I did not really hear correctly, Minister, when you said that it was indeed an abuse of power to save Fraser Island. I hope I got that wrong.

I want to make it very clear why the Democrats will be supporting this motion for disallowance today. That is because we have major concerns about what the states do. It would be wonderful if we could rely on the states to look after the environment but, unfortunately, when we look at the record we see otherwise.

The minister talked about the need for cooperation and consultation and agreement. I think if we looked at the state of our forests to begin with, we would see that that simply has not worked in the past. If we looked at what has happened in the Tarkine, there was no cooperation with the federal government there. There was no agreement that it should indeed be a World Heritage area. The Tasmanian government refused all requests of the previous Labor government and simply bulldozed the road through to give access to loggers. I am sure we will see further lack of cooperation with any environment requirements by that government when it comes to the Tarkine area.

Let us look again at what the minister is saying. He is basically saying that competition and making a profit is all-important and that is all that is important. Forget about places like Fraser Island. If he had stayed in the chamber I would have liked him to have given us some figures. What value does he put on Fraser Island? What value does he put on the last remaining high dunes on Stradbroke Island? They are areas that removing these export controls will have an impact on, if this government is interested.

Senator Faulkner—Are you going to let Malcolm Fraser know it was an abuse of power?

Senator LEES—Yes, very good point, Senator. It was in fact Malcolm Fraser's government that used these controls to save Fraser Island, so perhaps we now have a government that is moving rapidly away from what previous governments have done and showing even less interest in the environment.

We can go on. We can look at many of the valuable and beautiful places in this country:

places that are of interest to all Australians. Because I happen to live in South Australia does not mean I do not have an interest in what happens on the Barrier Reef. It does not mean that people who live in New South Wales do not care what happens in Kakadu or Uluru. But if the minister is so interested in money and only worrying about money, then perhaps he would like to start putting some monetary values on what we are trying to protect.

The minister said that we have other requirements and other possibilities for and means of protecting our environment at a national level. Unfortunately, we do not. Let us look at endangered species. The legislation in place at national level does not impact at all on land other than Commonwealth land. If decisions are made by states and this government has turned its back, there is nothing we can do to protect endangered species on land that is not Commonwealth land.

If mining projects go ahead, in Queensland for example, that are going to jeopardise endangered species, this government wants to be able to say, 'Sorry. It is nothing to do with us. We have tied our hands behind our backs. We have walked away from all responsibility. We are going to blame that on the Queensland government.'

State legislation has been shown to be inadequate. State legislation does not even protect national parks in many states. As for the will of state governments, as I have said in the past they have proven time and time again to be uncooperative and uninterested and have a very narrow, sectional interest when it comes to protecting things like their forests and their remaining sand dunes.

There are a range of national interests—a couple of them have been mentioned—particularly when we look at our world heritage areas, but not even these are safe. Unless we leave these protections in at Commonwealth level, there is no way this parliament can bring this government to account when those areas are up for mining for the particular minerals that have been mentioned today.

It is not satisfactory—it certainly is not desirable—that a range of other minerals were taken out and are now not able to be covered under these particular regulations. We did not support that at the time that was done. That previous mistakes have been made—for example, we now cannot tackle the issue of where gold mines go and the damage they do—does not mean to say we now turn away from mineral sands, coal and the others. Several wrongs in the past do not now make it right to then go ahead and take away these remaining controls.

I would like to have asked the minister, had he stayed, to explain to us the environment credentials of, and the interest this government has, in the environment. As he raised the issue of what the government likes to call the best ever environment package, I would like to deal with that just for a couple of moments, although I understand that we had agreed to be brief and I will try to do that.

This government is claiming that this is a wonderful environment package, the best one this country has ever had. When you look through it, you see that there is an awful lot missing. This government has selected a number of long overdue programs and has tied them to the sale of a valued public asset.

How do you have an environment program that you can run around with during the election but then not have to do anything about? It is like: how do you get an environment policy without really having one? I can imagine people sitting around during the election campaign in some of those campaign meetings looking for an excuse to do nothing on the environment, and saying, 'Ah, we know the Democrats will not sell Telstra. There's a good one.' So here we go.

Ignoring the Murray-Darling Basin and the dire need of many of those irrigation areas for upgrading is something this government is going to, I believe, eventually be ashamed of. It is certainly something this government is going to be held to account for by future generations.

We have a number of irrigation schemes with their new systems ready to go. In some cases, communities are putting in to the tune of around $300 million. But this government says, 'We've found an excuse for not helping you now. We're going to sit back and try and

blame it on somebody else.' You cannot blame it on anybody else.

If this government really does have environment credentials, it will fund those essential programs that urgently need funding. They include a range of revegetation programs, the cessation of further land clearing, work done to prevent further mobilisation of salt in our rangelands and, in particular, those irrigation programs that urgently need upgrading in the Murray-Darling Basin.

The speech we just heard from the minister is yet another example to me of how little real understanding of environment issues this government has, what very little commitment it has not only to doing anything but also to even trying to get its head around the issues we are talking about here today. It is not with a lot of hope that I look to actual implementation of some of the programs this government claims to be interested in.

Maybe I am wrong. Maybe we really will see some spending and some real commitment to the range of environment issues that must be dealt with in Australia today. The government's efforts when trying to defend the change to these export controls left a lot to be desired.

Senator CHAMARETTE (Western Australia) (10.43 a.m.)—The Greens (WA) add their support to this disallowance motion, the focus of which is an extraordinary amendment to the Customs (Prohibited Exports) Regulations. I see that the Minister for Resources and Energy (Senator Parer) has left the chamber. I can only gather from that that either he is not very concerned about whether this proposal of the government is disallowed or he is not very interested in the reasons—

Senator Alston—Or he's got another even more important matter to deal with.

Senator CHAMARETTE—I acknowledge your interjection, Senator Alston. He may well have a much more important matter to address than the concerns we might feel about the implications to the environment of this particular proposal of the government.

Amending the Customs (Prohibited Exports) Regulations effectively legislates for the federal government to wash its hands of any responsibility to do with export controls on extremely controversial minerals and mining proposals. It legislates for the shrinking of Commonwealth environmental responsibility for the destruction caused by mining in ecologically and culturally sensitive areas. Basically, not objecting to this and not supporting this disallowance motion of Senator Faulkner's, which is fortunately supported by the majority of the Senate, would be like the Senate very calmly washing its hands of its power to block supply.

We are not saying that these particular export control powers are extremely useful, because they rely on the political will of federal governments and on the genuine concern of the federal government about the environmental impact of proposals. On the other hand, to actually try to do away with that input is utterly outrageous. This government loses any credibility it might have to discuss environmental concerns when it says so happily that it does not need its federal powers in relation to proposals that have an effect throughout this country.

It paves the way for the further excuse of no jurisdiction when the federal government is faced with a call by the Australian people to protect the environment. It sets the playing field up so that this government can buy out of the debate. This chamber knows that the former government did exactly the same thing. I am glad that in opposition they have developed more of a conscience about these matters, but I have no intention of supporting the new government in letting it get away with the same kind of abdication of national responsibility for the state of our environment which the former government was able to get away with, when it is within my power.

I believe that the federal government needs to recognise that it should not be able to get away with something that it criticised or perhaps envied the previous government for doing. We have to look at these proposals in order to gain some kind of understanding as to the motivation for this amendment to the regulations. This amendment was pushed through in a very subtle fashion, presumably in the hope that it would escape the notice of this chamber.

The minister, Senator Parer, accused Senator Faulkner of abusing the legislative process for narrow electoral interests. I find the kinds of epithets that are thrown out at the beginning of speeches extremely interesting because they often reveal where the party making those epithets is actually coming from. In this case in his speech the Minister for Resources and Energy revealed his motivation. I believe that is an even narrower electoral interest than he was attributing to Senator Faulkner. Basically he said that industry would be very disappointed. Dear me! The federal government cannot possibly disappoint industry! They have made a commitment to industry to give it open slather and said, 'We won't interfere. You can have your way. Just elect us. We will then devolve our power to the states. You can negotiate with them.'

It has also given the states great confidence because it allows the states to make whatever kind of environmental impact assessment they wish of the proposals. This is not recognising that the states may have a vested interest which severely compromises their capacity to look at that. You cannot actually win both ways. The double standard was shown in Senator Parer's speech. He was saying, 'We don't need these export controls. The former government let some of them go. We are just letting the rest go except uranium. We do not need them on alumina, bauxite, coal, ilmenite, monazite, leucoxene, rutile, xenotime, zircon or liquefied natural gas. We do not need those.'

I would like to have asked the minister, why do we need them on uranium? What is the difference? If the principle is that we do not need them so why not let them go too, is that the government's next step?

Senator Hill—Do you want to take them up on uranium as well?

Senator CHAMARETTE—I would hope that the very argument that Senator Hill may well be prepared to give me—and I would welcome it—is that we have a need to keep our export controls on uranium, not for price reasons—as Senator Parer referred to when he talked about the initial history behind putting in the export controls—but for environmental concerns which I hope the government will espouse at least in rhetoric. If we do need these controls on uranium, why do we not need it on these other goods?

The amendment to these regulations clearly shows that the federal government is fully aware of its powers to protect the environment. It is aware of the outrage that many environment decisions will create in the community and is seeking to emasculate itself before that outrage calls for federal action.

It has been mentioned in almost every speech that export controls saved Fraser Island. This federal government does not want the embarrassment of saving something in the equivalent way. It enabled the previous federal government to put conditions on woodchip export licences to protect some of the most magnificent tracts of forest this country has left. It is a key mechanism by which the federal government can put the brakes on state governments which neglect their duty to protect the environment for the whole of Australia in favour of a short-term perceived regional gain.

The previous government considered export controls to prevent the Western Australian state government from mining three of its largest national parks. National parks are a national asset and it is up to the federal government to protect them. Yet this government is seeking to escape that obligation through this amendment. It is seeking to do it when the environment in Western Australia has the greatest need for export controls. Ironically two of the national parks that were protected by the previous federal government's involvement are again under threat. One of these is Rudall River and the other is D'Entrecasteaux National Park. In the latter case, Cable Sands, a heavy mineral sands industry has its eye on this magnificent national estate listed area.

The mineral sands industry produces four of the minerals proposed to be removed from Commonwealth regulation by this amendment. If it retains the export controls, this government would maintain a key role in protecting that area should Cable Sands be successful in its bid for a large section of the national park. This amendment seeks to remove that role

and the last hope for D'Entrecasteaux. There is no way possible that the Greens (WA) could support the relinquishing of the capacity to look at the impact on Western Australia of this intrusion into the D'Entrecasteaux National Park, which is a wilderness area that is too magnificent to mine.

Senator Hill—It doesn't stop the Commonwealth from looking at anything.

Senator CHAMARETTE—It does stop the Commonwealth having any voice in looking at the export controls, Senator Hill.

Senator Hill—Export controls, yes, but—

Senator CHAMARETTE—We are looking at export controls. That is our way of looking at the environmental impact of these proposals. You were not here earlier, Senator Hill, when the minister announced that that was what he wanted to do. He wanted to leave those environmental responsibilities to the states. In fact, he said that your government had made a commitment that it would give up this power to the states, that it would not interfere any more and that it would let the states make those decisions.

As I said before, there is a double standard here. You do not want the states to have all their different regulations in relation to gun control. Why? For obvious reasons that we support. But you do seem to be prepared to allow the states to have all their different standards on environmental controls over the proposals that are involved with the resource extraction industries in the different states. You cannot win that one both ways. The federal government has the responsibility, the national interest is involved, and we would be relinquishing it by this very slippery amendment to the regulations.

As I said, the mineral sands industry is implicated in other areas that this federal government has a responsibility to consider. This present government made a great show of rejecting French nuclear testing before the last election, and waxed lyrical that the Australian uranium it intends to mine will be used for peaceful purposes. By regulating to escape its responsibility for mineral sands exports, this government is muzzling its own power to select end uses for Australian monazite, zircon, ilmenite and rutile concentrates. Primary end products of these minerals in the international market are fuel cells, fuel cladding and control rods for nuclear reactors. It is essential that the Commonwealth maintain its jurisdiction over these materials. To remove this power would be parallel to deregulating controls on uranium exports. Perhaps, of course, that is next, and certainly we will be keeping a watchful lookout for that.

As Senator Parer said, he feels that the major reason we should be doing this is money, money, money and foreign debt. He gave lots of economic reasons which he believes justify the present moves. He said that export controls have cost us billions. But, Senator Parer, what giving them up will cost us is beyond price. Instead of foreign debt, we are building up an enormous environmental debt that future generations can never repay, which money can never repair. The Greens (WA) are thinking of Australia's best interests, and we are not prepared to allow these things to go by without making it totally obvious to the community at large that this federal government has no environmental credibility if its primary concern is to placate industry, the resource extraction industry in particular, and the states and their willingness to sacrifice our precious environment and the national interest component of that.

Senator HILL (South Australia—Minister for the Environment) (10.56 a.m.)—My contribution will be brief, but I do have to respond, I feel, to the contribution of the Greens and the Australian Democrats because, for them to stand here today and say that we the government have no credibility on environment matters after they have signalled their refusal to allow us to set up a $1 billion environment fund to reinvest in Australia's natural capital, is extraordinary to say the least. For Senator Margetts to sigh and to show her boredom at being reminded of that I think demonstrates the extent to which the Australian Greens have abandoned their environment constituency.

Senator Margetts—West Australian Greens.

Senator HILL—The Western Australian Greens, not the Australian Greens, apparently.

Hopefully when the Australian Greens get here they might behave in a more responsible way towards the environment and support the setting up of a $1 billion Natural Heritage Trust, but we will await that development. The position of the Labor Party is a touch hypocritical, to say the least, seeing it was the Labor Party that removed the export controls over iron ore when in government but now, in opposition, of course, takes a political opportunist position instead and comes in here and leads on this motion to disallow the removal of these export controls.

It is true that we are seeking to remove unnecessary business regulation. We are trying to improve the business environment as well, Senator Chamarette, because through that the economy can grow and we can produce jobs. As a government, we are seeking to address a number of very serious things in this country. One of them is mass unemployment, which was the legacy of Labor, and another is to contribute to recovering the environmental damage that has been done to this country over a long period of time.

There is nothing wrong with a government coming in here and saying that it is seeking to achieve both objectives. Both objectives are laudable and sensible and are what the Australian people have the right to expect of a government. So this debate is really about whether export controls, which were introduced for a different purpose altogether, are necessary to protect the environment through providing a trigger to the Commonwealth EPIP act, and our argument would be that they are not necessary.

There are a number of mechanisms by which the Commonwealth and the states seek to protect the environment. I know that the parties at the other end of this chamber dismiss the contribution of the states to environmental protection, but the role that they are playing in relation to environmental protection vis-a-vis mining proposals is vitally important, and all the assessments are that they are in fact doing that job well.

The Greens should understand that mining projects which have been subject to Commonwealth export controls are also subject to state laws, including laws on environment, heritage protection and environmental impact assessment. The Greens might also be interested to know that as recently as last year the Commonwealth's own Environment Protection Agency undertook an extensive examination of coal, bauxite and alumina operations which had been assessed by state agencies and were operating under state laws and found in all cases that the state processes satisfied the Commonwealth's impact assessment requirements.

When Senator Chamarette stands here and says that she is concerned about lower standards and inconsistent standards in the states, it would seem from the assessment of the Commonwealth's own agency that that is simply not the case and that the standard of assessment is meeting the same requirements as would be imposed on the Commonwealth under its legislation.

Senator Chamarette—The only way you know that is because of the export controls.

Senator HILL—No, that is not so at all. You obviously did not listen to what I said. I said that the Commonwealth's EPA examined the state performance in these areas and found that it was up to Commonwealth standards. What I am saying is: that is an argument why this export control is unnecessary, Senator Chamarette. You may not accept the argument, but it is a very sound argument.

Furthermore, for many years the Commonwealth has been able to rely on state assessment processes as satisfying the environment assessment requirements of the Commonwealth and has therefore not required a Commonwealth environment impact statement for a mining project since 1992. In the last four years the Commonwealth has not instituted an environment assessment requirement on a mining project at all. This is the extent to which the states have upgraded their contribution to our national interests in this area. Senator Chamarette, you have to start thinking nationally. If you can get the right level of assessment through the states, why do you wish to duplicate the process?

I am interested, and to give you the benefit of the doubt I would like to think you are interested, in the right level of environment

assessment for each of these projects. That does not mean that it has to be carried out by the Commonwealth. The majority of mining projects affected by these changes do not raise major environmental issues of national interest. If state processes are dealing with these issues, environmental concerns are not a valid argument for retaining Commonwealth export controls.

Senator Margetts—What?

Senator HILL—Do you want me to repeat it?

Senator Margetts—Yes.

Senator HILL—I have said it several times, but I will repeat it again. If the state processes of environmental assessment are adequate, there is no need to duplicate the function at the Commonwealth level. Did you hear that?

Senator Margetts—Yes, but that is not what you said in the paragraph before.

Senator HILL—Well, it is. As I said, unnecessarily applying two sets of environmental requirements only creates unnecessary delays and uncertainty and obviously greater costs which, in the end, the public has to bear. There is no point in duplicating processes at additional cost to the community at large for no added advantage.

Senator Bolkus—Tell us about Point Lillias. You don't want to, do you?

Senator HILL—You have walked in late into this debate, Senator Bolkus. You know nothing about the issue, and the best contribution you could make would be to keep quiet. Recognition of state processes is also consistent with the intergovernmental agreement on the environment concluded by the Labor Party. Senator Faulkner, no doubt, mentioned that when he made his presentation in this debate.

Senator Bolkus—Does the briefing note say anything about Point Lillias.

Senator HILL—About what?

Senator Bolkus—Point Lillias.

Senator HILL—I am quite happy to discuss Point Lillias. Why don't you ask me a question in question time?

Senator Robert Ray—I might. I might even agree with you.

Senator HILL—You don't know what I am going to say. I must not be distracted because this is an important issue. What I am saying is that recognition of state processes is consistent with the intergovernmental agreement on the environment, which the former Labor government concluded. Under the agreement, the states and territories, as well as the Commonwealth, have agreed to a common and comprehensive set of principles as the basis of their environmental assessment regimes. It is also consistent with the draft national agreement on environmental impact assessment between the Commonwealth, the states and territories, which has been developed in consultation with the environment and industry organisations.

Under that draft agreement, if a project does raise environmental issues of concern to the Commonwealth, the states and territories will be expected to involve the Commonwealth in their environmental assessment process, which I would have thought the Australian Greens or the WA Greens, probably both, would welcome.

Maintaining export controls also presents an inconsistency between the environment regimes of different minerals which is difficult to justify. That is the argument.

Senator Bolkus—You're a cop-out.

Senator HILL—Senator Bolkus would not appreciate the fact that his government withdrew it for iron ore. Did Senator Bolkus come in then and say that that is a cop-out? Of course he did not, because his colour has changed as his position in the chamber has changed.

Removal of export controls does not necessarily mean that all mining projects will cease to be subject to Commonwealth assessment. A large proportion of mining projects also require foreign investment or other Commonwealth approvals, for example, leases over Commonwealth land, and will be subject to the Commonwealth's environment assessment legislation.

Senator Margetts—Only there won't be anyone left to do it, will there?

Senator HILL—There are so many options open to the Commonwealth. It is unnecessary to have these export controls as well. So you go through a balancing process. Are they necessary to protect the environment? We are satisfied they are not for all the reasons that I have set out, which is not abdicating environment responsibility; it is ensuring that there is otherwise adequate protection. You then balance that against the benefits that can come to the community from freeing up these business opportunities and therefore creating growth, greater wealth within the community and all the benefits that can flow from that to the total community. On that basis, being satisfied that there will not be any loss in terms of environment protection, we oppose the motion that has been moved by the opposition.

Senator MARGETTS (Western Australia) (11.07 a.m.)—I thank the minister for his words. They are extremely interesting in light of the fact that, in the last few days, Senator Chamarette and I have asked questions in relation to the government's commitments to agreements that have been made in very recent times. This government has quite clearly said that it does not keep to the agreements that it made only a few months ago. Isn't this interesting? This government is saying that, on the basis that the states will fulfil their provisions, it does not need to maintain a power. Yet in the last few days—for instance, in Western Australia—this very government has said that forests that are already considered to have a heritage value do not have to have a moratorium, because the government is free to break any agreements that have been made in the past.

Senator Hill has been hoist with his own petard. He has said that the Commonwealth will be quite free to remove a head of power, to remove the basis of any possible intervention, on the basis that he is quite happy with current agreements. Quite frankly, most of us would think that the current agreements are totally inadequate. But on the basis of current agreements he is saying we then quite adequately stand back from the potential of the use of a power that exists at the moment because somehow or other we have some agreement that nobody will ever go back on. This is total nonsense and this government has proved that it is total nonsense because, without even making an announcement, it has already broken agreements that were made between the Commonwealth and the states. It is saying that, on the basis of current agreements that may or may not be signed between states, they can give up a power that exists now on the assumption that whatever state governments exist now or in the future will always do the right thing. What a load of nonsense.

I rise to support this motion for the disallowance of regulations 47 to 50 relating to the Customs (Prohibited Export) Regulations because those four new regulations effectively eliminate all items within schedule 7. These are minerals, effectively of three classes: sources of aluminium; products of mineral sands; and two energy minerals—coal and natural gas. The government is giving away a substantial Commonwealth power in regard to these industries. It is eliminating virtually all of the Commonwealth's role. Why? It is not as though having that power has massively restricted mining. We are the world's largest exporter of both bauxite and alumina and the largest exporter of coal. In no way can the fact that the Commonwealth has this power be seen as a restriction.

So why have these powers? One of the primary reasons is so that the Commonwealth has some power in regard to the companies—mostly global transnationals—that are involved in these industries. Having these powers ensures that companies do not engage in mining which the states might allow but which the Commonwealth sees as environmentally inappropriate. That power is not often used, but it is a check when it is in place. It is a check on the states, where they may be pursuing some economic objective which disregards the environment. For example, there may be implications for greenhouse. There is also the fact that we do not care how much coal we send off to other countries: we are assuming that we are on a different planet.

The Commonwealth may have some residual powers in regard to World Heritage areas, or wetlands listed under the Ramsar conven-

tion. But if this particular provision goes and, for instance, Australia is at some time asked to fulfil its international obligations in regard to greenhouse, it becomes very difficult if the states do not think that they have any obligation to participate. Senator Chamarette has already adequately covered a number of areas involved with the protection of the environment.

Having some power over the ability of mining companies to export gives the Commonwealth a bargaining chip with these companies. Such a power could allow the Commonwealth to ask that a company takes into account some of Australia's interests. An example of an area where this can be important is in ensuring that a mining company has at least has some of the downstream processing of a mineral here in Australia.

I have heard ministers and members and senators on all sides of politics stress that primary production is important but that Australia needs to be getting into downstream processing. This can be as simple as ensuring that we do not export woodchips and import paper or, more appropriately to this measure, that we do not export alumina and import aluminium. It does not make any difference to the corporations involved—Reynolds, Kaiser, Alcan, Pechiney or Alcoa. They do their work all over the world. They get no inherent advantage from ensuring that the part of the process where most of the value is added occurs is in Australia. They get no advantage from any of it being done here. Fundamentally, they are not in the business of looking after the national wellbeing; they are in the business of looking after their bottom line. Many, like Alcoa, are more than happy to comply with environmental or economic requirements, but are quite open in saying that it is not in their interests to initiate such measures. They say, quite rightly, that it is the job of government to set the framework and requirements.

I would like to deal with the coyness governments have in using a power in relation to the environment. There is no coyness in using a power concerning almost any other element of corporate Australia, whether it be tax, auditing requirements, et cetera. We have seen it all in this chamber. Why is there coyness about having some head of power only in relation to the environment? Why do we continually single out the environment as being something that we ought not to be involved with or as something that has a separate category, such as linking it to the sale of Telstra? I would say that is done because of the importance that this government is setting on the environment. The environment is an also-ran. It is not attached to anything else that we do and the government thinks that it will not have any other impacts on our economy, let alone on the ecosystem in which we live and breath.

Coal is simply exported, but the aluminium ores are processed. We do process some aluminium here, but only a minimal amount. That has occurred only because we have bent over backwards and used all the powers we have—including extensive and expensive power subsidies—to get that production here. The states have been involved in that kind of luring as well.

Many of the mineral sands have the highest values added at the downstream stages. Yet in most cases we export, at best, relatively low value semi-processed materials. We do some processing to zircon and zirconia in Western Australia, but this is the exception. Mostly, we export these rare earths—and export them cheaply—of which we are one of the major world sources, while we import all the expensive final products incorporated into other products. Because we do not actually have the final materials produced here, it is difficult to have industries based on use of those final materials made here.

By contrast, some of the applications of zirconia, which is a high quality ceramic used in applications from mining bearings to hip joints, are likely to be made here. I am not certain where it is at with production but I know that several prototype final products were produced here a few years back. This emphasises that it is not just a matter of producing a bit further downstream. Having final materials allows the establishment of manufacturing while having to import final materials—the materials that are used as industrial feedstock—means that it is difficult

to develop a competitive manufacturing industry.

In giving away this schedule we are giving away an important tool in negotiation with large transnational primary producers. Likewise, it raises the issue of price differential for materials at different stages of processing, and that includes the issue of transfer pricing.

Transfer pricing involves situations where a corporation, a global transnational, can produce one stage of a product in one nation, then pass it on to its owner plants in another nation. This can occur where a company is in joint venture with an Australia company. For instance, Alcoa—which is in joint venture with Western Mining, as was required many years ago—can sell alumina to Alcoa somewhere else even though the foreign Alcoa may be in another joint venture or a solely owned subsidiary of the parent Alcoa, an acronym for Aluminium Company of America.

Hypothetically—I am not making an accusation here—Alcoa Australia could sell alumina to Alcoa in the United States or the Philippines, and sell it at a very low cost. It does not matter whether it makes a profit in Australia as long as it makes an overall profit. If the tax regime in the Philippines is different from that in Australia, it may be more profitable to create its profits in the Philippines. It may make even more sense to ship the cheap alumina to Singapore, sell it to itself at a low profit, raise the price creating a profit under the tax regime of Singapore, then sell the high priced alumina to itself in the Philippines to minimise the profit here.

As I said, that example is hypothetical. Alcoa is perhaps less likely to do such things than Reynolds or other companies which are generally characterised as being far more in pursuit of their own interests. But the principle is the same. That is the sort of consideration that led to the formation of the International Bauxite Association, an association of bauxite producing countries which came together in an attempt to get a fair price for their bauxite and alumina, which has nearly always been exported.

The price the corporations place on the bauxite and alumina, which they essentially sold to themselves, was so low they frequently paid little or no tax, and, because the material was of such low value, royalties were very low. The IBA attempted to redress the situation by pegging the royalty on the raw materials to the price of the final product.

Where there are questions about whether we get the true benefit of the value of the resources we export, alumina is still an issue. We have consistently undercut efforts by our IBA partners to obtain a reasonable return on the actual value of bauxite and alumina. There are also questions about the price of some of our coal, especially where the coalmines are operated by Japanese companies which sell to companies in Japan connected with themselves. Certainly, the entire mineral sands area seems to have a disproportionate part of the value adding occurring in the final steps in processing. There are still export barriers against some high value downstream products.

There is also the issue of trade management. To some extent, this is the realm into which international trade is moving, with nations limiting imports and exports and attempting to manage trade with trading partners. This is particularly relevant to Asia. Australia, as it does in many areas of trade, seems to take the attitude that if it wipes out all its powers, all its bargaining chips, all its leverage, it will create some sort of moral force that will make other nations open their borders. There is no evidence that this strategy has any beneficial effect. So I ask again: why do we give away some of the few powers we have?

Another area of concern is the protection of resources. This is most pertinent in regard to natural gas. Australia has a limited supply of oil. The Bass Strait oil field has peaked and is now in decline. The Barrow Island supply has peaked. We have some supplies of natural gas but that too is limited. If we do not convert to a renewable energy source—something to which almost no energy or funding is being given at present—we will be stuck importing oil.

Globally, oil supply is on a downturn even though oil is at historically low prices. But oil fields in many eastern nations have peaked and are in decline. Several years down the

track we are likely to find the cost of oil skyrocketing at a time when we have become dependent on it.

The fact that we have not used these powers to deal with this issue is probably why they will become a huge problem in the future. It makes sense to have the power to protect our gas supply because it is the only viable alternative to oil, being another high energy, easily transportable fuel. Ripping off all the controls on exports may be great for Japan, which, already being the primary importer of our gas, would be happy to continue to import it, but it would do nothing for our national interests.

With this measure, the Senate is not demanding the restriction of exports—though the Greens may think that appropriate in some cases—we are arguing to at least maintain the power to control exports. It is this very power that the government wants to fling away.

Senator Chamarette mentioned that the states in their push for revenue are willing to overlook environmental consequences. They like mining because it provides revenue from sources such as royalties which do not have to be returned to them in the form of states grants from the Commonwealth. They can get direct benefits so they are willing to overlook environmental restrictions, overlook their own laws, lower standards and allow mining in parks like D'Entrecasteaux. They want that royalty money and are willing to push down standards and protection to get it.

All the areas I have mentioned—downstream processing, the overall economy, transfer pricing, balance of trade, maintaining strategic resources—are issues which are not really the province of states at all. States do not have the power to effect these things and are not used to thinking in those terms. It is clearly an area for the Commonwealth to manage. With this measure, the government is simply suggesting giving away most of the Commonwealth's power to do so.

There are a few other means of Commonwealth control. The Foreign Investment Review Board has some power over foreign investment but not over companies that are seen in some way as Australian, even when they are clearly global transnational corporations operating without a national interest or a national perspective. I will include BHP here along with the likes of Alcoa Australia. I will also point out that the Foreign Investment Review Board is under attack by the United States through the trade related investment measures, TRIMs, within the World Trade Organisation. So even that tiny toothless tiger that we have in Australia is being attacked as being antithetical to 'free trade'.

What this is really about, at the bottom line, is a pursuit of a corporate trade agenda. Corporations would like to see all nations stripped of any power to regulate industry or corporate investment. They would like to play fast and loose, globally, and play nations off against each other to ensure that they can move in, do what they like, and export both product and profit to wherever they can make the most money out of it. They would like to see nations stripped of their power to regulate any of this.

That is fair enough. Corporations are out to make money, but nations are constituted to look after the interests of their citizens. What is good for General Motors, Alcoa or Mitsubishi-Transfield is not always good for Australia. Nations make regulations because their agenda, their purpose, is not synonymous with the purposes of big business. We want to assure that where interests converge there is no problem, but where they diverge it is crucially important that the government retains some power to act in the interests of the people.

These regulations have never stopped mining. They have not stopped us from being the largest exporter in the world in regard to many of these minerals. These regulations are not major barriers. They are not a problem, so there is no reason to eliminate them. To do so would be to fulfil all the dreams of the suggested APEC investment measures proposed by the United States.

I note here that the United States is the worst nation in the world for standing up and mouthing economically correct platitudes and trying to shove them down other people's throats while playing fast and loose with the rules themselves. Of course they do. It is in their interest to assure that no nation can

protect itself from United States exports. They can get away with it because they are powerful. No-one gets anything from opposing them. But let's be honest. The United States promotion of free trade is self-serving and hypocritical, designed to serve their national interest. It is vital that we look at our own national interest and where our national interest links with international interests as well—at least to the extent of not selling ourselves down the river.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (11.25 a.m.)—in reply—The opposition obviously rejects the extraordinarily hypocritical non-arguments that have been put forward by the government on this matter. This is a very simple issue. Senator Hill needs to understand that the removal of these Commonwealth export controls does have a very significant consequence for the capacity of the Commonwealth government to manage the environment in this country. There is an open-and-shut case that that is the situation. Clearly, the government either does not want to consider these consequences or is unwilling to consider these consequences. I think the case for support of this disallowance motion that has been made in the chamber today is overwhelmingly strong. I commend this disallowance motion to the Senate.

Question put:

That the motion (**Senator Faulkner's**) be agreed to.

The Senate divided. [11.32 a.m.]

(The Acting Deputy President—Senator M.A. Colston)

Ayes	33
Noes	30
Majority	3

AYES

Beahan, M. E.	Bell, R. J.
Bourne, V.	Burns, B. R.
Carr, K.	Chamarette, C.
Childs, B. K.	Coates, J.
Collins, R. L.	Colston, M. A.
Conroy, S.	Denman, K. J.
Evans, C. V.	Faulkner, J. P.
Foreman, D. J.*	Forshaw, M. G.
Jones, G. N.	Kernot, C.
Lees, M. H.	Lundy, K.
Mackay, S.	Margetts, D.
McKiernan, J. P.	Murphy, S. M.
Neal, B. J.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Spindler, S.
Stott Despoja, N.	Wheelwright, T. C.
Woodley, J.	

NOES

Abetz, E.	Alston, R. K. R.
Baume, M. E.	Boswell, R. L. D.
Campbell, I. G.	Chapman, H. G. P.
Crane, W.	Ellison, C.
Ferguson, A. B.	Herron, J.
Hill, R. M.	Kemp, R.
Knowles, S. C.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	Newman, J. M.
O'Chee, W. G.	Panizza, J. H.*
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Short, J. R.
Tambling, G. E. J.	Teague, B. C.
Tierney, J.	Vanstone, A. E.
Watson, J. O. W.	Woods, R. L.

PAIRS

Bolkus, N.	Calvert, P. H.
Collins, J. M. A.	Crichton-Browne, N. A.
Cook, P. F. S.	Macdonald, I.
Cooney, B.	Gibson, B. F.
Crowley, R. A.	Troeth, J.
West, S. M.	Brownhill, D. G. C.

*** denotes teller**

Question so resolved in the affirmative.

WORKPLACE RELATIONS AND OTHER LEGISLATION AMENDMENT BILL 1996

Referral to Committee

Senator ALSTON (Victoria—Minister for Communications and the Arts) (11.35 a.m.)—I seek leave to amend the motion standing in my name by changing the name of the committee from the Employment, Education and Training Legislation Committee to the economics committee.

Senator Sherry—Which economics committee?

Senator ALSTON—It will remain the Economics Legislation Committee. I am just changing the name of the committee, but it remains a legislation committee, not a reference committee.

Leave granted.

Senator ALSTON—I move:

That the provisions of the Workplace Relations and Other Legislation Amendment Bill 1996 be referred to the Economics Legislation Committee for consideration and report by 17 June 1996.

This is an important motion because it deals with a number of aspects of the government's commitments in relation to industrial relations. Quite clearly we have spelt out our agenda in this area carefully over many months. Indeed, the Minister for Industrial Relations, Mr Reith, has spent in excess of 30 hours in consultation with the various parties. That process has enabled quite a number of points of difference to be identified. I think it has led to a fairly close examination by many people of precisely what is involved.

As a matter of principle, it is our position that there is every good reason for bills to be referred to Senate committees in order that they can be given proper scrutiny and consideration by the parliament and the community at large if they are invited to make submissions. There is, therefore, no reason why that should not occur in this instance. If it was suggested that 17 June was somehow too short a time to report back, even though it is over three weeks away, we would have no objection to the time being extended to 24 June, which would give you well in excess of a month to report back.

That is the normal course that is followed. The standing orders make it abundantly clear that there is provision for bills to be referred to the relevant Senate committee. Without exception, and ever since we have had this dichotomy between legislation and references committees, the relevant Senate committee has been the legislation committee. That is precisely what standing order 25 says. Therefore, it is quite apparent that this bill ought to be referred to the legislation committee.

There has already been one instance of parliamentary vandalism in this very week. It would be an absolute tragedy not just for the government's legislative program but also for the Senate if the processes of this parliament were again to be misused by the bill being referred clearly to the wrong committee. I say this in anticipation of the views of those on the other side of the chamber, the opposition parties as they now seem comfortable to be called. If there is any attempt to amend this motion to refer this matter to the references committee, as we have already seen on one occasion this week, it will be a clear act of parliamentary vandalism. It will make it abundantly plain that these opposition parties are not interested in the proper processes of government and are simply determined to vandalise the system as much as possible.

I would like to refer to remarks made by Senator Ray on 24 August 1994, prior to the establishment of this two-track system. He said:

The first of the proposals in standing order 25 lists the eight committees. It basically says that there will be a government chair and majority on the legislation side to deal with legislation, estimates and annual reports. On the reference committees there will be a non-government majority and a non-government chair, with the sharing of chairs between the opposition and the Democrats.

In other words, making it perfectly clear that the only purpose of establishing this two-track system was to enable legislation and other matters such as estimates and annual reports to be dealt with by the legislation committee and for other matters, and one can envisage a range of other matters such as issues of concern that might arise in the community that might be debated in the chamber, to be referred to references committees. To the extent that an issue is of overwhelming public importance, matters can be referred to a select committee established for the purpose.

Since the establishment of that new system in October 1994, until this week, a bill has never been referred to a references committee. In other words, this parliament has scrupulously followed the clear intention of the standing orders as laid down by the Senate. I can remember being lectured time and again by Senator Ray on this very subject. He always used to say that the government had the responsibility to govern, that the government was entitled to keep control of its own legislative program, and it was therefore important and necessary for the government to have the majority on the legislation committees and for those committees to do the tasks they were assigned to do.

In asserting that claim, he was also acknowledging that there were legitimate rights for the opposition to pursue in relation to other matters. Therefore, the government accepted that the opposition parties should have the majority on those references committees. I am sure those on the other side would say that it was a workable arrangement. Indeed, it was followed scrupulously from October 1994 until the change of government in March this year.

Let there be no doubt that if you are once again going to seek to refer this bill to a references committee you are ripping up the rule book. You are making it abundantly clear that you do not accept the verdict of the people on 2 March. You lecture us incessantly about the Industrial Relations Commission being the umpire but you are not prepared to accept the verdict of the people, you are not even prepared to accept your own standing orders and you are not prepared to follow the rules of the game.

If that is the approach you want to take, you will be making it very clear in due course that you are not interested in following the proper processes and that you are not seriously interested in legislation being examined by legislation committees but that you are simply in the business of frustrating the proper purposes of government. For example, if you do what you did a few days ago and not only refer this bill to a references committee but also compound the felony by extending the report date until, say, 20 August, once again you will be making it clear that you are not seriously interested in a proper examination.

Senator Margetts—What?

Senator Sherry—How?

Senator ALSTON—I will just explain it to you. If you were serious, you would refer the matter to the proper committee and you would put a relatively short reporting date on it.

Senator Margetts—Two hearing days to round up the usual suspects?

Senator ALSTON—Just a moment. You would do that in order to establish the level of community support because I presume you would call for submissions.

Senator Margetts—And then have a full committee; is that what you are saying?

Senator ALSTON—Just a moment. As you would know, if you have served on these committees over the years, quite often you get submissions that are of particular significance. I suppose Senator Margetts can be forgiven for being out of the loop but if ever there was an outfit that traded almost exclusively on dealing with the usual suspects, the peak councils, that always dealt with ATSIC but did not worry about the local land councils, it was Labor. So do not lecture me on rounding up the usual suspects.

Senator Margetts—And we criticise that too, if you don't mind.

Senator ALSTON—I am glad you do. The extended point is that the way to approach a committee, if you are genuine, is to see what the level of community concern is as reflected in the submissions and then decide, if necessary, that you cannot accommodate them within the existing time frame. It is not an unusual approach to come back to the Senate and say that it was referred out for, say, a month, which is what we are proposing, which gives everyone ample opportunity one would have thought, but you can always be wrong. If it turns out you are overwhelmed, you then come back and say, 'We'd like an extension.' Consistent with that principle, I would have thought your chances would be pretty good.

The opposite path—particularly with Telstra, and just as much this bill—is one in which you have already made up your minds and have then said, 'We have no idea what submissions might come in—we have not advertised, so how would we?—but we are going to start with the presumption that it needs three months.' Of course, that just happens to mean that the issue will go into the next sittings. It just happens to mean that you will throw up all the problems that result from that approach.

In other words, you are really saying that, even though the present government won an overwhelming victory at the last election and two of the most important proposals, involving reform to the current industrial relations

system and the partial privatisation of Telstra, have been put before the people—

Senator Short—And totally transparently.

Senator ALSTON—Absolutely up-front. Those opposite had every opportunity to scare the pants off the punters during that campaign. You did your best and you got nowhere. You ran ads on the subject. You did everything you possibly could to scare the living daylights out of them.

Senator Margetts—They are scared now.

Senator ALSTON—They are not scared now at all. A few vested interests might be so-called scared. What they are scared of is a loss of power and influence. They do not give a damn about having a more competitive economy, having a more efficient labour relations system or encouraging people to be rewarded on the basis of their contributions rather than on the amount of time that they are on the job. No, no. The people who are so-called concerned are those in the trade union movement.

Senator Margetts—How awful!

Senator ALSTON—How awful? This place is infested with their representatives. How many do we have here at the moment—three or four? I think that the Leader of the Opposition in the Senate (Senator Faulkner) was simply an organisational hack. Every other Labor member in this chamber is a former union representative.

Senator Sherry—And proud of it.

Senator ALSTON—Of course! You would have to be, wouldn't you? But it undermines the proposition that you are somehow reflecting Australia.

Senator Sherry—You were an organisational hack.

Senator ALSTON—I was an organisational hack but an unpaid one. In other words, I actually had to go out and earn a living at the same time. So I was out there as a sole practitioner earning a real quid. I was not being totally funded by the party.

I can well recall that, at one stage in this chamber, about 10 Labor members out of maybe 30 were former state or federal secretaries or party officials. Add to that all those union representatives who have happened to come up here for a rest and the party has virtually no-one from the real world. That is the problem.

What we find here is your masters calling in their dues. They are simply wanting you to reflect their concerns about loss of power and influence. They are simply wanting to ensure that you delay this legislation for as long as possible. If and when we get to the point where you seek to have this legislation referred to a references committee—remember, apart from the Telstra legislation, this will be the first occasion on which this has ever happened in this chamber—

Senator Carr—It is the second.

Senator ALSTON—That is right; it is the second in one week. So they will be the only occasions on which we have ever diverged from standing order 25. You know why that order was there.

Senator Sherry—How long has that standing order been there?

Senator ALSTON—Since October 1994. You put it in place. Tens of bills—maybe hundreds—have been referred to legislation committees. That is what the standing orders intended.

Senator Sherry—It is only two years.

Senator ALSTON—Yes, that is right. What was the purpose of setting up a two-track system?

Senator Sherry—Because you wanted to be chair.

Senator ALSTON—I was not chair. I did not want to be chair.

Senator Sherry—They got sick of you being on all the select committees.

Senator ALSTON—So that was the real reason you went along with it, is it?

Senator Sherry—No, that is the reason you went along with it.

Senator ALSTON—I see. Why did you go along with it? It is presumably because you wanted to take the high moral ground. Why didn't you say, 'This is a sordid, squalid deal. We have no choice because we are outvoted. It is an outrage! We do not believe in the

two-track system.' But you did not say that. Senator Ray said that there is to be a system that allows for legislation to be referred—

Senator Sherry—You raised it. You started it.

Senator ALSTON—No, but you were out there on the record—

Senator Faulkner—You know what the process is about.

Senator ALSTON—that bills ought to be referred to a legislation committee instead of a committee stage? The proposition was that there be a clear and absolute dichotomy between legislation and references: legislation goes to legislation committees, other matters go to references committees.

Senator Faulkner—For what purpose?

Senator Sherry—What about select committees?

Senator ALSTON—That is a separate issue.

Senator Sherry—To inform the parliament.

Senator ALSTON—What about? Bills?

Senator Sherry—Plenty have gone to select committees.

Senator ALSTON—But not one bill has ever gone to a references committee—a clear and fundamental breach of the principle that you were espousing less than two years ago.

Senator Sherry—Well, appoint a select committee.

Senator ALSTON—But we are not talking about a select committee, are we? We are talking about a references committee. That is what you have already done this week. You are about to do it again, because you have no regard for the rules of the game. You are not interested in proper and sensible scrutiny, which was the whole purpose of the legislation committee.

Senator Margetts—You are the ones who gagged the Telstra debate. What do you mean by proper scrutiny? You gagged the debate in the House of Representatives. What a load of rubbish!

Senator ALSTON—Do you know how long it was debated for in the House of Representatives?

Senator Margetts—How long was the committee stage?

Senator ALSTON—I am just asking you. You obviously do not know. Did you know that every speaker in the second reading stage—

Senator Margetts—You gagged the committee stage.

Senator ALSTON—So you did not know. You are covering up your lack of knowledge. The fact is that that debate extended over three days. Everyone who wanted to speak in the second reading stage spoke on that debate.

That is not the issue we are debating here. The issue is simply whether a bill can be properly examined by a parliamentary committee under the standing orders. I have made it abundantly clear that if you are bone fide you would refer it for a period of three or four weeks to determine whether there is a need for an extended period.

If you happen to know in advance that this place is going to be inundated with submissions, I would be fascinated to know it. I certainly do not think that you would be able to say that about Telstra, unless you ring back all those people who have managed to ring your office, get them to put in submissions and demand them to appear before Senate committees. I can assure you that no-one else has been saying that they want any select or other committee examination of that Telstra bill. I would be amazed if anyone other than the usual suspects would want it in this instance.

The fact is that we have proposed a sensible way of dealing with a very important piece of legislation, one that we achieved an overwhelming mandate for and one which will be introduced into the House of Representatives today and which will faithfully reflect the basis on which the last election was fought. You are not interested in doing anything other than holding that up for as long as possible.

My attention has been drawn to some comments made by Senator Kernot, presumably fairly recently. For the purposes of getting the matter on the record, it is worth noting that she made these comments on 31 March 1996. That is not long ago. She said:

Well that's a normal convention which I hope the new government's going to continue, that is, that if any of the parties have a problem with any of it or want greater information on any of it, it usually goes off to a legislative committee for further examination.

I think she was talking about the industrial relations bill.

Senator Margetts—There are exceptions. She said it usually does, but there are usually exceptions.

Senator ALSTON—They do not always go off to a committee. Bills can go through the parliament without being referred out; Senator Margetts knows that. The point is that if it is to be referred, it has never gone to a references committee. Telstra is the first; now we are about to get the second. The whole purpose of setting up a two-track system was to refer legislation to legislation committees and other matters to references committees. There is no doubt about it at all; it is crystal clear. We are now seeing a determination to rip up the rule book. That is what we are objecting to.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (11.54 a.m.)—We have had a contribution from Senator Alston on the matter of enormous principle, according to him, of whether the Workplace Relations and Other Legislation Amendment Bill should be referred to a legislation committee or a references committee. I really do think that we have heard one of the most monstrously hypocritical contributions we have ever heard from a coalition senator in this chamber.

Senator Conroy—That is a big call.

Senator FAULKNER—That is a big call, but I believe it is the case. Those who understand the procedures and processes of the Senate would know that this bill, without any action on the part of the Senate, would be immediately postponed as a matter to be debated in the budget sittings. That is because the coalition set up a series of Senate procedures—

Senator Alston—Did you vote for it?

Senator FAULKNER—No, we did not. These procedures ensured that a cut-off motion would become an order of continuing effect in this chamber. If nothing was done, this matter would be automatically deferred for three months, courtesy of an order of continuing effect in this chamber that was driven and proposed by the coalition—admittedly, by the Liberals and the National Party in opposition. What non-government senators said in this chamber when the Telstra bill was before the Senate and now with the workplace relations bill being before the Senate is that there ought to be an opportunity for proper public and parliamentary scrutiny over that period.

Senator Alston—Quite right. And you did well!

Senator FAULKNER—That is what I argued. Thank you for your support now; it is a pity you didn't vote for it a few days ago in relation to the Telstra bill. That is what I argued in relation to that piece of legislation and that is what I argue in relation to the workplace relations bill. It is the same principle. Let us not waste those months that the bill would automatically be postponed for because of procedures proposed by the Liberals. Over that period let us have a thorough scrutiny of the provisions of this very important piece of legislation.

This is not parliamentary vandalism, as Senator Alston says. This is good parliamentary process. It is one of the range of options that is available to the Senate to take on legislation. It is true, as Senator Alston says, that the Senate has a capacity to refer the bill to a select committee. The Senate could do that. It is also true that the Senate could refer the bill to a legislation committee. It is also true that the Senate could refer the bill to a references committee. It is also true that the Senate could do nothing. There could be no committee inquiry and there could be no formal parliamentary committee scrutiny until the bill came back to the parliament in the budget sittings as a result of an order of continuing effect that was proposed by the coalition.

There is a range of options. In the view of the opposition, the most appropriate course of action to take with a bill like this is to refer the matter to a references committee.

Senator Short—It has never been done before.

Senator FAULKNER—It was actually done just a couple days ago. As a result of that view, I wish to move an amendment to Senator Alston's motion. I move:

Leave out all words after "That", substitute:

"(contingent on the Workplace Relations and Other Legislation Amendment Bill 1996 being read a first time in the Senate):

(1) The Workplace Relations and Other Legislation Amendment Bill 1996 stand referred to the Economics References Committee for inquiry and report by 22 August 1996, with particular reference to the following matters:

(a) whether the various State industrial jurisdictions can or will provide adequate protection for workers employed under state agreements;

(b) the implications for the Australian economy;

(c) whether the provisions of the bill will fulfil Australia's international obligations and whether the provisions of the bill will effect Australia's international relations;

(d) the effects of similar provisions in other countries;

(e) the extent to which the proposed legislation impacts on the national skills accreditation, traineeships, apprenticeship system and vocational education systems, and whether State legislation will be complementary to the Federal Act;

(f) whether any proposed powers exercised by the Australian Industrial Relations Commission would be better exercised by another Federal Government body, and whether further consequential amendments will be needed to other acts to achieve this;

(g) whether any proposed powers exercised by another Federal Government body would be better exercised by the Australian Industrial Relations Commission, and whether further consequential amendments will be needed to other acts to achieve this;

(h) the impact on small business of the proposed legislation and the extent to which the proposed institutional arrangements provide adequate support for small business in dealing with industrial matters;

(i) the extent to which proposed Budget cuts will reduce the capacity of the AIRC to perform its role;

(j) whether the bill as a whole or in part is constitutional;

(k) the extent to which State legislation on unfair dismissals complements or will complement the proposed federal act;

(l) whether the provisions of the bill provide a fair balance between the rights of employers and organisation of employers, and the rights of workers and unions;

(m) whether reporting mechanisms on the progress of enterprise bargaining are adequate and might need to be improved in light of the bill;

(n) the impact of the proposed legislation on the balance between work and family responsibilities;

(o) the impact of the proposed bill on youth employment and training.

(2) That the committee advertise for submissions in the media and conduct public hearings in each State and Territory capital city."

Let us put to rest this absurd claim that the Senate is ripping up the rule book. The Liberals' rule book says that there will be no parliamentary scrutiny at all until the budget session. We are saying that we ought to utilise that opportunity for a full and thorough inquiry.

Let us not forget that this is a debate about a bill that has not yet even been introduced into the parliament. This reference from Senator Alston tells us where the bill should go and why it should go there. I am glad he knows, because none of us have seen it. No non-government senator in this chamber has seen the bill—no-one. What a hide to come in here before the bill is even introduced into the House of Representatives and propose this course of action. What a hide to come in here yesterday and give notice of motion.

We hear on the grapevine—the grapevine being the media, because no-one has had the courtesy to inform us otherwise—that the bill will be introduced into the House of Representatives this afternoon. We will wait and see. It certainly has not been introduced at this point. No-one has seen it, yet we have this proposal from Senator Alston to conduct a debate in relation to its progress in this chamber. It is a bit hard to work out, really, where these characters are coming from. Before we even got here for the commencement of this session, we all got a memo from Senator Hill, the famous 'Hill memo'.

Senator Sherry—I didn't get one!

Senator Carr—I didn't get one either! Mine got lost. Only some of you got it.

Senator FAULKNER—You didn't get one? Oh, well, you missed out. I got the memo; Senator Margetts, Senator Bell and Senator Murphy got the memo. The famous Hill memo said, 'We're not going to let you go home at the end of June until you've passed the Telstra bill and the industrial relations bill.' There is a bit of a dispute going on between Senator Hill and Senator Alston. I think we know why, because we understand that Senator Hill is under a bit of pressure from Senator Alston, who has his eyes firmly on Senator Hill's back. There is not very much doubt that Senator Alston is after Senator Hill's job. But now Senator Alston comes in here and tells us that it is okay. No-one has revoked the Hill memo; I did not get any notification that the Hill memo had been revoked.

Senator Patterson—Mr Acting Deputy President, I rise on a point of order. I would like to know, on a point of relevance, what on earth Senator Hill's memo has to do with the issue that is currently before us. If Senator Faulkner can enlighten us, that would assist me. It seems to me to have no relevance whatsoever.

The ACTING DEPUTY PRESIDENT (Senator Watson)—I think the link is a little bit tenuous, but there is no point of order.

Senator FAULKNER—It is not a tenuous link at all because we are talking about Senate process. Senator Hill provided most of the senators in this chamber with a memo saying, 'You will conclude your debate on the Telstra bill and the workplace relations bill before this session concludes.' Today, Senator Alston comes into the chamber and says, 'Forget that. Change of plan. We're happy for it to be referred off to a committee—we want to say precisely which committee—and it can come back in the August session.' This is yet another indication of the government representatives in this chamber simply not having their act together.

Senator Alston—I rise on a point of order. I want to make sure that we are debating real life. In seeking to amend the motion, which currently requires a report date of 17 June, I did indicate that, if necessary, we would be prepared to contemplate a report date of 24 June. At no point did I ever suggest that we were content to have the matter delayed until August. Senator Faulkner can say what he wants to say, but I thought it might shorten proceedings.

The ACTING DEPUTY PRESIDENT—There is no point of order.

Senator FAULKNER—Senator Alston, I think your position has been made clear in informal discussions, but that is a matter for you. If you can come in here and barefacedly say that, then I accept what you say.

Senator Alston—I said what I said in the debate.

Senator FAULKNER—I accept what you say. We will hear more about that later.

Senator Ferguson—You still have not got back to why we should have a references committee. Give us an honest answer.

Senator FAULKNER—Let me do that. It is very important for those opposite to understand this: there is a range of options available to the Senate; there are checks and balances; there is a non-government majority in this chamber; and it is not unreasonable for the committee to reflect the fact that there is a non-government majority in this chamber.

In other words, if the provisions of a bill, the principles of the bill, are referred to a committee that has a non-government majority, which is often the case—there have been many bills referred to select committees which have had a non-government majority—often the committee reporting time is two or three months, which is what is proposed on this occasion. It is neither an unusual process nor an unreasonable process. It is a sensible approach in this particular circumstance.

The opposition's approach, when we get the bill, is going to be very thoughtful and constructive. We are going to support those measures in the bill that have merit and we are also going to honour the commitments that we made in relation to industrial relations during the election campaign. When we finally deal with the provisions of the bill, if

we think we can improve it, we will certainly be proposing—

Senator Kemp—Oh, weasel words.

Senator FAULKNER—I would not make that interjection if I were you, Senator, because I heard even Mr Reith saying this morning that he would be welcoming those sorts of contributions. We will be taking our responsibilities in relation to this legislation very seriously indeed.

However, we will not forget what the John Howard mandate is on industrial relations. The Howard mandate held that workers cannot be worse off under this legislation. That is the mandate: they cannot be worse off. The opposition in this chamber will apply the 'cannot be worse off test' to this legislation because the opposition believes it is impossible for many workers not to be worse off. If there are proposals that do make workers better off, of course we will support them. But we will also support this legislation being thoroughly examined by a Senate committee.

Senator Sherry—When we see it.

Senator FAULKNER—When we see it. The examination by a committee is appropriate because, even though we have not seen the bill, I think we have heard enough about it to know that the policies that are flagged in it mean an entirely new industrial relations culture being instituted in this country. That is really what it is about—an entirely new legal template. No-one will be able to argue that this legislation represents a few minor adjustments to the existing framework.

We are very concerned about some of the government's proposals which we believe will be contained within the bill. We believe that they undermine three key pillars which have protected and advanced the wages and conditions of Australian workers throughout this century. We are greatly concerned about the role of the Australian Industrial Relations Commission as the independent umpire. We are gravely concerned about the role of the awards system and about the right of all employees to organise and bargain collectively. We will be examining and thoroughly debating—and, where appropriate, opposing—any proposal which undermines those three pillars.

We say that the commission is the proper place for award adjustment and should not be confined to 19 or 20 prescribed matters. If workplace agreements cannot be reached, we say that the AIRC should always be there to assist. We also know and will always remember that reduced working conditions have an impact on families. I know that that is a concern of not just opposition senators but other non-government senators in this chamber. Working conditions affect the ways in which parents can care for their sick kids, the length of time that families have together on annual leave and on public holidays. The whole question of downgrading shift work penalties impacts on families, their quality of life and their income.

The Labor Party does have a very proud record extending over 13 years of industrial peace. That is a great contribution that the Labor government made between 1983 and 1996—and we are proud of it. We think that the former government has made a great contribution to our economy and to our reputation as a reliable trading partner.

These issues that I mention are ones of great significance not only for the opposition but throughout the community. The role of the Industrial Relations Commission, the issue of award coverage, issues in relation to Australian workplace agreements and the office of the employment advocate, the issue of freedom of associations: these are fundamental and important issues in public policy in this country. They require thorough and effective Senate scrutiny, and the terms of reference in the amendment that I have put forward today provide for that.

I commend the approach of the opposition on this as a constructive approach to both the parliamentary process and to public debate. I believe this will enable us to use the period between now and when this bill would ordinarily come back for parliamentary scrutiny—the first day of the budget session, as Senator Alston and opposition senators know, as per their order of continuing effect, as per their cut-off motion—to listen to those many people in the community, particularly Austral-

ian workers who have a great interest in these issues. Let us hear what those individuals and all the interest groups have to say. Let us utilise that time with a fair and thorough process of parliamentary scrutiny. I commend the amendment to the Senate.

Senator FERGUSON (South Australia) (12.17 p.m.)—I think it is a pity that Senator Ray is not in the chamber because he obviously understands much more about the process that took place in October 1994 than Senator Faulkner, Senator Carr, Senator Sherry or other people in this chamber. It would not hurt if Senator Faulkner told the truth. One of the things that Senator Faulkner said was that non-government parties in this chamber have a majority, and I agree with that. But the truth that he did not tell this chamber is that, by sending this bill to a reference committee, the Labor Party has a majority on the committee. The Labor Party, in its own right, has a majority on the Senate Economics References Committee.

The Labor Party has four members on the Economics References Committee, the coalition has three members and the Democrats have one member. They are the voting members of that committee. That shows how much the minor parties in this place are prepared to abdicate their responsibility. They will have no say at all in the final report of this committee, if the Labor Party wants to put in its own report, without taking into consideration any of the things that the minor parties want to put in that report. And you call yourselves combined opposition parties.

If Senator Faulkner had told the truth he could have said, 'We, as the Labor Party, have the majority on this committee and we do not care what the minority parties have to say.' Quite frankly, the Labor Party does not need the minority parties and that is the problem with this bill going to a Senate references committee rather than a legislation committee. I would like Senator Ray, at some stage, to explain what he really meant when he said that the government has the responsibility—I am not using his exact words—of legislation committees because it has the right to control legislation that goes through this place. Apparently, this is a concept that the Labor Party is prepared to go back on.

I see Senator Carr here. Senator Carr attempted to start to destroy the Senate committee system in the middle of last year when we had a soccer inquiry. He was the person who decided that the Senate committee system should be destroyed. I do not know why members of the Labor Party do not come clean and say that the Senate committee system, as such, is one that they do not like and that therefore they are going to do their best to make sure that it is not effective.

What is the point of having a legislation committee, an economics legislation committee or any other Senate legislation committee, if you are not going to refer bills through the proper channel, which is a legislation committee. There is only one reason and that is that the Labor Party—I am not talking about the other non-government parties—has the absolute majority on that committee.

Senator Burns—You set the numbers up.

Senator FERGUSON—You want to remember, Senator Burns—I know it is very difficult for you to remember anything—that when those committees were set up—

Senator Burns—I can easily forget you.

Senator FERGUSON—We will forget you very quickly. Most people after 1 July will wonder whether you have ever been here. When those committees were set up the numbers in this Senate were 36 coalition and 30 government. It basically reflected as near as possible the numbers in the chamber. We on this side have no problem with the fact that those in opposition chair references committees but the balance has been changed and changed dramatically.

Senator Sherry—Six out of eight.

Senator FERGUSON—The balance has been changed to six out of eight. I concede that point Senator Sherry. That is the way it was when we were in opposition; it was only six out of eight. But the balance has changed and we now have half of the Senate chamber, bar two people. It will be 37 after July 1. The Labor Party will have 29, and with 29 mem-

bers of the Senate it is able to control a report because it has an absolute majority on a references committee.

If you think that is fair and just, and if you think that was the purpose behind the recommendations of the procedure committee to set up these committees, it is time you had another think. Perhaps the Labor Party members should go back and talk to Senator Ray because he was on that procedure committee. He put forward his points of view, knowing full well that governments change, the parties in power change. He made the point quite eloquently at that time when he said, 'One day you will be in government.' He did not say how soon but he said, 'One day you will be government.' I think it is about time that Senator Sherry came clean on this issue.

Senator Margetts ought to realise that in supporting the referral of this bill to a references committee rather than a legislation committee, she is saying to the Labor Party, 'We are quite prepared to concede to you the power in your own right to bring down a report which may preclude us from having any input, and which may preclude us from being part of a majority report.' If Senator Margetts does not agree with what the Labor Party wants to put in, that will be too bad because they will have the numbers. The Democrats and the coalition on that committee cannot be part of a majority report. I think that she ought to realise—obviously she did not when she started—that she is conceding to them the authority to write a majority report with 29 out of the 76 senators in this place.

Senator Sherry—Repetition—wasting time.

Senator FERGUSON—Senator Sherry, I am trying to make sure that Senator Burns understands as well—that is why I am saying it so often. For Senator Murphy I will probably need to say it one more time. But I ask the minor parties to consider the decision that they may make if they believe, as obviously Senator Margetts believes, that the Labor Party would not have a majority in their own right on the reference committees—which they do. If you think it is fair and just that they should be able to bring down a majority report with 29 out of 76 senators in this place, then I think your sense of fairness and equity certainly needs a little readjustment.

I say the same thing to the Democrats. Senator Bell, as you will be part of this committee, if you want the Democrat point of view taken into account and not be totally disregarded by the Labor Party—and I know you are working together as opposition parties, that is quite well-known to us—

Senator Burns—And you didn't. You didn't, in opposition.

Senator FERGUSON—No, because we were a party in our own right, Senator Burns. If negotiations needed to take place, they did. Senator Bell, let me say that I think you, on behalf of the Democrats, should reconsider. The legislation committee can sit for as long as it needs to; it can take as many references as a reference committee can take. The only difference is in the structure of that committee in that government members have a majority, which is the way it should be. If you want to abdicate your responsibility to the Labor Party you can do so, but I cannot believe that the Democrats and the Greens will concede that the Labor Party in its own right should be able to bring down a report on an industrial relations matter which need not take into account any of your views. So, with a sense of fairness and equity, I repeat that this should go to a legislation committee, not a reference committee.

Senator MARGETTS (Western Australia) (12.24 p.m.)—I am rather appalled by the assumption that Senator Ferguson is making that we have no experience of what it is like to be on a committee. I certainly have had the experience of being on a committee—

Senator Ferguson—I did not say that at all. I didn't say you had no experience.

The ACTING DEPUTY PRESIDENT (Senator Watson)—Order! Would senators please desist from talking in the chamber? It is difficult for the chair to hear the speaker.

Senator MARGETTS—If I may finish my sentence, the assumption is that senators in the minor parties have no experience of being on a committee where they are in the total minority, but I have certainly had that experience. That certainly might stop the ability to

be associated with a majority report, but there is no way that that means that any senator on that committee has to be associated with the report if there is a difference of opinion. If there is a difference of opinion, it does not mean that that senator has to be associated with the majority report.

There is always the potential for minority senators to associate themselves with a different report. There is the potential for minority senators, obviously, to ask questions and to put information on the record. On many occasions when I was the only person who had a particular opinion on a committee, I put my own report out. I do not think any Democrats on this committee will feel any problem about doing a similar thing if they so feel. I do not think any senator who feels strongly about an issue would feel constrained to sign a report or to agree with issues with which they did not agree.

I want to come to the real issues in this debate. It has been reported that Mr Reith considers it is proper for the Senate to have a parliamentary committee review the bill's provisions. Today we have heard that the bill does not yet exist in the House of Representatives. It certainly does not exist in the Senate. Mr Reith himself has said that no doubt they will propose some government amendments. We are not talking here about a bill that refers to one issue or that, at a Friday committee, the provisions can be looked at so as to say, 'Do we agree with this provision or not?' We are talking about a highly complicated and lengthy bill that neither exists in the Senate nor the House of Representatives. We do not and will not know the nature of this bill until—

Senator Sherry—Except by the media.

Senator MARGETTS—Except by the media, that is right. What the combined non-government parties are looking at is the best way to be able to scrutinise this bill when it does arrive in the Senate—that is, by looking at comparative reference issues, comparing it with provisions in state legislation and looking at the implications in other countries. We can bring that into the process once we know what the bill looks like. We will then be able to use that comparable data from other countries and from other states to find out what the implications will be of these provisions. But we cannot do that until we know what the bill looks like.

Senator Ferguson—Wouldn't the legislation committee do that?

Senator MARGETTS—Senator Ferguson indicates that a legislation committee could do that. A legislation committee is able to look at the bill. It may well be that legislation committee members may be called to order by wishing to talk about legislation in other countries or by wishing to look at the provisions of legislation in the state of Western Australia. In particular they may wish to look at how they might compare the provisions set out in this bill. That is the important thing.

The agreed terms of reference which the combined non-government parties are talking about will enable those references to be brought into the debate and ensure that the community throughout Australia—not just the usual suspects—has the opportunity to be part of the debate. People in Western Australia who have already experienced waves of workplace reforms which have them reeling with horror will then have the ability to put that information into the system and say, 'This is not only what can happen; this is what is happening, and this is how it can get worse'. That is why the most applicable type of committee is a reference committee.

I would like to put something else into perspective. Whether or not this is the correct method of dealing with this bill and whether or not the Senate is doing something which it should not be doing, what seems to be happening is that we are getting rather inane messages from the government saying that somehow or other dealing with this is not the right thing for the Senate to do and that it might even be considered, as you have mentioned on Telstra, a failure to pass.

The High Court, in the case of Victoria v. the Commonwealth in 1975, held that the Senate had not failed to pass a bill simply because it adjourned consideration of the bill to the next period of sittings. The question whether the Senate failed to pass the bill does not become ripe for judicial determination until a bill has been passed under the whole

process set out in section 57: that is, passed by a joint sitting of the two houses after providing the basis for a simultaneous dissolution.

If this is what you are planning for—and this has been said on a number of occasions by this government—that is the abuse of process. If you decided to take the Australian public along this road, you would find very quickly that if you then decided to say to the Governor-General, 'The Senate has failed to pass because we have done our proper process,' the bill would be thrown out of court. We have not seen a bill; it has not been debated. The House of Representatives has not seen the bill.

We are saying the proper process is for us to determine that it is looked at, and looked at in a proper committee process. What has been said in terms of Senate process is a load of nonsense from the government. This, as I mentioned before with the Telstra bill, is our job. I have heard from a number of people from each state who say that they are looking forward to participating in the public review.

The legislation committee, let us face it, usually has about four sets of witnesses. A Friday legislation committee has about four sets of witnesses on two days. That is the basis of it. For a Friday committee it is, in effect, the committee chair and the committee secretariat who choose those witnesses. That is not the way to go in such important proposed legislation. The Greens are committed to the community having the ability to participate in a process of such complexity and such importance. That is why we joined with the other non-government parties to get together reasonable terms of reference for when the bill does get to the Senate, when we will have the ability to come to a sensible process to deal with what the bill looks like, how it interacts and how it will affect the community. The reference committee is the most appropriate process for this bill.

Senator BELL (Tasmania) (12.33 p.m.)—About six or seven weeks ago, this bill and the matters within it were shaping up to be a complicated and convoluted set of proposals. It was at that time that I was publicly reported as suggesting that it might be appropriate that the Senate send the bill off to a committee for further examination of the consequences of its passage. I am pleased to say that yesterday we saw the Minister for Industrial Relations (Mr Reith) and also the Minister for Communications and the Arts, Senator Alston, agreeing with that proposition that a reasonable thing to do would be to send this matter off to a committee. I was pleased to see that because this bill—as far as we know, from what we read and the drafts that I have received, and we have not seen it in the Senate—includes such matters as an attempt to resolve the problems that we now have with unfair dismissal legislation as it is, to remove the opportunity for discrimination on the grounds of union membership or non-union membership.

As a matter of fact, I am reminded that some of these matters are in the list of 23 matters of agreement, or at least matters where there is indication of agreement, that were listed by Senator Kernot at the very beginning of this session of parliament. We had thought that the new coalition government may seek to take advantage of them and get a few runs on the board because we, the Democrats, were quite prepared to accept some of those. One of those has been knocked off. That was the decrease in the provisional tax uplift factor. They were too stingy, of course, to note and acknowledge that the Democrats had supported that and were prepared to indicate that support from an early stage. Even before the election, even last year, a proposal exactly the same as that which was moved was put up by the Democrats but stingily rejected by the government.

There has been an opportunity to make progress here and an offer made to work through a set of useful procedures. Some of those include some of the provisions of this bill, as we understand it. Rather than that, this bill has accumulated a pile of what in many ways might be properly acknowledged as ambit claims, because it has come to the point where it is almost indigestible.

Yet it has acquired other cross-portfolio implications as well, as I found even last night. Not the least of these is its relationship to the training and education portfolio, and

the implications that may arise from whether there is any conflict or relationship between those two areas. That was only revealed to me last night after Dr Kemp brought forward an announcement of what he intended to do in that area. I am particularly interested in that area, as I am sure you are, Mr Acting Deputy President. We do not operate these two portfolios, or allow these two portfolios to progress, in a way which is either incompatible or in conflict.

I am not sure that the proposals from the ministers in those areas might not be revealed to be incompatible or at least inconsistent if we had the chance to observe them and to investigate through an inquiry. An inquiry should not limit itself to the bill itself. An inquiry should ascertain how the bill relates to not only state legislation but also other planned legislation of this government and other areas where there may be either some concert or some conflict.

I was very pleased to see that our suggestion of a committee was acknowledged, recognised and accepted by the government, but I think there was a bit of confusion about timing. Although it is right to get on with business as soon as possible, I see little point in setting up and beginning a committee inquiry which is limited to the bill if, as other senators have rightly said and as is apparent to everybody, we have not yet received the bill.

Mr Reith has foreshadowed comprehensive amendments. He has even said that there will be government amendments. If there are government amendments, it is not only pointless but I would say a thorough waste of time for a legislative committee to be looking at a bill which may not be what is eventually put before this chamber. Sections and paragraphs which may not even exist may be examined by such a committee. That is a nonsense and that is something that we recognise as such.

I know that in the process of negotiation and, in our case, information acquisition, the Democrats have received opinions, ideas and information from what could be described as the full spectrum of those who are interested in employment and employees in Australia. It was only recently that a large and comprehensive representation was made from the Australian Chamber of Commerce and Industry. It was only last night that I watched Mr Rob Bastian of COSBOA on a television program explaining COSBOA's reaction to the proposed legislation.

The Housing Industry Association can be relied upon to have a perspective on this matter. The Metal Trades Institute of Australia has not given a complete endorsement of this proposed legislation. It welcomes the legislation, as do a number of other bodies—the CPSU, the NFF, the AEU. It was only a few minutes ago that I was speaking to an employer group in the coal industry.

All these groups have suggested to us that improvements could be made to the proposed legislation. Minister Reith has foreshadowed that he has comprehensive amendments and if we allow these people to present their perspective on a bill which may or may not change before we get it in the Senate in a few days time, I suggest it would be such an insult to those people that we would have to haul them back again and ask them to reassess the implication of the bill in its amended form. That is a nonsense as well.

The minister has altered the draft considerably. I think there were six packages which eventually arrived for us—drafts, implementation papers and subsequent drafts and a draft bill. Now we will have an amended bill before we finally get it into the Senate. The minister has amended the draft considerably and the bill, as it is, will continue to be amended because the minister has told us that that will be the case.

Rather than confine the examination to the bill itself, we need to look at the other issues—its relationship with other elements of legislation and its relationship to other legislatures, the state acts of parliament that impinge on this. Remember that the minister has said—and while it is in this draft form we can only go on what the minister has said—that a considerable impact of this bill will be picked up by complementary legislation in the states, but we cannot see that complementary legislation. So the responsibility of any committee which is to comprehensively examine this would be to examine what

legislation exists in the states, what has been proposed and what would be necessary, because the minister has said that a great deal of the implementation of this bill will rely on complementary legislation in the states.

A references committee will be able to examine the bill in accordance with the amendment that has been moved by Senator Faulkner because that is what it says it will do. It is absolutely essential that that be done. The legislation committee would be restricted to the bill. That is why it is called a legislation committee.

The other concern I have in the way the bill relates to other portfolios is that Dr Kemp assured me last night that in the area of his portfolio he would endorse and continue to see the relevance of and continue to promote the concept of competency based training, and the articulation of training in one form and in one institution into another. Yet we see in this set of proposals to industrial relations that that trend will essentially be abandoned. I cannot see how those priorities can possibly coexist. I wonder whether there has been sufficient coordination and cooperation between those two ministers. I would find it quite interesting to invite Dr Kemp to come to the references committee and perhaps give us the benefit of his perspective on what the implications of this bill would be on training.

The co-relation of these things is something that the entire community should be interested in. The full set of amendments to the terms of reference that have been moved by Senator Faulkner indicate how we are examining not only the bill but also the other aspects—the other aspects being not only its relationship with other legislation but also its relationship to the economy as a whole.

The full list is before the Senate. I think it is important that we leave that full list, that we not get carried away with the idea that this bill can exist in isolation. What the Democrats would like to see as a result of this is what the government has not done in the House of Representatives and has shown a tendency to do otherwise; that is, we would like to ensure that there is full and proper scrutiny, that there is no opportunity to gag—

Debate interupted.

The ACTING DEPUTY PRESIDENT (Senator Colston)—Order! It being 12.45 p.m., the Senate will proceed to the consideration of non-controversial legislation.

MINISTERS OF STATE AMENDMENT BILL 1996

Second Reading

Consideration resumed from 9 May, on motion by **Senator Kemp**:

That this bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time, and passed through its remaining stages without amendment or debate.

DAIRY PRODUCE AMENDMENT BILL 1996

DAIRY PRODUCE LEVY (No. 1) AMENDMENT BILL 1996

Second Reading

Debate resumed from 9 May, on motion by **Senator Kemp**:

That these bills be now read a second time.

Senator MARGETTS (Western Australia) (12.47 p.m.)—I rise to speak in this debate on the Dairy Produce Levy Amendment Bill 1996 and the Dairy Produce Levy (No. 1) Amendment Bill 1996. I want to speak in this debate because it goes to part of the general concern that the Greens (WA) have had about the Uruguay Round of GATT and the impacts that has had on industry. The so-called benefits of GATT are an elusive waiting game. The dairy industry is one of those industries which are still waiting. It is waiting for an increase in dairy prices which it was told to expect from the implementation of GATT, as was everybody. Even the National Farmers Federation said, 'Everyone will benefit but those who do not should be compensated.' The logic of that escapes me.

We were told to expect that the implementation of GATT would open up markets for Australian dairy products and reduce the amount of subsidised dairy products, especially from the United States and the European Union. With the advent of reduced subsidies, industry has to wait for domestic consumption

to increase in those subsidising countries, which is supposed to result in lower export opportunities and increased export prices.

The benefits of GATT to the dairy industry have been quantified at an increase of $210 million per year in annual exports. This requires a 10 per cent increase in exports of dairy products. How likely this is will depend almost solely on the actions of the United States and the European Union. Both show little indication of markedly dropping their high rates of subsidies, while Australia slashes its own. Surprise, surprise! Australian dairy farmers are still waiting for the so-called benefits to come via GATT. The short-term increase in prices for Australian dairy products has been more to do with market conditions, such as shortfalls in supply in Eastern Europe and lower volume in Australian product, with increasing demand from Asia.

Also, farmers now have to contend with the Hilmer reforms. Dairy farmers have suffered much change in the wait for the elusive benefits of Hilmer and GATT. The number of dairy industries has halved in the last two decades. Farmers will fight Hilmer because it will leave them worse off. They want an exemption from the changes to the pricing and quota system. At present, the farm gate price for milk protects farmers' income to an extent because it is based on the costs of production. However, this is not allowed under competition policy. Hilmer reforms and GATT changes are cutting further into farmers' milk margins. The price rises are not getting back to the farmer in the form of returns. Meanwhile there is more and more pressure for farmers to increase exports, but this becomes a vicious cycle, because they are not getting the returns to reinvest in increased production. Many other industries were told to shut up while this Uruguay Round of GATT debate was taking place.

There was not much of a debate in this chamber, I am ashamed to say, because of the lack of knowledge and the lack of interest and concern shown by many senators. However, we are now beginning to see the clear picture. The primary sector, which was supposed to be the primary beneficiary, is not. Other sectors—the higher value added industries and other industries in Australia—that have lost out were told that it would be to the greater benefit of Australia. I am sorry to say that it is not, and this is one indication of where it has not been to the greater benefit of Australian industry.

Senator PARER (Queensland—Minister for Resources and Energy) (12.51 p.m.)—The dairy produce bills are non-controversial. They are simply bills that put into law what is actually happening in practice. I have no comments to make additional to those which I made in the second reading speech.

Question resolved in the affirmative.

Bills read a second time, and passed through their remaining stages without amendment or debate.

EXCISE TARIFF AMENDMENT BILL 1996

Second Reading

Debate resumed from 9 May, on motion by **Senator Kemp**:

That this bill be now read a second time.

Senator CHRIS EVANS (Western Australia) (12.53 p.m.)—The Labor Party supports the Excise Tariff Amendment Bill 1996. Hopefully, Senator Cook and Senator Schacht will arrive soon to address some remarks in support of the bill in the committee stage. As has already been indicated, this is a non-controversial bill and can be dealt with at lunchtime today. Since Senator Cook has not yet made it into the chamber I wonder whether Senator Parer has anything to add to his second reading speech before we proceed?

Senator PARER (Queensland—Minister for Resources and Energy) (12.54 p.m.)—I would like to thank the senator for his contribution.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator COOK (Western Australia) (12.55 p.m.)—I do not have my papers with me on the Excise Tariff Amendment Bill 1996 but

I recall the contents of it. This is the bill that deals with the oil industry, is it not?

Senator Parer—Yes.

Senator COOK—I have a keen recollection of its contents. It arises from advice tendered to the government in January of this year by the Office of the Attorney-General to the effect that the calculation of the tariff to be applied in the case of the oil industry may—I emphasise that—be open to challenge over its efficacy. No-one has yet challenged it but, in a prudent exercise of monitoring the law, the Attorney-General's office has drawn this matter to the attention of the government, and it is prudent action by the government to correct any defect and put beyond doubt the provision. That is what this bill does.

The other element of the bill that is interesting from a legislative point of view—I am almost giving a second reading speech—is that the government is proposing to make the application of this amendment retrospective to l985. That is a great degree of retrospectivity. The observation I make about that is that retrospective legislation has been the subject of considerable debate in this chamber over the years. Often, the perspective of the participants in that debate has depended on where they sit in the chamber. In other words, where you stand depends on where you sit; whether you are in government or in opposition. I took the trouble to go through *Hansard* to check what the now government, then opposition, members have said about tax law and retrospectivity and I uncovered a number of inconsistencies which, if trotted out on this occasion, would be a tad embarrassing.

The position this opposition takes on retrospective matters in tax law—while this is a tariff bill it is embraced under the broad head of tax law—is that there should always be a willingness by government to legislate retrospectively to wipe out tax evasion and gains achieved by tax evasion. If a government stands strongly, saying it is prepared always to do that, tax cheating will have no future because as soon as the tax cheats are uncovered and their loopholes are identified, a government can legislate to close off the loopholes and retrospectively remove their gains.

If that were done there would be no haemorrhage to the tax base, no future in tax avoidance or evasion, and the ordinary battler, who carries the burden of taxation, would not be penalised simply because some smarties who have the wherewithal to get away with tax avoidance and evasion succeed in doing so.

Tax law retrospectivity and the willingness to legislate retrospectively are matters that government should be very clear about. On this occasion, I hasten to add, no-one is suggesting an evasion or avoidance. This is simply a prudent measure taken by an administration. Had we remained in power we would have proposed it for enactment. I have no difficulty at all in supporting the government on this amendment bill.

Senator PARER (Queensland—Minister for Resources and Energy) (12.59 p.m.)—Just a slight correction. As Senator Cook pointed out, the bill is retrospective to 1 July 1983. One of the reasons we do not have any problem with that is that there are no adverse effects one way or another. There are no revenue implications. As Senator Cook quite correctly pointed out, this was just simply a measure on advice from the Attorney-General's Department to transfer a by-law definition into the act.

Senator SCHACHT (South Australia) (1.00 p.m.)—I apologise for being diverted from being able to speak on the second reading speech, when I would have made a few remarks. As Senator Cook said, we do not oppose this bill. It had a gestation when I was the minister. When the chief executive of Customs raised with me that there may be a doubt about the validity of this excise one listened to that advice. When he mentioned the figure that might be in doubt, one very quickly listened to the advice. When I discussed it briefly with the Treasurer and the Finance minister, after getting the advice that up to $1.9 billion may be in doubt, they too listened carefully.

The advice I got at the time, which has been referred to by Senator Parer, was that it seems to be okay but, in this day and age, you are never quite sure. I certainly want to indicate that if we had been returned I would

certainly have been proceeding with this bill. The only other comment I make is that you cannot equivocate from the fact that it is retrospective. In the past, unlike some members of the coalition who have a theological or an ideological view about retrospectivity—

Senator Parer—Theological!

Senator SCHACHT—The way some people speak about it, it is theological, more like a religion in opposing it. Others might just be ideological but I believe that one has to be sensitive about retrospectivity. If the parliament is to govern properly, from time to time retrospectivity in legislation will be required and this is one of those cases. I note here that when I was minister, I put issues of retrospectivity before the parliament, and they were strongly opposed by those opposite. Even the coalition will have to accept that retrospectivity is going to be needed for the good governance of this country, and preserving $1.9 billion dollars of revenue without equivocation is one of those occasions.

If this was ever challenged, and it was successful in the court, one can only imagine that those who got the $1.9 billion back—namely, the oil companies—would then pass that $1.9 billion on to their consumers in savings by dropping the price of petrol a few cents a litre for a year or so. I think one would have to believe that pigs would fly before that would occur. I think we should remember, in any balanced argument about retrospectivity, that the consumer would not get the benefits—if there was a windfall gain to anybody at a company level—because the company would keep it. I think we would find that they would not be very enthusiastic about passing it on. Though one may oppose retrospectivity, in this case, if it was knocked over, if it was lost, the benefit would not go to the consumer who has already paid it, it would go to the companies who are in the petroleum and the oil business. I note that this is another piece of government legislation that has come from my desk, as minister at the end of last year. I am glad I was able to help the government—

Senator Panizza—Are you seeking accolades?

Senator SCHACHT—No, Senator Panizza. All I am saying is that I am very glad to have been able to help the new government have a legislative program in the first couple of weeks other than the Telstra bill. I suspect you might have been a bit short of bills to deal with at the start.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

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

SENATOR-ELECT FERRIS

Return to Order

Senator CHRIS EVANS (Western Australia)—Mr Acting Deputy President, I understood that a return to order from Senator Hill was to be presented by one o'clock today. I may have been misinformed but I understood the government was going to present some papers by 1 p.m. today, in compliance with the return to order passed by the Senate yesterday. I have not had any information as to why that has not occurred. Perhaps you could assist me.

Senator PARER (Queensland—Minister for Resources and Energy)—I understand that Senator Hill has it in his office and he is just waiting for clearance, I think, from three other ministers.

Sitting suspended from 1.07 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE

Australian Federal Police

Senator ROBERT RAY—I direct my question to the Minister representing the Attorney-General and the Minister for Justice. Minister, do you think it was fair and appropriate for Senators Chapman, Boswell and Crichton-Browne to ask questions seeking information on Australian Federal Police operational matters, or do you share former justice minister Tate's expressed view—and I shall quote him:

. . . previous ministers with responsibility for the Australian Federal Police and I have consistently and properly refused to disclose the operational details of investigations because such disclosure

could potentially jeopardise the success of those investigations.

Minister, do you share that view?

Senator VANSTONE—The question assumes—in saying that it assumes, I do not say that the assumption is wrong—that the senators mentioned, Chapman, Boswell and Crichton-Browne, have asked questions which necessarily go directly to operational matters. I do not have a list of questions that may have been asked over quite an extensive period of time. I am not in a position to draw a conclusion at this stage as to whether they have or have not.

As to the question of operational matters, having served some considerable time on the National Crime Authority committee, I can assure Senator Ray that I do understand the very difficult problems associated with law enforcement and the need in some areas to keep operational matters confidential. That is why, of course, the National Crime Authority act and the joint parliamentary committee set up to oversee the authority have clauses exempting operational matters. It is one of the reasons why the committee has, over the years it has been established, had, in my personal view, some difficulty in performing the role that those who set the committee up actually thought they would be able to achieve. For quite rational reasons, operational material is exempted from the committee's purview, and that does lead to very extensive debates as to what is operational material.

It has been said that you could ask a question of a National Crime Authority member and the answer might come back, 'I can't say.' You might subsequently then ask, 'Why can't you say? Is that an operational matter?' The answer might come back, 'Well, I can't say.' In other words, the very exemption requires an enormous amount of trust that the law enforcement officers who are declining to give information are not simply identifying something as operational material which some of us looking at it on a completely non-political basis would conclude had ceased to be operational and should now be available under the purview of those people who want to oversee that particular law enforcement agency.

In conclusion, I do not have a list of all the questions that have been asked. I am not in a position to concur or disagree with Senator Ray's assertion that operational material has been sought. He may well be right. It would take some time, I think, to go over a series of questions that I understand might have been asked, but most certainly Senator Ray identifies a very difficult area of parliamentary accountability. We do not ever want to get to the stage where we let law enforcement agencies do as they choose and have no accountability, but at the same time there needs to be obvious protection for some operational matters.

Senator ROBERT RAY—I ask a supplementary question. Would the minister confirm the longstanding practice that any investigation into a federal politician by the Australian Federal Police would be notified to the Attorney-General and Minister for Justice, Mr Williams?

Senator VANSTONE—I think former Minister Ray would be in a better position to answer that question than I am. I am simply not aware of whether an investigation of the sort you refer to is immediately drawn to the attention of an Attorney or Minister for Justice. If Senator Ray has a view that he wishes to put and he would like me to follow up, I certainly will do that. I have not been in the position of being a Minister for Justice or Attorney-General and I am not aware of the protocols in that respect.

Capital Outlays

Senator McGAURAN—My question is to Senator Hill, the Leader of the Government in the Senate. I draw the minister's attention to the massive increase in taxation revenue and Commonwealth debt during the years of the previous government. Minister, how has this been reflected in terms of Commonwealth capital outlays, and what does this say about Labor's fiscal performance?

Senator HILL—This is relevant because it relates to the state of the economy that we have inherited. Unfortunately, Labor fared poorly in its economic management for some 13 years. Labor, of course, overspent, constantly overspent, but was not prepared on the

other hand to tackle the expenditure side of the budget, and that is what this question is all about.

When you look at the figures, they are quite extraordinary. Since the former Prime Minister, Mr Keating, made his now infamous promise not to put up tax in 1992-93—we all remember that—in fact total Commonwealth revenue has grown in nominal terms by over 30 per cent. He said taxes would not go up but, in actual fact, Commonwealth revenue increased by over 30 per cent.

But the budget deficit has increased as well. Budget deficits from 1992-93 to 1995-96 added up to another $40 billion. Furthermore, the net Commonwealth debt blew out. That grew, in nominal terms, by a further 115 per cent. So we had revenue out, but deficits out as well, and Commonwealth debt out to 115 per cent.

This budget deficit would have been more justifiable if it was incurred to fund capital expenditure, but the Labor government of course incurred it to fund consumption. In fact, capital expenditure has fallen as the Commonwealth debt has skyrocketed. Capital expenditure as a proportion of total outlays declined in nearly every Labor budget. The money was spent on consumption, not on capital. In 1983-84 it was 12.8 per cent total outlays, capital in nature. In 1994-95 it was down to 2.3 per cent. In 1995-96 the figure actually went negative—minus 2.3 per cent. Labor gained more from asset sales than it spent on new capital expenditure.

Instead of incurring debt to fund capital, Labor put Australia into debt to fund consumption. Even the claimed surplus in the 1995-96 budget was only achieved by selling capital assets to once again fund a significant amount of government consumption expenditure. In other words, Labor's way was to sell the family silver to fund regular expenses. The silver—I remind you, Mr President—can only be sold but once; the recurrent expenses continue.

The contrast is with the approach of this government. We wish to fund capital in terms of the natural environment. But we, in contrast to Labor, have a way of raising capital to do that, and that is in terms of selling one-third of Telstra. That would enable us not to get into the financial mess that Labor got into because we would be selling part of one capital asset and reinvesting it in part of another capital asset, and that is the Australian environment. Certainly we would hope the $7 billion expended in reducing public debt would part remedy one of the failures of Labor and that the $1 billion also reinvested in Australia's natural capital would help to make up for another area of deficiency of this last failed Labor government.

Department of Immigration: Access to Parliamentarians' Personal Information

Senator CARR—My question is directed to the Minister representing the Minister for Immigration and Multicultural Affairs. Minister, would it be appropriate for the department of immigration to have access to the pecuniary interest declarations of members and senators in order to satisfy themselves that no member or senator has derived a benefit from the routine execution of his or her parliamentary duties? Further, should the department of immigration also be given access to the confidential pecuniary interest declarations of members' and senators' spouses where they have reason to believe that a benefit has been derived in this way; for instance, for a shelf company of which a member's or senator's spouse is company secretary?

Senator SHORT—You are asking me this in my capacity as the Minister representing the Minister for Immigration and Multicultural Affairs.

Senator Carr—Yes

Senator SHORT—Senator Carr, I have no idea of the background to that question. Until I do, it is impossible to give you an answer. If you provide me with the details, I will undertake to examine it and get an answer for you.

Budget Strategy

Senator KNOWLES—My question is to the Assistant Treasurer. Minister, did you hear Senator Cook's comments in this chamber on Tuesday night that 'the government's approach to this budget is based on the falla-

cious assertion of the so-called $8 billion black hole' and that that is 'justification for widespread cuts to programs which are ideologically inspired'? Are you also aware of the Labor Party's ideological stance on budget deficits?

Senator SHORT—I thank Senator Knowles for her question. It is becoming very clear that the Labor Party, in opposition, is, as it was in government, all at sea when it comes to budgetary policy. I think it is even worse in opposition than it was in government, but it is not surprising given the pathetic record on fiscal policy when it was in government.

The answer to your question, Senator Knowles, is: yes, I am well aware of Senator Cook's comments on Tuesday night. Senator Cook said in this place that the $8 billion black hole is, to use his words, a 'fallacious assertion'. The facts, of course, are this: the $8 billion black hole is not a creation of the government or its imagination; it is, in fact, the best available forecast from the Treasury based on the Labor Party's own policies when it was in government. It is a figure that was given to the incoming government two days after the election. It is, therefore, a figure that must have been known by the Labor government before the election at a time when it was parroting to the Australian people and deceiving the Australian people by saying that the budget was in balance and was moving progressively into surplus.

Of course, the Labor Party was quite prepared to stand by the Treasury's independent forecast when it suited it. On 1 February, just before the election campaign started, the now Leader of the Opposition and then finance minister, Mr Beazley, said, 'As far as we are concerned, the Treasury estimates we had in connection with the last budget'—and they were Treasury estimates—'stand for good and we stand by them.' Now Labor, by denying the existence of the Beazley $8 billion black hole, is trying to walk away completely from the forecasts that it used to say it stood by. We, unlike Labor, are consistent. We do stand by the official forecasts that are there on the record, but Senator Cook absolutely refuses to accept the black hole that has now been revealed.

The absolute hypocrisy of the opposition on this matter quite astounds me. They deceived the Australian public by relying on forecasts that they knew were out of date which, with just a phone call before the election, could have been updated and released. They could have come clean and been honest with the Australian public. They refused to take their medicine then and they are refusing to take it now.

On Tuesday night, Senator Cook also said that the government was using the black hole as a trigger for 'ideologically inspired' spending cuts, and Senator Sherry said a similar thing in the first MPI of the year. Nothing could be further from the truth. What the government is about is responsible economic management that leads to higher sustained growth and lower unemployment. We are not about getting unemployment stuck at 8½ per cent like Labor. We are not about record high current account deficits. We are not about putting the government's hands into the jar of national savings and running down national savings at a disgraceful rate. We are not about giving this generation great advantage at the expense of future generations. We are about fairness and equity in the finances of this nation. *(Time expired)*

Senator KNOWLES—Mr President, my supplementary question to Senator Short is: would it be your judgment that as a cabinet minister Senator Cook would have been totally and utterly aware of such a budget shortfall?

Senator SHORT—Senator Cook was one of the most senior ministers in the previous government. The answer is that he certainly should have been aware of that, Senator Knowles. My guess is that he probably was. But, if he was not aware of it, it is yet another telling indictment of his hopelessness as a minister. Whichever way you look at it, and I am not sure what the answer is, the answer probably encompasses both of them.

Australian Federal Police

Senator BOLKUS—My question is directed to the Minister representing the Attorney-General and also representing the Minister for Justice. I ask the minister whether she can

confirm that the Australian Federal Police special reference branch is investigating possible fraudulent activities by a South Australian senator? Further, can the minister guarantee, given Senator Chapman's views as expressed in this chamber over the past few years, that this investigation will be free of political interference?

Senator VANSTONE—No, I am not able to give you such a confirmation. I will seek information on that matter and such an answer as the Attorney-General and the Minister for Justice is able to provide will be provided. I can assure you of this, Senator Bolkus: I have every confidence in Daryl Williams to discharge his duties to the highest possible order. I very seriously reject what I took to be an inference that Mr Williams would in any way seek to do such as you have suggested.

Senator Bolkus—No, no, no inference; just an assurance.

Senator VANSTONE—My answer to you is twofold. I will make inquiries and invite the Attorney-General and the Minister for Justice to give you such answers as he thinks appropriate. I very strongly reject the most inappropriate piece of innuendo that you sought to cast over Mr Williams.

Industrial Relations: Unfair Dismissals

Senator KERNOT—My question is directed to the Minister representing the Minister for Industrial Relations. I ask: Minister, as there is agreement from all parties on the general thrust of the unfair dismissals part of the Workplace Relations Bill, will the government agree to split that part of the bill from the rest so that we can deal with it as soon as possible while giving proper scrutiny to the rest of the bill? Would this not actually assist small business to employ more young people right now?

Senator ALSTON—Mr President—

Senator Kernot—And you didn't hear a word of it!

Senator ALSTON—I do have to concede I did not hear the question. I have to confess you were not wailing loud enough.

Senator KERNOT—I thought you would have been hanging on my every word, Senator Alston. I will repeat the question. Minister, as there is agreement from all parties on the general thrust of the unfair dismissals part of the Workplace Relations Bill, will the government agree to split that part of the bill from the rest so that we can deal with it as soon as possible while still giving proper scrutiny to the rest of the bill? Would this not assist small business to employ young people now?

Senator ALSTON—Thank you for the question. The unfair dismissal provisions, which I am delighted to see you recognise—

Senator Kernot—I said it ages ago, months and months ago.

Senator ALSTON—Let us just look at how vocal you were in the lead-up to the last election. We are not picking and choosing. You are not here to simply decide that you like one clause and you do not like another.

Senator Bob Collins—Yes, we are.

Senator ALSTON—The question is not whether the opposition would like to be able to pick and choose; you are asking me why the government will not put forward some of the things you like and defer the things you do not like. Our responsibility is to put forward a package consistent with the promise we took to the last election which addresses all of those fundamental issues.

It is regrettable that you are only able to support an aspect for which there was overwhelming support in the community prior to the last election. You may have whispered your support on that matter but I would like to think that you—

Senator Kernot—I didn't whisper it. I shouted it.

Senator ALSTON—I am sorry. It must have got lost in the cacophony of support for your other government initiatives. It is a pity that you were not as interested in addressing some of the other deficiencies rather than simply paying visits to ACTU House and generally making sure you had a constructive working relationship.

Senator Kernot—I have never been inside ACTU House.

Senator ALSTON—I meant the collective 'you'. Your spokesman and the spokesman before him, as you well know, had a very close and constructive working relationship with the ACTU. If out of all that the only thing that you can identify as in urgent need of change in a very comprehensive industrial relations package is the unfair dismissal provisions, it seems to me that you have basically ignored all the concerns that have been expressed out there by small business, by all those who want to see Australia much more competitive both domestically and internationally, who want to free up the system, who want to remove the union veto over flexibility in the workplace and who do believe in the concept of Australian workplace agreements and all those other initiatives that are absolutely essential which have just been put on the shelf.

Shortly after the 1993 election when Mr Keating made that famous speech from which he reneged shortly afterwards, there was a way through. It is a pity you did not study that speech at the time because you would have seen for one brief moment of time bipartisan acknowledgment of the inadequacies of the current industrial relations regime and the extent to which it has hindered Australia's international competitiveness.

If you are serious about wanting industrial relations reform, you will not just pick out one or maybe two relatively easier principles; you will address the total package. You will look at what is really going on in the Australian economy. You will understand that labour market reform is what is needed, not just doing away with something. It was only ever a deal to placate the union movement. Mr Keating did not believe it and Brereton only came up with it to assuage their concerns because for the first time in that previous government's history they were on the verge of being dealt a hand they did not like.

It is a great pity that Mr Keating did not have the courage of his convictions, and it is a great shame that others who purport to be interested in industrial relations reform rather than in just tidying up the edges did not concentrate on the bigger picture. So the package that we will put forward will address all of the major issues, not simply a couple of bits and pieces that you and your opposition colleagues might think are more worthy of support than others.

Senator KERNOT—Mr President, I ask a supplementary question. I thank the minister for his answer. But this is essentially about fixing some anomalies from a previous system. Mr Reith said in the other place just five minutes ago that this part of the bill was not in contention with anybody and that it was being anxiously awaited by small business. Do you personally have some sympathy for the proposal to split up this section of the bill? Get on with it. Get a run on the board.

Senator ALSTON—That is a pretty good recipe for chaos. Why don't you adopt the same attitude for the Telstra bill? Or is it that there is not one single clause in that bill that you could support? Are you saying that if you could find something—

Senator Kernot—The committee is looking at splitting the bill.

Senator ALSTON—As you know, this IR bill is about to go to a references committee, thanks to your support for this mob ripping up the rule book. Forgive them for they know not what they do. Until this week, never has a bill been sent off to a references committee since we introduced that system in October 1994. You are a party principle to that little deal. So there is no difference between the IR bill and the Telstra bill. If you want to suggest that some aspects of the Telstra bill ought to go out, please do so.

Senator Kernot—Mr President, on standing order 194 on relevance, I ask the minister: do you personally have any sympathy for the proposal to split the bill?

Senator ALSTON—We are not here to express personal opinion.

The PRESIDENT—Minister, your time has already elapsed.

Secret Commissions Act

Senator FAULKNER—My question is directed to the Minister representing the Attorney-General. Are there loopholes in the Secret Commissions Act 1905 which prevent the prosecution of individuals accepting secret

commissions in the form of loans that are immediately forgiven for services rendered? Are shelf companies being used in this way by people involved in the immigration rackets?

Senator Hill—Mr President, on a point of order: aren't questions seeking opinions on legal issues outside the standing orders?

Senator Bob Collins—It is not seeking a legal opinion. He is asking about deficiencies.

Senator Hill—You are asking for an interpretation of the law.

The PRESIDENT—I did not take the question to be seeking a legal opinion but rather to be asking for an explanation as to whether there are loopholes in current legislation. That is not a legal opinion, I would have thought. I will leave it to the Minister representing the Attorney-General.

Senator Alston—Mr President, on a point of order: you were being asked to rule on something which would involve the expression of a legal opinion. You have just said that it does involve identifying whether there are loopholes in legislation. If ever an expression of legal opinion was required, it was required for that question. The fact is that the black letter law is meant to prevail. If you are asking someone whether it is possible to get around it or whether there are deficiencies in the legal structure, you are asking for an opinion. Those opposite certainly should not be getting an unpaid opinion on the run in this way, because the standing orders do not allow it.

The PRESIDENT—Politicians daily make determinations on whether legislation is good or bad and whether there are loopholes in it or not. We are not asking for a fine legal opinion here. Senator Vanstone, I would ask you to answer the question.

Senator VANSTONE—I appreciate the points of order made by the leader and deputy leader. On that basis, I will answer the two parts to the question. I will refer the question as to whether the act is perceived to have any loopholes to the appropriate person, that is, the Attorney-General. He may have a view with respect to that matter. As to the application of any act to a particular set of facts—which is the second part of the question—or a particular set of hypothetical facts, that is both seeking a legal opinion and asking a hypothetical question.

Senator FAULKNER—Mr President, I ask a supplementary question. I would ask the minister to direct both parts of my question to the Attorney-General.

Senator VANSTONE—I will refer both parts to him. It is up to the Attorney-General as to the extent to which he chooses to answer.

Telecommunications

Senator TIERNEY—My question is directed to the Minister for Communications and the Arts. Minister, last week I had the pleasure of attending the telecommunications industry forum you held in Sydney. Unfortunately, because of other engagements, I had to leave early.

Senator Schacht—Another social weekend?

Senator TIERNEY—It was actually during the week. Could you please tell the Senate the outcomes of this forum?

Senator ALSTON—It was not a social event; it was a very serious working occasion. It was a telecommunications working forum, convened because you lot had dragged the chain for so long that the industry was getting concerned that we would not have sufficient time to consider the post-1997 regime before 1 July next year.

Senator Neal—It was meant to happen earlier than the bill at the end of the year.

Senator ALSTON—I do not know what you are talking about. It was a full day, involving something like 200 participants. I was delighted that Senator Tierney was there. I am sorry that some others were conspicuous by their absence.

Senator Bolkus—Senator Schacht?

Senator ALSTON—No, unfortunately, there was a literary test at the door and he did not quite make it through. We are in the process of compiling some fairly simple slides, which we might be able to send to you later on. Some very important issues were raised. I think you would find it very useful.

I might even send you a copy of the green paper, because it dealt with some very important issues.

Some of the issues the green paper dealt with included carrier definition—I am sure that you have a strong view on that—and the access arrangements that ought to prevail in order to allow service providers to have automatic interconnect arrangements or, if necessary, arbitrated price structures put in place. It also dealt with a whole range of consumer safeguards and consumer protection measures. Obviously it dealt with things like the universal service obligation and the extension of the untimed local calls option to businesses, which was one of our election commitments. A lot of it had to do with standards, labelling and numbering. There was a whole raft of very important issues.

I must say that I was delighted at the constructive response of all the participants. The forum was a very important step forward. It will provide us with the opportunity to ensure that we do have a proper world-class, pro-competitive regime in place from 1 July 1997. I have not yet heard Senator Schacht say that he is walking away from any of those principles that were announced late last year. If that is the case, we do have bipartisan support for what I think will be a very exciting environment. Do not let me down at the last minute, because I have been telling everyone you are rock solid on this.

Senator Schacht—Show us the bill, Richard.

Senator ALSTON—I showed you the other bill and you did not read it. What is the point of giving you a bill? If you want a bit of counselling beforehand or if you want a translator, we can provide them all. It is very important that you read the green paper. If you have any problems with that, come and see me.

In conclusion, in order to ensure that we take these issues forward as quickly as possible, I will be appointing an expert working group which will consist of Ms Mara Bun, the manager of policy and public affairs at the Australian Consumers Association, Professor Henry Ergas, a world-renowned telecommunications expert, Mr Allan Horsley, executive director of the Australian Telecommunications Users Group and Mr Phil Singleton, a member of the Telecommunications Industry Development Authority. Each of those people will ensure that there is enormous technical and policy expertise available to ensure that we go into the new world of telecommunications after 1 July next year with a world-class regulatory regime. I look forward to support on that from all senators.

Superannuation

Senator FORSHAW—My question is directed to the Assistant Treasurer. Does the minister concede that his government's proposal to allow low income earners to opt out of superannuation will have a negative effect on national savings and will actually lead to an increase in foreign debt?

Senator SHORT—No is the simple answer. I will elaborate on that later if you like.

Senator FORSHAW—I wish to ask a supplementary question, Mr President. I appreciate the simple answer from the minister—no. Given that the minister does not agree with this, why did Access Economics find:

> The government's decision to allow low-income earners to opt out of compulsory superannuation and instead to take the money as wages would increase the foreign debt by 0.7 % or $2.9 billion by the year 2004-05.

Is the minister wrong or is Access Economics wrong?

Senator SHORT—The major damage to Australia's national savings—

Senator Schacht—No, get to the question.

Senator SHORT—This is a great example of the absolute economic incompetence of the opposition. They do not seem to appreciate or understand—

Senator Bolkus—I rise on a point of order, Mr President. The point of order under which I am rising relates to relevance. Senator Short has been asked a question. Once again, he is trying to hide his inadequacy by blustering about broader issues. Can you get him on to the particular question asked very well by Senator Forshaw?

The PRESIDENT—It is a bit early to be judging on relevance.

Senator SHORT—I think I can almost rest my case on that interjection.

Senator Bob Collins—No, answer the question.

Senator SHORT—The question shows that the opposition has no understanding of the relationship between national savings, the external accounts of this country and the foreign debt. The simple fact is that it all basically stems from a lack of savings in this country. So far as the savings record of the former government is concerned, it is absolutely lamentable. It spent 13 years drawing on national savings rather than building up national savings. *(Time expired)*

Medicare

Senator LEES—My question is directed to the Minister representing the Minister for Health and Family Services.

Senator Abetz—I rise on a point of order, Mr President. Senator Chris Ellison was clearly on his feet before Senator Lees got to her feet today. Consistently throughout question time when the Labor Party was in government you would call Labor senators who were still seated, although we were standing on that side. Since we have come to this side, although you have lists and although you know who is to ask a question, if we have not been quick enough, you give the call to the Labor Party person. On this occasion Senator Chris Ellison was clearly on his feet, not a single other senator was on his or her feet and yet you called Senator Lees. I would ask you to tell the Senate the basis on which you make these determinations.

The PRESIDENT—Order! I have made it very clear how I make these determinations and I have written to all senators telling them how I make those determinations. I suggest that if you want those methods changed, you see your whip or your leaders. I call Senator Lees.

Senator LEES—My question is directed to the Minister representing—

Senator Michael Baume—You didn't call me yesterday.

The PRESIDENT—I don't call people who don't rise.

Senator Michael Baume—Yes, I did.

The PRESIDENT—Order!

Senator Abetz—I rise on the point of order, Mr President. I think you may have misunderstood my point of order. My point of order was not in relation to the allocation of the number of questions to either side. That was not the basis of it. I know you wrote to us all indicating how you have determined how many questions each side ought to get. My point of order relates to whom you ought be calling or which senator you ought be calling when there is only one senator standing. We missed out on two questions yesterday. We got them out of order because you said there wasn't anybody standing on this side. Senator Ellison was the first one up this time. Senator Lees was not even moving and you called her.

The PRESIDENT—I do not call people who do not stand. If somebody does stand very close to the time that I am looking towards the next question, of course, I call them. I apply that equally to both sides, and I can prove that any time you want me to. I call Senator Lees.

Senator LEES—Thank you, Mr President. I ask the minister: can you confirm reports—

The PRESIDENT—Whom are you addressing the question to, Senator Lees? We will start your time again.

Senator LEES—My question is addressed to the Minister representing the Minister for Health and Family Services. I ask: can you confirm reports that the government is currently costing the effect of removing or restricting the Medicare rebate for pregnancy terminations? Secondly, can you confirm reports that the government is or will be reviewing family planning programs here in Australia and that it intends to reduce or cease funding for family planning programs or hand these programs back to the states? Finally, can you confirm reports that, despite a recent review, Australia's overseas aid commitments for family planning programs and services are on hold or have been stopped or are currently under yet another review?

Senator NEWMAN—Senator Lees, you know I cannot comment on expenditure which may or may not be affected by the budget. Having said that, I have been advised that a strategic review of the family planning organisations and Family Planning Australia was undertaken last year, and you would be more aware of that than I.

An implementation strategy for the recommendations of the review has been developed by a steering committee that includes representatives of family planning organisations and the Department of Health and Family Services, and it is currently under consideration by my colleague the Minister for Health and Family Services, Dr Wooldridge. As I said before, the question of ongoing funding within that portfolio is being considered in the budget context and I cannot currently comment.

The final point of your question was related to overseas aid commitments. My colleague Mr Downer has been concerned to ensure that Australian aid for family planning is not associated with coercive practices. He has asked the Australian aid agency, AusAID, for a paper on that subject. I can assure the senator that family planning activities which meet the guidelines are not on hold.

Senator LEES—Mr President, I ask a supplementary question. I thank the minister for her answer. As you are not able to comment on budget allocations, perhaps you could give just a general commitment please to whether or not your government is committed to the provision of a full range of family planning services for Australian women.

Senator NEWMAN—Clearly, this government believes in family planning or we would not even be talking in that way about overseas aid for family planning. The details of it are not able to be discussed at this stage in fine print, as you would want, because they do relate potentially to decisions made in the budget context.

Superannuation

Senator MACKAY—My question is directed to the Assistant Treasurer. Is the minister aware of income tax ruling 96/10, which removes the exemption from taxation contained in section 110C of the Income Tax Assessment Act of investment income derived by superannuation funds through their investment in life insurance companies which is subsequently used to pay superannuation benefits to fund members? Does the minister agree that this is a double form of taxation on the retirement income of self-funded retirees?

Senator SHORT—I think Senator Mackay and I both need some briefing on that one. I shall take it on notice and come back to you with a substantive answer as soon as possible.

Higher Education

Senator ELLISON—Thank you, Mr President. This is such a good question I have been so eager to ask it. My question is directed to the Minister for Employment, Education, Training and Youth Affairs. The higher education sector under Labor expanded significantly, many would say at a faster than ideal rate. Could the minister outline what she sees as the major structural problems facing the higher education sector as a result of this expansion?

Senator VANSTONE—I thank Senator Ellison for his question. It is true that over the past 10 years there has been a very substantial expansion of the higher education sector. Between 1983 and 1996 Commonwealth grants to universities grew in real terms by 67 per cent. It is interesting to note that over the same period, however, road funding—another vital area of national infrastructure—was halved. To come closer to the knowledge generating infrastructure, CSIRO funding remained stagnant. Senator Ellison is certainly correct in his assertion as to the expansion of the higher education sector.

Opposition members interjecting—

The PRESIDENT—Order! There are too many interjections on my left!

Senator VANSTONE—The facts are that Labor pressured universities to expand student loads, despite the obvious strain on key infrastructure such as lecture halls and libraries in many universities. The growth of the universities was a very handy form of political largesse to distribute, which Labor did—and some would say at the expense of the higher education system. As a consequence of

that, the higher education sector is left with the following problems: continual focus on expansion may well have come at the cost of other goals; and falling demand resulting from demographic change and, more recently, improved labour market conditions may well present problems for both government and the universities.

Irrespective of what the level of resources to the higher education sector is—and understandably there has been significant debate about that in the pre-budget context over the last couple of weeks—the process of distributing those resources needs to be looked at. It does limit flexibility for universities to respond to both needs of employers and students.

The level of resourcing for universities is very much enmeshed in a political process in which political power may well carry more weight than issues of either equity or efficiency. As members opposite will well know, there are huge differences in the resources of some institutions resulting from previous funding arrangements and private endowments that are available to some of the older universities.

Some older universities are much better placed to cope with change than new universities. The level and distribution of research funds are a very contentious issue in higher education, one that has not been adequately resolved after 13 years of Labor.

Of particular interest amongst these other matters is the fact that, despite Labor's espousal of equity issues, people from lower socio-economic levels and non-metropolitan regions still have less access to higher education. This is particularly evident with regard to access to postgraduate education. Under the Labor government, universities have become much more commercial but of course need to fall back on this government when they make mistakes.

After 13 years of Labor the higher education system has expanded but it is very much in need of being given the opportunity to exercise some flexibility to provide diversity and quality. The provision of flexibility to universities will come through the pre-budget consultations that we will be having with the vice-chancellors.

Senator Cook—On a point of order, could you ask Senator Vanstone to table the document from which she haltingly read?

The PRESIDENT—Do you wish to table the document?

Senator VANSTONE—No.

Defence Personnel

Senator NEAL—My question is addressed to Senator Newman representing the Minister for Defence and the Minister for Defence Industry, Science and Personnel. Minister, why is it that, more than 10 weeks after they were sworn in as ministers, Mr McLachlan, the Minister for Defence, and Mrs Bishop, the Minister for Defence Industry, Science and Personnel, have not been able to select between them which matters within the defence portfolio they are responsible for.

Government senators interjecting—

If this is not the case, could you please inform the Senate exactly what responsibilities each of those ministers has within that area?

Senator NEWMAN—I am glad that somebody in the opposition is interested in administrative orders and arrangements because the Leader of the Opposition in the Senate is clearly a bit defective in that area. Perhaps, Senator, you might give him a clue about how you study some of this stuff. He has been a minister but he does not seem to have got on top of the issue.

I well remember when Mr Beazley, the then Minister for Defence, was required to take on a junior minister, namely Ros Kelly, as Minister for Defence Industry, Science and Personnel because he was so concerned about battleships and bombs that that he had no interest in the people he was investing in who were supposed to operate the equipment and defend Australia. Consequently, the opposition at that time, of which I was a part of course, finally pushed for an inquiry into defence personnel issues. A joint parliamentary committee made masses of recommendations, and what happened?

Senator Hill—They got buried.

Senator NEWMAN—They got buried, and it was headed up by Manfred Cross, a man who understood full well what was needed in the personnel area of Australia's defence. So if you are going to take an interest in defence, Senator, I suggest you start with Manfred Cross's seminal work on the wastage rates in the Australian Defence Force and ask your colleagues here, including Senator Ray, why its recommendations were never implemented because the problems that have been inherited now by this country in the wastage rates of Australian Defence Force personnel are caused by the failure of your government to do something meaningful in this area. So do not talk to me about administrative arrangements. Your government had 13 years to get that right and failed absolutely. It is one reason that this government was put in by defence votes all over the country.

Senator NEAL—Mr President, I ask a supplementary question. I thank the minister for her answer but I would like to point out that she has not still given me the fundamental response to the question: what precisely are the arrangements and what are the ministerial responsibilities between Mr Mclachlan and Mrs Bishop, and if they cannot sort out between themselves who has the responsibility, how can people be confident that they are dealing with important national issues rather than being concerned with their own egos?

Senator NEWMAN—I was ready to be courteous to you, Senator, until you started to put that sort of a rubbish on it.

Senator Chris Evans—Don't patronise her.

Senator NEWMAN—You do not want me to patronise her? If she says silly things, of course she deserves to be patronised. However, I am doing my best to assist her, and the answer is: I will get you some information if I possibly can and bring it back to you.

Poultry

Senator HARRADINE—My question is directed to the Minister for the Environment. Is it a fact that any decision by a minister or a Commonwealth agency which affects the environment to a significant extent must comply with the Commonwealth's Environment Protection (Impact of Proposals) legislation? Does the minister agree that the importation of foreign poultry meat into Australia may well affect the Australian environment to a significant extent because of the danger of the outbreak of virulent Newcastle disease which has the capacity to destroy the Australian native bird population? Has the Minister for Primary Industries and Energy or has AQIS satisfied the Commonwealth environment act and, if so, why has the Minister for the Environment not released the impact statement or conducted a public inquiry as provided in the legislation?

Senator HILL—Yes. If there is an action that could have a significant impact on the environment that triggers the act, I would expect the action minister to designate it and that then requires me to take certain actions under the EPIP Act, as you know. In relation to the fact situation that you are putting to the law, I am not sure whether the minister has reached that decision. I have been addressing this matter as a health issue under AQIS rather than as one with broader environmental consequences but I will go back and see—

Senator Faulkner—Do you need a designation for endangered species?

Senator HILL—What's that got to do with it?

Senator Faulkner—Just trying to help you out.

Senator HILL—It was an irrelevant interjection, but have fun anyway. Senator Harradine, I will make inquiries to see whether it is the primary industry minister's intention to move in the direction that I think that you are inviting and, if it is not, I will come back to you with the reasons why he has so decided.

Legislative Program

Senator FERGUSON—My question is directed to the Minister for Communications and the Arts, Senator Alston. Does the minister recall Senator Robert Ray lecturing the Senate ad nauseam over many years on the need for the government to maintain control of the legislative program? Does the government regard the behaviour of Senator

Ray and his colleagues in opposition as being consistent with this lofty principle, and what approach does the government intend to adopt in the processing of Senate business?

Senator ALSTON—Mr President, yes, I do recall many lectures on that subject, and I suppose the great tragedy is that I took them seriously. I really thought he meant it. I will just give you a selected highlight. As recently as October last year Senator Robert Ray said, in relation to the concept of splitting committees into legislation committees and reference committees, when talking to Senator Ian Macdonald:

> We cut a deal, Senator—a deal that if ever you are in government you will appreciate; that is, that legislative and estimates committees remain at least within some control of the ambience of government.

I suppose he meant 'ambit'. I know he is a former schoolteacher but maybe that explains why he ended up driving taxis. But I was not concerned about his grammatical skills; I simply thought that what he was doing was espousing a very important principle—that is, when you want to refer bills to a committee, you refer them to the legislation committee. That is the sole purpose of having them.

As you well know, ever since October last year there has not been one bill—until this week with Telstra—that was in fact referred to a references committee. I think that simply says it all. We find that in opposition you have a completely different view of the world, so we should not take what you said at face value. I must say that you need a new speech writer too because I also saw in that speech of October last year that you talked about this place being an anarchistic swamp.

Senator Robert Ray—No, anarchist swamp.

Senator ALSTON—No, 'anarchistic swamp', which was presumably your equivalent of 'unrepresentative swill'. But then I found that in May 1993 you had said exactly the same thing—'the anarchistic swamp'. So either you have recall of very limited coverage or else you were so het up about this point that you wanted to keep making it. You said:

> The fact that we spend so much time up irrelevant gullies and dry gulches and not spend enough time on legislation is a disgrace in this chamber and those opposite are responsible for that disgrace.

Anyone here this morning would have seen the 'Duke of Plaza Toro' who led his regiment from behind in here rounding them up, telling the sheepdogs how to vote, telling the nominal Leader of the Opposition what was going on, going over and speaking to Senator Bell to make sure he was on side—in other words, doing all the dirty work. The real Leader of the Opposition thinks it is now his job to mastermind and orchestrate the frustration of business in this chamber.

Senator Robert Ray—It is a part-time job. It is so easy. Rounding you mob up is so easy.

Senator ALSTON—Give back half the salary and we will call it quits. We will call you the real Leader of the Opposition, if you like, but give back the half that you are not earning. This is fascinating. Do you know where this deal emanated from? Senator Ray is an expert at deals. This emanated from a joint meeting of the opposition parties held this morning. In other words, this is their equivalent of our broad church. They had caucus at its finest this morning. They were all there debating whether or not, or how, they could best frustrate our legislative program. So we had the opposition parties—the ones that Senator Bourne was cheering about the other day—all busy, acting in concert, conspiring to frustrate our legislative agenda and ensuring that the Senate, by dint of the tyranny of numbers, is embarking on a program of legislative vandalism.

Senator Ray, if that is not antidemocratic I do not know what is. I think you ought to be ashamed of yourself for putting all those words on the record and then ratting on them so comprehensively. If you want to tell us now, mea culpa, that you didn't really mean it, get up and say it because, when this debate comes on again on Monday, you will have your chance. As at the time that debate was being held just before lunch this chamber had passed one bill in just under three weeks. That is what you have managed to do so far, so it is all your own work. *(Time expired)*

The PRESIDENT—Senator Faulkner on a supplementary.

Senator FERGUSON—Senator Ferguson, Mr President. Don't give one to Senator Faulkner. Mr President, I preface the supplementary by reminding the minister of the Australian Democrats' 1996 federal election slogan and therefore their most important election promise. I ask: given the decision of the Democrat and Green senators to join with the opposition to send legislation to references committees where the Labor Party holds a majority in its own right, a decision which will mean that Labor with only 29 out of 76 senators will be able to hand down a majority report without the consensus of any other party, who is left to keep the real bastards honest?

Senator ALSTON—I thank Senator Ferguson for his question. I am sure he is grateful that you cannot be defamed in this chamber: to be accused of looking like Senator Faulkner is really some slur. The fact is that your figures are absolutely right. Labor, with about 40 per cent of the numbers in this chamber, is now in a position, as you rightly say, to have an absolute majority on references committees. It can only come about because you have only got 30-odd—and very odd, I should say—members in this chamber. The only way you are able to get your wicked way is with the assistance of the Australian Democrats.

If you want any financial assistance from us at the time of the next election, we will cheerfully subsidise you to rework those banners and posters and corflutes that make it perfectly clear that your mandate in life now is to keep the bastards dishonest. It is a heavy responsibility for us to keep you honest. We will do our best, but, I'm sorry, we have not been invited to the caucus meetings and there is not much we can do about it at the moment. *(Time expired)*

Migrants: Social Welfare Entitlements

The PRESIDENT—I call the real Senator Faulkner.

Senator FAULKNER—My question is directed to Senator Newman, the Minister for Social Security. The six months waiting period for newly arrived migrants currently applies to jobsearch allowance, newstart allowance, sickness allowance, parenting allowance and, in some cases, partner allowance. It does not apply to any other payments made under your portfolio or the portfolios which are the responsibility of Dr Wooldridge and Senator Vanstone. Will your two-year migrant waiting period apply only to these five payments?

Senator NEWMAN—The answer to the shadow minister's question is: possibly no. These matters are yet to be finalised.

Senator FAULKNER—Senator Newman, you said in the Senate on 21 May that your two-year waiting period for migrants would not apply to family payment, and you then corrected the record to say that the two-year waiting period would not apply to the minimum rate of family payment. You needed to correct the record to avoid any implication that the two-year wait would not apply to the higher rates of family payment. Would it be true to say that all you have done is extend the six months to two years?

Senator NEWMAN—What we have done is keep to our election promise, which was to make family allowances and Medicare available to migrants during that period, with other welfare benefits discontinued. They were the terms of our policy; that is what we are delivering.

White Box Woodlands

Senator SANDY MACDONALD—My question is directed to Senator Hill, the Minister for the Environment. Is the minister aware of the collaborative approach taken by the New South Wales Farmers Federation, the World Wide Fund for Nature and Charles Sturt University to protect white box woodlands in New South Wales? What does the government intend to do to facilitate such innovative conservation activities?

Senator HILL—I thank the honourable senator for the question. I know that, as a rural based New South Wales senator, he has an interest in the subject matter. It is true that white box, or Eucalyptus albens, woodlands grow on the better soils of the western slopes of the Great Dividing Range, from Victoria to

southern Queensland, in areas with annual rainfalls averaging between 500 and 800 millimetres. Because of the relatively high productivity of these areas, the grassy white box woodland ecosystems have been significantly depleted in New South Wales over the last 200 years, mainly going to the alternative land uses of wheat and sheep production.

In response to threats to the ongoing viability of white box ecosystems in New South Wales, representatives of the New South Wales Farmers Federation, Charles Sturt University at Bathurst and the World Wide Fund for Nature have joined together to address this issue. The project will firstly identify remaining stands of white box woodlands on the western slopes of New South Wales, and then work with individual landholders and managers to develop practical mechanisms for their protection. The great strength of this project is that it brings together a diversity of interests, all of whom are committed to the ecologically sustainable development of the rural landscape, and it is likely that it will form a model for similar conservation activities on agricultural land.

What can we do to support such community-based initiatives? The answer lies in the Natural Heritage Trust that we are seeking to set up, to be funded by a $1 billion contribution from the proceeds of the sale of one-third of Telstra. Out of that, we have in mind to appropriate a sum of $318 million over five years on a major national vegetation initiative, which will help preserve vegetation which otherwise might be cleared and will also help in revegetation. We also have in mind the allocation of $80 million over four years to assist in the implementation of a comprehensive national reserve system to protect Australia's biodiversity.

I would have thought that all senators would have found that to be a very worthwhile investment in the natural capital of Australia, and that all senators would have been stressed if, in fact, it was being blocked in the Senate. Unfortunately, however, the reality is that the Australian Labor Party, the Western Australian Greens and the Australian Democrats have determined that that fund will not go ahead; that the money will not be reinvested in the natural capital of Australia. Therefore, a great opportunity to recover the vegetation that has been lost over the last 200 years is going begging.

Mr President, I ask that further questions be placed on the *Notice Paper*.

Deaths at Port Arthur

Senator HILL—I have an answer for Senator Harradine to his question yesterday about the demolition of the Broad Arrow Cafe. The Prime Minister (Mr Howard) has advised me as follows. The Commonwealth has already made an immediate and generous response to the tragic events at Port Arthur; however, the Premier of Tasmania has written to the Prime Minister requesting, inter alia, that the Commonwealth share the cost of constructing a similar facility to the Broad Arrow Cafe. The Prime Minister will be responding to the Premier's request very shortly.

The Commonwealth has already made commitments to provide assistance to Tasmania. On 1 May 1996, the Prime Minister announced in parliament that the Commonwealth would contribute $200,000 to the appeal opened by Tasmanian television stations, and that the full array of Commonwealth counselling services were available if needed.

On 14 May 1996, the Prime Minister announced that the Commonwealth will raise around $500 million through a one-off increase in the Medicare levy to compensate the states and territories for the direct cost of the buyback scheme for the firearms which will be subject to nationwide bans. The Commonwealth will also be making a significant contribution to the costs of a public education campaign to be conducted in conjunction with the gun amnesty and buyback scheme; the development of a firearms safety course; and an upgrade of the national exchange of police information system to accommodate the new national firearms register. That is the information the Prime Minister has provided, and he will respond shortly to the specific request in relation to the Broad Arrow Cafe.

Migrants: Social Welfare Entitlements

Senator HARRADINE (Tasmania) (3.07 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Social Security (Senator Newman), to a question without notice asked by the Leader of the Opposition in the Senate (Senator Faulkner) today, relating to the waiting period for migrants to receive certain social security payments.

I wish to raise with the chamber a very important question. If, for example, the government is going to deny to migrants for any period of time, whether it be six months or two years, access to the parenting allowance, is the government then going to provide a tax rebate? The parenting allowance is, in effect, a cash rebate and these people are going to in fact be paying tax. You cannot have it both ways. They are in double jeopardy in that particular regard.

I do not know that I have seen anything in the literature on this that has adverted to that particular fact. I appeal to the government in respect of this matter. I am personally opposed to what the government is doing on this particular matter and I have said so. I raise with the government the very important principle that you cannot have it both ways. You cannot deny migrants the parenting allowance and then continue to tax them.

Let us go back some years when the parenting allowance was in fact a spouse rebate. It would be then saying to these people, 'When you put in your taxation form you will get another bill because you will not be entitled to the spouse rebate.' It is ludicrous if you look at it that way. To put it another way, if you were actually looking at the question of allowing migrants to forgo eligibility for these sorts of payments, you would need to restore the tax allowances for children and for the parenting allowance because they are actually income transfers, recognising the transfer of moneys within that family to the whole of the family dependents.

I hope that the minister and the government understand that, even from their own point of view, they ought to be having a look at that because that is putting people into double jeopardy.

Question resolved in the affirmative.

SENATOR-ELECT FERRIS

Return to Order

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate)—by leave—I ask the Leader of the Government in the Senate if he could indicate to the Senate the likely time of the tabling of those documents.

Senator HILL (South Australia—Leader of the Government in the Senate)—by leave—I have to apologise to the Senate that the documents are not ready to be tabled, despite our best endeavours. The documents have, as I have indicated to Senator Faulkner, all been gathered. This is an order against two ministers and one parliamentary secretary in here and they obviously all have to individually check the documents and see that they comply with the order. There are also some quite tricky questions that I know the now opposition grappled with when they were in government as to which documents are inappropriate to be tabled because of their legal nature or their cabinet nature and some other categories as well.

It is taking a little while longer, but we are working on it now. We are planning to get those ministers and the documents together this afternoon. I can see no reason why the return to order will not be met today, but I do not want to say half past four and then come back in here at half past four and say, 'No, I need another half an hour.' I would prefer to say that we will ensure that they are tabled today, but I will personally endeavour to make sure that they are tabled as early as possible this afternoon.

COMMITTEES

Rural and Regional Affairs and Transport Committee

Report

Senator CRANE (Western Australia) (3.14 p.m.)—On behalf of the Rural and Regional Affairs and Transport Legislation Committee, I present a document entitled *Report into allegations of malpractice and misconduct by members of the Australian Quarantine and Inspection Service and the Victorian Department of Agriculture, Energy and Minerals*, in

relation to the export of sultana grapes by Integrity Rural Products. I seek leave to move a motion in relation to the document.

Leave granted.

Senator CRANE—I move:

That the Senate take note of the document.

The report was prepared following allegations made by the principals of Integrity Rural Products, Messrs Don and Hal Hewett, during the course of an inquiry into the administration of AQIS by the legislative committee of the Rural and Regional Affairs and Transport Committee in 1995. In its report on the AQIS reference, tabled at the end of the 37th parliament, the committee stated:

At this time of writing, the Committee had not received AQIS' response to the Hewetts' evidence. Accordingly, the Committee is unable to make a final judgment about this matter. The Committee strongly urges that, when the final response to these allegations is presented to the new Committee, it be presented to the Senate.

The report of the previous committee was received a couple of days ago. Under standing orders, it was not necessary for the committee to reconvene to make this judgment. However, I did contact Senator Collins from the Labor Party and Senator Woodley from the Democrats. We all agreed that we should proceed posthaste and table this report in the parliament. I now present it for tabling.

Question resolved in the affirmative.

DOCUMENTS

Consideration

Question resolved in the affirmative on the following orders of the day without further debate during consideration of government documents:

Bilateral treaty—Text together with explanatory note—Agreement with Indonesia on Maintaining Security, done at Jakarta on 18 December 1995.

Advance to the Minister for Finance—Statement and supporting applications of issues—March 1996.

WORKPLACE RELATIONS AND OTHER LEGISLATION AMENDMENT BILL 1996

Referral to Committee

Debate resumed.

Senator BELL (Tasmania) (3.19 p.m.)—Before the suspension of the sitting for lunch I was making the point that the Democrats would do what the government has not done in the House of Representatives. We will ensure that there will be full and proper scrutiny and full and proper opportunity for all those in the community who are affected to contribute. At a legislative committee, the government could decide at any moment—as it did in the committee stage of the Telstra debate in the House of Representatives—to conclude the hearings. As that style and intention has been revealed already, we believe that it is justifiable to expect that it would continue. By moving to a reference committee, we can ensure that there will be a proper forum for debate of this matter. I see no reason to add anything further to the remarks I made before lunch. We support the amendments moved by Senator Faulkner to the substantive motion.

Senator SHERRY (Tasmania—Deputy Leader of the Opposition in the Senate) (3.21 p.m.)—There is one aspect of the workplace relations bill that we have not yet seen, but I will come to that in a moment. The Liberal-National parties have been trumpeting for many years about the need for a radical overhaul of the industrial relations system. I do not think anyone would seriously suggest that the changes that have been proposed by drip information through the media since the federal election are not the most radical proposed changes to industrial relations this century.

We often hear the government proclaiming the need for improved workplace efficiency and productivity. We often hear from them ad nauseam about the need to deal with the alleged problem faced by small business in the wrongful dismissal area. We often hear from them ad nauseam about the need to relate wages to productivity and to have a competitive industrial relations system. We have got very used to the sort of jargon that the present government has put forward on this issue over many years. There is no doubt that this is one of the most central issues that this government has put forward—in a variety

of forms—in its election platform over the last 10 or 15 years. It is a major proposal.

As I said earlier, we have not seen the legislation yet. One of the things that concerns the opposition is that, since the election, Minister Reith, has been floating ideas through the media, eventually putting out a discussion paper. The bill, I believe, is shortly to be produced in the House of Representatives. That will be the first time that the Labor opposition—some of the parties, such as the Australian Democrats or the Independents, might have seen it—sees this legislation.

To date we have not seen what is, by the government's own description, the most radical industrial relations legislation this century. But we are expected to pass that legislation in the House of Representatives by the end of next week and in the Senate by the end of June. The new government has said, 'You've got to get it passed in four or five weeks or you are naughty boys and girls and you don't get to go home.' That is a quite extraordinary approach! In my six years in this place I cannot recall that on any major piece of legislation—

Senator Crane—You have a short memory.

Senator SHERRY—I am talking about a major piece of legislation which is regarded by the government as one of the major planks in its program. With such legislation we cannot be expected to have committee hearings and pass it through the parliament in four weeks, particularly when we have not had the opportunity to see the legislation ahead of time.

The new government has not even accorded us, the official opposition, the courtesy of an advance copy of the legislation. How can they complain that we are proposing that this legislation go to a committee for up to three months? How can they seriously complain about that proposal?

In his comments this morning, Senator Alston said that we were 'not prepared to accept the verdict of the people'. Nothing could be further from the truth. We well recall the words of the Prime Minister, then Leader of the Opposition, when he said that no-one would be worse off in either wages or conditions. Over the next three months, if our amendment is passed, we intend to have a very close examination of a bill, which we have not seen yet, and we intend to hold the government to the promise made by Mr Howard that no-one would be worse off with either wages or conditions.

Rumour has it that this legislation is at least 200 pages thick. It will be one of the most complex set of reforms to the industrial relations system—

Senator Panizza—What about the bills on tax?

Senator SHERRY—Yes, except for tax bills, which are notoriously thick and complex. But in the industrial relations area there is no doubt that this is wide-sweeping legislation. It goes to the operation of the economy. For example, it has major implications for the superannuation system. Unfortunately, Senator Short did not know anything about that, and he is the minister responsible for superannuation. I would urge him to attend some of the committee hearings to learn something about what the government proposes for superannuation vis-a-vis the industrial relations system.

Apparently, according to the media—we have not seen it—state industrial jurisdictions will be able to override federal awards and agreements. Apparently, it has been designed to make us more competitive with the industrial relations systems of other countries. We would certainly like to look at those other systems.

Apparently, it will remove the input of the trade union movement into training and education. Apparently, the powers of the Industrial Relations Commission are to be severely restricted. Apparently, there will be secret agreements. How on earth will Mr Howard be kept to his promise that no-one will be worse off if some of these agreements are secret? Apparently, the alleged problem that small business has with claims of wrongful dismissal will be dealt with.

Senator Panizza—And so it should be.

Senator SHERRY—That is a fair argument. There is a range of other matters that will be dealt with in this legislation. The point

I am making is that the Labor opposition, despite Mr Reith drip-feeding the media over the last three months, has never been shown a copy of the bill. The legislation is to be presented in the House of Representatives this afternoon and is expected to be presented in this chamber during the next sitting fortnight. We are expected to pass it in three weeks!

As I said earlier, I do not recall at any time in the period of our government such a major piece of legislation being pushed through the Senate and the House of Representatives in three weeks. What did the Liberal government do with the Telstra legislation in the House of Representatives last week? There was some debate on the second reading but when the official Labor opposition wanted to put a range of amendments to what is the second largest privatisation in our history, the government moved the gag. It said, 'You can't put your amendments.'

I have news for the government in this chamber: we will certainly be debating this legislation, examining it thoroughly and putting some amendments in the committee stage—not in an attempt to frustrate the government but because over the next 10 to 12 weeks this Senate can quite reasonably examine the most radical industrial relations proposal of the last 100 years. It is not reasonable of the government to force those proposals through in three or four weeks.

I support what we are proposing to do. I think it is appropriate that it go to a Senate committee; I think 22 August is appropriate. The economics committee is the appropriate committee. There is a range of issues dealt with in the legislation, but they are primarily economically focused, by the government's own admittance. We are doing the right thing. We are not trying to frustrate the government. We want to deal with this legislation, but we want to have adequate debate and an input into this legislation and we want to allow the community—not the industrial relations sector that has been drip fed by Minister Reith—to also have an input into this legislation.

Senator CRANE (Western Australia) (3.30 p.m.)—It seems that Senator Sherry has caught the Senator Collins disease—he thinks he can put substance into his argument by shouting. It is quite remarkable. He comes in here and screams and shouts and carries on.

Senator Sherry—With passion.

Senator CRANE—That wasn't passion. The unfortunate part about all of this, Senator Sherry, is that you have forgotten what happened in 1993. You make the charge that you have not seen the legislation. Did we see the Brereton legislation in 1993 before it hit the House of Representatives? No. What happened then? Was it referred to a reference committee? No, it was referred to the proper place—the legislation committee. Let us look at the time that was given for that inquiry to report. The inquiry was referred to a legislation committee from 28 October to 24 November 1993. You brought in, from the legislation that was put in that particular House—

Senator Sherry—The legislation committee didn't exist then.

Senator CRANE—What did you bring then to the committee dealing with that legislation from 28 October to 24 November—

Senator Sherry—We didn't have a legislation committee then.

Senator CRANE—All right, I'll take that particular point. I have made a technical mistake, but I am not going to get involved in that. It makes no difference to the argument that I have to put before you. So what happened between 28 October and 24 November? The legislation came into the House of Representatives and a fortnight into the hearings we were presented with over 200 amendments from the minister's office. The committee dealt with those. It had to call witnesses back and the legislation then came back into this place. We then sat, I believe—to allow you people to go home for Christmas; remember, you were having a bit of a problem with your legislation—for 42 hours on the IR legislation and for 44 hours on the Mabo legislation.

For you to come in here with that heap of hypocrisy about the processes and say that this has never happened in this place before is very wrong. I do not mind you coming in here and arguing that, because this is a much

more important piece of legislation than the terrible legislation that was handed down to us by Mr Brereton, you need a bit longer to understand it. I can accept that argument.

Senator Sherry—They were only minor amendments.

Senator CRANE—They were not minor amendments. Do you remember when Laurie Brereton got on his horse and went down to the ACTU? He was sent running back here to tell us, 'We have to change it.' That is what happened, make no mistake about it. He had a very different bill. He had the Keating bill when he went down there to the ACTU conference. Don't you remember? He came back with the ACTU bill, with over 200 amendments. Then there was a series of other amendments that came out of the hearings. I do not have the hearings in front of me right now, but I can remember people who appeared from the union movement saying, 'Hey, boys, we want a few more amendments.' That committee worked through it and we agreed to a lot of them. We did not agree to all of them, but we put a lot of them up there and put them in that piece of legislation.

I have to say to you, Senator Sherry, that what you said is absolute nonsense and hypocritical. I made the point yesterday that one of the things I look for in this place is balanced debate about what is happening. In putting this before us today, you have actually tried to perpetuate a lie about what occurred. This is almost identical, if you want to be precise, to what occurred back in 1993. You have only to look at the public record. That proves me absolutely and totally right. The difference between this legislation and the Brereton legislation is that we will not be running down here from the House of Representatives with over 200 amendments and saying, 'Hey, boys, fix it up. We have our riding instructions. Fix it up for us.' That is what occurred at that particular time.

You want to remember when you get on your feet here that the person you are shooting in the foot is yourself. Certainly, what Mr Reith has said—and quite correctly—is that we do not claim to have every bit of this legislation right. We are going to keep the consultation process going and we are going to listen to people. That is very different from what occurred before. Those people who sat on the committee at that particular time will remember that they complained bitterly about the lack of consultation in the lead-up to the first Brereton piece of legislation.

Senator Forshaw—You want to take advice from Paul Hoolihan. He is drawing it up. What have you got to say about that?

Senator CRANE—As Senator Forshaw will remember, even some of the union drivers complained bitterly. So that was the most hypocritical display I have ever seen from you, Senator Sherry. It really is a shame because normally you perform much better than that.

Before I finish my contribution, I want to touch on one other point—that is, the practice of referring legislation off to a references committee and not a legislation committee. If you do not think the time to report back is long enough, you should move to extend the time of the legislation committee, not send it off to a references committee. That is totally inappropriate.

It was never the intent of the process, when these committees were put together, for that to happen. The people who negotiated and put those things together know that. You know that, and it is something this chamber will regret in the future in terms of what has been done here. I am not just talking about the immediate future; I am talking about the long-term future. It is bad practice for this place to have this legislation sent off to a references committee and not a legislation committee.

In conclusion, that was a very hypocritical display by Senator Sherry. What you said was absolutely, totally wrong. You know it, I know it, this chamber knows it, and the public record shows it absolutely clearly and critically. We did not have access to the Brereton bill prior to its going to the House of Representatives. It was dealt with in a legislation committee. The committee worked very hard on it and had very good contributions from all the people on it. We dealt with over 200 amendments from the minister in less than a fortnight.

You will not have that from our minister, but we will give the people who want to contribute and overcome some of the serious problems we have in industrial relations in this country today that opportunity. We will listen to them, which is very different from the approach that was adopted back in 1993 with the Brereton reform legislation.

Question put:

That the amendment (**Senator Faulkner's**) be agreed to.

The Senate divided. [3.42 p.m.]

(The President—Senator the Hon. Michael Beahan)

Ayes	34
Noes	30
Majority	4

AYES

Beahan, M. E.	Bell, R. J.
Bourne, V.	Burns, B. R.
Carr, K.	Chamarette, C.
Childs, B. K.	Coates, J.
Collins, R. L.	Colston, M. A.
Conroy, S.*	Crowley, R. A.
Evans, C. V.	Faulkner, J. P.
Foreman, D. J.	Harradine, B.
Jones, G. N.	Kernot, C.
Lees, M. H.	Lundy, K.
Mackay, S.	Margetts, D.
McKiernan, J. P.	Murphy, S. M.
Neal, B. J.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Spindler, S.
Stott Despoja, N.	West, S. M.
Wheelwright, T. C.	Woodley, J.

NOES

Abetz, E.	Baume, M. E.
Boswell, R. L. D.	Brownhill, D. G. C.
Campbell, I. G.	Chapman, H. G. P.
Crane, W.	Ferguson, A. B.
Gibson, B. F.	Hill, R. M.
Kemp, R.	Knowles, S. C.
Macdonald, I.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	O'Chee, W. G.
Panizza, J. H.*	Parer, W. R.
Patterson, K. C. L.	Reid, M. E.
Short, J. R.	Tambling, G. E. J.
Teague, B. C.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	Woods, R. L.

PAIRS

Bolkus, N.	Herron, J.
Cook, P. F. S.	Newman, J. M.
Cooney, B.	Alston, R. K. R.
Collins, J. M. A.	Calvert, P. H.
Denman, K. J.	Crichton-Browne, N. A.
Forshaw, M. G.	Ellison, C.

*** denotes teller**

Question so resolved in the affirmative.

Senator HARRADINE (Tasmania)—by leave—I wish to speak to Senator Alston's amended motion. I apologise to the chamber that I want to speak on the motion now, but I promise to speak only very briefly. I think a number of honourable senators do realise that this particular matter came on quite suddenly and that it folded equally as suddenly. Of course, I was caught short, and I apologise for that.

But I do intend to say this. I supported the amendment, as you saw, and the amendment is now the motion. One of the matters that is to be referred to the committee is the question of the constitutional validity of the bill as a whole or any part of the bill. There are other aspects of the reference which perhaps go to the propriety of the legislation in the context of the government policy.

I just want to say this: the government should realise that, if it suggests that it has a mandate for what it is doing in the bill that I have seen, it really should consider that question against the greater mandate that is in the constitution in respect of industrial relations; that is, the conciliation and arbitration power. That power is well founded, and it requires this parliament to make laws for the peace, order and good government of this country with respect to consideration and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one state.

When the committee has a look at this legislation, and I am sure the committee will do that thoroughly, it will see precisely—I hope it does anyhow—how this bill fits in with that sort of obligation—'obligation' is probably too strong a word—that is upon us, which is put there by the constitution. The principal pillar of the legislation, as I see it, relies on the corporations power. I will be

very interested to hear what the committee might say about that. I support the motion.

Question put:

That the motion (**Senator Alston's**), as amended, be agreed to.

The Senate divided. [3.52 p.m.]

(The Deputy President—Senator M.E. Reid)

Ayes	33
Noes	29
Majority	4

AYES

Bell, R. J.	Bourne, V.
Burns, B. R.	Carr, K.
Chamarette, C.	Childs, B. K.
Coates, J.	Collins, R. L.
Colston, M. A.	Conroy, S.*
Crowley, R. A.	Evans, C. V.
Faulkner, J. P.	Foreman, D. J.
Harradine, B.	Jones, G. N.
Kernot, C.	Lees, M. H.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Neal, B. J.
Ray, R. F.	Reynolds, M.
Schacht, C. C.	Sherry, N.
Spindler, S.	Stott Despoja, N.
West, S. M.	Wheelwright, T. C.
Woodley, J.	

NOES

Abetz, E.	Baume, M. E.
Boswell, R. L. D.	Brownhill, D. G. C.
Campbell, I. G.	Chapman, H. G. P.
Crane, W.	Ferguson, A. B.
Gibson, B. F.	Hill, R. M.
Kemp, R.	Knowles, S. C.
Macdonald, I.	Macdonald, S.
McGauran, J. J. J.	Minchin, N. H.
O'Chee, W. G.	Panizza, J. H.*
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Short, J. R.
Tambling, G. E. J.	Teague, B. C.
Tierney, J.	Troeth, J.
Vanstone, A. E.	Watson, J. O. W.
Woods, R. L.	

PAIRS

Collins, J. M. A.	Calvert, P. H.
Cook, P. F. S.	Crichton-Browne, N. A.
Denman, K. J.	Herron, J.
Beahan, M. E.	Ellison, C.
Bolkus, N.	MacGibbon, D. J.
Cooney, B.	Newman, J. M.
Forshaw, M. G.	Alston, R. K. R.

*** denotes teller**

Question so resolved in the affirmative.

HIGHER EDUCATION FUNDING

Senator CARR (Victoria) (3.56 p.m.)—I move:

That the Senate—

(a) views, with grave concern, the turmoil engulfing Australia's universities as a result of the Coalition Government's proposed budget cuts and the mishandling by the Minister for Employment, Education, Training and Youth Affairs (Senator Vanstone) of her portfolio;

(b) notes that these indiscriminate funding cuts will threaten:

(i) Australia's international reputation and higher education export industry,

(ii) university research capacity and course options,

(iii) the quality of service for Australian students,

(iv) university teaching staff numbers and morale,

(v) potential closure of faculties, suspension of building programs and reduction of student numbers; and

(c) notes that the proposed funding cuts breach Coalition election promises and guarantees.

In speaking on this motion, I have only to draw the Senate's attention to the daily barrage of comments from vice-chancellors, from members of the university communities, from students and parents and from other sectors of the education portfolio which all reflect upon the same problem. That is, why does the Minister for Employment, Education, Training and Youth Affairs (Senator Vanstone) have no view of where she is going and no view of where this portfolio is going other than to say that there have to be indiscriminate budget cuts which, as I contend, would have a major detrimental effect upon this country as a whole in terms of its economic, social and, of course, international reputation; a reputation which at the moment stands very good in terms of the quality of education provided in this country.

One could not find a better example of the minister's attitude than what she exhibited here today. In answer to a question put to her regarding education funding, the minister herself indicated that as far as she was concerned education has had it too good for too

long. That was the view she expressed here today. That is the view she expressed at the National Conference of the Australian Association of Education of the Gifted and Talented at the University of Adelaide on 6 April. It is a view she has expressed in a number of forums now. It is a view which is essentially predicated upon the assumption that education can be cut back, that services can be reduced, that the quality of education can be reduced and that Australians will not particularly care about it.

The little speech she gave on 6 April at the University of Adelaide is very interesting. She indicated that even though she had been a minister for only six weeks she knew nothing about the gifted education area. This is the view that is being faxed all over the country by way of e-mail.

Senator Vanstone—Internet, actually.

Senator CARR—Internet, I am sorry. I will take the correction. It is the Internet. The minister is reported to have said that education has had it too good for too long.

Since becoming a minister, the most important decision that has been made by her was that the letterhead should be black to save confusion when changing trays of the photocopier. Here we have a multi-billion dollar portfolio, and this is the way in which it is treated. She says, 'I'm not a very bright person.' What an extraordinary proposition, where she indicates that the fact that she might have two degrees is not of much account. That has essentially been interpreted as a very anti-intellectual approach that she has taken and which reflects the general level of outrage that has been expressed in terms of responding to that sort of proposition right across the sector.

We have seen not one but just about every vice-chancellor in the country indicating intense hostility and outrage at the propositions that have been put to them and have been canvassed quite freely by the minister in such a way as to indicate that she really does not care about the consequences of her speculation in terms of the effect of these budget cuts.

It is no good saying, 'Well, it is only a matter of speculation.' It is no good suggesting that it is only a question of scare-mongering, because as I read it, the Expenditure Review Committee of Cabinet has already made the decision that there should be a reduction by up to $1.8 billion. That is a massive 22 per cent of the targeted $8 billion which this government is seeking to extract from the public accounts of this country.

In their drive to implement their Fightback agenda, what they are saying is that the Department of Employment, Education, Training and Youth Affairs ought to provide some 22 per cent of the $8 billion in funding cuts. That is despite the fact that education constitutes only about 11 per cent of outlays; so a disproportionate share of the funding cutbacks that this government is proposing are coming out of education. This reflects the minister's view which I suggest is the government's view—deep down—that education has had it too good for too long.

The minister indicated this afternoon that the Labor government had expanded funding to education quite dramatically. Well, she couldn't have been more right! She was wrong to this extent: she said it was 67 per cent; in fact, it was 69 per cent. What we saw was that in the period from 1983 to 1997 in terms of the triennium process, there was an increase from $3.1 billion to $5.3 billion in expenditure on education, and higher education in particular.

There would have been some four per cent increase in 1997 in terms of the funding per student from $12,110 in 1983 to $12,530 in 1997. That increase does not seem to me to be an exceptionally large amount of money per student. But what you see is the massive expansion in education funding in this country which saw a revolution in higher education. We saw it move from an elite system whereby only a very, very few could participate, to a mass education system—where you see the whole country transformed in terms of its impact, in terms of the capacity of ordinary Australians to go to university or to participate in higher education as a result of the Labor government's programs.

What is under attack here? It is that philosophy: that ordinary folk ought to be able to go to university, ought to be able to enjoy the benefits of higher education. With that flows the benefits of a higher income and a higher standard of living. That is not what this government is about. It is about reducing opportunities. It is about making sure that the education system in this country no longer serves the clever country, but it serves a small elite. It serves a small group of people who enjoy the benefits of exclusive private schools, then exclusive universities. That is their notion of what an education system is all about.

You would not necessarily get that directly from the minister because, quite frankly, I do not think she has even worked that out herself yet. Because when asked the question, 'What is your vision?' in this chamber, and outside, she has no idea. She has absolutely no idea. She is more concerned with whether or not the letterhead should be black to save confusion about changing trays of the photocopier. That, for her, is the major educational issue that this country faces. She is more concerned with the proposition, as she says, 'Education has had it too good for too long.' Frankly, that is a despicable attitude for an education minister to maintain.

The minister is, and ought to be, as far as I am concerned in terms of the proper processes of this parliament, an advocate for this sector. But what is happening here is that this government has imposed upon this sector a minister who regards it essentially as a second prize, as a booby prize. She has told the liberal councils in South Australia, as I understand it, that she regards it as a 'poison chalice.' She does not want the job. Is it therefore any wonder that she cannot and, I suggest, will not seek to be an advocate for this sector? She will not seek to understand the values and aspirations of this constituency, because she does not want to. She has no understanding essentially because she regards this is an area that she believes she should not really be a part. So when it comes to understanding what the implications of her budget cuts are, is it any wonder that she takes such a callous disregard for this industry and for the people who work in it, for the students, for the country as a whole and for the effect that these budget cuts will have.

She enters into negotiations with this sector in such a cavalier way. She teases people about what they can expect and what they can hope to understand by her decisions. When it is put to her and is complained about, she says, 'Well, of course, they're not up to it, are they?' On the one hand she says, 'I rely upon the advice of the vice-chancellors.' These are the people that ought to know what is going on. When the vice-chancellors give her and give everyone in Australia that advice, what does she say?: 'They're just scare-mongering. They just won't be able to understand these issues because they don't have the country's interests at heart.' That is a totally wrong approach to take.

If the minister had sat down to talk through the issues with people, instead of ridicule them or seek to trivialise their concerns, then I would suggest that she would not be getting the sorts of reactions she is getting at the moment. What we have seen is the minister's total dereliction of her moral obligation to defend the sector. It has quite rightly resulted in a total lack of faith in her by those who are responsible for administering the sector.

There has been an atrocious handling of the portfolio, which was characterised by the minister's performance at the recent conference of the Association of Education of the Gifted and Talented. Her meetings with the vice-chancellors have reflected that again, and again and again. Profess Mal Logan has indicated publicly that the minister has 'no vision whatsoever'. She has no idea as to what she wants to achieve in the university system. That is very worrying. Why should it not be?

This sector of Australian education has grown by 63 per cent throughout the period 1983 to 1995 in terms of the number of student places. That is an increase from 260,000 effective full-time student units to some 424,000 effective full-time student units. That is a massive change. This is what offends this minister so badly. We have seen capital funding increase by some $284 million with increases of 440 per cent over that

period. That meant that per student funding tripled from 1983. So there has been a massive shift in resources, which has been higher than the number of students. In terms of research funding, we have seen a similar pattern emerge. There was quite a significant increase on a per student basis of some 200 per cent, in terms of the amount of money available for research funding.

Cutting these programs was not what the Liberals went to the election on, was it? Since then, we seen breaches of promise again and again and again. What did they say in their ironclad guarantee? They said that they would provide an extra $120 million for research funding. What have we heard since then? We have heard nothing but talk of cutting that research funding effort. The commitment before the election was that there would be a prompt resolution to the issue of union pay claims, in terms of academic pay increase and supplementation. What have we heard since then?

What have we heard from the Liberal Party in relation to its commitment, when in opposition, to the Commonwealth staff development fund? Nothing. In fact, we have heard through the grapevine that the Liberals regard themselves as having been tricked by that commitment. I really wonder whether or not the minister actually understands what the staff development fund is and what it is all about. Just this week we found, through the national professional development program, that the minister quite clearly did not know what that program was about. I wonder whether she understands that issue in terms of the staff development fund at the tertiary level.

We have no clear undertaking by this government in terms of a commitment to maintain its pledge about HECS. We have seen from it again and again equivocation at best. In terms of the private briefings and the private discussion that is now emerging through the media, we have seen a commitment by the government to move away from the commitment regarding the HECS charges.

Some vice-chancellors are now putting the proposition that they could see an increase of up to 30 per cent on higher education contribution charges. This must lead to a restriction in the capacity of working people to actually go to university. It must mean a constriction on the number of people from lower income backgrounds who can go to university. Alternatively, minister, it must mean that the universities will seek to fund their programs by cutting student numbers. They must either put up charges or reduce the number of people actually going to universities. That is the only alternative, isn't it, if you are seeking to reduce the funding available?

The minister has quite clearly indicated on the public record just this week that she has failed to rule out the issue of cuts in student numbers. This is part of the problem. You raise these issues, you speculate about where it is going to go and what the consequences of these cuts are and you have no policy solutions to deal with them. Quite clearly, you have no view of where this sector should go, what the role of the universities should be in our society and what the role of higher education should be in the economy.

You have no idea of the impact that such proposals will have at a regional level, on regional campuses. There is North Queensland—Senator Reynolds asked a question regarding this yesterday—northern New South Wales and Victoria. What is going to happen to Ballarat, to Shepparton and to various other centres? I could go around the country.

The consequences involve either a reduction in the service provision or an increase in the charges being provided. You cannot get around that proposition if you are seeking to reduce by 12 per cent the budget for universities in this country. You cannot possibly get around that proposition. I do not think that you know what the consequences are in full. But you are quite clearly frightening the living daylights out of many people when you talk about the prospect of a 12 per cent cut. That means some 8,000 or 10,000 full-time job losses in that industry.

Senator Vanstone interjecting—

Senator CARR—You talk about the Australian vice-chancellors. Are the Australian vice-chancellors a pack of liars?

Senator Vanstone—Have you seen Mr Hambly's comments on that?

Senator CARR—I have seen many comments on these issues. I have seen Professor Fay Gale's comments on this issue. A newspaper article indicates quite clearly what you said. It states:

> According to those who heard it, Vanstone said in a jocular, even teasing tone, words to the effect: "I could say a figure of 5 per cent, I could say a figure of 12 per cent." Then, laughing, she said: 'You should not have heard that."

You did not say that; is that what you are saying? It is quite an extraordinary proposition, because vice-chancellors, one after the other, are saying that you did say that. What an amazing suggestion that suddenly all of these vice-chancellors could be wrong.

The Australian Vice-Chancellors Association has estimated that a 12 per cent cut translates into 50,000 fewer university places. That is equal to three or four reasonably sized universities. Professor Lourens from Edith Cowan University estimated that 10,000 jobs will be cut for every 10 per cent reduction in higher education funding.

The point the minister was trying to come to this morning was that it would not really matter if we had a reduction in funding for higher education. I refer to the minister's own state. The South Australian education minister, Dr Such, highlighted the importance of higher education to the South Australian regional economy. Last Saturday's edition of the Adelaide *Advertiser* quoted Dr Such as saying:

> The universities contribute $555 million to the [South Australian] economy and employ 6500 people and are key contributors to the State's economic, intellectual, social and cultural life . . . Drastic cuts would have a severe impact on teaching and research programs and affect our pursuit of academic excellence, economic growth and development.

That is what your own people are saying, minister. I look forward to the response of state ministers to the proposition that you put forward to us—that the cuts to higher education will not have severe, long-term and quite damaging effects upon Australia's capacity in terms of the provision of quality higher education and, in turn, its capacity as a national exporter of higher education. As we all understand, the export industry in higher education has grown from nothing to about $2 billion.

Australia is the leading overseas educational destination for students from Indonesia and second only to the United States in most south-east and east Asian countries. The industry has grown by 21 per cent since 1989 and was predicted to grow four-fold over the next 15 years. Fees and personal expenditure by the 50,000 international students in Australian universities generate over $1.3 billion. This is twice that of forestry products and comparable to the $1.5 billion in export dollars earned by wheat sales and $1.4 billion from steel and iron. That is the sort of dimension that we are talking about here. I wonder how much serious thought this government has given to not just the social and equity effects but the economic effects of their decisions to hop into this department in such a disproportionate way.

In terms of the international development program, Professor Di Yerbury, who has just returned from Thailand, summarised the situation in these important markets by saying:

> Australian quality assurance university rankings demonstrated the important perceptions of quality played in Asian countries.

We had the fuss about whether or not you were going to fund the latest round of quality assurance money. This is again raising the whole issue of whether or not you are committed to the policies that you announced before the election and the quality outcomes in terms of higher education in this sector.

As far as I can see, it will only be a matter of time before Australia's international reputation is in absolute tatters as a result of the policies that are being pursued by this government in terms of the higher education sector. Quite frankly, when this government has to deal with cleaning up that mess—which presumably one would expect it would, given the economic significance of what is actually occurring—the Prime Minister will have to turn to the minister directly responsible. He will have to say to what extent Senator Vanstone's incompetence has led us to the situation where we have this extraordinarily ham-fisted, ignorant and anti-intellectual

approach and attitude of Senator Vanstone's that this sector somehow or other ought be punished because it had a good time under Labor.

Senator Forshaw—Then she will have to ask Senator Short to fix it up.

Senator CARR—Maybe Senator Minchin will help her out, and maybe the South Australian imbalance within the caucus could be addressed in that way. The cost to Australia of the policies being pursued by this minister can only be very high. Professor John Niland has predicted that a 10 per cent cut would affect our export earnings by as much as $120 million. If you take into account any sort of multiplier effect on that, you could see the national income reduced by as much as $260 million and the government's taxation returns on that by perhaps as much as $55 million.

Not only is it short-sighted, but it is self-defeating. I find it absolutely amazing that this government would put in charge of one of its major ministries of state a minister who clearly does not want to be there and clearly is not able to reflect or advocate the aspirations and values of the industry.

It would seem to me that the only person who does not seem concerned about the effects of these budget cuts on the entire higher education community—and I suggest also the schools community, given what I am beginning to understand is happening in terms of the schools funding—is the minister herself. These budget cuts will not only be disastrous for our international reputation but they will be disastrous for thousands of students who will be frustrated in their efforts in terms of achieving better futures and enjoying the benefits of a quality higher education.

It is a fundamental right in a democratic society to have a quality education. Under Labor we aspire to that right. We are not saying that everything that occurred while we were in government was perfect or that we achieved that right for every single person in this country. But we were able to see a situation where the higher education sector was transformed from an elite small-scale model into a mass education system. For most people there was a really good chance that they would enjoy the benefits of a high quality education in this country. That is being put directly at risk by what you are proposing.

If Senator Vanstone is saying that we have to cut back the budget by 12 per cent, that must mean either higher charges or reduced capacities for universities who actually cater for students. You cannot possibly ask people to do more with less. You cannot possibly ask the universities to wave a magic wand and produce the resources needed to maintain a quality education system in this country.

The minister has indicated, as I said at the beginning of this contribution, that she herself sees that she is not very bright and that she does not know very much about this portfolio. I am afraid that it is all too obvious to those who do have an interest in this area that she is dead right about that. It seems to me that the great tragedy of it all is that she may well be condemning a whole generation of Australians as a result of her ignorance and her contempt for the higher education sector of this country.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.23 p.m.)—In responding to this motion today there are a number of points I would like to make. The first is that this government does recognise the value of the higher education sector. I have said in this place before, and it bears repeating, that there is value to Australians who get the opportunity to participate. Synergies are developed from that, as are export dollars. I would not want to get to the stage where we look at the universities as nothing more than that. I have made the point that it is not only the universities in the tertiary sector that are providing the export income; it is the TAFE sector as well. The higher education system is undoubtedly one of the most valuable pieces of social and economic infrastructure we have. Let us make that abundantly clear in the first place.

The second point I make is that no-one should be deluded by the relative calmness of Senator Carr's voice today. I say 'relative calmness' because it has not been that quiet,

but it has been significantly quieter than when he chooses to yell and get close to screaming point in question time. Nobody should be deluded by that relative calmness. The moving of this motion indicates that Senator Carr himself has little care for the higher education sector and little care for the students and staff in it. If he did, he would not be moving a motion in the Senate, which I regard as the more superior of the two federal houses, claiming that there is massive disruption in the higher education system and adding fuel to a fire which he contributed to setting.

Senator Carr well knows that it is because of the ineptitude of the previous government, of which he was a member, although then not in the ministry—because of their overspending and because of their deceit in failing to open the books prior to the election so that Australians could see what the budgetary situation was—that this government is now faced with an $8 billion black hole.

What is expected of this government? Are we expected to walk away from that problem? That was the mistake the previous government made. It hoped everything would get better. With significant years of growth it still ran a budget deficit. That is not a record any government could possibly be proud of.

Putting the budget back into the black will very much make a contribution to some people in my portfolio. Those are the most disadvantaged: those who are either inadequately skilled or who for some other reason are at the moment looking for a job. I have an obligation to them as well. The government has given a very high priority to the creation of real jobs, especially for young Australians. One part of tackling that task is getting the economy healthy again, getting the budget back into the black.

Senators opposite and the Democrats may, for whatever reasons, rather that we sit and hope that it gets better, but enough is enough. We have had year after year of growth and still we are running deficits. The problem has to be fixed in the interests of the nation as a whole, but particularly in the interests of those less advantaged than people who have the opportunity to go into higher education—those people who are looking for work and cannot get it.

Senator Carr's moving of this motion today is a clear indication that he has in this case, if he does not always, put politics above whatever interest he may have in higher education. He knows the extent of the overspending by the previous government. He knows that they failed to bring the budget back into the black and he knows that achieving that will make a contribution to generating real jobs, especially for young Australians.

Despite knowledge of the devastation on the budget left by the previous government, of which he was a member, he says, 'Don't do anything about it.' That must be the consequence of the comments he has been making. He further says, 'And if you are going to do something about it, I'm going to go out and fan the fires and make people believe that what you are going to do is the worst thing that has ever happened to them.'

How can I come to that conclusion? Very easily. I know, and Senator Carr knows, that no decisions in this matter have been made. He knows full well that on two occasions I have accepted invitations by the vice-chancellors, once to their board and once to the committee as a whole. On both occasions I have done a number of things. I have made it clear that we face an enormous budgetary task as a nation and that we will not turn away from that task. That is the task of government: to face up to the problems that a nation has and to do what must be done to fix those problems.

We will not walk away from that as Labor continued to do with their spend-spend-spend policy. That necessarily means that a whole range of departments are going to have to continue. Undoubtedly, every minister and everybody associated with each section within each portfolio would like to say, 'Not this area.'

It seems that senators opposite are not prepared to acknowledge a problem. They seem to think this problem will just go away. We do not say that. We say that something has to be done about it. Even if they were prepared to be sensible and say, 'There is a

budgetary problem and something does need to be done about it,' what Senator Carr is saying is, 'But not this area.' So would every other area prefer to be in a situation where these changes did not need to be made. Every area would prefer to be in that situation. Every minister would prefer to be in that situation.

The sad fact is that we are not in that situation. We have been left with an enormous budgetary hole created by Labor's overspending which we wanted the Australian people to know the full extent of. We asked for the books to be opened, but they refused to open them to let us see. So the raising of this motion here today makes it abundantly clear that Senator Carr is either rejecting the fact that there is a budget deficit or he is saying, 'Don't worry; ignore your responsibilities as a government. It might be a problem, but let's just hope it goes away.' Or he is, as every other minister would want to be, in the position of saying, 'Well, you might have a problem and you might have to do something about it, but not in this area'. That is completely irresponsible.

It is worse than that. The framing of Senator Carr's motion is quite inflammatory and designed to cause more concern. He refers to the turmoil engulfing Australia's universities and goes on to comment on indiscriminate funding cuts. What kind of responsibility does he take upon his shoulders for bringing a motion to this chamber referring to indiscriminate funding cuts when, firstly, no decisions have been made and, secondly, when the very purpose of going to visit the vice-chancellors on two occasions, the very purpose of talking to the unions, was to say, 'Look, you are quite specially placed to offer some advice on the best way to undertake this task; we don't want to go about this in an indiscriminate way, we want to include you in the loop and take your advice'? How could that possibly be indiscriminate? We do not want to make indiscriminate cuts or savings. We very much want the advice of the vice-chancellors.

The wording of the senator's motion clearly indicates that there is nothing but politics behind it. He wants to fan the fires. He wants to create more concern than there need be. He wants to suggest that cuts will be indiscriminate when he has heard time and time again in this place that the government values the higher education sector, and in particular very much values the advice of key stakeholders in it, and that on several occasions it has sought the advice of vice-chancellors to put their views as to the most appropriate ways to make the changes that need to be made. But Senator Carr ignores all that and proceeds in any event with his motion. To conclude on that point, I say that no-one need be deceived by the relative calmness of Senator Carr's voice today.

Secondly, Senator Carr seems to have the view—often held by members of the Labor Party—that if you spend more money on something you are necessarily doing a good thing, that you are necessarily achieving better outcomes and making improvements. I make the obvious point—which I think, from my perhaps limited knowledge of yourself, Mr Acting Deputy President, that you understand—that more money does not necessarily give you a better product. There are serious decisions to be made with respect to higher education, and they do not relate simply to fiscal priorities. They relate to how to better spend those resources that are available, how to better distribute those resources that are available and how to give universities more flexibility to save them from being strangled by the central control system set up by Labor. These are the sorts of questions that need to be addressed, rather than having Senator Carr rush in to move a motion to fan the fires of concern.

The next point I want to make is this, Mr Acting Deputy President: I unequivocally tell you that I have never said, and I never would say, that the higher education sector has had it too good for too long. It seems that such is the emotive position of senators opposite—or perhaps I should say political motivation—that they will say anything. They will not permit a reasoned debate on this matter. When one wants to tell the truth and point out—as Senator Carr himself acknowledges—that higher education has had increases in funding, someone feels entitled to say, 'Oh well, you obviously think it has had it too

good for too long'. If you want to point to other infrastructure—not the knowledge generating and collecting infrastructure—the area of roads, for example, has seen its funding halved. If you want to come closer to the question of universities—that is, more to knowledge generating infrastructure—the funding to CSIRO has remained stagnant. Apparently, when you point out these things, it allows Senator Carr—and others, I accept—to put words into your mouth so you are seen to be saying that you obviously think that the higher education sector has had it too good for too long.

I do not think that is right. I think the higher education sector is suffering under a system that is strangled by Canberra. I think the funding that went in was not commensurate with the student numbers that went in. That is why we have students spilling out of lecture halls and inadequately resourced libraries. They are the problems. This government is the guilty party that kept overspending, that kept thinking, 'If you just tip more money into something it will be better', but it did not give adequate thought to the infrastructure universities need. That is why students are spilling out.

Does anyone want to deny that students are spilling out of lecture theatres? Does anyone over there say that libraries in universities are as they should be? Does everyone over there say that the funding mechanism for universities is as good as it could be? Is this what you say? Does everyone over there say that the higher education sector under its current design of funding is the best it could possibly be? Surely you are not prepared to say that. I look forward to future speakers standing up and denying that students have been spilling out of lecture theatres, denying that libraries are under-resourced, denying that the universities want more flexibility. Get up and say it; tell us that you think what you did was perfect; tell us that you had the right design, and then let us see what people have to say about that.

Enough of that. I will come back to the source of the alleged comment, 'too good for too long'. Let me continue with the third point I want to make. Senator Carr, with what he thinks are extraordinary capacities of perception, says that the vice-chancellors are hostile.

Senator Carr—Unfounded, that would be.

Senator VANSTONE—How perceptive do we have to be to come to that conclusion? Of course they are hostile. The whole nation is very upset, Senator Carr, with the previous Labor government. Nobody thinks highly of what your government did. Nobody thinks highly of a guilty party that kept on spending, spending, spending. That, might I suggest, is one reason why you were tipped out of office. It is perfectly understandable that the vice-chancellors, who—I have said time and time again—are in the best position to advise a government with respect to higher education and obviously take the future of the higher education system to their heart, would be distressed to find that the previous government's budgetary lack of control has now put them in a situation where they have to make some savings.

Who would welcome having to make savings? Nobody would. If anybody on that side of the chamber thinks there is any pleasure in coming into government and finding an $8 billion black hole that needs to be fixed, that that is somehow a pleasurable task, you need assistance. I do not imagine for one minute that any vice-chancellor relishes the news that savings need to be made. I do not doubt that at all. But I point out that it is expected hostility. It is expected anger.

Why would one want to make savings? Why would one choose to do that? The ideal situation is: you did not need to do it. The reality is that it is a national task that has to be done. I do not hold much with Senator Carr's view that the hostility of the vice-chancellors is something other than to be completely expected because of the situation that they face. That is perfectly understandable.

The fourth point I want to make, and I touched on briefly earlier, relates to the allegation contained in Senator Carr's motion that there is some notion of indiscriminate cuts with respect to universities. I will repeat the point once more. Yes, there is a budgetary savings task. Yes, all portfolios have to make a contribution in one way or another. Yes,

one would expect higher education to make a contribution to that.

Have any decisions been made? No. Has advice been sought from some of the people who are in the best position to advise how to do this? Yes. Has some advice been forthcoming? Yes, there has. Some vice-chancellors are prepared to come forward and give some advice to the government on the best way to do this because they recognise the national imperative in getting the budget back into the black and they recognise that they would rather have a hand in shaping the future of higher education than allowing savings to be made in which they had not had the opportunity to make a contribution.

Something that could have happened under Labor which the vice-chancellors would have been even more entitled to be hostile about would have been if their advice had not been sought. If this government were setting about achieving a national savings target and had gone to universities on 19 August, the day before the budget, and said, 'Guess what? We've made some decisions and we have made them without consulting you,' then the vice-chancellors would be entitled to complain. They would be entitled to be very, very annoyed because they are in the best position to offer advice. If they had been locked out of the loop, if their advice had not been sought, if on budget night all of this was a surprise to them, they would be entitled to feel outraged, not just hostile. They would be entitled to feel that the minister who is meant to represent their interests had completely misled them.

On the point of a minister misleading the higher education sector, Senator Carr, I took the opportunity to raise the question of the pay claim in higher educational institutions. Mr Acting Deputy President, you may not know this but some time last year the former minister, Mr Crean, had consultations with the higher education sector and gave a commitment, as I understand it, that the pay claim would be met. He said that he had it all fixed up. Then when he got to cabinet he could not deliver.

That has considerably set back the settlement of that claim. People were led to believe that what had been an ongoing concern had been resolved only to find out later that it had not been. Expectations were raised and then dropped. It is my preference, Senator Carr—and you may as well understand this—that you cannot go wrong in discharging your responsibilities in this place if you are always up front and just tell the truth about what the situation is. That is the attitude I have taken with the vice-chancellors.

Senator Carr—What did you say in the election? What did you tell the Australian people?

Senator VANSTONE—We subsequently discovered, Senator Carr—and your government refused to open the books prior to the election—an $8 billion black hole. I will bet my last bottom dollar that the now opposition wishes it had opened the books before. The outcome would not have been any different. You still would have lost but then we could have had this debate earlier. People could have made a decision on the then government's version of how to fix it—a version which might have been to pretend it is not there, a version of walk away and hope it gets better, more of the same. After years and years of growth you still ran a deficit and you still had an unemployment problem.

You only created 7,100 real jobs. The claim of so many jobs created is incidentally taken from the depths of the recession to the climb back. On a graph that is what Labor says are the jobs it created. Labor fails to mention all the jobs that were there before we went into the recession we had to have—all those full-time jobs that you destroyed. Then you had the deceit to go out into the community and claim to have created thousands and thousands of real full-time jobs when all you were doing was repairing the damage you created by another incidence of hopeless budgetary control.

I just want to make this point: I have been frank with the vice-chancellors and I would not be discharging my responsibility to them or to the higher education sector if I had been otherwise. It is not an attractive picture. We would rather not have this budgetary problem but we do.

Let me move on to the allegation raised by Senator Carr and the document he refers to being spread around on the internet. The document was distributed on the internet on 16 May, as I understand, and purports to be a precis of some sort of an after-dinner speech I gave to a conference on gifted children. You do not have to be very bright to say to yourself, 'Why would a number of academics get together a month later and put together a precis of a speech and distribute it right in the middle of some discussions on higher education savings or cuts?' Why would they wait a month? If these people were so outraged at the time, why did they not put something on the Internet the next day?

If the penny has not dropped with respect to the timing of the release of this article, this is what is written on the front: 'Colleagues, the note below makes it clear just what we are dealing with re university cuts.' That is what the distribution of this alleged precis is all about. It is about sending out on the Internet—no doubt at taxpayers' expense—to the higher education sector an alleged precis of a speech that was given. If Senator Carr would like me to, I will give him the phone number of the co-convenor of the conference. Before he makes any further remarks on this matter, he might like to ring the co-convenor of the conference and get her view on the nature of this document. But since the document has been widely spread—

Senator Patterson—Published.

Senator VANSTONE—It has been published. And since Senator Carr today raised the matter of the document, perhaps I will tell him, as briefly as I can—I have only about seven minutes left, and I have other points to make—what I did say. I was not invited to speak on gifted children, and I certainly did not do so. I was invited to give the after-dinner speech. I chose to speak on two issues that I thought would interest people who are interested in the teaching of gifted children.

I firstly spoke about perceptions of brightness. If you are interested in teaching gifted children, perceptions of brightness are very important. Perhaps I should have had an ego bigger than Texas, as some members opposite have. Perhaps I should have gone along and said, 'I have always perceived myself to have been considerably bright.' But I do not have an ego bigger than Texas, and I have not perceived myself to have been particularly bright. There are some very, very bright people in my state, such as Paul Davies. There are kids who can get mathematics degrees at 14. That is what 'particularly bright' is. I told those at the conference that I have never perceived myself to have been particularly bright. That comment was paraphrased as: 'I am not a very bright person.' Judge for yourselves the contrast between what I told you I said and the paraphrased version of what I said. I have great confidence in regard to this. You can speak to anybody who you know was there. If people who are interested in this matter want the name and phone number of the co-convenor of this conference—I know Senator Stott Despoja has some interest in higher education matters—I would be happy to give those to them.

I went on to point out in my speech that when I left school I chose not to do tertiary study. In hindsight, that was a mistake. I realised it was a mistake and I then enrolled. Having chosen to have gone into the retail industry, I learnt that people who did degrees in law and medicine and whatever else had a lesser attitude towards people who went into the retail industry. I thought that people representing unions would understand this. Day after day in this place, I hear that the Liberal Party is the party that does not understand the value of people who work in industry, the value of the worker.

As I told this conference quite freely, when I enrolled in tertiary study to do an arts degree I discovered that some of these people changed their view. When I was doing law-arts part-time, they changed their view again. Anyone who has got a law degree will tell you that there is an enormous misconception that if you get a law degree, you must know everything about every law. Some people infer that you know a whole lot more than that. This is important to the perception of the value of people. I also said in my speech that when I entered parliament, some of these

people's views changed again. That is the situation.

As those interested in higher education well know, people who have had the opportunity and the intellectual skills to undertake tertiary study do enjoy a higher reputation, a higher status. That is a matter of particular concern—not in the sense of bringing down the status of people who undertake higher education but in acknowledging the value of those who do not. That was the general gist of my discussion on perceptions of intelligence.

As the people I was speaking to at the conference were interested in higher education and as I do not want to walk away from the responsibility this government faces, the second issue I raised was the need to meet the budget deficit. It is fair to say that nowhere is that message positively received.

There is only one other issue I want to raise with respect to this precis, which I describe as an outrageous misrepresentation. I am being very kind to the publishers in saying that it is a mischievous send-up. This issue concerns the statement that the most important decision I have made since I have been minister is this business of my letterhead. As I recall, that was said in answer to a question. It may not have been; it may have been said in the speech. I can tell you the general outline of that. Again, this relates to perceptions.

People seem to think that once you become a minister, you can have your own way on everything. You would not know this, Senator Carr, because you have not had the opportunity to have this experience. But I am sure some of your colleagues would know about this. I freely commented that since becoming a minister I have, in a sense, almost lost my life: I am fitting in with everybody else's agendas. It is required. It is a part of working together as a team, of being a government. It is, for example, listening to the vice-chancellors, to service providers in labour market program areas. Ministers do not get what they want.

I made the point that the only decision I had been able to make—a decision in which nobody else could purport to have an interest, a decision which I could freely make myself without considering and consulting a range of lobby groups—was with respect to my letterhead. It was not a big decision. You might think it was not an important decision. It is not important in the relative sense, but I tell you this: some years ago, Treasury introduced a LAN system. Before that was introduced, every time a minister chose a fancy letterhead to pander to their ego, the poor public servant had to get up and change the tray in the printer. There are enormous efficiency savings in the department—which is why Treasury introduced this—when ministers say, 'I will have the black and white letterhead.'

I conclude by confirming that this government has a great commitment to higher education. Yes, savings need to be made. We want to make them as carefully and sensibly as possible. We want the vic-chancellors' advice and the advice of others, and we are already starting to receive that. We do not appreciate—as, I am sure, students and staff in universities do not appreciate—members opposite seeking to take a political opportunity to fan the fires, as if this problem would go away if we shut our eyes. It will not.

Senator STOTT DESPOJA (South Australia) (4.53 p.m.)—I thank the Minister for Employment, Education, Training and Youth Affairs, Senator Vanstone, for outlining part of her vision for the sector but I have many outstanding questions. Over the past few weeks the relevant groups in the higher education sector—the Australian Vice-Chancellor's Committee, the National Union of Students, the National Tertiary and Education Union—have raised a lot of concerns. Those groups, and political groups like the Australian Democrats, have been accused of scaremongering. That is interesting because it was the minister who specifically warned groups like the AVCC to 'brace themselves' for funding cuts as high as 12 per cent.

The panic in our universities is not the result of any purported scaremongering but is a legitimate response to promises that have already been broken and a refusal by this government to reiterate and commit themselves to their election pledges. It is the current government which is responsible for inspiring panic and, I think, a state of terror

and potential crisis in our higher education sector.

Earlier this week, in this place, the minister decried the fact that the AVCC and other vice-chancellors had failed to react positively to her comments about funding cuts to the sector. She was disappointed that the sector has not responded in a positive fashion or come up with other proposals for sustaining budget cuts. Of course they are not responding positively. They are absolutely terrified that this government is about to rip the very heart out of the higher education sector, which is what funding cuts of 12 per cent amount to.

I have to take issue with Senator Carr's figures. Budget cuts of 12 per cent are the equivalent of something like five to six medium-sized university campuses being closed down. With consequences like that, is it any wonder that the sector is feeling a little down in the dumps at the moment? What is worse, this government, when in opposition, gave a black and white commitment, promising they would not cut operating grants to higher education institutions.

In your own policy statement, not only did you give a commitment that operating grants would not be cut, you actually decried the fact that the former Labor government had underfunded the sector. You claimed that it required more funding. It is a furphy for the government to turn around now and claim that just because something has more money spent on it, it does not mean that quality is enhanced. That was the logic spouted in your document, in which you claimed that under Labor's rule:

> The expansion of the higher education sector was not matched, however, with a commensurate increase in per capita student funding. In fact, since Labor's election in 1983, universities have experienced a 13 per cent decline per EFTSU—

that is in equivalent full-time student units—

> in Commonwealth funding.

Senator Robert Hill went around the country claiming that this 13 per cent decline over 13 years was an outrage and was the reason we had overcrowded tutorials and lecture theatres and inadequately stocked libraries. The Australian Democrats are under no illusion about this. We do not think that the Labor government can hold their heads high today. But if the coalition were angry at the fact that funding had been reduced by 13 per cent over 13 years, what impact does it think a 12 per cent funding cut in one budget will have on the sector?

Funding cuts cannot be made without a resulting decline in quality. The document I read from, the Liberal Party election document is titled, interestingly enough, *Higher Education: Quality, Diversity and Choice*. Let's look at the impact that cuts would have on quality, diversity and choice. You would lose quality. You cannot make funding cuts without restricting diversity. And the only choice this government is giving institutions when it talks about funding cuts of this magnitude is to increase student fees, cut staff numbers or go bankrupt.

I understand that the minister has given an assurance that student load will not be affected. I am not sure anymore how much faith I place in assurances made by this government but I am wondering how it intends to fund a student load that remains at current levels while funding cuts will be drastic for overall operating grants. I think we can expect a dramatic reduction in EFTSU funding.

Again, I have to take issue with Senator Carr's figures. I would not mind clarification on this, but I think he said that EFTSU funding has tripled since 1983. In fact, we are looking at something like a 6.5 per cent increase in EFTSU funding since 1988. We are only just getting back to 1983 levels in real terms. Education funding went down radically between 1983 and the early 1990s.

I would like the government to tell me how they intend to fund student load, if it is to be maintained at current numbers, when the budget has a massive black hole in it. I suspect that the government has no overall plan for the sector. Senator Carr was right. On Monday, the minister was given the opportunity to articulate her vision for the sector and she failed to do so. I suspect that this government is operating in a higher education policy vacuum. And I suspect that those are the views not only of parties like the Demo-

crats but also of sector representative groups such as the AVCC and NUS.

Interestingly, I do not think the minister has worked out, at any stage, the economic impact of cuts. The government does not seem to realise that it actually costs money to implement budget cuts in the university sector, especially at such late notice. It actually costs money to phase out courses. It is a costly exercise planning for funding cutbacks and subsequent course changes. There is no use telling universities and their administrators that they have to wait until August to find out the extent of budget cuts. It demonstrates an absolute lack of understanding by the minister and the new government as to how the higher education system works. Not only do administrators of universities need more time to plan than that, but the community, current students and potential students need more time to plan. That is logical.

In regard to the fourth point that the minister made about indiscriminate cuts, what is important is not simply the fact that this government has failed to outline where the cuts would be coming from, but the fact that it has failed to take into account that the sector needs time to plan for those cuts. In fact, one Vice-Chancellor, Professor Ian Chubb from Flinders University, has estimated that, for every dollar the government cuts in the higher education budget, $2.50 will be required to implement those cuts. We have heard enough today about hostile vice-chancellors. I reiterate: why would they not be feeling down in the dumps when they are facing their sector being destroyed in the course of one year?

Senator Carr has read out quotes from various vice-chancellors, and I will add a couple more. Professor John Hay, from the University of Queensland, has accused the government of 'explicitly contradicting its federal election promises'. The Executive Director of the Vice-Chancellors Committee, Frank Hambly, has gone on record as saying:

> . . . funding cuts would hurt Australia's ability to attract overseas students, who injected about $2 billion a year into the economy.

Again, this government overlooks the economic viability of the sector. Professor Fay Gale, who has already been quoted in this chamber, said quite succinctly:

> If it was running down before, it's in a state of almost collapse now—

referring to funding levels, infrastructure and resources in our higher education institutions—

> It's going to be dramatic in a very short time. It's going to affect enrolments. It's going to affect students who are in their final year at school. It's going to affect staff, contract staff for example, and they make up over 40 per cent of our staff, they are going to be feeling very anxious.

Everybody is feeling a little anxious, it seems, except for the minister and her government.

I am sorry the minister is not in the chamber to hear this because I think she would like to know that, as we have been debating this subject, 5,000 students have taken to the streets of Adelaide and are outside her office, I think even now, protesting against proposed budget cuts. Yesterday they were eating dog food in the streets. I don't expect that the minister would have enjoyed watching that little escapade. Five thousand students took to the streets of Adelaide today not only to protest against the actions of this government but, specifically, to protest outside the office of Senator Amanda Vanstone. Boy, she does not know what she missed!

These students are not simply reacting to hip-pocket issues, as they would possibly be accused of doing by the new minister. In the last couple of weeks, she has accused students of being among the luckiest people in our community. Last weekend, in the *Weekend Australian*, the Vice-Chancellor of the University of Canberra, Professor Don Aitken, actually predicted that by the year 2020 about 75 per cent of our population will undertake higher education at some time in their lives. I think this puts paid to the concept that we are looking at a sector that is elite or that is only for the privileged or the lucky—it is actually going to be a part of, or a prerequisite for, most people's working lives and their careers.

I do not know whether the minister would actually be aware of the concerns that students face—including the fact that Austudy is still something like 60 per cent of the poverty

line—because, as far as I am aware, she has failed to meet with any official student group. I do not include the Young Liberals in that category. The National Union of Students and other student representative groups, as far as I know, have had no official meetings with the minister. You cannot deny the fact that the National Union of Students, whether you like it or not, represents something like 450,000 students. You cannot deny the fact that the peak body has an interest in this matter.

Senator O'Chee—Compulsory unionism. Stalinism in higher education.

Senator STOTT DESPOJA—Let's move on, Senator O'Chee, to your government's commitment to ensuring access and equity in our institutions. I remind you of your commitment because you actually put it in black and white in your higher education policy document. You said that, as part of your commitment, you would ensure:

> . . . that financial, social and geographic factors do not act as a barrier to higher education for appropriately qualified students. The Coalition seeks to ensure that all individuals have a fair and equitable opportunity to benefit from a higher education.

Senator Woodley—Not country kids. Country kids will be gone.

Senator STOTT DESPOJA—Exactly, Senator Woodley. In fact, country kids can forget about education altogether because we are actually going to close down the regional campuses because we cannot afford to fund them any more. But the other thing that country kids are going to be missing out on, Senator Woodley, is any attempt to remove the assets test for Austudy. Remember the assets test for farming families? Senator O'Chee, being a good National Party senator, you might be able to enlighten us. I know that you joined with the Liberal Party on nine occasions to vote against the Democrat move to remove assets testing for farming families, but you did go to the election with that particular proposal. Is that another promise that this government will actually renege on? It is just one of the many education policy commitments that this government made in the lead-up to the election.

Let us move back to the issue of looking after access and equity in our institutions. For the benefit of the minister, I will provide a definition of what constitutes a tax. Maybe Senator O'Chee would like to enlighten us as to what he considers a tax. According to the *Macquarie Dictionary*, a tax is a 'compulsory monetary contribution demanded by a government for its support and levied on incomes'. HECS, the higher education contribution scheme, is a compulsory monetary contribution demanded by a government from students for education and levied on incomes.

HECS is a tax; a pre-election promise is a promise. In the interests of furthering access and equity in our institutions, and also given that this coalition government has pledged not increase taxes, I suspect that one option available to this government, in order to finance its budget cuts—that is, the option of increasing user pays education in this country—has been ruled out. It is a good thing too. There are many other promises that the coalition made during the election campaign, in what I consider a blatant attempt to woo students. I just hope those promises are going to be honoured.

I put to the minister and representatives of her government a few questions. Do we expect the $90 million in research funding over three years to be reneged upon? I have already mentioned the commitment to abolish asset tests for farming and rural families. What about the increase in funding for postgraduate scholarships? I think it is expected to be boosted by $9.3 million per annum. What about the commitment to increase the funding for the Australian Research Council's collaborative research grants by $30 million over three years?

We are not talking about just one broken election promise in the area of education funding—that is, a willingness and a promise to maintain operating grants at their current levels—but we are potentially looking at a swag of broken promises. No wonder university administrations, staff, students, general staff and academics as well as potential students and members of the community are feeling pretty angry with this government.

Currently we are experiencing rolling stoppages around the country as general and academic staff complain and protest against the lack of action on their wage claim. Again, I am sorry that Minister Vanstone is not in the chamber, because she threw at the opposition the fact that they had failed, when in government, to settle the outstanding wage claim for general and academic staff. I suspect that Senator Vanstone does not know this, because I think it was a commitment made by her predecessor, Senator Robert Hill, but it is interesting to note that the coalition promised to settle the wage claim when it met with the NTEU. It promised to give it top priority and to settle that wage claim when it got into office. Of course, that action has not happened yet. So we have very angry academic and general staff striking across the country, not to mention the 5,000 students protesting in Adelaide today.

No wonder the university sector is not reacting positively. I can tell you that there is one political party that can face the sector. In fact, that is what we are going to be doing. Tomorrow, the Australian Democrats are hosting a higher education round table conference here. We are the only people to have brought together the peak groups of the sector. The Australian Vice-Chancellors' Committee, the NTEU, the National Union of Students, postgraduate associations, secondary and primary school representative bodies and the Australian Youth Policy and Action Coalition are all meeting in one place for the first time.

I would like to offer an invitation to the minister to brief that meeting in the morning, if she so desires. As far as I know she has not yet met with most of those groups, and that is not simply because she has been burdened by only having been minister for a number of months: even when they have invited her to meet with them, she has failed to accept their invitations. Why isn't the minister the person hosting the higher education round table in Canberra tomorrow? Why are the Australian Democrats the ones doing it? It is not an obvious partisan move—as I am sure Senator Vanstone would make it out to be—because, in fact, not a lot of these people necessarily support the Australian Democrats. What they do support is an adequately funded, high quality higher education sector.

I hope tomorrow's meeting will be a positive one in that we will come out with united strategies for opposing the funding cuts in our institutions. I invite the minister to come along and say—to those people who are in the know, who understand the sector and who have to implement the budget cuts which are of such magnitude—some of the things she has said in this place this week. But I suspect she will not take me up on that offer.

Every time we have heard an excuse for a broken promise, it has related back to the so-called $8 billion black hole. I say to this government that the black hole that the minister and her colleagues will be responsible for creating in our higher institutions would not be a legacy that I would be particularly proud of. I urge the minister to start talking specifically to those groups from whom she says she has asked advice and welcomes input but whom she then denounces for not reacting positively to change.

I urge the minister to gather those groups together to listen to their advice. They are all saying the same thing: do not implement budget cuts; understand that the sector is already at its leanest and that it cannot sustain budget cuts of five per cent or 12 per cent or whatever the specific figure may be that the minister gave to the AVCC last week. On that note, the Democrats support the motion before the chamber today and we oppose strongly any attempt to make cuts to the higher education sector.

Senator MACKAY (Tasmania) (5.12 p.m.)—Before I go into the issue of higher education, I must say that I was quite amazed to hear Senator Vanstone's comments about job creation. I come from a state which has excelled itself as the unemployment capital of Australia, having had a state liberal government for four years with continual double-digit unemployment. We now have a government minister talking about making real jobs when, quite frankly, the government has in mind to cut Working Nation funds. In reality, the unemployment rate in Tasmania would have been far higher were it not for the

Working Nation initiative of the previous federal government. I think it is somewhat of a joke and somewhat of an insult to the people of Tasmania.

On the issue of higher education, what an extraordinarily vague piece of doublespeak the coalition's pre-election policy on higher education was. Now we know why. It was full of sectoral jargon such as quality, choice, access and diversity but contained, deliberately it now seems, very little substance. Those members of the community who were lulled into a false sense of security over the future of higher education in this country are now waking up, and they are waking up with a vengeance.

Warnings given by Labor as to the true nature of the coalition's agenda as it affected higher education have now proved to be spot on. The previous Minister for Employment, Education and Training, Simon Crean, said on 20 February this year that, while the coalition's policy endorsed much of Labor's position on higher education, important commitments were conspicuous by their absence. There was no commitment to maintain the key equity features of HECS—for example, tying the repayments to average weekly earnings. There was no commitment to all Australian undergraduates for access to HECS and there was no commitment to salary rises for university staff.

So what exactly did the coalition promise? Their higher education policy called, ironically, *Higher Education: Quality, Diversity and Choice* made four key promises: to maintain operating grants to universities in real terms, to support the further expansion of regional universities, to maintain Austudy in its present form and to maintain HECS in its present form.

It now appears that the coalition feels under no obligation whatsoever to fulfil those promises. Senator Vanstone made that quite clear from her comments over the much debated dinner with vice-chancellors in Canberra last Monday. In a somewhat unorthodox manner, Senator Vanstone let the assembled heads of our prestigious universities know that cuts were in store. Whether those cuts will be in the order of five per cent or will be as high as 12 per cent, we do not know. Not only does she plan to tease the Australian community until the budget in August, but the last dispatch had Senator Vanstone referring to the vice-chancellors as fearmongerers. The minister is not going to tell them, and she is not going to tell us.

As previously mentioned, the President of the Australian Vice-Chancellors Committee, Professor Fay Gale, has expressed 'deep concern' to the Prime Minister (Mr Howard) at the prospect of funding cuts to universities. She, like others at the university hierarchy of this country, must be bewildered, to say the least, considering the coalition's 'ironclad commitment' to maintain university operating grants.

Let's turn now to what these cuts will actually mean. Cuts of this magnitude will, quite simply, rip the heart out of higher education in this country. All universities will be profoundly affected and their capacity to provide undergraduate courses to fund research and to attract and retain highly skilled staff will be severely reduced.

The cuts will most affect regional universities. What a surprise from this government. For the University of Tasmania and for higher education throughout our island state it will be, quite simply, a disaster. The University of Tasmania plays a vital role in our state. It has an enviable reputation for excellence in both its undergraduate and postgraduate teaching and for its research programs. All this is now up for grabs.

It is not just the Labor Party saying this. The *Hobart Mercury* editorial of 22 May this year said:

> The message to all Tasmanians is that any slashing of our university funding will have an impact on the wider community.

As the only university in the state, the University of Tasmania has taken the view that it has an obligation to meet the needs of the Tasmanian community by offering a broad range of courses. These courses provide the community with graduates in a range of fields and, therefore, much needed skills. It contains the only medical school in the state and provides us with most of our doctors. It trains

our teachers; it trains our nurses; it trains our marine biologists.

There are currently 13,767 students at the university. Just to give you some idea, agricultural science has 158 students; commerce and economics has 2,124 students; engineering and surveying has 635 students; and science and technology has 2,489 students. Which skills does the minister suggest to the people of Tasmania that they do not need? These are our best and brightest minds, and we need every one of them.

As stated by the Vice-Chancellor of the University of Tasmania, Don McNicol, a funding cut would mean that the university would be reduced to offering only entry level programs. We would lose most of our postgraduate research capacity, not to mention some of the more high cost professional programs that would clearly also be under threat.

Despite the minister's obfuscation with regard to her policy on higher education and the impact on regional universities, there is little doubt these cuts, if they go ahead, would put at risk the medical school in Tasmania. This would have disastrous implications for staffing of the Royal Hobart Hospital, which is a teaching hospital and therefore has close links to the university. I doubt the people of Tasmania will thank the government for that.

A 10 per cent cut to the University of Tasmania's operating grant would reduce the total available operating funds by about $10 million. This is out of a total budget of $116 million. Assuming the current balance between staff and other operating costs is maintained, it would be necessary to cut 135 full-time equivalent positions—that is, 50 academic positions and 85 general staff positions—out of a total work force of 1,600. This represents a cut of 12 per cent in staffing levels. It is therefore likely that staff-student ratios would increase and the quality of education would inevitably decrease.

A cut to the range of courses would no doubt lead to Tasmanian students moving interstate to study in the discipline of their choice at great expense to themselves and their families. This is against a background of financial mismanagement by the current state Liberal government, which has led to over 6,000 Tasmanians leaving our state already. In a state suffering an already depressed economy, where is the fairness in that? Inevitably, young people from lower socio-economic backgrounds will be the most disadvantaged. They will have the greatest difficulty in pursuing courses of their choice and could well, and probably will, be denied a tertiary education altogether.

I would now like to turn to the question of research. The bottom line is that a university must have a quality research program if it is to attract high calibre staff. The reputation of the University of Tasmania is world class. In turn, the staff attracted by the quality of the research program provide energy and innovation to the undergraduate program. The lowering of the standards, which spending cuts of this magnitude would create, is completely unacceptable.

One of the coalition's few specific pre-election announcements on higher education was the promise of a $129 million funding increase to research infrastructure. This promise was deliberately aimed at winning over the universities and followed the coalition's earlier announcement of a $171 million cut in discretionary funding. Can those institutions have any faith that this promise on research funding will now be honoured? Given the government's track record, the answer will no doubt be no.

When you consider the coalition's pre-election promises and its post-election actions, the more likely scenario is that the funding for research will be drastically cut severely reducing universities' capacity to undertake basic research and putting in jeopardy the positive relationships between universities and industry partners. It has long been accepted that universities need to attract a proportion of their research dollars from external sources. This is fine as long as it is balanced by a high proportion of public funding. Cuts to public research funds of this magnitude will mean that research programs will be even more user driven than they already are and competition for basic research funding will be even more fierce.

The University of Tasmania has a very successful record for attracting research funding and for being involved in programs of international standing. Industry simply would not be able to pick up the shortfall in funding that would be required following these cuts. Inevitably, we would lose some of our best minds to overseas institutions.

What of the programs themselves? Tasmania's economic future lies in becoming high-tech and specialised. We need research to ensure our natural resources are tapped in such a way as to cement our place in the international market. We need a university that can provide the impetus through both teaching and research, and we currently have one. We have a university that teaches all major disciplines except dentistry and veterinary science. Major research programs that provide funding for our future researchers are currently in progress in all those disciplines.

The University of Tasmania has particular areas of world class importance—for example, hardwood forestry, aquaculture and so on. The University of Tasmania also has international standing in a number of other fields, including astrophysics and biochemistry. The engineering school has provided important assistance to local industry including International Catamarans, one of Australia's most successful burgeoning industries. The University of Tasmania has an outstanding record for collaboration with industry, being ranked in the top two or three universities in winning Australian postgraduate awards for industry.

The quality of Australian universities attracts overseas students to our country. Recent research by the National Institute for Labour Studies has shown that overseas students create more jobs than they take and spend almost $1 billion a year on goods and services and a further $700 million a year on course fees. A drop in the international standing of our educational institutions will mean this income is gone, a proportion of which is incidentally earned and spent in Tasmania. Can Tasmania afford this? Can Australia afford this? I do not think so.

I turn now to the effects of these savage cuts on the Tasmanian community. It is a community that is already under threat by the proposed privatisation of Telstra, by its proportion of cuts to states grants already estimated to be about $50 million and by the slashing of the federal public sector. I guess that is what you get for voting Liberal in the last federal election.

Dr Bruce Felmingham of the economics department of the University of Tasmania has said that the university is the key to the Tasmanian economy. He says:

> The University contributes up to $180 million to the Tasmanian economy each year. Directly or indirectly, the University contributes 2,500 jobs to the Tasmanian economy. Around 2% of the state's work force are employed by the University in some way.

Dr Felmingham said:

> A 12% cut to the University will have a multiplier effect on the state's already ailing economy. The real effect of these cuts will be a decline in the level of education provided in this state leading to a certain economic downturn within the state and beyond the education sector.

Senator Vanstone's understanding of her portfolio as it relates to regional Australia defies belief. She demonstrated this complete lack of understanding when she suggested that universities were in for a nasty shock.

Yesterday in Hobart a public rally drew between 2,000 and 3,000 people into the streets to demand that Tasmania be quarantined from Senator Vanstone's savage cuts on tertiary education. The rally drew together students and staff, unions and university administrators, parents and other people who care about the educational and economic implications of funding cuts. State politicians of all political persuasions united to pass unanimously a motion in parliament to ensure that the federal government gets the message loud and clear: hands off our university.

Australia does not want the heart ripped out of its universities. Tasmania does not want the heart ripped out of its university. The Labor Party will fight these cuts here and in Tasmania where we are fortunate to be joined in the struggle by the Liberal state Premier, Mr Tony Rundle. We thank him for his support and long may it continue. As a final word, a recent article in the *Examiner* newspaper of 6 May this year suggests:

Perhaps it's time those with faxes sent our Federal ministers a one-word reminder—regionalism!

Senator TIERNEY (New South Wales) (5.28 p.m.)—I rise to speak on Senator Carr's motion. Listening to the Labor speakers, I have been quite amazed. I did not think we had actually brought down a budget in the last few weeks. I must have missed it. I must have been out of the chamber when the budget was brought down.

Senator Carr—What about the ERC? Don't you know what happens there?

Senator TIERNEY—Look, Senator Carr, I sat here very patiently listening to that rubbish you were dribbling out. You could extend to me the same courtesy. I have only said one sentence and you are out there mouthing off as you usually do. Now your party has elevated you to a higher position in this place, I wish you would actually live up to the standards.

I cannot remember, as I say, that we did bring down a budget. Everything that has been said has been based on what seems to be an assumption, an assumption that something has happened, that there has been an announcement that a certain amount of money has been cut out of university budgets. No such thing has happened.

We have been left with a huge $8 billion hole in our budget. All departments are reviewing expenditures. People know that the Department of Defence has been quarantined from this. Whether other departments are going to be cut lightly or cut heavily, we do not know. It is all just rumour, a rumour mill that is fed by this Labor Party.

Today I would like to contrast the rumour of what they say might happen in higher education with the absolute reality of what has happened to this sector of higher education over 13 years of Labor mismanagement. As a matter of fact, Senator Carr's motion seems in part to read like a requiem of what the ALP has been doing to higher education for 13 years.

In part (b), where there are five subpoints, Senator Carr talks about the threat to the international reputation of higher education. He talks about the threatening of research capacity, the threatening of quality of service and the threatening of teaching staff numbers. Thinking back to what I have seen happen in the sector over the last 19 years—I was part of that sector for 13 years—to me, all those things have actually happened. It is exactly what has happened over the last 13 years. It was not only a threat but also a reality.

We did have problems with our international reputation, particularly when we had this stupid quality assurance mechanism which the government brought in. There was a threat to our reputation when the expansion in funding did not keep pace with the increase in student numbers. Therefore, there was a lowering of standards across the whole system. There was certainly a threat to research capacity when not enough money was provided to the universities for research. There was certainly the reality of a decline in quality of service as the numbers expanded and the money spent did not match that expansion. There certainly was a decline in morale in universities as the whole standard of the system declined.

I would remind senators that we have a situation where rumourmongers from the ALP are claiming that there are so-called threats to the system. But what I want to concentrate on is the reality of the decline in this sector over the past 13 years. I want to focus first on point (iii) of Senator Carr's motion, where he talks about threats to the quality of service to Australian students. Let us go back and see what has happened there.

What happens to quality of service if class sizes increase? What happens to quality of service if lecturers have much larger teaching loads? What happens to quality of service if funding is so cut in university libraries that there is not sufficient funding to keep up the number of journals needed for research? What happens to quality of service if the buildings keep running down and there is not sufficient money to maintain them? The University of Sydney says that it needs $150 million to fix its buildings. If this government over the last 13 years has not provided the funding to do that, the university obviously cannot do it.

This former government has not come to terms with the fact that it had reduced the quality of service to Australian students by

not expanding the dollars to match the expansion of student numbers. Yet it claims that this expansion of student numbers was a great virtue. It had this objective, for the good of the country, to expand student numbers in the universities. That was not its objective at all. It had a much more cynical objective. That cynical objective related to the huge unemployment queues in this country.

The former government asked: how can we get the numbers in unemployment queues down? It was the so-called official rate of unemployment. 'How can we reduce that?' The government said, 'We can define people off the unemployment list. We can create programs of study that do not lead anywhere and students can become unemployed again. We can put more people into the TAFEs. We can put more into the universities. That will get the unemployment numbers down.' This very cynical government, as part of a way out of the embarrassment over the huge level of unemployment it created as a result of Keating's recession that we had to have, stuffed huge numbers of students into universities without increasing the funding for buildings, for research, for staff, for libraries and for computer technology to match the number of students who came into the system.

Point (ii) of Senator Carr's motion refers to the threat to the university research capacity and course options. The whole basis of good research in a university, no matter what the discipline, is having a good library. If you are going to do research in an Australian university and use its library, how are you positioned? A 1986 report on libraries said that university libraries are in crisis and that the funding position, under the former government, has gone down, since 1986, from that point.

I have told the Senate before about the story of the Barr Smith Library at the University of Adelaide. It is worth telling again. The Barr Smith Library provides services not only for that university but also for the University of South Australia, which is just down the road. Students from down there use this library at the University of Adelaide.

That library actually had to stop University of South Australia students from coming into the library for three months. Why? It was because they could not afford to employ staff to restack the books. You might expect this to occur in some remote country in Africa. You might expect this sort of thing to happen in some remote country in South America. But this, according to a survey on world resources, is the richest country in the world in terms of resources. Yet we have Third World conditions in the libraries of the universities of this country. They do not have the money to even restack the shelves with books.

The university departments have journals in the library. You need these top journals for research. What happened several years ago when the government failed to keep up funding for the universities' library expansion? Each department received a letter saying: 'What we need you to do is to cancel two journals. We do not care which two journals. You nominate them.' This is Third World stuff yet again. In an era of exploding information, in our libraries and universities we were actually imploding. We were not providing the journals that were needed for proper research.

We have a brain drain in this country at the moment. Top researchers actually go overseas. They go to Oxford and Harvard to increase their skills. Great numbers of them never come back. They do not come back because they compare the conditions in universities overseas: the sorts of research grants, laboratories, libraries and information technology that are available there. They think, 'If I am going to become a top academic and top researcher, why on earth would I leave this to go back to the shoestring arrangement in Australia that the Labor government has been responsible for over the last 13 years?'

Senator Forshaw—Your minister wants to reduce expenditure.

Senator TIERNEY—Senator Forshaw's government commissioned a report on how to fix this. It was called the Boston group report. They sure knew how to fix it. What they said was, 'Spend another $130 million on the libraries and you will fix them up.' Can you remember what you spent, Senator Forshaw? You spent, in the first year after the implementation of the report, $3½ million. Divide

that between 37 universities and work out how many dollars you have for the expansion of libraries—it ain't much! You have let that run down.

You have let the research capacity run down in many other ways because, when you set up research grants to staff, you did not put in any component for research infrastructure. The universities that are strapped of cash, you say, have got to cover that themselves. Vice-chancellors have said to me, 'We would like to get these research institutes and these research dollars in but, boy, does it hurt us.' For 13 years Labor governments underfunded the infrastructure for research. If you are carrying out top quality science research, you need top quality equipment. The only way to get that top quality equipment is to spend the dollars on it. That is what you did not do for 13 years. You let science in this country struggle and decline by comparison internationally because you did not put the dollars in to improve the research.

Paragraph (b)(iv) of Senator Carr's motion asserts that funding cuts will threaten university staffs' morale. What a joke that is! I worked in the sector for most of the first part of that 13 years of Labor governments. Morale went down and down. The genesis of that—

Senator Forshaw—I bet it went up when you left.

Senator TIERNEY—I don't think so.

Senator Forshaw—It had no morale when you were there.

Senator TIERNEY—I do not think that is the case at all, Senator. If you could keep your comments sensible, that might be useful in terms of the debate that we are having now.

Gough Whitlam had a great dream for higher education: it was all going to be free. Labor governments are good at this: everything is going to be free! Of course, someone has to pay in the end, but Labor governments do not seem to understand that. That is why they keep getting into budget deficits. As a matter of fact, every Labor government that this country has had in the last 20 years has sent its administration broke, and our $8 billion hole is an example of that.

This sort of thinking was the thinking that created no fees in the university system. It is a great idea: everyone goes along free. What was the reason? It was to change the socio-economic balance. What was the outcome? It did not change anything. The socioeconomic balance stayed exactly the same before free higher education and after. Your government was eventually forced to change it. Why? You were forced to change it because you just could not run a university system properly that way.

I was in the system at that time. What we found, after Whitlam's marvellous free higher education, was that we were subject totally to the federal budget. What that federal budget did year after year was cut things back. We started with student to staff ratios of 10:1; they went to 12:1 and 14:1. When I left, under your administration, it was 18.5:1. The usual lecturing darg when I went in was about 10 per week. It went to 12, 14 and 16, and when I left it was 18. Marking loads kept going up because the number of students we had kept going up. What sort of effect did that have on morale? Senator Carr talks in this motion about a threat to morale. Let me tell you the reality. Over your 13 years of administration, there was a great decline in morale.

Subparagraph (iv), if I may come back to the morale issue in another way, also relates to what your government did to the structure of higher education. John Dawkins woke up one morning and had a bright idea. He said, 'I will put all these institutions together.' There was no consultation. Some of the earlier speeches mentioned consultation. We woke up one day and discovered we were going to amalgamate with the institution next door. There was no consultation; it just happened.

You should have seen the effect of that on morale. People who were brought into institutions to be teachers because they were excellent teachers suddenly found they had to be researchers as well. Administration systems that had developed separately over 30 or 40 years suddenly found they had to harmonise. Staff suddenly found that there were overlaps

in jobs, so jobs had to be rationalised. The structures of the departments of the universities had to change because there were two being brought together. You would not believe the wasted time in the system caused by this Dawkinisation.

What was the outcome? There were 37 universities; there was no longer a CAE sector. There was also no longer a diploma system in the country. That little move left a gaping hole in higher education.

The second thing that you left was a lack of capacity of the system to respond properly to the demands on it because you did not fund it properly. If you create 37 universities, you have to fund 37 universities. But you people kept funding levels at a lower level for these newer institutions. You did not take into account the fact that they had to be established as research institutions. The Vice-Chancellor of the University of Ballarat still complains to me that he never got an establishment grant when it became a university.

The whole thing was done on a shoestring. The universities of regional Australia, which one of your speakers was referring to earlier, were left with a lower funding base. They still have a lower funding base. Per student they get less at Charles Sturt University in Wagga than they get at Sydney University. What is the basis for that? They say that it will cost them too much money. Again, you were doing things on the cheap.

What about research in these newer universities? They created something called mechanism B. Mechanism B was supposed to make up this gap over five years. What a joke! You cannot suddenly change an institution that does not do research to one that does research over a five-year period. The funding was not kept up to what was required.

Traditionally, universities have a teaching function and a research function. It seemed as though the Department of Employment, Education and Training had actually given up on this matter at estimates a few years ago when I asked them whether a university could take on a purely teaching function with no research at all. The senior officer at the table said, 'Yes, we would be happy with that.' What do you have with that? You have the old CAE system back again—teaching, no research. You have put it in with the universities and you give everyone the label 'university'. Talk about doing things on the cheap! You talk about things such as quality assurance and international reputation, yet over 13 years the stark reality is that you have damaged the reputation of Australia's university system and created great dislocation in the process.

I turn to this whole question of international reputation, which is the first point of Senator Carr's motion. He talks about the threat to Australia's international reputation and higher education export industry. It is amazing that it has done as well as it has, given some of the decisions of this government over the last 13 years. When I came into this parliament the educational export industry was worth $800 million. It has now doubled to $1,600 million and it is set to double again to $3,200 million.

Over recent years a number of the measures of your government have put a brake on the capacity of this system by damaging our reputation overseas. This has been done in two ways. Firstly, by the decline of resources that I mentioned earlier, you have damaged our institutions in the way that I have previously indicated, and that has spread overseas. The second way you have damaged it relates to your so-called quality assurance mechanism. This was brought in to try to approve quality, teaching and research in universities by creating systems of measurement and just seeing if universities are coming up to the mark. There is nothing wrong with that; that is a great idea.

What you then did through bad judgment was create a system where you actually ranked the universities. Senator Schacht and I have had some interesting conversations on this in estimates committee hearings. If he stopped reading his newspaper, he might want to contribute now. With that quality assurance mechanism, universities with a very high standard were given rankings, from one to five initially. Some universities with excellent potential were ranked five or six. Some of those universities had first-class faculties. If you were ranking faculties, they would get a

ranking of one, two or three. But because you ranked whole universities, they got a ranking of five.

Guess where most of these lower ranking universities were? We had members of the then government opposite bleating about the problems that we were rumoured to be causing in regional Australia. Boy, did you cause some problems in regional Australia when you did that because most of the five and six ranked universities were in regional Australia. These are the ones who are trying to establish educational export markets. They go overseas and what happens? People say, 'What was the ranking in the quality assurance round?' They say, 'Well, we were actually six out of six.' What will that do for your business? It was one of the stupidest things that has happened in higher education in this country and it has done enormous damage.

Let us look at the overall legacy of what Labor has claimed to do in higher education and what actually happened in the end. The expansion which they laud as being a great initiative and done on the most altruistic grounds was really a cynical exercise to try to keep people off the job queues. How successful were they in doing that? When I came into this place 50,000 students were turned away from universities. Fifty thousand students were qualified to get in and you could not let them in. That is the equivalent of all of the University of Sydney and all of the University of New South Wales put together. That is how much the system was under capacity. Over recent years it has dropped back to 20,000-odd. That is about the size of the University of Newcastle and the University of Wollongong. You left government when it was short that much.

Young people have the opportunity to go to university. This is not only great for them personally but it is also great for the nation. Your system, starting with Whitlam and ending with Placido Domingo, actually failed to meet the demand. You have a record of failure in the higher education areas. You have started spreading these rumours now on what may happen in the future. You should contrast that with the harsh reality of what you did in higher education. Your record should make you hang your head in shame.

Senator MARGETTS (Western Australia) (5.52 p.m.)—The Greens are also strongly opposed to the government's threats to the higher education budget. These cuts are taking place with no consultation and in secret. There are rumours going around, but there are also areas that have already had indications of frozen funding. Unfortunately, they tend to be in areas like Aboriginal tertiary education support.

There are areas already being picked off, even before any budget. We are not getting any details of these. We have been told that we have to wait until the budget, but there are priorities being picked out now and there are no announcements about it. It is what they have learnt from the previous government. You cut in between budgets and do not announce it. In fact, it is being very dishonest not to say what those are at the same time as they are happening.

These cuts are taking place with, as I said, no consultation and in secret. They are being imposed from above with little communication with the people these decisions affect. We oppose the government's total philosophical approach to this budget. We question the existence of the large debt figure used to legitimise massive spending cuts. We also question the government's priorities for expenditure.

The Greens believe that this rhetoric, which smacks of the usual diatribe of inefficiency, bureaucracy and the push to smaller government, should be exposed for what it is: an attempt to justify a redistribution of funds to industry and defence and away from the social welfare and social service sectors of welfare, health and education.

It is absolutely appalling that Defence will not be touched and that their two per cent efficiency savings will be allowed to be retained. The organised defence establishment will also no doubt be asking for more money with the advent of Army 21, with a large shopping list of items from attack helicopters to spy satellites—all for a country with no identifiable enemy. Where is the efficiency in that? If we see another additional estimate

coming out in defence of—shock, horror!—'unexpected expenditure', I'll be there fighting it all the way.

Moving to higher education specifically, the coalition's strategy has been their usual autocratic style of imposing policy from above, with little consultation and no information about what they are going to do, to completely disarm people fighting for their hard-won gains out of the public sector. Amongst these groups are students, whom the coalition governments at both state and federal level are trying to decimate through their ability to organise and create a separate voice through political activism, guild activities and student newspapers.

On top of the attacks to students coming in the form of voluntary student unionism, the coalition has also turned their attention to decimating the higher education sector, threatening the massive loss of places, staff and research and infrastructure activity, which is meant to be expanding in the sector to meet demand. It is undoubtedly true, as Senator Carr has moved, that:

. . . these indiscriminate funding cuts will threaten:

(i) Australia's international reputation and higher education export industry,

I must question the priority of that that statement; it is the first of a list. The Greens have always been concerned about the level of privatisation that even the former government required of universities. Universities ended up having to put a lot of priority into attracting so-called private funding for the higher education sector. The motion continues:

(ii) university research capacity and course options,

(iii) the quality of service for Australian students,

(iv) university teaching staff numbers and morale,

(v) potential closure of faculties, suspension of building programs and reduction of student numbers

Once again, those areas which do not necessarily attract private funding may be the first to go. That is extremely unfortunate. There will end up being a greater degree of control of this very important sector by private industry.

These all go against the comments of the Prime Minister (Mr Howard) that the higher education budget would not sustain cuts of more than the general efficiency savings and Senator Hill's promises that the current HECS system would not impose up-front fees for Commonwealth funded undergraduate places, that they would not impose a voucher system and that Austudy would be retained as a financial support mechanism.

We have heard many horrific rumours about what the coalition would like to cut, but there has not been anything much forthcoming from the minister, other than the rough figure of five per cent to 12 per cent cuts, which could mean cuts of up to $1 billion. There is no responsible attempt to even talk about what would be targeted or what should be ruled out. We know that HECS increases look most likely, even though that breaks one of the coalition's rarely stated fundamental pre-election promises. There is rumour of a possible doubling of HECS for expensive courses with a minimum $1,000 increase for all students, no matter which courses they are studying.

The policy of differential HECS is very harmful on equity grounds. Not only is higher education mainly accessed by the middle class because of the disincentives of debt and sustained poverty during the study period from a lack of government financial assistance, but differential HECS will also exacerbate this trend of higher education pandering to the privileged. If our most expensive courses of law and medicine cost the most to working class students, this is yet another obstacle to students taking up those courses—or science and engineering in the second proposed tier, for that matter. There will be a general move away from the higher education system for those students who find the prospect of debt too much.

It will also be a problem for those people who actually think that going to university is something they should do for the benefit of community. They do not expect or want to make a great deal of money in their career but actually want to serve the community. Those people will find it extremely difficult.

The area of debt moves us into the area of Austudy and what is appropriate student financial assistance. Austudy is already only 68 per cent of the poverty line. Prior to 1983, the Fraser government was about to impose a loans system through banks at mortgage rates to totally replace the student assistance scheme.

Austudy loans have been increasing under a Labor government to meet the same ends. These loans actually increase the debt load far more rapidly on students than HECS does. In fact, these loans are the most attractive to the poorest students who cannot knock back what they realise is not a good deal because an extra couple of thousand dollars a year is crucial to their survival, even if this means they have to sacrifice a large amount of non-refundable Austudy to get this loan. Often it is the richest people who can afford the cheapest options in these cases.

The area of student assistance and debt needs to be revisited by a coalition government if it is at all concerned about access and equity. These policy areas are integral to a system in which massive student numbers would further reduce the number of students able to access higher education.

If these student places are cut, it is absolutely essential that student assistance and HECS are reconsidered in light of removing the obstacles to disadvantaged groups, low socio-economic groups and mature age students accessing the university system. It is not good enough to say to these people that open learning and external study are the only options available.

Scholarships for the poor are not a policy solution to improve equity where the cost structures of higher education block general access. This helps only the brightest of the poor, and this means that more mediocre students can afford a tertiary education if they are already privileged over a working-class student. These are the inherent structural problems about equity that scholarships cannot solve. Only a broadly based system which does not favour the privileged and has low cost structures for the majority of students can assist the poorer students to get a decent education leading to a job with good prospects.

The Liberal rhetoric of choice is being used pretty strongly in this debate about diversity in universities, diversity in courses, a possible voucher system and fees for undergraduates. I would like to say that this notion of choice goes to the heart of the government's reconstructed notion of higher education in order to treat it like any other commodity which should face cuts where the government can abrogate its responsibility and give it over to the private sector.

The notion of choice is about treating people as consumers instead of citizens. If the government respected people as citizens, it would respect that higher education is a right not a privilege, and the government has a responsibility to fund a decent public sector education for all those people willing to put in the effort to gain a tertiary education. In consumer terms, education is treated like a cost, not an investment, and education is seen as an individual benefit instead of offering a whole range of its benefits to the community and to the society as a whole.

The notion of having to develop choice in the higher education system is codswallop. Students can already exercise choice in the higher education sector. There is great diversity in the different universities and courses available, the teacher-student relationships, quality and construction of course curriculum, teacher quality, campus life, guild services and the image of the university among different university and community sectors. These are all issues which enable students to make an informed choice about where they want to study.

There is mobility for students willing to change states if need be if there is not a course that suits them or a university will not accept them. Diversity means that the profiles of universities can be as flexible as they are now but universities still have the opportunities to develop strengths in areas such as research excellence, which for the newer universities takes more time and resources than for the well established privileged, traditional universities, such as the well known group of eight—or G8.

More funding cuts from such a sector would not lead to diversification but instead to consolidation of hierarchical positions in the university sector. This means that those with well developed research faculties would concentrate on this and leave teaching aside. Other universities could not compete on this level and would actually limit choice for students studying at other universities who would have to move to access a particular type of research strength. The government should not confuse polarisation with diversity. We have an excellent, world-class higher education sector. We need now to do our best to keep it.

I would like to say a final word about the massive number of academic, tutor, administration and staff cuts. Staff are already stretched with the number of students they have to teach. It is absolutely critical that staff can spend time with students, teaching, marking, consulting and giving feedback to improve the quality of tertiary education received by the students. Quality education is already suffering because of the pressure on staff. Government members must recognise the limits to this narrow view of productivity. They do not realise that they are actually already surviving on the good will of a lot of the staff, who are already taking on increasing workloads for no increase in pay with huge amounts of unpaid time for organising lectures, tutorials, giving advice, marking and assessment.

I would like to say that the Greens support the work of the NTEU in fighting for academic staff to gain a 15 per cent raise in their wages. The Greens believe that such work is integral to retaining the best staff in Australian universities and to delivering the best teaching and academic services to students and to the sector as a whole.

Finally, the coalition's proposals will rip the heart out of the higher education sector and will force the university system to collapse from student overload and under-resourced teachers or to deliver a privileged service to a privileged few, which will exacerbate social inequality in our society. These moves by the coalition are fundamentally opposed by the Greens and we will be doing our best to oppose these plans in the community and through our work in the Senate.

Senator FORSHAW (New South Wales) (6.05 p.m.)—With respect to this motion on higher education as moved by Senator Carr, we have had two members of the government participate in this debate. Firstly, we had the minister, who really does not want to be the minister for education, Senator Vanstone, and then we had Senator Tierney, who would like to be the minister for education but did not pass the test.

If you look at what was said by both speakers it is interesting to note a number of very glaring contradictions. Firstly, Senator Vanstone pointed to the fact that expenditure in the higher education sector had increased by 67 per cent in real terms. The clear implication in her remarks was that this was far too much, and she sought to contrast that with other areas of government expenditure such as road transport. Senator Tierney, however, throughout his entire contribution, claimed that the government had not spent enough.

When it came to the issue of regional universities, Senator Vanstone gave us a lengthy lecture on how costs will vary from campus to campus around Australia and how flexibility is needed in looking at these issues and how you should not adopt a centralised global approach in higher education. Yet Senator Tierney stood up and complained that the funding per student varied from campus to campus, asserting that the funding was lower per student in regional universities than it was in Sydney.

Senator Tierney also got up and complained that too many students were trying to get into university and that there were not enough places. What we are clearly going to get from the government's proposals is that the opportunities for students to get into universities will be dramatically reduced—slashed.

One of the reasons why there are dramatically more students going into university, into higher education, and more students applying to get into universities is because of the ALP's tremendous record when in government with respect to school retention rates. When we came to office the retention rate for students going on to years 11 and 12 was in

the 40 per cent range. When we left office it was approaching 80 per cent—double the number of school children taking up that opportunity to go on to year 11 and 12, which is an essential requirement to get into university education.

It is ridiculous and total hypocrisy for Senator Tierney to use the fact that there are a lot more school students seeking to go on from school to university or other forms of higher education as some sort of a criticism when it has come about because of the tremendous achievement, one of the most significant achievements of a long list of achievements, of the Labor government with respect to education in this country.

What separates the Australian Labor Party from the coalition is the importance that we place on the value of education and the contribution that education makes to the economic and social well-being of this country. You can look back in history, and Senator Tierney referred to the Whitlam era. The achievements of the Whitlam government even in that short period—three years—in terms of education in this country are a lasting testament of what the Labor Party did then and continued to do in more recent governments with respect to education.

We ensured that there would be a national focus on education and that there would be far greater opportunities for young people in this country, from whatever socioeconomic background, to get a decent school education and to have an opportunity, if they so desired, to a world class, high quality higher education. I am proud to say that I was a beneficiary of the achievements brought about by the Whitlam government processes. So were people like Senator Vanstone, who graduated from university with law and Senator Herron with medicine.

Senator O'Chee—I don't think Senator Herron would have benefited from the days of Whitlam.

Senator FORSHAW—But the point, Senator O'Chee, is this: only a day or two ago Senator Vanstone argued that we should not spend $3,000 or $4,000—I think was the figure she referred to—on training programs to create a job. Yet look at the level of expenditure required to produce one law graduate or one medicine graduate whether it be pre- or post-Whitlam.

Masses amounts of public expenditure go into ensuring that students can complete their education in law and medicine and then maybe have the opportunity to come into parliament. But what do we get? We get proposals clearly on the books, clearly being communicated in some sort of offhand way, but the message is clear that this expenditure is going to be slashed by this government. There are going to be massive cutbacks in higher education.

Two days ago I asked the minister a question regarding the value of higher education in terms of the export earnings of this country. The minister declined to answer but rather proceeded to go on and insult the vice-chancellors, accusing them of scaremongering, accusing them of a beat-up.

It is not the vice-chancellors who are doing the scaremongering, as Senator Stott Despoja from the Democrats quite correctly pointed out. It is not the vice-chancellors who have students, parents, universities and academics all concerned about their future and the future of their kids or their students; it is this incompetent, petulant, arrogant minister—a minister who comes into this chamber and adopts an attitude of, 'If I don't want to answer your question, I won't.' When people ask questions to elicit information about this most vital sector of this country's economy and social structure, what do we get?

Senator Bolkus—Abuse.

Senator FORSHAW—We get offhanded rhetoric and abuse directed at not just members of the opposition—we can take it, we are used to it—but at vice-chancellors and even today at public servants.

We have a world class higher education system, but this minister seems to want to insult everybody who may have anything to do with it. What sort of message does this send not just to the people of Australia but to people overseas? In the question that the minister declined to answer I referred to the remarks of Professor John Niland, the vice-chancellor of the University of New South

Wales. An article by Professor Niland appeared in the *Sydney Morning Herald* on 14 May. He said:

> At a broader level, Australia's balance of trade is much healthier because of our universities. In fee and personal expenditure paid by the 50,000 international students attracted here, higher education exports now generate over $1.3 billion a year. In export dollars earned this is comparable to sales of wheat ($1.5 billion) or iron and steel ($1.4 billion), and twice that of forestry products.

They are the sorts of earnings higher education is bringing into this country because of a world class system that is able to attract students from overseas, particularly from the Asian region. It is not just the cold hard dollars so vital in terms of our balance of trade; it is also what flows from that.

The message that flows will be received overseas in Asia. The message is that this government is going to slash our education system. It is going to substantially reduce the quality of our education system. I would not have thought that that was the sort of message that we would have wanted to have sent overseas at this point in time—at any time.

Professor Niland went on to say that:

> A 10 per cent cut in funding, translated through to student load, would reduce exports by over $130 million. That is just the direct effect. Export earnings lead to increased spending and produce additional ripple effects. Regional economists estimate this multiplier to be approximately two, so an initial fall in exports, or a worsening of the current account, of $130 million will translate into a reduction in national income of about $260 million. That corresponds to a loss of some 11,000 jobs and a loss in government tax revenue of around $55 million.

What is the minister's approach when asked a question about this analysis by one of the country's leading academics, the vice-chancellor of one of our major universities? I point out that Professor Niland is not noted for his adherence to, or longstanding support of, the Labor Party. The minister's response is to talk about black holes. We have been hearing about black holes ever since this government was elected in March. Just about every time we ask a question in the Senate, we get this rhetoric about the black hole—the so-called $8 billion deficit which, of course, has been exposed as a sham. There is no $8 billion black hole.

Senator Carr's motion refers specifically to the research capacity of universities and the impact that these funding cuts will have on university research. I found it rather ironic to listen to these continual references to black holes. I have an interest in the operations of the Mount Stromlo observatory here in Canberra, which I visited during the Easter period. For those who may not know, the continuing operations of the Mount Stromlo observatory rely on funding from grants to the ANU.

It so happens that we are world leaders in research into astronomy, particularly in relation to black holes. Genuine research is being done in Mt Stromlo, not far from here, into trying to unlock the secrets of the universe. That research is probably now threatened because of the impending cuts to universities, including the ANU. So whilst that genuine research is being undertaken, minister after minister is standing up in this place giving us rhetorical nonsense about black holes in budgets.

This government has already withdrawn the approved funding for the telescope. We will have more and more cutbacks in funding for university research. The government has even indicated that it is looking at removing the 150 per cent tax deduction for research and development undertaken by the private sector. As each day goes by, what do we get from this government? We get more and more flippant statements which hide clear messages that this government is about tearing down the great achievements of this country's education sector.

I will briefly comment on the threat to regional universities. When asked a question today about that issue, the minister again declined to specifically answer the question. Again the minister launched into rhetorical abuse about vice-chancellors and the supposed black hole of $8 billion. I would like to know what National Party members think about what is likely to happen to regional universities. Under the previous Labor government the tertiary education sector was expanded to ensure that kids in rural and regional areas had access to a high quality education system

without having to go to Sydney and Melbourne and other capital cities. The people at the Southern Cross University in northern New South Wales, the universities in Coffs Harbour and Lismore, are concerned and fearful that all the hard work that has gone into establishing and building up those universities in recent times is now going to be threatened.

As you go around the country, you can see that university after university—for instance, Charles Sturt University, and at Wollongong—is concerned. They all want to know why this government, which made such a firm commitment during the election campaign to maintain quality, to maintain funding to the education sectors of this country, has broken its promise. They want to know why it is destroying the decent education system which was established by the Labor government.

Senator O'CHEE (Queensland) (6.23 p.m.)—Mr Acting Deputy President, this has been a very interesting debate because I would have thought that some of the good representatives of the working class on the other side of the chamber would be more concerned about the damage and destruction they did to the TAFE sector and vocational training when they were in government. Under Labor the catchcry was that everybody must get a university degree. They were boasting about the number of law students. The problem is, we have as many people studying law as we have practising it.

Debate interrupted.

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—Order! The time allotted for consideration of general business has expired.

COMMITTEES

Membership

Motion (by **Senator Newman**)—by leave—agreed to:

That senators be appointed as participating members to committees as follows:

Economics References Committee—Senators Cooney and McKiernan.

Environment, Recreation, Communication and the Arts Legislation Committee—Senator Cooney.

Finance and Public Administration Legislation Committee—Senator Cooney.

Legal and Constitutional Legislation Committee: Senator Cooney.

ORDER OF BUSINESS

Sessional Orders

Motion (by **Senator Newman**)—by leave—agreed to:

That the sessional orders in force as at 30 November 1995 continue to operate on Monday, 27 May, Tuesday, 28 May, Wednesday, 29 May and Thursday, 30 May 1996.

SENATOR-ELECT FERRIS

Senator NEWMAN (Tasmania—Minister for Social Security and Minister Assisting the Prime Minister for the Status of Women)—Mr Acting Deputy President, pursuant to the order of the Senate of 22 May, and on behalf of the respective ministers, I present documents relating to the employment of Senator-elect Jeannie Ferris. I seek leave to make a statement.

Leave granted.

Senator NEWMAN—The actual text of the order was: one, all records relating to the employment of Ms Jeannie Ferris by the Commonwealth and the receipt by Ms Ferris of any other benefit either direct or indirect, including the provision of air travel, during the period from the date on which nominations opened for the March 1996 federal election to the present; and, two, any legal advice sought or obtained in relation to this matter by the government.

We are providing all records referred to held by the department other than any subject to legal professional privilege. This is with the concurrence of Senator-elect Ferris, who has waived any right to personal privacy.

We shall, however, table the legal advice provided by a former Attorney-General, the Hon. Peter Durack, which is already on the public record. Our grounds for this approach will be familiar to senators opposite. I refer to a reason given by a former Leader of the Government in the Senate. On 25 August 1994, then Senator Gareth Evans, in similar circumstances, referred to what the then Attorney-General had told the members of the other place:

The advice was given in a solicitor-client relationship and it is not for me or my department to make

that advice available. Indeed, I would assert a claim of confidentiality of that relationship in that case.

Former Senator Evans also noted that this approach was 'consistent with extensive past practice'.

I am also conscious of comments made by senators opposite yesterday that this matter may well end up before the High Court. The government would not wish to prejudice the conduct of any legal proceedings that might ensue.

Senator BOLKUS (South Australia)—by leave—I thank the government for providing these documents. Obviously, we will have a very close look at them. While I was given these documents literally only 60 seconds ago, they seem to establish even more firmly a working relationship between Ms Ferris and Senator Minchin .

It is quite curious that yesterday Senator Minchin tried to claim that Ms Ferris was in a voluntary employment relationship with him. It is quite clear from these documents that, not only was she appointed to his office, but she also received salary for some of the time that she worked there. There is what appears to be an employment agreement signed by Ms Ferris on 18 March 1996—a document which reinforces the view that there was a working relationship with Senator Minchin.

There are other documents which indicate that she may have been paid for some days work. We all know the way salaries are paid by the department. It has thousands of salaries to pay and it can take time to get all your salary. It appears that for some of the time that Senator-designate Ferris was in the employ of Senator Minchin the system did not work to fulfil the expectations of her pocket.

It is also clear that there were claims for travel and the like. We have here documentation which reinforces the view that Senator-designate Ferris was employed by Senator Minchin in a position referred to by the constitution as an office of profit under the Crown.

We had this discussion yesterday so I do not need to go through it all again this evening. However, we did expect the production of legal advice. Notwithstanding the passage Senator Newman has just quoted, the government knows full well that on many occasions when it was in opposition it sought the production of legal advice, and on occasions that advice was produced.

Senator Woods—Not many!

Senator BOLKUS—You might say, 'Not many,' Senator Woods, but in this particular instance you know full well that this issue goes very much to the heart of the operation of the Senate. We would have liked to see the relevant advice which may have been sought by the Attorney-General and which would have been pertinent to this particular case.

In closing, I have not had much of a chance to look at this, but what I have seen reinforces that relationship we were concerned about. I am obviously going to take some time to look through the documentation to see whether this does fulfil the requirements of the return to order. It is too late to argue about that tonight. We will put that on the agenda to look at next week.

Of continuing concern here is not just the fact that Ms Ferris was appointed for employment. The employment agreement document that she signed, under the Members of Parliament (Staff) Act, was dated 18 March 1996. In a letter to the Secretary of DAS, Mr Graham Semmens, advising him that Ms Ferris did not want to proceed with the appointment, Senator Minchin says:

I refer to a proposal which was made to the Minister for Administrative Services for the appointment of Ms Jenny Ferris to my staff as an adviser. As you know, the appointment did not proceed as it was not approved by the Minister. Ms Ferris has now advised me that she does not wish to take up the appointment, and I now formally advise you accordingly.

So there was a period of some four weeks, at least, where this employment arrangement was in effect. These documents reinforce the validity of the opposition's concern. We will revisit this issue next week.

COMMITTEES

Legal and Constitutional References Committee

Report

Debate resumed from 10 May, on motion by **Senator Abetz**:

That the Senate take note of the report.

Senator MARGETTS (Western Australia) (6.32 p.m.)—I will not be speaking for long today, but I do think it is appropriate that I say a few words about the report of the Legal and Constitutional References Committee in relation to the Commonwealth's actions in relation to Ryker (Faulkner) v. the Commonwealth and Flint. I was involved in as much as I put the proposal that the inquiry take place. The reason for putting that proposal was that the issue had been alive for a long time: a lot of people had been involved. There were certainly a number of issues which gave a prima facie case to look further into the issue.

I will not say that any such inquiry could ever say that they got totally to the bottom of everything there was to be got on such a long and complex issue, especially when the time elapsed was 20 years or so. There are some issues that came up that I feel I would like to mention. Before I do that, I would like to compliment the chair, Senator Ellison, for his good work in this regard, and to compliment the secretariat for the work they did in facilitating this process.

The issues that come to mind relate largely to access to justice. I ask a number of questions. What are the problems of running a trial as a bankrupt? That is important for anyone. Is there any difference if the bankrupt is someone like Alan Bond, somebody who somehow is able to manage to get the very best of legal representation, the very highest quality of legal assistance, even though, on the surface, they seem to be in straitened circumstances? What choices do people in those positions really have?

This is more complex when, as a bankrupt, you are in a situation of acting against the Commonwealth. When are delays really your fault in these circumstances? It would appear that there are delays in putting forward petitions to the court. Because of your bankruptcy, you may find that the delays mean that you have trouble putting petitions in on time, and you may end up changing your legal representation, for various reasons—for example, you cannot guarantee funding, or you have complained about something they have or have not done in the past. People later on at various times will say, 'Why haven't they complained?' It begins to add up and compound. If they have complained they have sometimes lost their counsel, and if they do not complain we then have it on record that they have not complained and they therefore have no case. It is difficult in those situations, and the law can be overwhelming for many people.

Under these circumstances, are you free to sack your solicitor? If you sack your solicitor, how does that affect the timing of your case? How do junior counsel complain to Queen's Counsel? Is it a matter of confidence when an on-the-spot decision is required—for example, the ability to attend a funding review meeting? What happens if clients complain, or complain too much? These are all compounded; these are all problems of legal aid funding. But the appearance of problems becomes greater when you are the client, using legal aid funding, and the government is on the other side of the case.

It is an ongoing problem which needs to be reviewed, and perhaps one of the most important outcomes from this committee is the recognition that there are problems. I believe law is often like a poker game, with the powerful able to purchase justice and the less powerful beaten into submission. Unfortunately, in our society we see—for instance, in environmental cases—a proliferation of slap suits. Big corporations know that even if they are in the wrong they can wear the other side down—whether it is a community group or an individual—by continuing legal action. It is like the person who blinks. I personally know of a number of instances where community groups have fought for years and gained standing on a particular case, and then gone back to another Supreme Court hearing and found their standing challenged again. All the time, it has been those people who have had

to pay, whether it has been by raffles or cake stalls.

This is an ongoing problem that is compounded in cases such as this where there is a perception that government is defending a case as well as reviewing the legal aid. Certainly, the committee was asked to look at whether there was clear evidence that the government had acted improperly and the outcome of this inquiry was that the committee could find no evidence that the government had acted improperly in running the case. In doing that, I believe the committee served a very important function. Due to the time elapsed, it was important that we could take the time to find out that there was not a case to say that the government had acted improperly.

I now want to refer to another major point. Over time, we are likely to see that the Attorney-General's Department, which is meant to be the epitome of good legal practice, as with most departments, will become more and more privatised. We found difficulty dealing with the many issues involved with this particular case but how much more difficult will it be in circumstances where there is a privatisation of Attorney-General's? How will we sort out the more complex conflict of interest issues? I think we ought to be very wary that we do not put ourselves in a position in the future, despite any recommendations from this kind of committee exercise, where we face an almost impossible conflict of interest when we have consulting legal advice from departments such as Attorney-General's on more and more of those issues.

I believe the circumstances that the Faulkners found themselves in were not entirely of their own making. Obviously, any actions that one participates in contribute to the outcomes. I think the way that justice works, and the circumstance of bankruptcy, the circumstance of not being able to run your own case and the circumstance of uncertainty were very big factors in the Faulkners' level of unhappiness. It is very sad to think that so much difficulty was encountered over so many years in gaining even basic information about the running of their case.

I feel very sad that such a thing has continued to eat away at somebody for so long and that their lives have, in effect, been ruined by the conglomeration of circumstances. I am very grateful that the Senate decided to look into this matter. I am also very grateful that the committee took the time to look seriously into this issue and to at least enable us to say that we have done what we, as a Senate, could do to put this matter at rest.

Senator COONEY (Victoria) (6.41 p.m.)—All of the matters raised by Senator Margetts have force. They illustrate that litigation is a fearful undertaking. It is expensive. How it can be made cheaper has been the topic of many an inquiry over a long time. Those inquiries have really not given a satisfactory answer to that question. As I understand it, Mr Acting Deputy President, you want to conduct an inquiry into this area. Perhaps, because of your ability in this respect, the final answer might be obtained so that litigation is made efficient, is done at a reasonable cost and equity comes to the fore.

Where you have a case which involves many witnesses it is time consuming, and you do have to have very learned people to properly process it, and that makes for high cost. It is true that those with deep pockets tend in any event to have a better chance before the courts than those without deep pockets.

I had some concerns about this inquiry. It was an inquiry by a Senate committee into what was a civil action that began in 1974, in respect of which there was a judgment of the Supreme Court of New South Wales, given by the highly respected Justice Colin Allen. He is a person of the highest reputation and his reputation at the end of our hearing was as high as it had been before.

What worries me about inquiries such as this is that they have a potential to damage reputations. They are calculated to tax the emotional strength of people who might be in the firing line, as it were. Their psychological resources are also taxed and they are subject to emotional stress. I do not think that that is the sort of thing that we should subject

anybody to, unless it is for the most profound of reasons.

Any Senate committee, no matter how much it tries, must by its very nature be political. It concerns me that a body which by its nature is political should be looking at the work of the law and, in particular, the work of a very eminent judge. The fact that this was a committee that came up with a good result—a good result in the sense that I think it was a fair and equitable result—and the fact that this committee came up with a result that came at the end of a long consideration of evidence that was brought before it is a tribute to the committee itself, including Senator McKiernan; Senator Spindler, who is here; Senator Margetts, who was a participating member but who assiduously attended the hearings; and Senator O'Chee, who is here too. I think those members of the committee and those who are not here deserve praise. As Senator Margetts has said, tribute ought be paid to the Chair, Senator Chris Ellison. I do so, and I am sure—

Senator O'Chee—I am sure he would happily accept tribute.

Senator COONEY—I am sure everybody on that committee would agree with me on that and, as Senator Margetts said, the committee secretariat deserves praise as well.

I thought it was a high risk strategy sending this off to the committee and it was only the personnel at every level who saved what could have been quite a disaster. As it was, the committee found that the officers of the Attorney-General's Department had acted as they should—ethically—and that there was no criticism that could be aimed at them, except perhaps in respect of the way one or two of them expressed themselves in keeping notes about what had happened. But there was no suggestion that the notes in any way revealed anything that was untoward or that indicated in any way that they had not acted in the best traditions of lawyers or legal officers employed by the Attorney-General. If notes are made in a light or half jocular way, I think that is understandable, and I certainly would not criticise them for that.

I think the Faulkners are people who, as Senator Margetts has said, have suffered quite severely because of the system. It does not follow from that that the system is wrong if the result coming from that system is fair, reasonable and within the proper bounds of cost. The Faulkners felt, as many litigants feel, that they had not received the justice they deserved. They felt, as many litigants feel if the result of the court case goes against them, that the system is wrong. That is not to be held against them any more than it is to be held against many litigants who have suffered the same fate as they have.

I thought there was some criticism—muted criticism or perhaps implied criticism—of Dr Greg Woods, the senior counsel acting for the Faulkners. My review of the way he acted leaves me with the conclusion that he acted properly in the best traditions of the bar. A litigation is, according to our system, a litigation that is decided according to the adversarial mode of proceedings. I think it is time now to look at whether or not those sorts of proceedings should be the proceedings that are adopted in every case which comes before the court. I think it is time that we looked at other ways of resolving disputes. But, given the fact that this case was decided according to the adversarial system, I thought Dr Woods acted with propriety in every way.

Dr Gavan Griffith, the Solicitor-General, is another person who at one stage, in any event, was subject to some criticism. Again, I thought that he acted, given his office, with the highest of propriety. He is a person who is noted throughout the land, perhaps throughout the common law world, as a very eminent silk. I thought he lived up to that reputation, and I think it proper I just note that as I take my seat.

Debate (on motion by **Senator O'Chee**) adjourned.

SENATOR-ELECT FERRIS

Return to Order

Senator BOLKUS (South Australia)—by leave—One of the documents that Senator Newman tabled for us was a minute by Mr Graham Semmens, the Secretary of the Department of Administrative Services. It is not really legible. I just wonder if Senator Newman can undertake to table a more legible copy of that document.

Senator NEWMAN (Tasmania—Minister for Social Security and Minister Assisting the Prime Minister for the Status of Women)—by leave—Of course we will do what we can, Senator. If it was meant to be read by the opposition, I guess we will try to do better if it was not a good copy.

COMMITTEES

Legal and Constitutional References Committee

Report

Senator SPINDLER (Victoria) (6.52 p.m.)—I move:

That the Senate take note of the report.

I have great pleasure in rising to offer some comments on this report entitled *National wellbeing: a system of national citizenship indicators and benchmarks*. Senators may recall that during the last election campaign the then Prime Minister said, 'You've never had it so good.' He seemed somewhat puzzled that people did not appreciate that statement, despite the fact that wages were rising at a rate of about 5.3 per cent per annum and that all financial indicators were in reasonably good shape.

It is a worthwhile reminder of the fact that there is more to life than the current trade figures and the balance of payments. It is true that in our national life over the last decade or so increasingly financial indicators have been taken as a measure of our wellbeing. It is this question that this report seeks to address.

As one of the senators, together with Senator Cooney, who was instrumental in initiating this inquiry, I am very pleased that this inquiry has produced such a balanced and worthwhile report. I wish to acknowledge at this stage the excellent work that was done by our Chairman, Senator Chris Ellison, which will also be seen from the fact that it is a unanimous report across party lines thus underlining the importance of the matters we were dealing with.

It is also appropriate to acknowledge that it was a subject matter that was somewhat strange to the committee and secretariat that were used to dealing with legal matters. I wish to thank all my colleagues, in particular Steven Bull from the secretariat who very assiduously, carefully and with great tenacity pushed through to the final report through a wealth of material.

This is not the first time in the Senate that social indicators were dealt with. Somewhat earlier, in 1979, a report was published by a Senate committee entitled *Through a Glass, Darkly*. That inquiry was chaired by former Senator Peter Baume. I remember it well because at that stage I had just come out of working on the Australian Assistance Plan where the topic of social indicators was of great importance. It is worth while noting that even at that stage a Senate committee thought that social indicators, indicators other than financial indicators, were important.

It is true, though, that since then there seems to have been a hiatus in Australia at least in developing and using indicators other than financial figures. Perhaps the major work in this area has been done by various United Nations bodies, in particular the United Nations Development Program, UNDP, which has published five reports—*Concept and measurement of human development 1990*, *Global dimensions of human development 1992*, *People's participation 1993*, just to mention a few.

It is appropriate at this stage to also mention briefly that international fora sponsored by the United Nations are placing increasing value on the collection of indicators as a tool for developing social policies. Thus, a resolution at the human rights conference in Vienna included this sentence:

To strengthen the enjoyment of economic, social and cultural rights, additional approaches should be examined such as a system of indicators to measure progress in the realisation of the rights set forth in the international covenant on economic, social and cultural rights.

Similarly, at the United Nations world summit on social development in Copenhagen, where I was privileged to work with the Australian delegation and our UN Ambassador, Mr Richard Butler, resolutions were passed and approved by 140 nations, which included the following paragraphs:

Namely, that we need to integrate social development goals in national development plans, policies and budgets cutting across traditional sectoral boundaries with transparency and accountability, and formulated and implemented with the participation of the groups directly affected.

. . . .

To develop quantitative and qualitative indicators of social development including where possible desegregation by gender to assess poverty, employment, social integration and other social factors.

The project was not without its difficulties, including the need to define citizenship. The committee came down on the side of what I believe to be an excellent solution. It said that citizenship is a function of one's interaction with the community and, as a result, the quality of one's life experience, thus distinguishing it from citizenship as a legal concept which is only available to those who have acquired citizenship in the legal sense and have the capacity to carry a particular passport.

In that connection, I wish to acknowledge the assistance the committee has received from Professor Alistair Davidson, who is an acknowledged expert in this particular area and who, I believe, is now joining the citizenship project at the Centre of Urban and Social Research at the Swinburne University, thus strengthening that team.

At this point I should also acknowledge the significant assistance the committee has received from Mr Michael Salvaris, the senior researcher at the Swinburne University and at that centre in pursuing the citizenship project. Mr Salvaris was the author of a discussion paper in the early stages of the project which assisted us to clarify the issues and to transmit to potential witnesses what it was that the committee was actually trying to do.

I should advert very briefly to one other difficulty, and that is the problem of how much one can summarise into one indicator the performance of any one nation. Once again, the committee has come down on the side of saying that the summary indicator is difficult to use in a reasonable fashion and that we must rely on a range of individual indicators and benchmarks. Benchmarks are derived from indicators, measuring the stage of social development a nation has reached but also by comparing our record with what other nations are doing—in other words, international best practice.

In the remaining minutes let me advert briefly to the recommendations of the committee which suggest that the Australian Bureau of Statistics should be resourced to carry out a two-stage audit of its collection of statistics, and that the gaps identified should be remedied with the help of other institutions. Two of these gaps have already been quite clearly identified during the work of the committee; these are the areas of social participation and political participation. The collection of data in these areas is strongly recommended.

The committee believes that the Australian government should give very high priority to the establishment of a national system of indicators and benchmarks and that preferably, to expedite its development, it should be placed with the Department of the Prime Minister and Cabinet. *(Time expired)*

The ACTING DEPUTY PRESIDENT (Senator Knowles)—I call Senator Abetz.

Senator ABETZ (Tasmania) (7.02 p.m.)—Thank you, Madam Acting Deputy President. I wish to make a brief contribution. Before doing so, I congratulate you on your appointment as an acting deputy president and wish you all the best in that role.

I concur with the comments made by Senator Spindler, but this report of the Legal and Constitutional Affairs References Committee was really out of the ordinary for us as a committee, because we were not dealing with fine legal matters or legal details but, rather, dealing with social policy issues. Before going any further, I should pay tribute to the committee chair, Senator Chris Ellison, and the secretariat for their untiring work.

I am glad to say that I have been on record as saying that politics is about more than just economics and statistics. In fact, what Senator Spindler was saying brought to mind my first speech where I in fact—and I am not going to quote myself—quoted a very great Australian, Dame Enid Lyons. In her maiden speech, she said:

> . . . the problems of government are not the problems of statistics but the problems of human values, human hearts and human feelings.

Clearly that is what we, as a committee, were looking at. Above and beyond the simple statistics of how much people learn, et cetera, we were looking at what actually makes them happy and content. As we all well know, if we read the glossy magazines, all the stars seem to have all the money in the world, all the fortune—all the economic statistics are in their favour—yet their lifestyles and personal happiness leave a lot to be desired.

I believe that this report does enable all future governments, and all of us collectively in this chamber, to give some thought to the processes we engage in when we discuss our role as a parliament and as legislators in trying to make Australia a better place to live in. Let me simply conclude by saying that, whilst economics clearly is an important part in human wellbeing, it is not the only part, and we have to be reminded of that from time to time. I hope and trust that this report will do exactly that.

Senator COONEY (Victoria) (7.05 p.m.)—Madam Acting Deputy President Knowles, I take up the theme set by Senator Abetz and congratulate you on your appointment as acting deputy president. I thought you had been in the position for a long while. It must have been that I thought you should have been there, along with everybody else. In any event, congratulations.

I also take up the themes set by Senator Spindler and Senator Abetz, and thank the secretariat. But I come to this question of what we are hoping to measure. Senator Abetz talked about values, and indeed it is time we, as a parliament, thought in terms of values other than economic values. I am not saying—and I agree with Senator Abetz in this—that we should not concentrate on economic indicators; it is absolutely essential to do so, and indeed we would be failing in our duty to the people if we did not do that. But there are also social values and moral values which we should deal with.

I want to refer to the McKay judgment of Justice Higgins—the famous decision where he set a basic wage on the basis of having to decide what was fair and reasonable. He said in the course of his decision:

> It is the function of the Legislature not of the Judiciary to deal with social and economic problems; it is for the Judiciary to apply, and when necessary, to interpret the enactments of the Legislature.

Unfortunately, since Federation, it has oftentimes been the courts that have taken the moral stance, have taken the social stance, that perhaps we should have taken. Whether you agree or not with the decisions of the High Court, it has made decisions which have had moral, social and cultural implications that have been ongoing and lasting to this day.

One was the McGuire case. Also, there was the Municipal Employees case, where they talked about what working people should be entitled to expect from their employers and how far the authorities and institutions of the state should go in helping them to do that. There was the issue of the Communist Party Dissolution Act in the 1950s, and the Koowata Case and Dams Case, which Senator Abetz knows so much about. There was also the case of Mabo.

Right throughout its history, the High Court has shown a trend to make decisions based on moral, social and cultural values. Even though the courts, particularly before the 1980s, made decisions on the basis of what seemed to be only an analysis of the law, they have, nevertheless, based decisions on those values.

A good society—a society which has unity, a society which works together and where everybody feels that they have a stake in that society—is a society that looks at things not only in economic terms but also in social and moral terms. I think the great importance of this report, which has been pointed out so well by Senator Spindler, who was the inspiring force behind it, which has been pointed out by Senator Abetz, is that it gives us the tools by which we can measure whether or not we are performing as a good society should, whether we are looking after all the citizens of our community in the way that any decent community would look after its citizens. Are we doing that?

There are always problems. Social, cultural and moral values will tend to be difficult to measure because people have different values and give different weights to those values. Taking all that into account, it is a task that I think we should all embrace as a parliament to see what we can do to establish these benchmarks and indicators to test where we are going as a society. We ought to be debating these issues more and more.

The report, as I look at its merits, indicates the loss this Senate is going to suffer when Senator Spindler goes. On the other hand, as I look down the list of people who are on the committee, I can see that his legacy will be carried on. I see that Senator McKiernan, who is in the chamber, is now the chairman of this committee.

Senator Abetz—Are you still a member?

Senator COONEY—Yes, I am still a member of this committee. Senator McKiernan, a man well known for his moral, cultural and social values, will carry on the work that Senator Spindler has done so well. I hope, Senator O'Chee, that you are going to stay on this committee?

Senator O'Chee—I am indeed. In both forms.

Senator COONEY—Senator Abetz and Senator Ellison will be there also. This shows that the good work that has been done will continue. I hope it is not only in committees but also in debates in this place that more and more stress is placed on the non-economic parameters.

I am not saying that the economic parameters are not very essential and absolutely crucial to the way this society goes, but they are not the only parameters. People should not be divorced from debate in this chamber by not being able to talk in technical economic terms. You should be able to talk about economic matters in non-economic terms; more importantly, you should be able to talk about values that are not economic.

Senator McKIERNAN (Western Australia) (7.13 p.m.)—Madam Acting Deputy President, I join with the two previous speakers and curry favour with the chair in congratulatsing you on your election to the exalted position that you hold. We do appreciate the onerous responsibilities that the chamber has placed on you. We are sure that you will carry out those duties with good grace. I join my colleagues in very warmly congratulating you on your elevation to the position.

I also take this opportunity to thank Senator Cooney for the kind words he said about me and my elevation to the chair of this Legal and Constitutional References Committee. Doing so gives me the opportunity to say kind words about the previous chair of the committee, Senator Chris Ellison. He is a good Western Australian, like yourself, Madam Acting Deputy President. He finessed through this inquiry with grace and dignity and preserved this inquiry. It will be, as Senator Cooney has said, a testimony to the work of Senator Spindler in this chamber.

I admit that I was not quite as enthusiastic about this reference as were my colleagues on the committee when the reference was put to us. At the same time as this reference was being deliberated, determined and referred to, an inquiry into citizenship was going on in this parliament through the Joint Standing Committee on Migration, which I chaired.

Having two inquiries with similar terms of reference caused some confusion in the early part of the inquiry. Through the work of the Joint Standing Committee on Migration and the work of Senator Ellison, that confusion was put to one side and it did not cause any problems as this inquiry progressed.

I also wish to say some kind words about the secretariat, who looked after the committee during the inquiry. It was not an easy inquiry for a secretariat to discuss. As Senator Abetz just said, it was not one of the cleaner legal type inquiries that the Senate Legal and Constitutional Affairs Committee has had in the past. It had very wide terms of references. That caused the committee secretariat some difficulty in framing and developing a draft report, which has been accomplished with panache and finesse. The main person who developed that report is Steven Bull. The committee and the Senate itself are indebted to Steven and the other members of the secretariat.

During the inquiry the committee created quite a deal of interest in the community. We received 92 submissions. On behalf of the committee, I formally thank those people and organisations who gave their views to the committee in a written form. I also thank those people who came along to the hearings we held in Canberra, Sydney, Melbourne and Hobart. Their contributions helped the committee in the preparation of this report which has been presented to the parliament.

The report contains only five recommendations. The fact that there is not a huge number of recommendations compared to what other committees may have put in different reports from time to time does not in any way lessen the meaning, content and thrust of where the recommendations are being directed to. I would hope that the will of the committee in trying to keep the report and the number of recommendations as concise as possible will encourage the new government to act quickly and speedily on the recommendations that the committee has put forward to it.

The report itself builds the picture as to why the recommendations should be adopted by the government and should, in turn, be implemented. There is a great deal more work to be done in this area of building a set of social indicators—yardsticks for measuring the well-being of the Australian community in other than strict economic terms.

Time is rather short to say very much more about this committee, but the final people I would like to pay tribute to—I am looking desperately at Senator Cooney to help me with names—are the people from the Swinburne University of Technology, who provided enormous assistance to the committee.

Senator Cooney—Mr Michael Salvaris in particular.

Senator McKIERNAN—Mr Michael Salvaris helped the committee produce a discussion document which was circulated quite widely in the community and, in turn, helped focus the minds of the committee—and, indeed, the minds of the community—more strictly on the terms of reference. In relation to the confusion that had been built in the early part with the other reference that I have spoken about, he certainly honed our minds to ensure that that confusion did not cause any great difficulties. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ADJOURNMENT

The PRESIDENT—Order! It being 7.20 p.m., I propose the question:

That the Senate do now adjourn.

Banking

Senator WATSON (Tasmania) (7.20 p.m.)—While most senators would applaud the move by the major banks to grow their businesses overseas, recent calls from Mr Don Argus to restrict the number of large banks by amalgamation are unlikely to lead to any benefits for the average Australian bank customer. In recent years the major banks have moved to make consumer banking less appealing for many Australians through the application of an increasing range of fees, very low interest rates on traditional passbook accounts and the closure of many of the smaller branches, particularly in the country. These decisions have led many people to move to the more user friendly, and perhaps less profit-driven, regional banks, credit unions and building societies for their everyday banking needs.

If the major banks are to continue to attract patronage from their traditional customers, I believe that their present approach to service and fees will need a serious reappraisal. In the past bank growth has been built on service to customers, not an unholy focus on enriching shareholders. The recent approach of amalgamation amongst the big four smacks of greed at the consumers' expense.

Generally, the banks have not been good innovators. In fact, the new players in the financial spectrum have developed niche financial markets from time to time, often at the expense of the traditional banks. Down the track the traditional banks have actually subsequently sought to recover ground by acquisition of the many successful entrepreneurs.

This debate gives me the opportunity to congratulate Professor Fels and his team at

the Australian Competition and Consumer Commission for encouraging competition, taking firm action against collusive pricing arrangements and ensuring fair play and honest trading. I think it is interesting to note that there is no unanimous endorsement of the National Bank amalgamation or merger proposal.

Mr Don Mercer, the chief executive of the ANZ bank, for example, doubted whether in the short term there would be any mergers between the four large Australian banks. He said that all the top four in Australia were currently among the world's top 100 banks and he believed they were large enough to act independently in the global scene.

However, I do believe that the banks have a very legitimate concern at the possible loss of franking credits to domestic shareholders as they expand overseas. I will explain the concept of the franking credits, particularly streamlining. Franking credits are reduced with the decline in the home or domestic income as a proportion of total income in circumstances where we have a large increase of overseas income, as we would have with the expansion of the large Australian companies, including the banks.

There is a solution, and quite a simple solution. That solution to this tax impediment is to allow selective and restrictive—I use these words very carefully—dividend streaming. To use an example, in the National Bank of Australia case a United Kingdom shareholder could receive dividends earned and paid by the National Bank's subsidiary, say, from a Yorkshire bank or one of its other UK subsidiaries.

The other important feature of dividend streaming is that it would encourage companies to keep their central management and control in Australia. We have a situation at the present time where the taxation arrangements could lead companies, like Amcor and others, maybe well down the track to transfer their head offices overseas, to the detriment of Australia.

In a draft report not yet submitted to government on offshore investment, the Industry Commission recommends that some tax issues be further examined. They include the possibility that dividend streaming might produce net economic gains for the nation. I believe this is certainly something we should pursue much further.

The lack of streaming opportunity effectively raises the United Kingdom cost of equity to the Yorkshire subsidiary, using the example that I give—and there are many others. The United Kingdom tax provisions, without the dividend streaming arrangements, are complicated at the present time. As such, they do not encourage United Kingdom shareholders to participate in the ownership of such shares arising from the Australian acquisition, in this case in the United Kingdom, because it does lessen the opportunities of Australian companies to be able to go abroad if the local shareholders have not all that much interest because of the lack of streaming facilities in Australia to go down that path. I think this is unfortunate. After all, we are told we are living in a global economy and our tax systems must keep up to date.

In summary, I think there is much to be gained and little to be lost. I have to acknowledge that the tax office will be concerned at the possible loss through avoidance. But if we draw this legislation very tightly I believe we can achieve what is in the best interests of the country.

I say to the minister representing the Treasurer here tonight that I believe this is a great opportunity for this new government to show vision and leadership in encouraging Australian companies to retain their headquarters in Australia and to aggressively expand their overseas markets. Otherwise, we will see pressures for amalgamation and reduced competition here in Australia, which I do not believe is in the best interests of the country. I therefore encourage the government to introduce appropriate dividend streaming in the manner I have described that will not lead to tax avoidance.

Research and Development

Senator COOK (Western Australia) (7.27 p.m.)—That was an interesting address and I look forward to seeing what the government does about it. On today's front page of the *Australian Financial Review* there was an

article headed 'Canberra set to axe tax breaks', an article written by David Crowe. The article dealt at some length with plans that are apparently being hatched within government—the *Financial Review* has had a leak—that would effectively demolish the 150 per cent tax deduction for research and development in Australia. I hope the report is not as accurate as it seems, but I fear that it is. I do know that in at least one case there is a problem that is actively being discussed in the bureaucracy.

The report is that about $500 million will be sliced off the $600 million that goes to the 150 per cent R&D deduction. That benefits some 2,500 Australian companies who develop new products in Australia to win markets here and overseas and it provides interesting and challenging jobs for Australia.

The report in the *Financial Review* refers to an up-coming announcement, probably next week, by the industry minister, John Moore, in which he will set out government plans to gut the tax concession. The *Financial Review* claimed to have a copy of Minister Moore's drafting instructions for that announcement.

The article also—it is worthwhile referring to this—quotes the director of R&D Services at Deloitte Touche Tohmatsu, Mr George Carew, who has described the proposed changes as totally unworkable. That is a very modest description. Not only would they be totally unworkable; they would swathe the whole scheme in red tape, mean that small to medium sized companies could not get into it, fly in the face of Mr Howard's promise to cut down red tape by 50 per cent to small and medium sized business and so on.

I dealt with issues of that nature in a press release I issued this afternoon on the reports of this curtailment of the R&D scheme. I refer the Senate to that press release. I do not propose to take the issues debated in the press release any further right now.

My reason for speaking in the adjournment debate about all of this is to mark the spot. We are concerned as an opposition about any diminution of this scheme because it is one of the foundations upon which Australia's competitiveness is built. If you diminish the scheme you diminish Australia and you diminish Australian industry's ability to compete internationally.

As Senator Watson said a moment ago, we are now a globally integrated economy. The ingenuity of Australian industry, business, science and technology gives us an edge in the global marketplace. Industry does need an incentive such as this scheme provides in order to take advantage of it.

In the OECD list of BIRD—business investment in research and development—Australia now ranks 15th of the 19 countries surveyed; that is, it is the 15th lowest expender on research and development in the private sector. We came up from 17th under Labor government incentives to lift private sector investment in research and development. I might say in parenthesis that, in public sector investment in research and development, Australia is No. 4. Only the Scandinavians spend more than we do and they have a much higher tax base to draw from. In the public sector, Australia has done well. The private sector is performing better. This incentive is needed in order for it to continue to do so. The recovery on R&D expenditure is fragile. To interfere with it now would break that and undercut the competitiveness of this nation.

In the circumstances of all these developments today, something quite bizarre happened. This is the point that I want to come to in this adjournment debate. I got a phone call this afternoon from a young woman whose immediate approach to me was to criticise me for my performance as industry minister. She can join the queue.

She criticised me in error. She cited a press release that I had issued with the then Treasurer, Mr Willis, on 6 December 1995, announcing, during the course of the innovation statement this government brought down, that there would be some changes to the focus of the R&D tax concession. She said that this meant that the present government was positioned by us in government to go about demolishing or whittling down this scheme. Nothing is further from the truth.

My investigations today have turned up a rats nest of interest. I asked her where she got this information from. She declined to say, but it is now obvious to me that it is more

than likely to have come from within the government bureaucracy itself. The press release to which I refer issued by me and Minister Willis on 6 December was headed 'Refocusing the 150 per cent R&D tax concession'. The so-called offending part of it reads:

> These changes will have the effect of making it clear that the activities claimed must be part of R&D activities systematically undertaken by firms and which involve high levels of innovation and technical risk in the particular field for which the activities are claimed.

On the face of it, there is nothing very interesting about that. But the word 'and' before 'technical risk' rather than 'innovation or technical risk' is what this debate revolves around. It seems that some in the bureaucracy are intent on arguing that industry must meet both qualifications, that is to say, industry must have innovation and technical risk in order to claim. It is not as we in government contended—innovation or technical risk—and they can claim if they have one; they do not necessarily have to have both.

My understanding is that the debate that is raging is that in the cost cutting mentality of this current government in the ERC context it is being argued that the word 'and' in place of the word 'or' means that we intended to go down the road that apparently the government has set its cap at now. We did not. I have checked the documents and references that I had as a minister at the time, the documents that stand behind this press release. I can prove conclusively that that was the position of the government.

If people are saying these things—that is the rumour I have heard; I cannot prove that they are—I hope they say them publicly and give me the chance to adduce the evidence in a public way to prove them wrong. Meanwhile, let me say to the government, in the friendliest possible fraternal terms I can muster—

Senator Abetz—As always.

Senator COOK—As always. Do not be fooled by this. Go back and study this issue very carefully. I know the ERC process well. I was a member of the ERC for two years. I know what happens in there. I know how people can be stampeded in there. It is always important to pause to examine the facts before you get sucked into an argument by those who want to cut costs willy nilly and who only have a bean counter mentality, not a mentality which will help the economy to grow by providing incentives for industry to create jobs.

Senator Parer—Who were they in your government?

Senator COOK—I am not talking about ministers. It emanates from a couple of notorious departments, Minister. I know that you will very quickly, if you have not already, meet those departments and the sorts of submissions they make. I want to say quite clearly and unequivocally: if this is a debate, as I believe and I am informed by rumour it is, then it is wrongly based. From the industry side of the argument, no-one should be sucked in. Certainly my advice to my successor minister is: do not be. Do not accept this debate; stand up for the 150 per cent tax deduction for research and development.

The countries that succeed in the future will be those that understand and master new technology and are able to turn scientific ideas into products and commodities that consumers and industry buy. That requires a country to have a strong research and development base. This incentive has put Australia in the front rank of countries. A survey I had conducted shows that Australia is by cost, by quality and by timeliness of delivery the most competitive R&D country in the world. We can attract a large swag of the global R&D investment because the circumstances are right for us to do so, very much like we attracted a large number of regional headquarters to this country because of our competitiveness.

This is an industry which will create intelligent, brain based jobs for Australians. Do not throw out the baby with the bathwater. Do not give up this idea simply because bean counters are looking for a smart and—if this is true—slippery way of achieving their bottom line without considering the stimulatory effects of this type of provision on growth in the economy.

Privileges Committee

Senator ABETZ (Tasmania) (7.37 p.m.)—In the adjournment debate tonight I wish to briefly make comment on the work of the Privileges Committee. At the outset, let me say it has a very onerous task and I believe it does a very good job. I do not wish on this occasion to be seen to be overly critical of the committee because since the time I have been here I think its reports have been nothing short of excellent.

However, my eye was caught by the 61st report which dealt with possible false or misleading statements to the Senate Select Committee on Public Interest Whistleblowing. As is my usual wont, I go to the back of the report to find out what the finding was. The Privileges Committee determined that there was no finding of contempt, nor should there be, and I agree with that finding.

However, a conclusion was made in that report suggesting that the submission made to the Privileges Committee was not as precise in all aspects as it might have been. I can declare somewhat of an interest in this matter in that the people who were making the representations on behalf of the Trust Bank were from my former legal firm. I am no longer a partner of it, nor associated with it, although it still bears my name. I say quite openly that I know that whilst I was with Abetz Curtis and Docking we did make the odd slip-up from time to time.

Senator Colston—Never!

Senator ABETZ—I thank Senator Colston for that interjection. He finds that hard to believe. But believe it or not, Senator, I am human, as are my partners, and therefore the possibility of slip-ups clearly exists. Especially now I no longer am associated with the firm, I have great confidence in the legal expertise of that firm. So I thought I would look through the documentation to ascertain on what basis that comment was made.

At paragraph 2.22 the report tells us that the bank submission has, however, contradicted itself in relation to one element. It claimed that 'all senior management were assessed' while it then stated only 'a variety of senior personnel was assessed'. By way of brief background, somebody complained that they had been dismissed from the newly formed Trust Bank because they were a whistleblower. The Trust Bank then responded to that allegation. It was alleged that the Trust Bank had misled the Senate.

I then had a look at the submission on behalf of the Trust Bank and sure enough at pages 115 and 116 those two statements are made. But the terms 'all senior management' is only part of 'a variety of senior personnel'. Senior personnel is a different category of people to senior management. The senior management strata of which this person was a member—all of them—were assessed, whereas not all senior personnel were assessed. But there is, I would respectfully submit, a clear distinction between saying 'all senior management were assessed' and saying 'a variety of senior personnel were assessed'.

For the benefit of honourable senators, the dictionary tell us that 'personnel' is simply the body of persons employed in any work or undertaking, whereas 'management' deals with the act or manner of managing. Therefore, you can clearly have somebody who is part of the senior personnel who is not actually involved in the management of the bank. I think that is an important detail and once that important detail is explained, as I have just explained it, I believe that the conclusion which the committee came to, that the bank was not as precise as it may have been, is not an appropriate comment to have made in the circumstances.

Let me also say that the person who made this complaint against the bank at the end of the day made complaints, as I understand it, not only against the bank but also against the Reserve Bank Governor, Mr Fraser. Everybody was in his gun range. A letter from Mr Bernie Fraser dated 29 December 1993 to the Senate Select Committee on Public Interest Whistleblowing stated:

> The two main assertions in the submission are that: I was responsible for, or contributed to, the individual's dismissal from Trust Bank; and I and the bank did not take seriously the individual's allegations concerning the management of Trust Bank. I have to say that on both points the individual is sadly mistaken.

So here we have a situation where he was not only gunning for the Trust Bank but also gunning for the Reserve Bank. I think he even disputed the evidence of the trade union official who was involved in this situation.

In his letter to the Senate Select Committee on Unresolved Whistleblower Cases, on which I was privileged to serve, this particular individual wrote that the Trust Bank 'has wilfully and mischievously misled the Australian Senate'. It is quite clear from the finding, with which I agree 100 per cent, there was no misleading, let alone wilful or mischievous misleading, as alleged by the individual concerned.

In my respectful submission to the Privileges Committee—and I started out my comments by saying that I accept I have made slip-ups in the past and I will undoubtedly do so in the future and I have nothing but the highest regard for the Privileges Committee—on this occasion there was an unfortunate slip-up in that the bank, I believe, was precise and did provide the information as required.

For all intents and purposes, for what was a gratuitous comment in the conclusion that the bank was not as precise in all aspects as it might have been, I would have thought the onus was on the Privileges Committee to ensure that it looked at the preciseness of the words used before it came to such a conclusion. On this occasion, I have to side against the Privileges Committee on the basis that the terminology 'senior management' is a clearly different category of people from 'senior personnel'.

I do not wish to be critical of the Privileges Committee in this regard but, unfortunately, in my home state of Tasmania the Trust Bank has become somewhat of a political football. Undoubtedly certain elements in the community will be taking some delight in the conclusion drawn by the Privileges Committee and will want to rub their hands and say, 'Sure, the Trust Bank wasn't found guilty of misleading the Senate, but they weren't quite as precise as they might have been and the bank owes a greater duty than that.'

The purpose of my brief remarks this evening was not so much to be critical of the Privileges Committee but to place on record an explanation of what the Trust Bank was saying, and to say that the comments of the Privileges Committee on this occasion were not, with respect, appropriate. The concluding comment of the Privileges Committee is not supported by the evidence and the close examination of the terminology employed. I therefore trust that nobody will use the conclusion in this report as some way of getting cheap publicity against the Trust Bank, which has served the people of Tasmania with great distinction.

Australian National University

Senator COLSTON (Queensland) (7.47 p.m.)—I wish to take this opportunity on the adjournment debate to make specific reference to a matter of concern at the Australian National University. Honourable senators would be aware that I have been a parliamentary representative on the Council of the Australian National University for many years. I am not currently a council member because my term expired in March this year. Nevertheless, I expect to be a member of the council again shortly when recommendations are passed to the Governor-General. Until my new appointment is official, the council has permitted me to attend its meetings and meetings of the finance committee, of which I was also a member; to participate in the council's and finance committee's deliberations, but not, of course, to vote.

The ANU is a direct Commonwealth responsibility, but I regret that I have to report that at present it does not have sufficient funds to carry out proper maintenance and is falling into disrepair in many areas. The sector known as the Faculties is deeply in debt because it has been required to use its operating grants for capital purposes. This debt has the potential to affect the quality of teaching at what should be the premier university in Australia.

Why has this occurred? It is my understanding that an arithmetical error made by the former Department of Employment, Education and Training has resulted in underpayments to the Australian National University. With regard to the capital roll-in component of that university's operating grants, there was no dispute between the ANU and the former

DEET over the formula which was used to determine that university's capital roll-in component. DEET recognised that the ANU was different from other universities in that it consisted of two distinctly separate parts.

The ANU was originally established as a postgraduate institution to provide high level research and, similarly, high level postgraduate training. This part of the university is called the Institute of Advanced Studies. Later, the sector known as the Faculties was added to the university, providing opportunities for undergraduate studies similar to those provided in established universities throughout Australia.

There was little difficulty in applying the normal formula for capital roll-in for the Faculties because, to a large extent, it mirrored other universities. For the Institute of Advanced Studies, however, DEET took into account the fact that there were fewer students in the institute, because they are all postgraduates, but on a per student basis they required more resources and accommodation than did undergraduates. DEET therefore decided that a special loading should be provided to take into account the unique circumstances of the Institute of Advanced Studies.

In making the total calculation of what should be the university's capital roll-in, however, a basic arithmetical error was made. I understand that DEETYA generally agrees that the ANU's capital roll-in for 1996 should be about $10.8 million, compared to the actual roll-in component of $7.197 million allocated to the ANU for this year. The actual shortfall because of this error is about $3.6 million for this year alone. The ANU has also lost funds in previous years because of this error. If this anomaly for 1996 is rectified and the ANU is reimbursed for those funds which it has also lost in the past, it would go a great way to reducing the debt within the Faculties and allowing proper maintenance on what should be an institution of which the Commonwealth can be proud.

I ask the government to give this matter its urgent attention and to resolve it as quickly as possible. I did notify the Minister for Employment, Education, Training and Youth Affairs, Senator Vanstone, that I would be speaking in relation to the ANU this evening, but she was not able to be present. I ask the minister on duty tonight, the Minister for Resources and Energy (Senator Parer), to ensure that my comments go to Senator Vanstone.

Public Service Cuts

Senator LUNDY (Australian Capital Territory) (7.52 p.m.)—Mr President, I rise in this debate on the adjournment to talk about the issue of job cuts. We have a government which went into the election on a platform of employment. In Canberra, they campaigned with the promise that there would be no more than 2,500 job cuts in the public sector, with all of them to be voluntary redundancies. We now find that the coalition had no intention of ever honouring that promise and that they are using what I call 'Costello's con' to create a false justification for some very ruthless cuts.

It is obvious that the Fightback agenda has re-emerged. The contents of the coalition's industrial relations bill prove that we are dealing with a government that has abandoned all commonsense when it comes to employment and managing employment relations.

We also have a government which, I believe, has abandoned any notional commitment to the welfare of individuals and families. This has been demonstrated no more clearly than here in Canberra where, through the current program of administrative cuts, thousands upon thousands of jobs in the public sector have gone.

When you cut that many jobs out of the public sector in Canberra there must be an effect on the private sector. The flow-on effect, be it in relation to consumer spending or real estate prices, is something that will do permanent damage to the local economy.

The fact that these cuts cannot be justified in any honest or sensible way emphasises the personal trauma felt by those who are now unemployed as a direct result of the coalition's actions. It makes it that much worse for those individuals and their families.

I want to put on record the cuts to date, as far as I have been able to ascertain them, using actual job numbers, not statistics. We are talking about individuals, and for every

individual who has been put out of work as a result of these unjustifiable cuts, anyone who has contact with those individuals—children, parents, whole families—is also affected. The coalition is willingly and knowingly putting people out of work, and that is just not acceptable in any way, shape or form.

Let's look at the cuts department by department: 1,400 in Treasury and its various agencies; Attorney-General's, 220 people out of work; Communications and the Arts, 20-plus; Environment, Sport and Territories, around 240; DEETYA, around the 1,800 mark, which is 1,800 families affected; Defence, 1,200 mooted civilian personnel cuts; Finance, 150; Administrative Services, close to 500; Foreign Affairs and Trade, 70; Health and Family Services, over 500; Veterans' Affairs, close to 100; Immigration and Multicultural Affairs, over 200 people; Industrial Relations, around 300; Industry, Science and Tourism, 460; Primary Industries and Energy, 285; Prime Minister and Cabinet, close to 500 people; Social Security, 1,300 families affected by these cuts; and Transport and Regional Development, around 30. That comes to a total of well over 9,000 individuals who will lose their jobs as a result of these cuts.

I have to add that this situation is not confined to Canberra; it is right around the country. We are affected hugely here in Canberra because of the concentration of departments but the effects will be felt right around the nation. It will be felt not only by people directly affected and their families but also by those Australians who will suffer a loss in services as a result of those job cuts.

The time has come for this government to accept full responsibility for the hardship that they are directly causing these individuals. They need to stand up and be honest about their imaginary justification for these cuts. We are dealing with a government with no regard for individuals and their families, no regard for the rights of everyone to employment.

With this program of cuts, and with the industrial relations bill and other measures, we are seeing a total lapse in commonsense about how Australians operate—how we are and what we are. We are a nation of proud working people. We do not expect a government, especially one elected on a platform of making employment the No. 1 priority, to turn turkey and do us over by putting us out of work.

I would like to congratulate everyone who has been putting up a fight over these cuts, particularly those who attended the rally in Canberra organised by the CPSU. Those people need to know that there are many others not affected by the job cuts who still care about what is happening—they care about them and their families' welfare, and will join with them in their struggle for dignity, for jobs and the right to earn a decent living.

Senate adjourned at 7.59 p.m.

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—Directive—Part—

105, dated 2, 7, 8, 9[2], 10[6], 13, 15 and 17[2] May 1996.

107, dated 15 and 17 May 1996.

Meat and Live-stock Industry Act—Order—

No. MQ68/96.

Nos M74/96 and M75/96.

Taxation Determination TD 96/22.

Taxation Ruling TR 96/15.

Veterans' Entitlements Act—Instruments under section 196B—Nos 67-82 of 1996.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Kuku Djungan Aboriginal Corporation

(Question No. 1)

Senator O'Chee asked the Minister for Aboriginal and Torres Strait Islander Affairs, upon notice, on 1 May 1996:

(1) Did the Registrar of Aboriginal Corporations serve notice on the Kuku Djungan Aboriginal Corporation on 21 July 1994 that, pursuant to Section 60A of the Aboriginal Councils and Associations Act 1976, the Registrar had reasonable grounds to suspect the corporation had failed to comply with the provisions of the Act; if so, will the Minister table a copy of the notice.

(2) Will the Minister also table all documents, including minutes of meetings, accounts or records, required under the notice referred to in (1).

(3) Did the Registrar authorise Mr Bruce Peden of Hall Chadwick to conduct an investigation into the Kuku Djungan Aboriginal Corporation in 1994; if so, will the Minister table a copy of the report.

Senator Herron—The Aboriginal and Torres Strait Islander Commission has provided the following response to the honourable senator's questions.

(1) Yes.

Yes. I will table a copy of the notice.

(2) Yes. I will table a copy of the Corporation's response to the Registrar, and documents lodged in answer to the notice.

(3 Yes.

Yes. I will table a copy of the report.

Labour Market Programs

(Question No. 3)

Senator Woodley asked the Minister for Social Security, upon notice, on 28 March 1996:

For the most recent 12 months for which figures are available:

(1) How many and what percentage of: (a) Job Search; (b) Newstart; and (c) Youth Training allowance recipients were required to serve a penalty period.

(2) How many of these were for administrative breaches.

(3) How many were for activity test breaches.

(4) How many were for: (a) a first breach; (b) a second breach; (c) a third breach; or (d) more than 3 breaches.

(5) How many were for 2,4,6,8,10,12,14,16,18 or more than 18 weeks.

(6) How many of these breaches in each category, were later withdrawn or overturned/waived on appeal.

Senator Newman—The answer to the honourable senator's question is as follows:

(All answers are based on the available departmental statistics which are for the nine month period 1 April to 31 December 1995).

(1)(a) The number of Job Search Allowance (JSA) customers with breaches recorded in the nine month period 1 April to 31 December 1995 was 42,142. This represents 12.0% of the average JSA population over this period.

(b) The number of Newstart Allowance (NSA) customers with breaches recorded in the nine month period 1 April to 31 December 1995 was 26,386. This represents 7.8% of the average NSA population over this period.

(c) The number of Youth Training Allowance (YTA) customers with breaches recorded in the nine month period 1 April to 31 December 1995 was 9,202. This represents 39.7% of the average YTA population over this period.

(2) The number of JSA customers with administrative breaches recorded in the nine month period 1 April to 31 December 1995 was 17,482.

The number of NSA customers with administrative breaches recorded in the nine month period 1 April to 31 December 1995 was 16,830.

The number of YTA customers with administrative breaches recorded in the nine month period 1 April to 31 December 1995 was 6,904.

(3) The number of JSA customers with activity test breaches recorded in the nine month period 1 April to 31 December 1995 was 24,660.

The number of NSA customers with activity test breaches recorded in the nine month period 1 April to 31 December 1995 was 9,556.

The number of YTA customers with activity test breaches recorded in the nine month period 1 April to 31 December 1995 was 2,298.

(4)(a) The number of JSA customers with first breaches recorded in the nine month period 1 April to 31 December 1995 was 37,205.

(b)-(d) The number of JSA customers with second and subsequent breaches was 4,937.

(a) The number of NSA customers with first breaches recorded in the nine month period 1 April to 31 December 1995 was 20,971.

(b)-(d) The number of NSA customers with second and subsequent breaches was 5,415.

(a) The number of YTA customers with first breaches recorded in the nine month period 1 April to 31 December 1995 was 8,476.

(b)-(d) The number of YTA customers with second and subsequent breaches was 726.

Information in respect of additional breach categories referred to in the honourable senator's question is not readily available. To collect and assemble it would be a major task and I am not prepared to authorise the expenditure of money and effort involved in assembling such information.

(5) The number of JSA/NSA/YTA customers with breaches that would have resulted in liability to serve non payment periods in the nine month period 1 April to 31 December 1995 were:

2 week penalty—58,900

4 week penalty—1,824

6 week penalty—10,345

8 week penalty—4,240

10 week or more penalty—2,008

Information in respect of individual payment types and on penalties exceeding 10 weeks referred to in the honourable senator's question is not readily available. To collect and assemble it would be a major task and I am not prepared to authorise the expenditure of money and effort involved in assembling such information.

(6) The number of JSA customers who had their payments restored after breaches were withdrawn or overturned on appeal in the nine month period 1 April to 31 December 1995 was 5,971.

The number of NSA customers who had their payments restored after breaches were withdrawn or overturned on appeal in the nine month period 1 April to 31 December 1995 was 9,529.

The number of YTA customers who had their payments restored after breaches were withdrawn or overturned on appeal in the nine month period 1 April to 31 December 1995 was 1,302.

Importation of Dolphins to Sea World

(Question No. 13)

Senator Woodley asked the Minister for the Environment, upon notice, on 30 April 1996:

With reference to part (4) of the question on notice no. 2015 (Senate *Hansard* 9 May 1995, page 87), will the Minister re-affirm the commitment made by the previous Minister to notify the public and seek public opinion prior to any permit being issued which would enable dolphins to be imported to Sea World.

Senator Hill—The answer to the honourable senator's question is as follows:

Yes. I re-affirm the commitment made by the former Minister for the Environment, Sport and Territories, to seek public comment prior to any permit to import dolphins being granted to Sea World.

Social Security: Overpayments

(Question No. 14)

Senator Woodley asked the Minister for Social Security, upon notice, on 16 April 1996:

For the most recent 12 months for which figures are available:

(1) What is the total number and amount of overpayments made by the department.

(2) How many and what amount of these overpayments were due to: (a) administrative error; (b) alleged fraud; and (c) other reasons (please specify where possible).

Senator Newman—The answer to the honourable senator's question is as follows:

(1) In the 12 month period from 1 April 1995 to 31 March 1996 there were 675,684 overpayments raised that resulted in legally recoverable debts under the Social Security Act 1991 (the Act) with a value of $359.81M.

(2)(a) It is not possible to provide the information requested. However, where debts are due solely to administrative error and the payments were received in good faith, the Act provides that recovery must be waived. There were 13,930 debts with a value of $8.32M waived due to administrative error in the 12 month period from 1 April 1995 to 31 March 1996. These waivers will include debts recorded in earlier periods.

(2)(b) There were 200,037 debts worth $184.54M recorded as a result of a false statement or false representation, or because the recipient failed to comply with a provision of the Social Security Act 1991. Although these debts involve some element

of 'fault' on the recipient's part, they arise regardless of intent, that is they do not necessarily imply a deliberate attempt to defraud the Department.

(2)(c) Other major reasons or categories of debts are described below:

Customers transferring to other Social Security payments with overlapping entitlements accounted for 60,824 debts worth $52.62M.

Loss of qualification for the payment being made accounted for 56,766 debts worth $32.5M.

Customers ceasing to receive Jobsearch or Newstart Allowance with an outstanding advance payment accounted for 65,868 debts worth $30.42M.

Family payment overpayments due to failure to notify changed circumstances, underestimates of income or amendments of assessable income accounted for 24,649 debts worth $19.51M.

Prepayment debts (where, because of public holidays, payment is made before customers lodge regular review forms to avoid delays which would otherwise occur) accounted for 70,326 debts worth $14.37M.

All other reasons, including compensation and Assurance of Support, accounted for 197,214 debts worth $25.85M.

The information provided in (2)(b) and (c) is summarised in the table below:

Overpayments Resulting in Legally Recoverable Debts for the 12 month period 1 April 1995 to 31 March 1996

Section of the Act	Number	Value ($m)
'Fraud' 1224	200,037	184.54
Internal Transfers 1223A	60,824	52.62
Loss of Qualification 1223(1)	56,766	32.5
Advance Payments 1224(E)	65,868	30.42
Family Payment 1223(3)	24,649	19.51
Prepayments 1223AA	70,326	14.37
Other	197,214	25.85
TOTAL	675,684	359.81

Ephedrine Products

(Question No. 21)

Senator Jones asked the Minister representing the Minister for Health and Family Services, upon notice, on 23 April 1996:

With reference to natural stimulant pills containing ephedrine, an amphetamine-like stimulant, which is suspected of killing at least 15 people in the United States (US):

(1) Is the drug ephedrine an ingredient of prescription or non-prescription medicines, such as for the treatment of asthma, available for sale in Australia.

(2) Is ephedrine available for sale in Australia in dietary herbal supplements or pills, marketed under such names as Cloud 9, Ultimate Xphoria, Herbal Ecstasy, Ephedra or Ma Huang.

(3) If ephedrine is available for sale in Australia, what steps is the Government taking to have ephedrine products removed from sale.

(4) Has the US Food and Drug Administration advised the Australian Government of concerns over ephedrine and that it is proposing to take ephedrine out of asthma medicine.

Senator Newman—The Minister for Health and Family Services has provided the answer to the honourable senator's question:

(1) Ephedrine is available on prescription only in Australia. Sixteen products containing ephedrine are registered in Australia. One of these is registered for export only to Hong Kong. Of the remainder, all but three are no longer manufactured, although there may be stocks of some of these remaining at retail level where the expiry dates have not been reached. The products still manufactured are as follows.

Ephedrine Sulfate Injection 30mg/1mL

(F. H.Faulding)

Ephedrine Hydrochloride Tablets 30mg

(Sigma Pharmaceuticals)

Ephedrine Aqueous Nasal Drops 10mg/mL, 15mL

(Nelson Laboratories)

(2) No. Ephedrine is a prohibited import and controlled under Regulation 5 of the Customs (Prohibited Imports) Regulations. Applicants would need to hold a Licence to Import and then obtain a separate Permit to Import. Before a Permit to

Import was issued, applicants would need to provide evidence that all other Commonwealth and State regulatory requirements were met. These would include registration on the Australian Register of Therapeutic Goods as well as compliance with State and Territory requirements concerning possession of the substance. It is unlikely these requirements would be met.

(3) No further action is intended to remove ephedrine (as described in response to question 1 above) from sale.

F H Faulding Ltd has advised that their Ephedrine Sulphate Injection is intended to be used to treat bronchial spasm in asthma; for cardiac stimulation and vasoconstriction in the treatment of shock; to correct haemodynamic imbalances which persist after adequate fluid volume replacement; and has been used to treat the hypotension which can occur during spinal anaesthesia. As the product was marketed in Australia before commencement of effect in 1991 of the Therapeutic Goods Act 1989, these uses have not been reviewed by the Therapeutic Goods Administration.

Ephedrine hydrochloride tablets have a limited use when a drug is needed to prevent low blood pressure as occurs in patients with paraplegia or quadriplegia. The Australian Drug Evaluation Committee recommended that wholesale supply of the drug should be limited to public hospitals and institutions and private hospitals, where paraplegic and quadriplegic patients might have access to the drug, and the sole manufacturer, Sigma, has agreed.

(4) No. However, the Government takes note of regulatory activity in overseas countries.

The following answer to a question asked in the Thirty-Seventh Parliament was circulated after the prorogation of the Parliament on 29 January 1996.

Genetic Manipulation Advisory Committee

(Question No. 2612)

Senator Lees asked the Minister representing the then Minister for Administrative Services, upon notice, on 25 October 1995:

(1) Is the Genetic Manipulation Advisory Committee (GMAC) responsible for approving the release of genetically-manipulated organisms; if so: (a) who are the members of GMAC; and (b) what are their qualifications.

(2)(a) What are the criteria used by GMAC in assessing applications for the release of genetically-manipulated organisms; and (b) do public health considerations form part of the criteria; if not, why not.

(3) Has GMAC approved the release of any genetically-manipulated organisms containing transferred genes that give resistance to antibiotics; if so, what antibiotic-resistant genes have been approved, and into what organisms.

(4) Given the recent escape of rabbit calicivirus disease to Yorke Peninsula in South Australia, from an allegedly safe experimental site, what precautions does GMAC insist upon to ensure that antibiotic resistant genes are not transferred to other organisms in the environment.

(5) Has GMAC recently considered an application to allow the insertion of a tetracycline-resistant gene into a member of the pseudomones group of bacteria.

(6) Are pseudomones bacteria one of a group of bacteria causing serious human diseases, and so a major public health risk.

(7) Is tetracycline one of the antibiotics used to combat human infections, including human infections with pseudomones bacteria.

(8) In its consideration of the application, has GMAC consulted public health authorities; if so, who did they consult.

(9) If GMAC has not consulted Australian public health authorities, what action will be taken to ensure that all public health consequences of the release of organisms containing antibiotic-resistant genes are fully considered by public health officials before these organisms are approved.

Senator Parer—The Minister for Science and Technology has provided the following answer to the honourable senator's question:

(1) No. Under its terms of reference GMAC does not 'approve' the release of genetically manipulated organisms (GMOs). However, it does oversee the development and use of innovative genetic manipulation techniques in Australia, including the release of GMOs, and provides advice on management of the risks associated with such work.

Statutory responsibility for approving the release of GMOs rests with State and Commonwealth Government agencies, depending on the end-use proposed for the product. For example, the National Registration Authority for Agricultural and Veterinary Chemicals would be responsible for approving the release of a GMO that had pesticidal properties, or acted as a vaccine in animals; the Therapeutic Goods Administration would be responsible for approving the use of a GMO as a vaccine in humans; the National Food Authority would be responsible for approving a genetically manipulated novel food.

(a, b) GMAC is made up of eminent scientists as well as members from the wider community with backgrounds in fields such as law, philosophy and environmental issues. The membership of GMAC, and its members' qualifications are detailed at Attachment A.

(2a, b) GMAC assesses the risks of each new genetic manipulation proposal in relation to public health, occupational health and safety, agricultural production and the quality of the environment.

(3) As stated in (1), GMAC does not approve the release of GMOs. However, many of the GMOs GMAC has assessed contain 'marker' genes encoding resistance to antibiotics; these genes allow selection of the transgenic organisms from non-transgenic organisms. The antibiotic resistance genes are those for tetracycline, kanamycin, neomycin, rifampicin, spectinomycin and streptomycin. The organisms containing these genes are plants and microorganisms.

(4) GMAC assesses each proposal on a case-by-case basis. A variety of precautions is usually followed to ensure that inserted genes are not transferred to other organisms in the environment.

Most of the organisms containing antibiotic resistance genes that have been reviewed by GMAC have been plants. In plants, the antibiotic resistance gene is stably incorporated into the plant's genetic material and is not capable of transfer to other organisms. In the case of microorganisms, physical and biological measures are put in place to prevent dispersal of the organism or its genes.

With regard to the escape of rabbit calicivirus mentioned in this question, it should be noted that the virus was not genetically modified and therefore the experiment was not subject to GMAC assessment.

(5) Yes.

(6) The parent organism from which the GMO was derived is an Australian isolate of the bacterium Pseudomonas fluorescens, a normal inhabitant of most soils. P. fluorescens is rarely pathogenic to humans.

(7) While tetracycline can be used to combat some human infections, Pseudomonas infections are generally treated using aminoglycosides.

(8) The proposal was not considered to pose a public health risk and so public health authorities were not consulted. Transfer of the antibiotic resistance gene to other organisms was considered highly unlikely, and, in any case, tetracycline-resistance genes are already widespread among microorganisms in the human population.

(9) GMAC assessed this proposal as not posing significant risks because many precautions were in place to safeguard against accidental release of the organism. However, an eventual general release of the genetically modified Pseudomonas fluorescens would pose issues different from those in this trial. These issues would be considered as part of any risk assessment process for a general release. GMAC consults with public health officials when a proposed release might have significant public health consequences. I have asked GMAC to continue to ensure that it consults in this way so that public health interests are given the fullest consideration.

Approval for an eventual commercial release would need to be given by regulatory agencies with statutory power over the end-use of the genetically manipulated product.

Attachment A

Members of GMAC as at April 1996

Emeritus Professor Nancy Millis AC MBE MAgSc, PhD, FTS, DSc (Chair)	Department of Microbiology, University of Melbourne
Dr Annabelle Bennett SC BSc, PhD, LLB	Barrister at Law
Dr Angela Delves BAppBiol, PhD	Deputy Registrar (Student Policy & Planning), Australian National University
Dr Ashley Dunn MPhil, PhD	Head, Molecular Biology Program, Ludwig Institute for Cancer Research

Dr Stephen Goodwin BSc, PhD	Horticultural Research & Advisory Station, NSW Agriculture
Dr Eric Haan BMedSc, MB BS, FRACP, Certification (HGSA)	Director, Department of Medical Genetics and Epidemiology, Adelaide Women's and Children's Hospital
Professor Peter Hudson BSc, PhD	Program Leader for Protein Engineering, CSIRO Division of Biomolecular Engineering
Professor Staffan Kjelleberg BSc, PhD	School of Microbiology and Immunology, University of New South Wales
Associate Professor Peter Langridge BSc, PhD	Research Leader, ARC for Basic and Applied Plant Molecular Biology, Waite Agricultural Research Institute
Mr David Martin Diploma of Mechanical Engineering	Biocontainment Engineer, Australian Animal Health Laboratory, CSIRO
Dr John Oakeshott BSc, PhD	Head of Molecular Biology, CSIRO Division of Entomology
Dr Ian Parsonson MA, BVSc, PhD, MACVSc	Retired Assistant Chief, Australian Animal Health Laboratory, CSIRO
Professor Jim Pittard BSc, MSc, PhD, DSc, FAA	Head, Department of Microbiology, University of Melbourne
Dr Ken Reed BSc, MSc, PhD	Director, Queensland Agricultural Biotechnology Centre, Department of Primary Industries, Queensland
Ms Rosemary Robins BA	Lecturer, Department of History and Philosophy of Science, University of Melbourne
Professor Susan Serjeantson BSc, PhD	Director, Institute of Advanced Studies and Deputy Vice-Chancellor Australian National University
Associate Professor Loane Skene LLB, LLM	Senior Lecturer, Department of Law, University of Melbourne

Dr Robyn van Heeswijck BSc, PhD	Senior Lecturer, Department of Horticulture, Viticulture and Oenology, University of Adelaide
Professor Mark Westoby BSc, PhD	(Personal Chair), School of Biological Sciences, Macquarie University
Mr John Whitelaw BAgSc	Former Deputy Executive Director, Environment Protection Agency