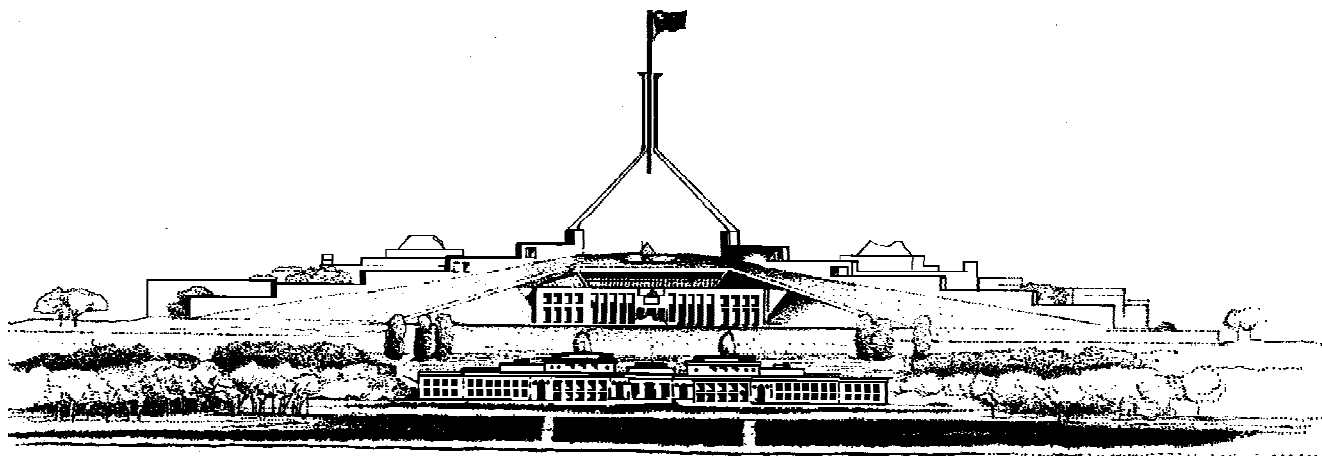




COMMONWEALTH OF AUSTRALIA  
PARLIAMENTARY DEBATES



**HOUSE OF  
REPRESENTATIVES**

**Official Hansard**

**THURSDAY, 12 NOVEMBER 1998**

THIRTY-NINTH PARLIAMENT  
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES  
CANBERRA



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1998

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

# VOTES AND PROCEEDINGS

No. 3

THURSDAY, 12 NOVEMBER 1998

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1 The House met, at 9.30 a.m., pursuant to adjournment. The Speaker (the Honourable Neil Andrew) took the Chair, and read Prayers.

**2 WORKPLACE RELATIONS AMENDMENT (UNFAIR DISMISSALS) BILL 1998**

Mr Reith (Minister for Employment, Workplace Relations and Small Business), pursuant to notice, presented a Bill for an Act to amend the *Workplace Relations Act 1996*.

Bill read a first time.

Mr Reith moved—That the Bill be now read a second time.

*Paper*

Mr Reith presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**3 ANTI-PERSONNEL MINES CONVENTION BILL 1998**

Mr Downer (Minister for Foreign Affairs), pursuant to notice, presented a Bill for an Act to implement the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, and for related purposes.

Bill read a first time.

Mr Downer moved—That the Bill be now read a second time.

*Paper*

Mr Downer presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Edwards), and the resumption of the debate made an order of the day for the next sitting.

**4 TELSTRA (TRANSITION TO FULL PRIVATE OWNERSHIP) BILL 1998**

Mr Fahey (Minister for Finance and Administration), for Mr McGauran (Minister representing the Minister for Communications, Information

Technology and the Arts), pursuant to notice, presented a Bill for an Act to amend the *Telstra Corporation Act 1991*, and for other purposes.

Bill read a first time.

Mr Fahey moved—That the Bill be now read a second time.

*Paper*

Mr Fahey presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

#### **5 TELECOMMUNICATIONS LEGISLATION AMENDMENT BILL 1998**

Mr Fahey (Minister for Finance and Administration), for Mr McGauran (Minister representing the Minister for Communications, Information Technology and the Arts), pursuant to notice, presented a Bill for an Act to amend the law relating to telecommunications, and for other purposes.

Bill read a first time.

Mr Fahey moved—That the Bill be now read a second time.

*Paper*

Mr Fahey presented an explanatory memorandum to the following Bills:

Telecommunications Legislation Amendment 1998;

Telecommunications (Universal Service Levy) Amendment 1998; and

NRS Levy Imposition Amendment 1998.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

#### **6 TELECOMMUNICATIONS (UNIVERSAL SERVICE LEVY) AMENDMENT BILL 1998**

Mr Fahey (Minister representing the Minister for Communications, Information Technology and the Arts) presented a Bill for an Act to amend the *Telecommunications (Universal Service Levy) Act 1997*, and for related purposes.

Bill read a first time.

Mr Fahey moved—That the Bill be now read a second time.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

#### **7 TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) BILL 1998**

Mr Fahey (Minister for Finance and Administration), for Mr McGauran (Minister representing the Minister for Communications, Information Technology and the Arts), pursuant to notice, presented a Bill for an Act about telecommunications, and for related purposes.

Bill read a first time.

Mr Fahey moved—That the Bill be now read a second time.



*Paper*

Mr Fahey presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**8 NRS LEVY IMPOSITION AMENDMENT BILL 1998**

Mr Fahey (Minister representing the Minister for Communications, Information Technology and the Arts) presented a Bill for an Act to amend the *NRS Levy Imposition Act 1998*, and for related purposes.

Bill read a first time.

Mr Fahey moved—That the Bill be now read a second time.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**9 ACTS INTERPRETATION AMENDMENT BILL 1998**

Mr Williams (Attorney-General), pursuant to notice, presented a Bill for an Act to amend the *Acts Interpretation Act 1901* in relation to references in Acts to Ministers, and for related purposes.

Bill read a first time.

Mr Williams moved—That the Bill be now read a second time.

*Paper*

Mr Williams presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**10 AGRICULTURE, FISHERIES AND FORESTRY LEGISLATION AMENDMENT BILL (NO. 1) 1998**

Mr M. A. J. Vaile (Minister for Agriculture, Fisheries and Forestry), pursuant to notice, presented a Bill for an Act to amend the law relating to agriculture, fisheries and forestry, and for related purposes.

Bill read a first time.

Mr M. A. J. Vaile moved—That the Bill be now read a second time.

*Paper*

Mr M. A. J. Vaile presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**11 AUSTRALIAN WOOL RESEARCH AND PROMOTION ORGANISATION AMENDMENT BILL 1998**

Mr M. A. J. Vaile (Minister for Agriculture, Fisheries and Forestry), pursuant to notice, presented a Bill for an Act to amend the *Australian Wool Research and Promotion Organisation Act 1993*, and for related purposes.

Bill read a first time.

Mr M. A. J. Vaile moved—That the Bill be now read a second time.

*Paper*

Mr M. A. J. Vaile presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**12 AUSTRALIAN NATIONAL TRAINING AUTHORITY AMENDMENT BILL 1998**

Dr Kemp (Minister for Education, Training and Youth Affairs), pursuant to notice, presented a Bill for an Act to amend the *Australian National Training Authority Act 1992*, and for other purposes.

Bill read a first time.

Dr Kemp moved—That the Bill be now read a second time.

*Paper*

Dr Kemp presented an explanatory memorandum to the Bill.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**13 ABORIGINAL AND TORRES STRAIT ISLANDER HERITAGE PROTECTION BILL 1998**

Mr McGauran (Minister for the Arts and the Centenary of Federation), for Mr Ruddock (Minister representing the Minister for Aboriginal and Torres Strait Islander Affairs), pursuant to notice, presented a Bill for an Act for the protection of areas and objects of particular significance to Aboriginal peoples and Torres Strait Islanders, and for related purposes.

Bill read a first time.

Mr McGauran moved—That the Bill be now read a second time.

*Paper*

Mr McGauran presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**14 PAYMENT PROCESSING LEGISLATION AMENDMENT (SOCIAL SECURITY AND VETERANS' ENTITLEMENTS) BILL 1998**

Mr Truss (Minister for Community Services), pursuant to notice, presented a Bill for an Act to amend the *Social Security Act 1991* and the *Veterans' Entitlements Act 1986*, and for related purposes.

Bill read a first time.

Mr Truss moved—That the Bill be now read a second time.

*Paper*

Mr Truss presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**15 1998 BUDGET MEASURES LEGISLATION AMENDMENT (SOCIAL SECURITY AND VETERANS' ENTITLEMENTS) BILL 1998**

Mr Truss (Minister for Community Services), pursuant to notice, presented a Bill for an Act to amend the *Social Security Act 1991* and the *Veterans' Entitlements Act 1986*, and for related purposes.

Bill read a first time.

Mr Truss moved—That the Bill be now read a second time.

*Paper*

Mr Truss presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**16 TELECOMMUNICATIONS AMENDMENT BILL (NO. 2) 1998**

Mr McGauran (Minister representing the Minister for Communications, Information Technology and the Arts), pursuant to notice, presented a Bill for an Act to amend the *Telecommunications Act 1997*, and for related purposes.

Bill read a first time.

Mr McGauran moved—That the Bill be now read a second time.

*Paper*

Mr McGauran presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**17 SUPERANNUATION LEGISLATION AMENDMENT (CHOICE OF SUPERANNUATION FUNDS) BILL 1998**

Mr Hockey (Minister for Financial Services and Regulation) presented a Bill for an Act to amend the law relating to superannuation, and for related purposes.

Bill read a first time.

Mr Hockey moved—That the Bill be now read a second time.

*Paper*

Mr Hockey presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**18 TAXATION LAWS AMENDMENT BILL (NO. 2) 1998**

Mr Hockey (Minister for Financial Services and Regulation) presented a Bill for an Act to amend the law about income tax, and for related purposes.

Bill read a first time.

Mr Hockey moved—That the Bill be now read a second time.

*Paper*

Mr Hockey presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**19 PRIVATE HEALTH INSURANCE INCENTIVES BILL 1998**

Dr Wooldridge (Minister for Health and Aged Care), pursuant to notice, presented a Bill for an Act to provide incentives for private health insurance, and for related purposes.

Bill read a first time.

Dr Wooldridge moved—That the Bill be now read a second time.

*Paper*

Dr Wooldridge presented an explanatory memorandum to the following Bills: Private Health Insurance Incentives 1998; Private Health Insurance Incentives Amendment 1998; and Taxation Laws Amendment (Private Health Insurance) 1998.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**20 PRIVATE HEALTH INSURANCE INCENTIVES AMENDMENT BILL 1998**

Dr Wooldridge (Minister for Health and Aged Care), pursuant to notice, presented a Bill for an Act to amend the *Private Health Insurance Incentives Act 1997*, and for related purposes.

Bill read a first time.

Dr Wooldridge moved—That the Bill be now read a second time.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**21 TAXATION LAWS AMENDMENT (PRIVATE HEALTH INSURANCE) BILL 1998**

Dr Wooldridge (Minister for Health and Aged Care) presented a Bill for an Act to amend the law relating to income tax in respect of private health insurance, and for related purposes.

Bill read a first time.

Dr Wooldridge moved—That the Bill be now read a second time.

Debate adjourned (Ms Macklin), and the resumption of the debate made an order of the day for the next sitting.

**22 SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT) REPEAL AND AMENDMENT BILL 1998**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, presented a Bill for an Act to amend certain Acts relating to superannuation, and for related purposes.

Bill read a first time.

Mr Slipper moved—That the Bill be now read a second time.

*Paper*

Mr Slipper presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**23 COMMONWEALTH SUPERANNUATION BOARD BILL 1998**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, presented a Bill for an Act to establish a Board to administer certain legislation relating to superannuation, and for related purposes.

Bill read a first time.

Mr Slipper moved—That the Bill be now read a second time.

*Paper*

Mr Slipper presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**24 SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT—SAVING AND TRANSITIONAL PROVISIONS) BILL 1998**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, presented a Bill for an Act to enact saving and transitional provisions in consequence of the enactment of certain provisions of the *Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Act 1998*.

Bill read a first time.

Mr Slipper moved—That the Bill be now read a second time.

*Paper*

Mr Slipper presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Martin), and the resumption of the debate made an order of the day for the next sitting.

**25 SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT) REPEAL AND AMENDMENT (CONSEQUENTIAL AMENDMENTS) BILL 1998**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, presented a Bill for an Act to amend certain Acts in consequence of the enactment of the *Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Act 1998*, and for other purposes.

Bill read a first time.

Mr Slipper moved—That the Bill be now read a second time.

*Paper*

Mr Slipper presented an explanatory memorandum to the Bill.

Debate adjourned (Mr O'Connor), and the resumption of the debate made an order of the day for the next sitting.

**26 DEVELOPMENT OF EASTERN REGION OPERATIONS CENTRE AT RAAF BASE WILLIAMTOWN, NSW—APPROVAL OF WORK**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved—That, in accordance with the provisions of the *Public Works Committee Act 1969*, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Development of the Eastern Region Operations Centre at RAAF Base Williamtown, NSW.

Debate ensued.

Question—put and passed.

**27 REDEVELOPMENT OF FACILITIES AT RAAF BASE AMBERLEY, QLD—APPROVAL OF WORK**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved—That, in accordance with the provisions of the *Public Works Committee Act 1969*, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Redevelopment of facilities at RAAF Base Amberley, Qld.

Debate ensued.

Question—put and passed.

**28 PARLIAMENTARY ZONE—ERECTION OF IDENTIFICATION SIGNS IN FRONT OF OLD PARLIAMENT HOUSE—APPROVAL OF PROPOSAL**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), for Mr Anderson (Minister for Transport and Regional Services), pursuant to notice, moved—That, in accordance with section 5 of the *Parliament Act 1974*, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 10 November 1998, namely: Erection of identification signs in front of Old Parliament House.

Question—put and passed.

**29 WOOL INTERNATIONAL AMENDMENT BILL 1998**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—

Debate resumed by Mr O'Connor who moved, as an amendment—That all words after “That” be omitted with a view to substituting the following words: “whilst supporting the principle of privatisation of Wool International, the House calls on the Government to introduce provisions which will:

- (1) provide for Wool International to continue sales from the wool stockpile at least to accommodate interest payments on stockpile debt, and associated costs of maintaining the selling infrastructure of the stockpile;

- (2) maintain the client base of Wool International and the credibility of both the Government and the industry in dealing consistently with those clients;
- (3) ensure the retention of the core expertise in Wool International to assist any non-government entity constituted to further dispose of the stockpile;
- (4) ensure that the privatisation process will be an open, transparent process along the lines proposed by the ALP in the 1993 Act;
- (5) include details of a mechanism to allow growers to exit from the privatised entity if they do not wish to participate;
- (6) take into account and protect the position of those growers who have borrowed against the security of Wool International entitlements; and
- (7) ensure that all wool buyers will have equal access in a transparent process should the Government decide to sell the entire stockpile in one lot”.

Debate continued.

Amendment negatived.

Question—That the Bill be now read a second time—put and passed—Bill read a second time.

Leave granted for third reading to be moved forthwith.

On the motion of Mr M. A. J. Vaile (Minister for Agriculture, Fisheries and Forestry), the Bill was read a third time.

**30 AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY BILL 1998—  
REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee, a Governor-General’s message recommending an appropriation had been reported, and the Bill had been agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**31 AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (LICENCE  
CHARGES) BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee and agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**32 AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (CONSEQUENTIAL AMENDMENTS) BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee and agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**33 STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee, a Governor-General's message recommending an appropriation had been reported, and the Bill had been agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**34 HIGHER EDUCATION FUNDING AMENDMENT BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee, Governor-General's messages recommending appropriations for the purposes of the Bill and an amendment to the Bill had been reported, and the Bill had been agreed to with an amendment (*see item No. 13, Minutes of Proceedings of the Main Committee of 11 November 1998*), and presented a certified copy of the Bill together with a schedule of the amendment.

Amendment made by the Main Committee agreed to.

Bill, as amended, agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**35 FILM LICENSED INVESTMENT COMPANY BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee and agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.



**36 TAXATION LAWS AMENDMENT (FILM LICENSED INVESTMENT COMPANY) BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee and agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**37 CHILD SUPPORT LEGISLATION AMENDMENT BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee, a Governor-General's message recommending an appropriation had been reported, and the Bill had been agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**38 STATES GRANTS (GENERAL PURPOSES) AMENDMENT BILL 1998—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Bill had been fully considered by the Main Committee, a Governor-General's message recommending an appropriation had been reported, and the Bill had been agreed to without amendment, and presented a certified copy of the Bill.

Bill agreed to.

On the motion of Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), the Bill was read a third time.

**39 MESSAGE FROM THE SENATE**

Message No. 1, 11 November 1998, from the Senate was reported transmitting a resolution agreed to by the Senate approving, in accordance with section 5 of the *Parliament Act 1974*, the proposal by the National Capital Authority to erect identification signs in front of Old Parliament House.

**40 MESSAGE FROM THE SENATE**

Message No. 2, 11 November 1998, from the Senate was reported transmitting a resolution agreed to by the Senate concerning the Government's decision to cut jobs from Centrelink.

Ordered—That consideration of the message be made an order of the day for the next sitting.

**41 MESSAGE FROM THE SENATE—DATA-MATCHING PROGRAM (ASSISTANCE AND TAX) AMENDMENT BILL 1998**

Message No. 3, 11 November 1998, from the Senate was reported transmitting for the concurrence of the House a Bill for an Act to amend the *Data-matching Program (Assistance and Tax) Act 1990*, and for related purposes.

Bill read a first time.

Ordered—That the second reading be made an order of the day for the next sitting.

**42 ADDRESS IN REPLY TO THE GOVERNOR-GENERAL'S SPEECH**

The order of the day having been read for the resumption of the debate on the question—That the following Address in Reply to the speech of His Excellency the Governor-General be agreed to:

May it please Your Excellency:

We, the House of Representatives of the Commonwealth of Australia, in Parliament assembled, desire to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the speech which you have been pleased to address to Parliament—

Debate resumed.

It being 2 p.m., the debate was interrupted in accordance with standing order 101A, and the resumption of the debate made an order of the day for a later hour this day.

**43 QUESTIONS**

Questions without notice were asked.

**44 SPEAKER'S PANEL**

The following warrant nominating a member of the Speaker's panel, pursuant to standing order 18, was laid on the Table:

**HOUSE OF REPRESENTATIVES**

Pursuant to the provisions of standing order 18, I nominate Ian Raymond Causley to be a member of the Speaker's panel to assist the Chair when requested to do so by the Speaker or Deputy Speaker.

Given under my hand on 12 November 1998.

NEIL ANDREW  
Speaker

**45 AUSTRALIAN PARLIAMENTARY DELEGATION—REPORT**

The Speaker presented the following paper:

Australian Parliamentary Delegation to the 100th Inter-Parliamentary conference, Moscow, 6 to 12 September 1998—Report, November 1998.

**46 AUDITOR-GENERAL'S REPORTS**

The Speaker presented the following papers:

Auditor-General Act—Auditor-General—Audit reports of 1997-98—  
Performance audits—

No. 13—Aboriginal and Torres Strait Islander Health Program: Department of  
Health and Aged Care.

No. 14—Prescribed payments system: Australian Taxation Office.

Severally ordered to be printed.

**47 PAPERS**

The following papers were presented:

APEC—Australia's Individual Action Plan: Trade equals jobs—1998.

Commonwealth Authorities and Companies Act—Australian Securities and  
Investments Commission—Report for 1997-98.

Finance—

Advance to the Minister for Finance—Statement for July 1998.

Supporting applications of issues from the Advance during July 1998.

National Procurement Board—Final report, for period 1 July 1997 to 31 March  
1998.

Primary Industries and Energy Research and Development Act—Land and  
Water Resources Research and Development Corporation—Report for 1997-98.

Snowy Mountains Hydro-electric Power Act—Snowy Mountains Hydro-  
Electric Authority—Report for 1997-98.

**48 PAPERS—MOTION TO TAKE NOTE OF PAPERS**

Mr Reith (Leader of the House) moved—That the House take note of the  
following papers:

Commonwealth Authorities and Companies Act—Australian Securities and  
Investments Commission—Report for 1997-98.

Finance—

Advance to the Minister for Finance—Statement for July 1998.

Supporting applications of issues from the Advance during July 1998.

Primary Industries and Energy Research and Development Act—Land and  
Water Resources Research and Development Corporation—Report for 1997-98.

Debate adjourned (Mr McMullan), and the resumption of each debate made an  
order of the day for the next sitting.

**49 SUSPENSION OF STANDING ORDERS—ROUTINE OF BUSINESS FOR 23  
NOVEMBER 1998**

Mr Reith (Leader of the House), by leave, moved—

That so much of the standing orders be suspended as would prevent the routine of business for the sitting on Monday, 23 November 1998, being as follows, unless otherwise ordered:

1. Notices and orders of the day, government business.
2. Members' statements (at approximately 1.45 p.m.).
3. Questions without notice (at 2 p.m.).
4. Presentation of petitions.
5. Grievance debate.
6. Notices and orders of the day, government business.

Question—put and passed.

**50 SPECIAL ADJOURNMENT**

Mr Reith (Leader of the House) moved—That the House, at its rising, adjourn until Monday, 23 November 1998, at 12.30 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker, fixes an alternative day or hour of meeting.

Question—put and passed.

**51 MEMBERS' TRAVELLING ALLOWANCE CLAIMS—STATEMENT BY SPEAKER**

The Speaker made a statement concerning the internal audit of Members' travelling allowance claims by KPMG.

The Speaker informed the House that KPMG had recommended no further action be taken on claims and that the Clerk of the House had accepted the recommendation.

**52 DISCUSSION OF MATTER OF PUBLIC IMPORTANCE—GOODS AND SERVICES TAX**

The House was informed that Mr Beazley (Leader of the Opposition) had proposed that a definite matter of public importance be submitted to the House for discussion, namely, "The implications of the GST for the Commonwealth's future role in the provision of government services".

The proposed discussion having received the necessary support—

Mr Beazley addressed the House.

Discussion ensued.

Discussion concluded.

**53 AGED CARE AMENDMENT (ACCREDITATION AGENCY) BILL 1998**

Mrs B. K. Bishop (Minister for Aged Care), pursuant to notice, presented a Bill for an Act to amend the *Aged Care Act 1997*.

Bill read a first time.

Mrs B. K. Bishop moved—That the Bill be now read a second time.

*Paper*

Mrs B. K. Bishop presented an explanatory memorandum to the Bill.

Debate adjourned (Mr Lee), and the resumption of the debate made an order of the day for the next sitting.

**54 ADDRESS IN REPLY TO THE GOVERNOR-GENERAL'S SPEECH**

The order of the day having been read for the resumption of the debate on the question—That the following Address in Reply to the speech of His Excellency the Governor-General be agreed to:

May it please Your Excellency:

We, the House of Representatives of the Commonwealth of Australia, in Parliament assembled, desire to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the speech which you have been pleased to address to Parliament—

Debate resumed.

Debate adjourned (Mr Melham), and the resumption of the debate made an order of the day for the next sitting.

**55 ADJOURNMENT**

Mrs Stone (Parliamentary Secretary to the Minister for the Environment and Heritage) moved—That the House do now adjourn.

Debate ensued.

The House continuing to sit until 6 p.m.—The Speaker adjourned the House until Monday, 23 November 1998, at 12.30 p.m., in accordance with the resolution agreed to this sitting.



**PAPERS**

The following papers were deemed to have been presented on 12 November 1998:

Acts Interpretation Act—Statement relating to delay in furnishing reports within specified period—Sydney Airports Corporation Limited and Essendon Airport Limited—Statements of Corporate Intent.

Civil Aviation Act—Civil Aviation Regulations—

Civil Aviation Orders—Parts 20, 82—Amendments 31 October 1998.

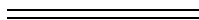
Exemption 1998 No. CASA 41.

International Organisations (Privileges and Immunities) Act—Regulations—Statutory Rules 1998 No. 252.

National Health Act—Determination 1998 No. HIG 8.

Patents Act—Regulations—Statutory Rules 1998 No. 241.

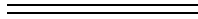
Therapeutic Goods Act—Determination 1998 No. Imo/No. 2.



*No. 3N12 November 1998*

**ATTENDANCE**

All Members attended (at some time during the sitting) except Mr Scott.



**I. C. HARRIS**

Clerk of the House of Representatives

*Thursday, 12 November 1998*

**Mr SPEAKER (Mr Neil Andrew)** took the chair at 9.30 a.m., and read prayers.

**WORKPLACE RELATIONS AMENDMENT (UNFAIR DISMISSALS) BILL 1998**

**First Reading**

Bill presented by **Mr Reith**, and read a first time.

**Second Reading**

**Mr REITH** (Flinders—Minister for Employment, Workplace Relations and Small Business) (9.32 a.m.)—I move:

That the bill be now read a second time.

The coalition is determined to continue to generate strong and sustained jobs growth through sound economic policies and fiscal management, workplace relations reforms and initiatives to support small business, and further improvements to the national training system to strengthen the competitiveness of Australian businesses. There are no short-term or easy solutions to the problem of unemployment. But this bill is an important step in creating more jobs.

This bill will amend the Workplace Relations Act 1996 to exclude new employees of small businesses (other than apprentices and trainees) from the federal unfair dismissal regime and to require a six-month qualifying period of employment before new employees (other than apprentices and trainees) can access the federal unfair dismissal remedy.

These initiatives were specifically outlined by the coalition parties during the recent federal election campaign in our workplace relations policy, *More Jobs, Better Pay*. We have a specific electoral mandate to proceed with their implementation as a matter of priority. In regard to the small business exemption we have a fresh mandate, given the rejection by the Senate of similar proposals during the first term of the Howard-Fischer government.

In our first term we made substantial progress in labour market reform, of particular

benefit to small business. We introduced a new unfair dismissal system, which is more balanced and fair to both employers and employees. But we have not gone far enough in removing the burden of unfair dismissal laws off the backs of Australian employers, or the unemployed. For small business, we must continue to give priority to the reduction of paperwork and the compliance burden.

It is an unavoidable fact that the defence of an unfair dismissal claim, however groundless, is especially burdensome for small businesses. In many larger businesses, expertise and resources can be put into recruitment and termination procedures. Small businesses have no such resources. Even attendance of witnesses at a hearing can bring a small business to a standstill.

The government has been listening to the concerns of small businesses, their experiences of the impact of unfair dismissal claims, and their fears that the simple fact of employing someone makes them vulnerable to unfair dismissal claims. There is extensive evidence of the difficulties that unfair dismissal laws cause for those small businesses who experience a claim: not just the cost of settlement, where that occurs, but the time and location of hearings, stress, costs to business in lost time, disruption to working relationships and the costs of defending the application. And the fear of these burdens affects employing intentions, even amongst businesses which may not have themselves experienced a claim. This is the most important reason that this bill should be brought into law, as soon as possible—it will promote jobs growth.

Members who spoke against the previous bill to introduce the small business exclusion said there was insufficient evidence of the need for the bill, and its benefits. There was plenty of evidence, but they would not allow themselves to be convinced.

That evidence included the Morgan and Banks' 1996 survey, the April 1997 Recruitment Solutions survey, and the May 1997 New South Wales Chamber of Commerce and St George Bank survey. The Council of Small Business Organisations of Australia said that small business would create 50,000 jobs if the bill was passed. 'Trends in Staff Selection and

Recruitment', a report by the National Institute of Labour Studies in May 1997, commissioned by the then Department of Employment, Education, Training and Youth Affairs, found that unfair dismissal laws strongly influenced hiring decisions.

Then there was the Yellow Pages Small Business Index Survey conducted in October and November 1997, and further surveys conducted in March 1998 and July 1998 by the New South Wales, South Australian and Queensland chambers. These surveys, and others like them, make completely plain the importance which business attaches to this issue.

The introduction of a six-month qualifying period provides a fairer balance between the rights of employers and employees in this statutory cause of action. It will provide some relief for medium and larger businesses which may not benefit from the small business exemption. It will also provide employees with an opportunity to achieve longer service before determining whether they genuinely seek the relief sought by such claims. It will deter frivolous claims. This standardisation of a six-month period will remove the uncertainties that can affect businesses relying on probation periods introduced for specific employees. The six-month period is reasonable for Australian employees and employers, and may be compared with qualifying periods in place in other countries such as the United Kingdom, Canada and Germany.

I turn now to the terms of the bill itself. The exemption is to commence on royal assent. However, it will not affect existing employees. As it is intended to encourage new employment, the exclusion will only apply to employees who are first engaged by the relevant employer after the commencement of the amendment.

The exemption is from the federal unfair dismissal provisions only. Employees will still be protected by other provisions of the Workplace Relations Act in respect of unlawful amendment. The exemption does not affect the rights of apprentices or trainees. The exemption applies only to businesses employing 15 or fewer employees. This size of small business was chosen because of the precedent

provided by the Employment Protection Act 1982 of New South Wales, introduced by the Wran government, and followed by the then Australian Conciliation and Arbitration Commission in the 1984 termination, change and redundancy test case.

The bill provides that, in counting the number of employees in a business, casual employees are only to be counted if they have been engaged on a regular and systematic basis for at least 12 months. The intention of this exclusion is to reflect the fact that a business which occasionally engages additional casual employees is not necessarily a large business.

The qualifying period of six months will need to be continuous employment. The regulations will be able to prescribe circumstances to be disregarded in determining whether employment is continuous or not, much as is presently done in calculating length of service for the purposes of the entitlement to pay in lieu of notice (except in cases of serious misconduct).

This bill will have no significant impact on Commonwealth expenditure. I commend the bill to the House and present the explanatory memorandum to the bill.

Debate (on motion by **Ms Macklin**) adjourned.

#### **ANTI-PERSONNEL MINES CONVENTION BILL 1998**

##### **First Reading**

Bill presented by **Mr Downer**, and read a first time.

##### **Second Reading**

**Mr DOWNER** (Mayo—Minister for Foreign Affairs) (9.39 a.m.)—I move:

That the bill be now read a second time.

The Anti-Personnel Mines Convention Bill 1998 will give effect to Australia's obligations as a party to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the Ottawa Convention) and will provide a legislative basis for the convention's national implementation.



I take great personal pleasure in introducing a bill which represents an important step towards a goal this government is committed to: that is, a future world without landmines.

The scourge of landmines—the senseless, random taking and blighting of innocent lives—is a peculiarly vicious, late twentieth century form of terror which all responsible peoples and governments must strive to end—everywhere and forever. The appalling dimensions of the humanitarian and economic crisis being faced by so many countries, including in Australia's region, require this.

It was for this reason—because we understood that bold steps were required to address the global landmines problem—that this government as one of its first acts on assuming office announced its support for a global ban on landmines and—pending the achievement of this—declared an indefinite national moratorium on the use of landmines by the Australian Defence Force—notwithstanding the fact that the ADF has had no association with the indiscriminate or irresponsible use of landmines. This was a significant break with the caveated policies of the past and underlined our absolute determination to end the human suffering caused by a weapon incapable of distinguishing soldier from civilian.

Since that time, Australia has played a leading role in international efforts to find a comprehensive and lasting solution to the global landmines crisis. Indeed, building international support for an effective, global landmines ban has been—and remains—one of the government's key arms control objectives.

It was therefore with considerable pleasure and great pride that I signed the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the Anti-Personnel Mines Convention) on behalf of Australia when it was opened for signature in Ottawa on 3 December last year. In so doing, Australia joined over 120 other countries—well over half the community of nations—forswearing the use, production and transfer of anti-personnel landmines and undertook to destroy its stockpile of anti-personnel mines,

consistent with the provisions of the convention.

Signing the Ottawa Convention was the quickest, most absolute way for a government to commit itself to this objective, and it was right that Australia, with its strong humanitarian record, took this stand in support of a global landmines ban. For us, the bottom line was that because landmines are so commonplace, so deadly, and have been so widely and insidiously misused over recent decades, the only sane, humane response is to eliminate them. I am proud of that decision.

Of course, the global battle against landmines is far from over and now is certainly not the time for complacency. The international community must now build on the norm established by the Ottawa Convention. We owe it to the victims of landmines past, present and future to continue working through all possible avenues to ensure that major traditional producers and exporters of landmines which remain outside the Ottawa Convention are brought into the process of finding a lasting, effective solution to the landmines problem. The next step will be to get negotiations under way as soon as possible in the Conference on Disarmament on an agreement to ban transfers of landmines as a way of complementing the Ottawa Treaty and tightening the clamps on the global supply of landmines. Australia is leading the way on this front and we will continue to work hard on this long after the issue has left the media headlines.

Neither will we lose sight of the ongoing urgent need to do something concrete and compassionate about the millions of landmines which are already in the ground and which continue to claim innocent victims on a daily basis. We will continue to lead the way in assisting countries such as Cambodia to rid themselves of the continuing deadly legacy of landmines, drawing not only on our financial resources but also on the experience and courage of our deminers and the talent and innovative thought which our scientists and our engineers have applied to the technological challenge which these silent killers continue to pose.

The bill before the House gives life to Australia's obligations under the convention. Part 2 of the bill makes it an offence to engage in activities prohibited under the convention and provides appropriately severe penalties of ten years imprisonment for offences committed under clause 8 relating to the Convention prohibitions.

Part 2 of the bill creates offences relating to placement, possession, development, production, acquisition, stockpiling and transfer of anti-personnel mines by Australian citizens or members of the Australian Defence Force or on territory under Australian jurisdiction or control. The offence would be punishable by either imprisonment for 10 years or a fine of \$66,000 (or both) for an individual; or a fine of \$1.1 million for a corporation.

Part 2 of the bill also provides a specific exemption to this obligation, namely for the retention or transfer of a minimum number of anti-personnel mines necessary for the development of, and training in, mine detection, mine clearance, or mine destruction techniques. The bill authorises the Minister for Defence to grant permission to place, possess, produce or acquire, stockpile or move anti-personnel mines for the purposes of the development of, or training in, mine detection, mine clearance, mine destruction or mine deactivation. This is fully consistent with article 3 of the convention and would ensure that Australia's skills base in mine detection, mine clearance and mine destruction techniques is not inadvertently compromised.

Part 3 of the bill deals with the powers of fact-finding missions which may be mandated under the convention to assess whether Australia is in compliance with provisions of the convention. Part 4 of the bill provides for information gathering necessary to ensure full compliance with the obligations and reporting responsibilities contained in the convention. I commend the bill to the House and present the explanatory memorandum to the bill.

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

## **TELSTRA (TRANSITION TO FULL PRIVATE OWNERSHIP) BILL 1998**

### **First Reading**

Bill presented by **Mr Fahey**, and read a first time.

### **Second Reading**

**Mr FAHEY** (Macarthur—Minister for Finance and Administration) (9.48 a.m.)—I move:

That the bill be now read a second time.

As foreshadowed during the election campaign, this bill facilitates the further transition of Telstra Corporation to private ownership. It repeals the provisions of the Telstra Corporation Act 1991 which require the Commonwealth to retain two-thirds of the equity in the company. The bill provides for the transition to full private ownership to occur in stages and incorporates significant social bonus benefits flowing from the next sale of Commonwealth equity. This bill is part of a legislative package which will clearly separate regulation of the telecommunications industry from ownership of Telstra.

This bill contains most of the provisions of the Telstra (Transition to Full Public Ownership) Bill 1998 which was introduced into the previous parliament. However, there are some significant variations which reflect the government's response to issues raised during public and parliamentary discussion of the previous bill. The bill now provides that Telstra must meet prescribed criteria for service performance for a designated period of at least six months before the Commonwealth can relinquish majority ownership. The evaluation of Telstra's performance in metropolitan, rural and remote areas will be undertaken by an independent inquiry. The inquiry must issue a certificate confirming that Telstra has met the prescribed service standards and provide it to the minister. The minister must arrange for the certificate to be published in the *Commonwealth of Australia Gazette*, with the publication date—called the inquiry certificate day—being the trigger mechanism that permits the Commonwealth's sale of the majority of the Commonwealth's equity. The Telstra Corporation Act is amended by the bill to require Telstra to ensure that

at least two of its directors have knowledge of, or experience in, the communications needs of regional areas of Australia.

### **Social Bonus**

The government has included in the bill its election commitments regarding the social bonus from the first tranche of the further sale. The social bonus funding is automatically allocated from the proceeds of the next partial sale when those proceeds reach \$671 million, which is the total cost of the social bonus elements.

The individual components which are being legislated are as follows. The Natural Heritage Trust of Australia Act 1997 is amended by the bill to increase the trust's reserve fund by \$250 million. Enhancement of the Natural Heritage Trust's funding base builds further on what is already the largest environment fund in Commonwealth history. Up to \$70 million is made available over five years to establish Rural Transaction Centres in country towns to provide services such as personal banking, postal services, Medicare Easyclaim facilities and telephone and facsimile services. Up to \$150 million is to be allocated over three years for the abolition of Telstra's pastoral call rate and to provide access to untimed local calls in extended zones. The funds will be used to upgrade the telecommunications network in remote Australia.

An additional \$81 million over three years will be provided to the Regional Telecommunications Infrastructure Fund, which was established from the proceeds of the one-third sale of Telstra. Twenty million dollars of these additional funds are for enhancing telecommunications in remote and isolated island communities such as the Torres Strait; the Cocos (Keeling) group; Christmas, King, Norfolk, Flinders, Kangaroo and other islands; and the Australian Antarctic Territories. Thirty-six million dollars is for Internet service delivery in regional and rural Australia, with the aim of providing all Australians with local call access to the Internet. The remaining \$25 million will provide 100 per cent continuous mobile phone coverage on key major national highways.

One hundred and twenty million dollars is to be allocated over five years to establish a

television fund. The television fund will be used to extend SBS Television to transmission areas with more than 10,000 people and to eradicate up to 250 television reception 'black spots'. Two million dollars from the fund will be used to establish a new media unit within the SBS. These measures will deliver real and lasting benefits to the community.

### **Sale Provisions**

The sale provisions of the bill are substantially the same as those which proved effective and robust for the sale of one-third of Telstra. The sale process is, however, subject to the Inquiry Certificate Day trigger mechanism before the Commonwealth can relinquish majority ownership.

### **Shareholder Oversight**

The bill retains the special provisions which permit the government to obtain financial and other information from Telstra because of its shareholding, for as long as the Commonwealth holds a majority interest in the company.

The ministerial power to direct Telstra in section 9 of the Telstra Corporation Act will be retained until the Commonwealth relinquishes its majority interest. This direction power is inappropriate for a privately owned company. Telstra will be subject to a range of appropriate regulatory powers, including ministerial direction powers, under other legislation, to protect consumers and competitors. This will complete the proper separation of regulation from ownership of the company.

### **Australian Control Assured**

The bill amends the foreign ownership provisions of the Telstra Corporation Act to ensure that the existing 35 per cent total and five per cent individual foreign ownership limits continue to apply to the proportion of non-Commonwealth shares following the sale of each tranche. That is, the limits will continue to apply no matter how subsequent share sales are structured. The requirement for Telstra's headquarters, chairman and majority of directors to be Australian will be retained irrespective of the ownership of Telstra.

### **Transitional Provisions—Telstra Employees**

The accrued rights of Telstra employees under Commonwealth legislation, such as long

service leave, maternity leave and certain retirement benefits, are preserved under the bill's transitional provisions when Telstra ceases to be Commonwealth controlled.

### Conclusion

This bill provides an opportunity for Australians to invest further in Telstra, building on the enthusiasm and interest demonstrated by the public during the one-third sale. It ensures that service quality is a precondition for relinquishment of government majority ownership. And it guarantees that the social bonus will be delivered, while also enabling further retirement of public debt. I present the explanatory memorandum to the bill.

Debate (on motion by **Ms Macklin**) adjourned.

## TELECOMMUNICATIONS LEGISLATION AMENDMENT BILL 1998

### First Reading

Bill presented by **Mr Fahey**, for **Mr McGauran**, and read a first time.

### Second Reading

**Mr FAHEY** (Macarthur—Minister for Finance and Administration) (9.55 a.m.)—I move:

That the bill be now read a second time.

The Telecommunications Legislation Amendment Bill 1998 is the second of five bills which the government is introducing to improve the operation of the Australian telecommunications industry. The focus of this bill is the enhancement of the existing pro-competitive regulatory regime for telecommunications. The bill also makes amendments to ACCC and industry requirements to improve two safeguards for consumers.

In introducing legislation in relation to the further privatisation of Telstra, the government is taking the opportunity to enhance the pro-competitive arrangements. The amendments respond to recommendations in the report of the Senate committee inquiry into the Telstra (Transition to Full Private Ownership) Bill 1998 and other issues identified through our monitoring of the operation of the regime and consultation with industry and consumers. These are sensible enhancements

to the competition regime in their own right and are appropriate regardless of the ownership arrangements applying to Telstra.

### Main provisions of the bill

The Telecommunications Legislation Amendment Bill 1998 will enhance competition regulation by enabling the ACCC to codify certain carrier information and consultation requirements; giving a private right of injunctive action for breach of the part XIB competition rule; enabling the disclosure of specific carrier information, including costs; quarantining specified information acquired from competitors; broadening the ACCC's powers to direct parties to negotiate in good faith; and empowering the ACCC to mediate in access negotiations.

Consistent with the government's election commitments, the bill contains new provisions requiring the ACCC to provide regular, impartial, public reports on pricing, market share and other competition related data across a range of specified services. Publicly available data will better inform the market, make competition more transparent and be of clear value in evaluating and promoting the government's telecommunications reforms and further developing policy. Details of the reporting regime will be set out in ministerial determinations.

The bill also improves safeguards for consumers by:

- requiring the ACCC to monitor and report on compliance by Telstra and universal service providers with price controls applying to them under the proposed Telecommunications (Consumer Protection and Service Standards) Act; and
- requiring the Australian Communications Authority to make a determination about the extent to which carriage service providers must inform consumers about the terms and conditions governing the supply of goods and services under standard forms of agreement.

The bill contains amendments consequential upon the enactment of the proposed Telecommunications (Consumer Protection and Service Standards) Act, principally changing references to the Telecommunications Act to

references to the proposed new act. The Telecommunications Legislation Amendment Bill will make valuable enhancements to the competition and consumer safeguards in telecommunications. I present the explanatory memorandum to this and the following bills: the Telecommunications (Universal Service Levy) Amendment Bill 1998 and the NRS Levy Imposition Amendment Bill 1998.

Debate (on motion by **Ms Macklin**) adjourned.

### **TELECOMMUNICATIONS (UNIVERSAL SERVICE LEVY) AMENDMENT BILL 1998**

#### **First Reading**

Bill presented by **Mr Fahey**, and read a first time.

#### **Second Reading**

**Mr FAHEY** (Macarthur—Minister for Finance and Administration) (10.00 a.m.)—I move:

That the bill be now read a second time.

The Telecommunications (Universal Service Levy) Act 1997 imposes a levy on telecommunications carriers with a view to funding losses incurred by universal service providers in fulfilling the Universal Service Obligation. This bill amends the Telecommunications (Universal Service Levy) Act to replace references to several provisions of the Telecommunications Act 1997 with references to the corresponding provisions of the Telecommunications (Consumer Protection and Service Standards) Act 1998 consequential upon the enactment of that act.

Debate (on motion by **Ms Macklin**) adjourned.

### **TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) BILL 1998**

#### **First Reading**

Bill presented by **Mr Fahey**, for **Mr McGauran**, and read a first time.

#### **Second Reading**

**Mr FAHEY** (Macarthur—Minister for Finance and Administration) (10.01 a.m.)—I move:

That the bill be now read a second time.

#### **The legislation package**

In 1997 the government introduced a new regulatory regime which introduced full and open competition and reinforced and reinvigorated consumer protection arrangements. In general this regime has been working well. However, the government acknowledges that in response to its previously announced intention to move to full privatisation of Telstra there was concern in the community about the possible effect of privatisation on service levels.

Public ownership of Telstra will not, of itself, ensure reasonable service levels across Australia. However, in view of the concerns, and to strengthen the customer safeguards available, the government has decided to adopt a staged approach to the further sale of its shares in Telstra. This package of legislation gives effect to that approach. The government is bringing together in this Telecommunications (Consumer Protection and Service Standards) Bill 1998, the consumer and service safeguards so that Australians can readily know what protections are available to them.

The legislation will also strengthen these safeguards where necessary and will provide a ministerial power of direction over Telstra with regard to compliance with the service standards specified under the legislation.

In a competitive market, government ownership is not an effective means to influence behaviour. The government's role is to ensure that it has in place a comprehensive telecommunications regulatory regime which contains safeguards in relation to service to customers and measures to ensure that consumers gain the benefits of an open competitive market. The regime the government currently has in place provides regulation that is transparent and applies to all industry players, not just the one that is government owned. The regime also provides greater certainty to the Austral-

ian community that its interests are clearly established in law.

In summary, the government does not need to own Telstra to achieve the desired outcomes for society and consumers. In fact, contemporary experience indicates that government pursuit of competitive and consumer benefits can be hindered by ownership responsibilities and obligations.

### Major provisions of the bill

The legislative package will continue to provide a world-class consumer protection framework. The government recognises that, while competition will, in most cases, provide a good outcome for consumers, there is a need for safety nets to ensure that in all cases consumers have a guarantee of certain basic levels of service.

I now turn to the major provisions of this bill. The Telecommunications (Consumer Protection and Service Standards) Bill 1998 brings together the consumer protection measures that were contained in the Telecommunications Act 1997 to provide greater visibility and clarity. It is essentially a transparency measure drawing together the full range of consumer safeguards in a single bill making it easier for consumers to access information about their rights. It does not diminish the substance of any of these obligations and, indeed, some minor amendments and additions are proposed which clarify and enhance certain existing provisions.

At the core of the community obligations of the telecommunications industry is the Universal Service Obligation. The government continues to be firmly committed to maintaining a general obligation on the industry to ensure that all people in Australia have reasonable access to the standard telephone service (including customer equipment), payphones and prescribed additional carriage services on an equitable basis, wherever they reside or carry on business, and a supporting obligation to supply those services on request. The universal service provisions in this bill maintain those protections previously provided in the Telecommunications Act 1997.

The measures currently included in the Telecommunications Act 1997 to be incorporated into this bill are those relating to:

- the universal service regime and the national relay service (including funding provisions);
- the right to continued access to untimed local voice calls for business, charity and residential customers, and the right to untimed data calls for residential and charity customers;
- the Customer Service Guarantee which ensures that phone users are compensated for inadequate service;
- protection for residential consumers against failure of service providers to provide services;
- provision of direct access, free of charge, to emergency call services;
- the Telecommunications Industry Ombudsman Scheme for investigation of service complaints; and
- the price control arrangements on Telstra to ensure that the benefits of competition and technological change are shared by all Australians.

The bill also includes amendments to some of these provisions to strengthen them. In addition, it includes a new provision giving the minister the power to direct Telstra in relation to matters contained in this bill.

An amendment will give the Australian Communications Authority the power to direct a telephone company to redress systemic problems in relation to the Customer Service Guarantee. This will enable the ACA to look proactively into systemic problems—for example, consistent faults in a certain geographic area—and direct a carriage service provider about the things it should do to ensure those problems do not recur.

The objective of the proposed amendment is to provide a substantial incentive to the carriage service providers to identify and solve recurring problems which have resulted in their not being able to meet the CSG standards on a regular basis. The threat of a substantial fine, up to \$10 million for failure to comply with an ACA direction, will place

a significant incentive on the carriage service provider concerned to improve its performance.

The bill continues the existing obligation that all carriage service providers must enter into the Telecommunications Industry Ombudsman (TIO) Scheme. A minor amendment is intended to remove any perceived ambiguity in the Telecommunications Act 1997 and ensure that there is only one TIO Scheme.

In addition to the retention of the price controls currently incorporated in the Telstra Corporation Act 1991 applying to Telstra there are two minor amendments to the price control arrangements. These amendments are the insertion of:

- . a provision making it clear that Telstra-specific price

- cap arrangements and other price control arrangements may

- relate to charges for untimed local calls in particular

- areas; and

- . a provision making it clear that Telstra must comply with any determination setting out price control arrangements.

There is also an amendment to the Trade Practices Act 1974 making it explicit that the Australian Competition and Consumer Commission (ACCC) is responsible for monitoring and reporting each financial year to the Minister for Communications, Information Technology and the Arts on Telstra's compliance with its price control arrangements, and the Universal Service Provider's (USP) compliance with any price controls in relation to the provision of the universal service.

These amendments will reduce regulatory uncertainty and provide Telstra and any other USPs in the future with appropriate incentives to comply with the price control arrangements. The price cap arrangements are currently under review. However, the government has indicated that price controls will continue.

This bill contains a new provision which provides that the minister may direct Telstra to comply with this new consumer act. This will provide a targeted ministerial power of direction over Telstra that relates specifically

to the safeguards in the Telecommunications (Consumer Protection and Service Standards) Bill 1998. It is a specific power of direction which will address community concerns by targeting the service standards and consumer safeguards which are clearly related to the minister's regulatory responsibilities and in no way related to ownership. This provision adds to the existing powers of the regulators to seek compliance and further strengthens the consumer safeguards regime.

I present the explanatory memorandum to this bill.

Debate (on motion by **Ms Macklin**) adjourned.

#### **NRS LEVY IMPOSITION AMENDMENT BILL 1998**

##### **First Reading**

Bill presented by **Mr Fahey**, and read a first time.

##### **Second Reading**

**Mr FAHEY** (Macarthur—Minister for Finance and Administration) (10.11 a.m.)—I move:

That the bill be now read a second time.

The NRS Levy Imposition Act 1998 imposes a levy on participating telecommunications carriers which is used to fund the National Relay Service. This bill amends the NRS Levy Imposition Act to replace a reference to a provision of the Telecommunications Act 1997 with a reference to the corresponding provision of the Telecommunications (Consumer Protection and Service Standards) Act 1998 consequential upon the enactment of that act. The explanatory memorandum was tabled in the earlier sequence of bills.

Debate (on motion by **Ms Macklin**) adjourned.

#### **ACTS INTERPRETATION AMENDMENT BILL 1998**

##### **First Reading**

Bill presented by **Mr Williams**, and read a first time.

### Second Reading

**Mr WILLIAMS** (Tangney—Attorney-General) (10.12 a.m.)—I move:

That the bill be now read a second time.

This bill makes amendments to the Acts Interpretation Act 1901 to address the implications of a recent decision of the Federal Court in *Foster v. Attorney-General*, 12 October 1998, which has serious implications for government administration. In that case the court found that section 19 of the Acts Interpretation Act 1901 does not enable the Attorney-General to authorise the Minister for Justice to exercise statutory powers for and on his behalf. This decision has significant ramifications for other authorisations made under section 19 of the act.

The result of the case is that section 19 cannot be used to authorise junior portfolio ministers, or another minister, to exercise statutory powers vested in the holder of a specific ministerial office. Decisions by portfolio ministers in relation to statutory powers conferred upon the 'minister' are not affected as section 19A of the Acts Interpretation Act provides that such references are effectively taken to mean all ministers appointed to administer the relevant department. The decision also means that section 19 cannot be used to authorise parliamentary secretaries to exercise statutory ministerial powers.

The proposed amendments will provide for a minister to authorise a non-portfolio minister or a parliamentary secretary to act on his or her behalf. The amendments also validate past authorisations that have been made in reliance on section 19 to the extent that they may be invalid. The bill also amends section 19A to ensure that all ministers within a portfolio, where appropriate, can exercise the statutory powers of the portfolio minister.

The bill also makes related amendments to section 19BA to ensure that an order can be made by the Governor-General under that section whenever there is any change to the administration of government business and validates past orders made under section 19BA to the extent that they may be invalid.

In the *Foster* decision, Justice Spender recognised that both cabinet and the Prime Minister have traditionally been able to appoint a minister or member of the Executive Council to exercise a statutory power vested in another minister for and on behalf of that other minister. In particular, His Honour noted that cabinet or the Prime Minister may make an appointment of that kind where the other minister is unable to exercise the relevant power through illness, absence or more generally. Section 19 of the act is being retained to ensure that cabinet and the Prime Minister retain the powers of appointment recognised in the *Foster* decision.

An appeal has been lodged in the *Foster* case. However, because of the implications of the decision it is appropriate that urgent legislative action be taken to clarify the position and to validate past authorisations made in reliance on section 19 of the act. The bill will not have a significant financial impact. I present the explanatory memorandum to the bill.

Debate (on motion by **Ms Macklin**) adjourned.

### AGRICULTURE, FISHERIES AND FORESTRY LEGISLATION AMENDMENT BILL (No. 1) 1998

#### First Reading

Bill presented by **Mr Vaile**, and read a first time.

#### Second Reading

**Mr VAILE** (Lyne—Minister for Agriculture, Fisheries and Forestry) (10.15 a.m.)—I move:

That the bill be now read a second time.

The purpose of this bill is to repeal the Dried Vine Fruits Equalisation Act 1978 and amend the Pig Industry Act 1986. The repeal of the Dried Vine Fruits Equalisation Act 1978 will cease the current equalisation of export returns for dried vine fruits from 1 January 1999. As equalisation currently occurs over the course of a season, with returns calculated at the last export of fruit from that season, the repeal allows for the continued operation of equalisation for the previous—that is, 1998—season.



The dried vine fruits industry is the only commodity which continues to operate an equalisation scheme. The industry now contends that, in the prevailing market circumstances, equalisation arrangements are inappropriate, and mask market signals and inhibit industry and marketing innovation. The industry peak body, the Australian Dried Fruits Association, has requested the termination of the scheme.

The purpose of the amendments to the Pig Industry Act 1986 is to replace reference to the former National Meat Processors Association in the act with reference to the Australian Food Council's Processed Meats Forum, which is now the meat processors' representative body. The bill provides for a nominee of the Australian Food Council's Processed Meats Forum to be nominated to the selection committee for the Australian Pork Corporation; and for the Australian Food Council Processed Meats Forum to be defined as an 'eligible industry body', in lieu of the disbanded National Meat Processors Association.

In October 1997, the National Meat Processors Association agreed to disband, with all functions and future deliberations on issues affecting the processed meats industry being dealt with by the 'Australian Food Council Processed Meats Forum'. The amendment will allow the establishment of a new Australian Pork Corporation Selection Committee, comprising a presiding member, two members from the Pork Council of Australia, and one member from the Australian Food Council Processed Meats Forum. Once validly constituted, the Australian Pork Corporation Selection Committee can exercise its powers in nominating persons to fill vacancies on the Australian Pork Corporation Board.

The amendments will also allow for the Australian Food Council Processed Meats Forum to be defined as an 'eligible industry body', thereby obliging the Australian Pork Corporation to consult with the forum before approaching the minister on issues relating to the making of regulations, prescribing levy amounts, formulating or revising a corporate plan or annual operational plan, and the appointment of the Australian Pork Corporation company auditor. I commend the bill to

the House and present the explanatory memorandum.

Debate (on motion by **Ms Macklin**) adjourned.

### **AUSTRALIAN WOOL RESEARCH AND PROMOTION ORGANISATION AMENDMENT BILL 1998**

#### **First Reading**

Bill presented by **Mr Vaile**, and read a first time.

#### **Second Reading**

**Mr VAILE** (Lyne—Minister for Agriculture, Fisheries and Forestry) (10.19 a.m.)—I move:

That the bill be now read a second time.

The purpose of this bill is to give wool growers greater involvement in setting the strategic direction of the Australian Wool Research and Promotion Organisation. The amendments contained in the bill will allow wool tax payers greater involvement in the work of the Australian Wool Research and Promotion Organisation and a greater opportunity to express their views on the directions of wool promotion and research and development.

The bill arises from recommendations from the wool industry which were considered by an industry-government working party. I believe the thrust of the changes will be welcomed by wool growers. The current legislative framework governing the Australian Wool Research and Promotion Organisation allows wool tax payers—that is, wool growers—only a minimal involvement in the organisation.

These restrictions were a response to the difficulties experienced with the decision making process of the old Australian Wool Corporation and its management of the Reserve Price Scheme. While wool growers showed strong support for the Australian Wool Research and Promotion Organisation—in the wool tax ballot in late 1997—these statutory arrangements have left them feeling they are, to some extent, disenfranchised from the process of setting the future directions of their industry. In practice, the extent to which

the Australian Wool Research and Promotion Organisation could interact effectively with wool growers has been limited by the existing legislation.

In summary, the bill will give the wool growing industry more involvement in the selection of members of the board of the Australian Wool Research and Promotion Organisation, and will ensure there are more wool growers with appropriate expertise on the board. It will open up the annual general meeting of the Australian Wool Research and Promotion Organisation to allow individual wool growers to put their views directly to the organisation that is responsible for spending their wool tax dollars. And it will allow greater flexibility in future ballots to set the level of wool tax.

#### **AWRAP Board**

The bill provides that the Australian Wool Research and Promotion Organisation Board be increased from nine to 11 members. This will allow the number of wool grower members on the board to be increased to four, not only reflecting the importance of this skill on the board but also greatly assisting communication on the business of the organisation with growers spread across the country.

However, the board will retain the wide range of expertise and the mix of skills and experience necessary for it to efficiently perform its function, much of which is, of course, well beyond the farm. In addition to their wool production background, the additional grower members will be expected to have broader commercial, processing or other skills and knowledge to contribute to the board.

The board will remain an independent and professional body, with appropriate skills, but with better avenues of communication with the industry it serves and, hence, greater accountability to growers.

#### **AWRAP Chair**

The bill provides that the Chair of the Australian Wool Research and Promotion Organisation will be required to 'have had involvement in wool production' as well as relevant board experience, and experience in the other areas of expertise outlined in the act.

This will give sufficient scope to appoint a capable and independent Chair suited to heading a large, commercially focused organisation.

#### **Selection committee**

The Australian Wool Research and Promotion Organisation is a statutory authority, and appointments to the board will continue to be the responsibility of the government. However, through this bill the selection process for board members will be revised, to increase the role of the industry in the process, while ensuring that board members will be selected on the basis of their expertise, not their affiliation to industry groupings.

The board selection committee will include:

- . a Presiding Member and another member appointed by the government
- . the Chair of the Australian Wool Research and Promotion Organisation, and
- . two members nominated by the Wool Council of Australia, in consultation with the Australian Interior Textile and Carpet Wool Council.

#### **Annual General Meeting**

In relation to the annual general meetings, at present growers are only allowed to vote on a motion approving the annual report, or if a motion of no confidence is lodged. These restrictions are out of date and are a major contributing factor to the low levels of grower participation in the annual general meetings.

This bill will allow wool tax payers to put motions to the Annual General Meeting, bringing forward potentially useful ideas for consideration by the board, without mandating the acceptance of these ideas. The board will then be required to explain to the industry any decision it makes regarding such motions.

#### **Corporate plan—consultation**

Enhanced consultation with the peak industry councils during development of the corporate plan will allow the Australian Wool Research and Promotion Organisation to draw more fully upon industry expertise and the desires of wool growers, while still maintaining the professional independence of the organisation.

### Wool tax ballot

This bill will remove unnecessary restrictions on the conduct of the wool tax ballot, which will also contribute to satisfying wool tax payer requests for more involvement in the direction of their industry. There is also increased flexibility in the form that the ballot may take.

### Other changes

The other amendments provided for in the bill are of an administrative nature. They include clarifying situations where the Australian Wool Research and Promotion Organisation is operating on behalf of the Australian wool industry and the government under implied, rather than express, powers. This recognises the organisation's move towards more commercial practice, such as charging for the provision of services, and the use of the Woolmark brand by licensees.

This allows the Australian Wool Research and Promotion Organisation to seek much needed additional funding to supplement the wool tax and the government's research and development support, leveraging funds available for promotion, and allowing the organisation to enhance its interaction with manufacturers and retailers.

The calculation of the gross value of production of wool, which is used in calculating the government's contribution to research and development funding, is also to be amended to ensure consistency with legislation governing the other primary industry research and development authorities.

### Conclusion

The amendments contained in this bill signal a further step towards curtailing unnecessary government involvement in the wool industry. However, I would stress that these amendments are not about enhancing grower representation within the industry or jeopardising the high standard of corporate governance already established by the board. They are about giving the Australian Wool Research and Promotion Organisation greater access to the skills and experience that reside within the wool industry, enhancing accountability to wool taxpayers and fostering industry 'ownership' of its main service provider.

These changes also fit well with the organisation's continuing evolution towards a corporate structure operating along commercial lines. The government supports the move by the organisation towards more commercial approaches to its operations, and notes that this process will continue. If there are further worthwhile changes the industry believes are appropriate, the government will, of course, be prepared to consider further amendments to the act in future.

I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by **Ms Macklin**) adjourned.

### AUSTRALIAN NATIONAL TRAINING AUTHORITY AMENDMENT BILL 1998

#### First Reading

Bill presented by **Dr Kemp**, and read a first time.

#### Second Reading

**Dr KEMP** (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (10.28 a.m.)—I move:

That the bill be now read a second time.

The bill amends the Australian National Training Authority Act 1992 to reflect the new agreement between the Commonwealth, states and territories on vocational education and training, setting out planning, accountability and funding arrangements for the three years 1998 to 2000.

By way of consequential amendments, the bill also amends the Vocational Education and Training Funding Act 1992 to incorporate into the general allocation the funding previously set aside specifically to support off-the-job training for traineeships and to supplement the amounts appropriated for 1998 and 1999 in accordance with real price movements reflected in Treasury indices.

The bill also rectifies an omission made in the original Australian National Training Authority Act by making it clear that the Australian National Training Authority (ANTA) is exempt from state and territory

taxes to which the Commonwealth is not subject.

The new ANTA Agreement reflected in the bill is founded on a recognition by both the Commonwealth and state and territory governments that vocational education and training is integral to the development of an Australian work force with the range and depth of skills necessary to increase the productivity and competitiveness of Australian industry.

A key feature of the new agreement is that it provides a stable basis for funding vocational education and training over the next three years. The Commonwealth will maintain funding to the states and territories in real terms over the period of the agreement, and states and territories have undertaken to achieve growth in their vocational education and training systems through efficiencies. For 1998, the states and territories collectively have planned to deliver an extra 55,000 student places.

This is an excellent outcome, particularly for young Australians, who will benefit from additional vocational education and training places that will help them gain real jobs. It is also a win for taxpayers, who can be assured that funds will be put to the best possible use.

It is evidence of this government's commitment to the vocational education and training sector that over the next three years the Commonwealth will contribute more than \$2.7 billion through the ANTA Agreement, and this is in addition to around \$500 million annual funding for other Commonwealth vocational education and training programs. Total Commonwealth funding for vocational education and training in 1998-99 will be \$1.4 billion.

To ensure that the training provided will be responsive to the needs of businesses and of the economy, the new agreement fosters a leadership role for industry in the peak decision making, planning and advisory processes for vocational education and training.

The new ANTA Agreement provides a basis to encourage a stronger training culture in Australian enterprises and throughout the Australian community. To complement this the government has introduced significant

reforms to make apprenticeships and traineeships more accessible and responsive to industry needs.

Apprenticeships have been modernised and are now expanding work-based training into new industries and occupations. Already new apprenticeships are expanding into industries such as agriculture, telecommunications and information technology where, for many occupations, there have been no nationally recognised training arrangements or qualifications.

The government's landmark reforms to vocational education and training embodied in the new ANTA Agreement will provide a sound basis for the Commonwealth, state and territory governments and industry in partnership to meet the training challenges that the economy and community will face as we move into the next century.

Mr Speaker, I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by **Ms Macklin**) adjourned.

### **ABORIGINAL AND TORRES STRAIT ISLANDER HERITAGE PROTECTION BILL 1998**

#### **First Reading**

Bill presented by **Mr McGauran**, for **Mr Ruddock**, and read a first time.

#### **Second Reading**

**Mr McGAURAN** (Gippsland—Minister for the Arts and the Centenary of Federation) (10.32 a.m.)—I move:

That the bill be now read a second time.

The Aboriginal and Torres Strait Islander Heritage Protection Bill 1998 was debated and passed by the House of Representatives on 4 June 1998. However, the bill lapsed on the prorogation of parliament and is now being reintroduced. This has given the government an opportunity to consider the second report of the Parliamentary Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund, and to make some changes to the bill.

The key features of the bill remain the same and include:

- . the establishment of a Director of Indigenous Heritage Protection to assist the Minister in the administration of the bill;
- . encouragement of the resolution of issues by negotiation and mediation;
- . a requirement that heritage significance be assessed according to indigenous traditions, observances, customs and beliefs;
- . the provision of protection for culturally sensitive information; and
- . provision for accreditation of state and territory heritage protection regimes that meet specified standards.

In reintroducing the bill the government has redrafted portions of the earlier bill to clarify some of the existing clauses and to add some new provisions. A number of the changes arise from consideration of the joint committee's report.

The bill now includes a requirement for the Director of Indigenous Heritage Protection to have an understanding of indigenous culture and heritage and an ability to deal with indigenous people in a culturally sensitive manner. This will ensure that the person who fills this pivotal role will have the understanding and expertise to deal with what will often be sensitive and difficult issues.

During the parliamentary joint committee hearings it became evident that the term 'minimum standards' was creating a significant misunderstanding. The term 'minimum' was intended to indicate that the standards represented the essentials of a sound heritage protection regime, not that only a low or minimal level of protection was required. We have therefore decided to clear up this misunderstanding by deleting the word 'minimum' and instead referring to 'the standards for accreditation of State and Territory heritage protection regimes.'

The committee recommended that the standards for accreditation be amended to require 'blanket' protection of heritage areas and objects. Blanket protection implies that all significant areas and objects, whether they have been previously identified or not, are

protected and can only be disturbed if permission is granted to do so. This puts the onus on a developer to ensure that no heritage sites are at risk before work goes ahead. In response to this recommendation standard (a) has been redrafted to clarify its intent and ensure that all accredited state and territory regimes do provide blanket protection.

The parliamentary joint committee recommended greater indigenous involvement in decision making on the significance of heritage sites and objects. In order to implement this, standard (c) now requires explicit indigenous involvement in advance work approval processes. This will ensure that indigenous people can be involved at the earliest possible point in any heritage protection issues.

The committee, following the recommendations in the Evatt report, recommended that in order to ensure indigenous involvement in heritage protection processes, that decisions on the significance of areas and objects should be separated from the decisions on protection. In response to this recommendation a new standard has been drafted that mirrors the requirement in the Commonwealth regime for a separation of decisions on significance from decisions on protection. This standard also requires decisions on significance to be made in consultation with indigenous people. This is a significant additional requirement for a state or territory heritage protection regime and it implements one of the key recommendations in the Evatt report. This will provide for increased indigenous involvement in the administration of any accredited State or Territory heritage protection regime.

I am aware that the issue of 'national interest' was raised in the debate on this bill in June. It was suggested that national interest be defined in such a way that it is the very act of protecting indigenous heritage that is in the national interest. Amending the bill in this way would potentially involve the Commonwealth in all indigenous heritage protection cases. This is contrary to the government's policy of providing a clear delineation of responsibilities between the Commonwealth and accredited states. Indeed, if the Common-

wealth were in a position to review all state decisions, there would be no incentive for states or territories to seek accreditation.

The standards for accreditation will ensure that accredited state and territory regimes offer comprehensive and fair heritage protection processes. There should be no need for recourse to the Commonwealth in an accredited regime, except where it can be argued that a site has some special qualities that suggest that its protection may be in the national interest. It should be remembered that, where a state or territory does not meet the standards for accreditation, the Commonwealth regime will always be available as an avenue of last resort.

A number of the minor suggestions made by the committee have not been included in the revised legislation. For example, the Commonwealth is requiring a high level of protection but not uniformity of practice between state and territory regimes. States and territories have unique social, cultural and legislative environments, and the standards need to allow flexibility for states and territories to have regimes that can meet the prescribed standards but in a locally appropriate way.

Some minor changes have been made to the saving provisions in the bill to ensure a smooth changeover in Victoria from part IIA of the 1984 act to new state heritage protection legislation.

In conclusion I would note that reform of indigenous heritage protection legislation is long overdue. The 1984 act was introduced as a temporary measure by Labor and has presented many difficulties for both indigenous people and other interests, and for governments administering the Act. I am pleased that we will be able to address these problems through this bill. The bill will ensure that a fair and transparent process is established for the protection of indigenous heritage at both the Commonwealth and state levels.

I commend the bill to the House and present the explanatory memorandum.

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

**PAYMENT PROCESSING LEGISLATION AMENDMENT (SOCIAL SECURITY AND VETERANS' ENTITLEMENTS) BILL 1998**

**First Reading**

Bill presented by **Mr Truss**, and read a first time.

**Second Reading**

**Mr TRUSS** (Wide Bay—Minister for Community Services) (10.40 a.m.)—I move:

That the bill be now read a second time.

This bill introduces the legislation package to implement budget initiatives to generally make social security payments payable fortnightly in arrears, which will simplify the Social Security Act 1991 and provide consistency. The bill will also simplify the date of effect of determinations made under the act.

Currently, social security payments are payday based, period based or lump sum amounts. The bill will change all payday based social security payments—that is, social security pensions and payments made under the family allowance system (for example, family allowance and child disability allowance)—into period based payments similar to the current payment system for social security benefits. Payments of lump sum amounts, such as for maternity allowance and maternity immunisation allowance, will not be affected by this initiative.

The changed payment arrangements will provide that an instalment of a social security payment will be payable in arrears for a period and at the times specified by the Secretary. In general terms, an instalment period will be a period of 14 days; however, the legislation will be flexible in that shorter or longer periods will be able to be determined. For example, all Australian pensioners who reside overseas will continue to receive their portable pensions every 28 days and in respect of a period of 28 days.

All social security payments that are period based will also have specific legislative provisions enabling a daily rate of payment to be calculated. This will ensure that a person's exact entitlement is able to be determined in respect of a period. This will simplify the

understanding of the social security system not only for customers but for interest groups, courts, tribunals, and staff of Centrelink and the Department of Family and Community Services by matching the payments received with the periods for which the payments are made.

The initiative will substantially reduce overlapping entitlements and non-recoverable excess payments because of efficiencies gained by reducing processing times. For those customers who find themselves in financial hardship, legislative provisions that allow an advance payment to be made (generally of an amount equivalent to one weeks entitlement) will be available to ease this hardship.

Mr Deputy Speaker, this bill will also make significant amendments to the date of effect provisions in the Social Security Act 1991. These new provisions will ensure greater efficiency, equity and accuracy in the reassessment of social security payments. The commencement provisions will not be affected by this initiative.

The date of effect provisions in the Social Security Act 1991 currently vary from payment to payment. This initiative will simplify these provisions by providing consistent treatment across payment types. The social security system will be enhanced and improved by becoming more responsive because inconsistencies will be removed. More determinations will be automated so errors will be lessened. Further, simpler transfer provisions will also result in more streamlined administration.

Mr Deputy Speaker, the general rule in respect of the date of effect of a determination will simply be that an event or a change in circumstances that necessitates a reassessment of a customer's entitlement will be from the date of the event or the change in circumstances. General reporting requirements will be a consistent seven days (the notification period). However, a longer period of up to 28 days will be given to those customers who, in special circumstances, either because of the type of event or change in circumstances or because of the individual circumstances of the person concerned, require a longer period in

which to report to Centrelink. Customers who reside overseas, in remote localities or experience a bereavement, for example, can all be provided, as a principle of government policy, with an extended notification period. This bill will make similar changes to income support payments made under the Veterans' Entitlements Act 1986.

I commend the bill to the House and present the explanatory memorandum.

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

**1998 BUDGET MEASURES LEGISLATION AMENDMENT (SOCIAL SECURITY AND VETERANS' ENTITLEMENTS) BILL 1998**

**First Reading**

Bill presented by **Mr Truss**, and read a first time.

**Second Reading**

**Mr TRUSS** (Wide Bay—Minister for Community Services) (10.45 a.m.)—I move:

That the bill be now read a second time.

This bill gives effect to a number of measures announced in the Government's 1998 budget that will assist in more effective and efficient social security administration.

First, more assistance will be provided to self-funded retirees through the extension of the seniors health card. This will be achieved by simplifying the application process and by applying more generous income limits. The income test that applies to the seniors health card will, in future, be based on taxable income. Retirees will, in most cases, be able to demonstrate their taxable income by simply providing their latest income tax assessment notice. In addition, the present income levels will be almost doubled, from \$21,320 to \$40,000 for a single person, and from \$35,620 to \$67,000 for a couple. It is estimated that 222,000 retirees will benefit from this measure.

The sharer's rule relating to rent assistance was introduced in the 1996 budget in recognition of the fact that people who live in shared or group accommodation derive economies of scale from that arrangement. The rule operates

by reducing the maximum rate of rent assistance payable for single people, without dependent children, who share accommodation to two-thirds of that payable to non-sharing single people.

As part of its 1998 budget, the government announced that recipients of rent assistance who are lodging in commercial board and lodging type accommodation would be exempted from the operation of the sharer's rule. The exemption recognises that people living in this type of accommodation are in a different situation from those who share accommodation in private residential group houses. This bill gives effect to that announcement and is estimated to benefit 12,000 recipients.

Two further measures announced in the 1998 budget and dealt with in this bill illustrate the government's recognition of the important role played by foster carers in helping young people.

From 1 July 1999, a health care card will be issued to the fostered child of carers who receive family allowance at less than the maximum rate in respect of the child, provided that the foster child was eligible for a pensioner concession card or a health care card as a member of their original family. This measure will benefit the carers of approximately 4,400 foster children.

Further, from 1 September 1999, the 12-month waiting period for parenting payment for single foster carers will be removed, benefiting around 900 single foster carers. I commend the bill to the House and present the explanatory memorandum.

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

### **TELECOMMUNICATIONS AMENDMENT BILL (No. 2) 1998**

#### **First Reading**

Bill presented by **Mr McGauran**, and read a first time.

#### **Second Reading**

**Mr McGAURAN** (Gippsland—Minister for the Arts and the Centenary of Federation) (10.49 a.m.)—I move:

That the bill be now read a second time.

The Telecommunications Amendment Bill (No. 2) 1998 amends paragraph (1)(a) of clause 55 of schedule 3 of the Telecommunications Act 1997 to extend the current sunset provision to 2001. Clause 55 currently imposes a requirement for telecommunication carriers to notify the Commonwealth where an activity may affect a matter of Commonwealth environmental interest. This is to ensure that the Commonwealth has the ability to intervene in matters of national environmental significance.

In addition, in the absence of clause 55, Telstra, as a Commonwealth body, would be subject to an additional level of environmental regulation through the Environmental Protection (Impact of Proposals) Act 1974 and the Australian Heritage Commission Act 1975—acts which do not cover the other telecommunications carriers.

The clause ceases to apply after 1 January 1999. At the time the Telecommunications Act 1997 was introduced it was planned to have similar arrangements in place through the Environment Protection and Biodiversity Conservation Bill 1998. Delays in introducing that bill due to the complexity of drafting involved now means that from 1 January 1999 the telecommunications carriers will no longer be under an obligation to satisfy the Environmental Secretary—the Secretary to the Department of Environment and Heritage—about activities they propose to undertake which have an environmental significance. The Commonwealth will have no powers to regulate relevant matters of Commonwealth environmental interest.

The current bill therefore proposes that the Telecommunications Act 1997 be amended to provide for the environmental impact requirements placed on carriers proposing to install facilities prior to 1 January 1999 to extend beyond that date. The need for the current clause will then be reviewed in the context of the Environment Protection and Biodiversity Conservation Bill 1998 and related bills. I present the explanatory memorandum to the bill and commend it to the House.

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



**SUPERANNUATION LEGISLATION  
AMENDMENT (CHOICE OF SUPER-  
ANNUATION FUNDS) BILL 1998**

**First Reading**

Bill presented by **Mr Hockey**, and read a first time.

**Second Reading**

**Mr HOCKEY** (North Sydney—Minister for Financial Services and Regulation) (10.52 a.m.)—I move:

That the bill be now read a second time.

The bill implements the coalition government's choice of superannuation fund measure. This measure was a key initiative in the 1997-98 budget and involves reforms to give employees greater choice over which superannuation fund or retirement savings account will receive superannuation contributions made on their behalf by their employer.

The choice of fund arrangements are about giving employees greater choice and control over their superannuation savings, which in turn will give them greater sense of ownership of these savings. The arrangements will increase competition and efficiency in the superannuation industry, leading to improved returns on superannuation savings.

The government has consulted widely in putting together the details of this important reform. Extensive consultation led to enhancements of the original model being announced in November 1997. These were designed to significantly reduce the administrative burden on employers by allowing greater flexibility in how choice is offered, while ensuring that employees still had an effective choice of fund. The announced enhancements were widely welcomed by the industry.

The government is continuing to work with industry on the design details of the proposed key features statements. Draft key features statements were prepared in consultation with industry and have been market tested with a variety of groups. The results of the market testing is being fed into a redesign of the key features statements.

While the government is prepared to consult and listen and respond to ensure the smoothest possible implementation of choice, it is

not prepared to compromise on the fundamentals. The fundamentals of this reform are that employees get a genuine choice as to which fund their superannuation is paid. Models for implementing choice which effectively allow employers to veto an employee's choice simply do not meet this essential criteria.

The reforms to which this bill gives effect are scheduled to first operate from 1 July 1999 in respect of new employees, having already been deferred from 1 July 1998. It is time to conclude the debate on these important matters to allow their orderly implementation, for the benefit of all Australians as they save for their future.

I commend this bill to the House and present the explanatory memorandum.

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

**TAXATION LAWS AMENDMENT  
BILL (No. 2) 1998**

**First Reading**

Bill presented by **Mr Hockey**, and read a first time.

**Second Reading**

**Mr HOCKEY** (North Sydney—Minister for Financial Services and Regulation) (10.56 a.m.)—I move:

That the bill be now read a second time.

The bill is being reintroduced with amendments to the bill that was debated and passed by the House of Representatives on 1 December 1997.

The bill gives effect to a number of important measures previously announced by the government to protect the integrity of the income tax base, to make some technical changes and to seek to act on the recommendations of the Small Business Deregulation Taskforce to reduce the compliance burdens faced by small businesses across Australia.

**Base Protection and Technical Changes**

**Denial of certain capital losses**

Under the existing law, corporate groups may multiply capital losses through manipulation of the capital gains tax provisions. The bill amends the tax law to remove the benefit

of such losses, where the loss was created by the rolling over of an asset before 3 p.m. on 29 April 1997. However, losses already used prior to the announcement of the measure at 3 p.m. on 29 April 1997 will not be affected. These provisions will not apply to small businesses, nor to certain assets used in manufacturing.

The bill also amends the anti-avoidance provisions of the income tax law to apply those provisions to capital loss creation schemes in the year in which the losses are created. The amendments apply to capital losses resulting from schemes entered into after 3 p.m. on 29 April 1997.

#### **Deductible expenditure and capital gains tax cost bases**

The bill gives effect to changes to the capital gains cost base provisions, announced as part of the government's 1997-98 budget.

The bill will ensure that taxpayers will no longer be able to include amounts of expenditure as part of the cost base or indexed cost base of an asset to the extent that the expenditure is deductible or is eligible for a heritage conservation rebate or a landcare and water facility tax offset.

The amendments are consistent with the principle that an item of expenditure should either be deductible for income tax purposes or included in the capital gains tax cost base of an underlying asset, but not both.

The amendments will apply to assets acquired after 7.30 p.m. on 13 May 1997. However, expenditure incurred before 1 July 1999 in respect of underlying land or buildings acquired on or before 13 May 1997 will not be subject to the measure.

The amendments in respect of the heritage conservation rebate and the landcare and water facility tax offset only apply to expenditure incurred on or after the day these measures are introduced into the parliament.

#### **Depreciation**

As announced in the 1997-98 budget, the bill will amend the income tax law to ensure that, for tax exempt entities that became subject to taxation before 3 July 1995, depreciation deductions and balancing adjust-

ments are based on the notional written down values of their depreciable assets as if the entity had always been subject to taxation.

#### **Average calculated liabilities of life insurance companies**

The bill will amend the income tax law to require life companies to use average calculated liabilities, rather than calculated liabilities at the end of the year of income, as the basis for determining income associated with immediate annuity policies, policies issued by overseas branches and the income and capital gains to be allocated to each class of assessable income.

The amendments apply from the first year of income on or after 29 April 1997. However, the amendments will apply to the preceding year of income if a significant event occurred in one of the insurance funds of a life company in the period from 29 April 1997 to the end of that year of income.

#### **Passive income of insurance companies**

The bill also contains amendments announced in the 1997-98 budget to correct a deficiency in the formulae used to calculate the passive income of controlled foreign insurance companies that are subject to accruals taxation and derived on or after 1 July 1997.

#### **Dividend imputation and RSAs**

The bill will amend the income tax law to ensure that no franking credit or debit arises from the payment or refund of tax where those amounts are attributable to the retirement savings account business of a life assurance company.

#### **Effect of bankruptcy on carrying forward tax offsets**

The bill will amend the income tax law for the 1997-98 and later income years to prevent a taxpayer who has become bankrupt from using a carried forward land care and water facility tax offset in certain circumstances.

#### **Company tax instalments**

The bill will amend the income tax law from the 1995-96 income year to exclude superannuation funds, approved deposit funds, and pooled superannuation trusts from the grouping provisions contained in the company tax instalment system.

**Changes to assist small business****Fringe benefits tax**

The bill will amend the fringe benefits tax law to, amongst other things, give effect to changes foreshadowed by the Prime Minister in his statement on 24 March.

The amendments will:

- . extend and simplify the exemption for taxi travel;
- . exempt certain small businesses from fringe benefits tax on certain car parking benefits;
- . simplify the 'arranger' provisions;
- . remove the burden of keeping records in certain circumstances for small business; and
- . exempt benefits arising from an employer's participation in an approved student exchange program.

Details of the commencement of these changes are outlined in the explanatory memorandum.

All of the measures demonstrate the government's commitment to reducing FBT compliance costs for employers and, in particular, for small businesses.

**Payments of tax by small companies**

The bill will amend the company tax instalment provisions of the income tax law to allow entities classified as small to pay their tax obligations later than currently required. Consequential changes to the date for determining classification are also being made.

Full details of the measures in the bill are contained in the explanatory memorandum circulated to honourable members. I present the explanatory memorandum and I commend the bill to the House.

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

**PRIVATE HEALTH INSURANCE  
INCENTIVES BILL 1998**

**First Reading**

Bill presented by **Dr Wooldridge**, and read a first time.

**Second Reading**

**Dr WOOLDRIDGE** (Casey—Minister for Health and Aged Care) (11.04 a.m.)—I move:

That the bill be now read a second time.

This is an important bill for it proposes a measure that will prove to be of enduring benefit to the Australian health system and to the Australian public, namely to cut the cost of private health insurance by 30 per cent through a rebate outlined in this bill. What this effectively means is that, for the majority of Australians, private health insurance will once again become tax deductible.

This is one of the simplest, most effective and most important changes that could be made to restore balance in our health system by working to slow the drop-out from private health insurance.

The proposed cut in the cost of private health insurance will help the private sector, take pressure off the public hospitals, and help restore much needed balance to our health-care system.

For the last 2½ years, my office has been virtually deluged with letters from people saying that they wanted to maintain their private health insurance but could not afford to keep it. A comment I have heard time and time again, particularly from older Australians, is, 'We can't afford it, but we can't afford to be without it.'

We set about tackling this virtual haemorrhaging of the private sector in health by spending about one-twentieth of what we spend in the Commonwealth's annual health budget and about one-thirtieth of overall health spending in Australia in the Private Health Insurance Incentives Scheme.

It was an investment that did achieve some important successes in slowing down the drop-out rate of people who have private health insurance.

According to the Australian Health Insurance Association, there are now some 200,000 people with private health insurance who would otherwise have dropped out without the help of the incentives scheme.

It is certainly better than doing nothing, which is the only solution proposed by the

opposition. If anything, the continued but slower drop-out is proof of the need for further action.

Making private health insurance 30 per cent cheaper for the 700,000 or so policy holders on annual incomes of less than \$20,000 is a policy of which I am proud.

The rebate upholds people's choice and will relieve some of the burden of their financial sacrifice as they pay extra for a doctor of their choosing, a hospital of their choice and an operation when they need it.

The government's 30 per cent rebate is both entirely reasonable and necessary when you consider that one-third of total health funding comes from health funds and from individuals. More than one in every three operations and one in four bed days are provided in the private sector.

In recent years private hospitals have been shouldering more of the burden as public hospitals, mostly consciously, have treated fewer people who are privately insured. In 1991, 27 per cent of privately insured people were treated in public hospitals. This is now around 15 per cent. In some specialities—for example, complex knee surgery—more than half of all operations conducted in any one year are provided in the private sector.

These services are mostly financed by private health insurance funds—that is, by pooled contribution income from almost six million Australians who, despite the significant cost, choose to be privately insured. Each year the premiums paid by these people to the health funds and paid from the funds to the hospitals and other providers make a larger contribution to our overall health bill in Australia than the Medicare levy funded by almost every Australian taxpayer. Health funds contribute \$4.5 billion; the Medicare levy about \$3.6 billion.

Although the public and private sectors are sometimes seen as competing foes, notably on the left of politics, it is important to note that the private health funds contribute around \$400 million a year into our public hospital budgets. People who ignore or disregard this major contribution by the private sector will

find that the pressure on the public purse and public hospitals will only increase.

Supporting private health insurance restores some much needed equilibrium in the Australian health system. To do this is to put balance back into the health system and help relieve one of the greatest sources of pressure on the public sector in health.

Certainly I believe that high quality health care should be provided to every Australian, and I am fully committed to Medicare as a universal health care system and to our public hospital system. A record \$31.34 billion of funding for public hospitals, which represents a 17.6 per cent increase in funding in the next five years compared to the last five years, is a clear sign that the Commonwealth is more than playing its part in supporting the public hospital system. That is a substantially greater increase than was achieved under the last negotiation by the previous Labor health minister, Graham Richardson.

Yet this additional funding for public hospitals will only be a stopgap if nothing further is done to support the viability of the private health sector and to address the reasons for the drop-out from private health insurance in the first place. The truth is we know the principal reason why people are dropping private health cover: it is overwhelmingly the problem of cost. In fact, to fail to do anything to address these crucial issues would be unreasonable and simply short-sighted. To do nothing could well spell the end of the private sector and only lead to increasing and intolerable strains on the public sector. That is why it would be a serious mistake if this legislation were blocked or delayed. It would also be a serious miscalculation to assume that the same amount of money would be spent elsewhere in the public hospital system.

Australians value a mixed system of public and private health care. This balance has contributed to the high quality system that we have in place today. Australians value choice, and this government recognises the contribution that Australians wish to make to their own health care.

We do not believe this choice is in any way contentious, as the member for Jagajaga wrote

some years ago in her national health strategy. Those views were flawed because they did not take into account that—as in the latest health care agreements recently signed—every time health insurance levels drop one per cent, the extra cost on the states at a marginal cost rate is estimated to be \$83 million. This is what the Commonwealth has undertaken to pay the states for the continuing decline in private health insurance.

Given that those who argue against this rebate are not proposing to do anything and will simply put private health insurance on the backburner, we can safely assume the drop-out rate from private health insurance will follow the long-term trend of two per cent a year.

By July 2001, if we do nothing, the Commonwealth would have to find exactly \$500 million extra to the states, each and every year correspondingly, just to stay standing still. In other words, in three years time we will be where we are now—and, possibly even worse, we will fail to address one of the root causes of the problem.

This 30 per cent cut in the cost of private health insurance will make a genuine and lasting difference, and will preserve the integrity of our health care system of Medicare and of the public hospitals.

This bill and the accompanying bills, the Private Health Insurance Incentives Bill 1998 and the Taxation Laws Amendment (Private Health Insurance) Bill 1998, introduce the private health insurance initiative announced in the government's tax reform package, Not a New Tax, A New Tax System. The benefit will assist families and individuals with the cost of private health insurance by providing a 30 per cent cut in that cost in premiums from 1 January 1999. It will not be means tested and will cover premiums for all hospital and ancillary cover.

Those with health cover will be able to collect the benefit in one of three ways: either as a tax rebate, as a direct payment or as a premium reduction from their health fund. This approach provides maximum flexibility for those who pay health insurance premiums and those who are therefore able to collect the

benefit. They will be able to choose which of the methods best suits their needs.

This initiative builds on and replaces the existing private health insurance incentive scheme. It is a welcome move, as is evident from recent comments of the Australian Medical Association's Federal President, Dr David Brand, and coming from an organisation that is not always complimentary of the government. It is clear from his comments that the AMA understands that this is a measure that is critical to the future of both public and private health in Australia.

In a submission to non-government parliamentarians, the AMA has also referred to the strong support of the community for this initiative. According to a Morgan Research survey that the submission quotes, nearly 70 per cent of Australians support the idea of a rebate for private health insurance.

Another point made in the submission is the claim that there are more than 180,000 jobs directly involved in the private health sector and many more in related services. These jobs are at risk if the Labor Party allows private insurance to collapse or if we continue merely to put it on the backburner.

The viability of our public hospital system is very seriously threatened by the continuing decline of private cover. At worst, the submission claims governments would have to provide an additional 25,000 hospital beds in the public system at a current cost of \$3 billion a year. It is clear that those who understand the health care system, as Dr Brand does, also understand that this 30 per cent cut in the cost of private health insurance is critical to the private health sector and is critical to the future of the public system.

I commend the Private Health Insurance Incentives Bill 1998 to the House. I present an explanatory memorandum to this bill.

Debate (on motion by **Ms Macklin**) adjourned.

**PRIVATE HEALTH INSURANCE  
INCENTIVES AMENDMENT BILL  
1998**

**First Reading**

Bill presented by **Dr Wooldridge**, and read a first time.

**Second Reading**

**Dr WOOLDRIDGE** (Casey—Minister for Health and Aged Care) (11.15 a.m.)—I move:

That the bill be now read a second time.

This bill amends the Private Health Insurance Incentives Act 1997. The amendments provide for the transition arrangements for the move from the existing incentives scheme to the government's private health insurance benefit. This new benefit is introduced in the Private Health Insurance Incentives Bill 1998, for which I have just given the second reading speech.

The new arrangements will provide a benefit of 30 per cent of health insurance premiums to all Australians who have private health cover. The incentives scheme will be repealed on 1 July 1999. I commend the Private Health Insurance Incentives Amendment Bill 1998 to the House. I have already presented the explanatory memorandum.

Debate (on motion by **Ms Macklin**) adjourned.

**TAXATION LAWS AMENDMENT  
(PRIVATE HEALTH INSURANCE)  
BILL 1998**

**First Reading**

Bill presented by **Dr Wooldridge**, and read a first time.

**Second Reading**

**Dr WOOLDRIDGE** (Casey—Minister for Health and Aged Care) (11.16 a.m.)—I move:

That the bill be now read a second time.

This bill amends the Income Tax Assessment Act 1997 to provide for a tax offset, otherwise known as a tax rebate, to encourage people to take out or maintain private health insurance.

The tax offset is complementary to the benefits available under the Private Health

Insurance Incentive Bill 1998 which can be obtained either as a direct payment from the government or a premium reduction. I have already presented an explanatory memorandum and commend the bill to the House.

Debate (on motion by **Ms Macklin**) adjourned.

**SUPERANNUATION LEGISLATION  
(COMMONWEALTH EMPLOYMENT)  
REPEAL AND AMENDMENT BILL  
1998**

**First Reading**

Bill presented by **Mr Slipper**, and read a first time.

**Second Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.17 a.m.)—I move:

That the bill be now read a second time.

The Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill is one of a package of four bills that provide for new superannuation arrangements for Commonwealth civilian employees including closure of the existing partially funded defined benefit scheme to new employees. The bills also provide for new administrative arrangements for all existing schemes.

The other bills in the package are the Commonwealth Superannuation Board Bill 1998, the Superannuation Legislation (Commonwealth Employment—Saving and Transitional Provisions) Bill 1998 and the Superannuation Legislation (Commonwealth Employment) Repeal and Amendment (Consequential Amendments) Bill 1998.

This main purpose of this bill is to ensure that the Commonwealth's civilian employees can participate in our choice of funds policy announced in the 1997 budget. This will give them greater control over, and flexibility in making, their superannuation arrangements.

At present, many Commonwealth employees are tied to membership of the Public Sector Superannuation Scheme (the PSS) or the closed Commonwealth Superannuation Scheme (the CSS). The bill will close the PSS to new members from 1 July 1999 and new

employees will be able to choose from superannuation arrangements made available by their employers. From 1 July 2000, CSS and PSS members will, if they wish, be able to cease active membership and choose the alternative superannuation arrangements made available by their employers. The bill will provide for the entitlements of CSS members who exercise choice to be based on the resignation deferred benefit, but adjusted to ensure no increase in unfunded liabilities.

The bill will make a number of other amendments to various superannuation acts covering civilian employees. For example, it includes amendments to the Superannuation Act 1976 to allow CSS members to transfer amounts held in the Australian Government Employees Superannuation Trust or other funds to the CSS Fund. It will also amend that act to remove the current restrictions on the payment of reversionary benefits to a CSS pensioner's spouse or child from a post-retirement relationship with a pro rata payment where the relationship was short term. Similar changes are made in respect of spouses' benefits under the Parliamentary Contributory Superannuation Act 1948.

In addition, the bill provides for modifications to the superannuation redundancy entitlement arrangements for employees who cease to be CSS or PSS members as a result of a sale or outsourcing, in the terms announced in June 1997. In line with the operational date of the new preservation arrangements to apply to the general work force, the bill will provide for preservation from 1 July 1999 of the employer financed component of a CSS or PSS lump sum superannuation redundancy payment.

The bill will also amend the Superannuation Act 1976, with effect from 5 December 1997, to restore its original intention in relation to the acceptance of late elections for preservation of rights. The operation of this provision has been changed progressively by interpretations placed upon it by the Administrative Appeals Tribunal and the Federal Court. The changes included in the bill are designed to balance out the interests of the Commonwealth with the interests of current CSS

members and former members who seek to make a late election.

Finally, to simplify and streamline the administration of our civilian superannuation arrangements, the bill includes amendments to simplify the operation of relevant legislation and subsequently repeals a number of acts applying to those arrangements. Savings and transitional provisions relating to these repealed acts are included in the Superannuation Legislation (Commonwealth Employment—Saving and Transitional Provisions) Bill 1998 contained in this package.

The Superannuation Legislation (Commonwealth Employment) Repeal and Amendment (Consequential Amendments) Bill 1998 amends various pieces of legislation as a consequence of amendments made by this bill. The other bill in the package, the Commonwealth Superannuation Board Bill 1998, will provide for new rationalised administration arrangements for the closed schemes and for the continued administration of the repealed Acts by a new board, the Commonwealth Superannuation Board.

#### **Financial Implications**

This bill will result in a net increase in budget outlays as a result of increased funding of future superannuation accruals. However, this will be offset by a reduction in future unfunded superannuation liabilities. The financial implications of the bill are explained in more detail in the explanatory memorandum. I commend the bill to the House and present the explanatory memorandum.

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

#### **COMMONWEALTH SUPERANNUATION BOARD BILL 1998**

##### **First Reading**

Bill presented by **Mr Slipper**, and read a first time.

##### **Second Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.24 a.m.)—I move:

That the bill be now read a second time.

This bill that is included in the package will establish a new Commonwealth Superannuation Board to administer the closed Commonwealth superannuation schemes and, where determined, other schemes covering Commonwealth civilian employees. The board will comprise an equal number of member and employer representatives and will have an independent chairman appointed with the agreement of the other board members. Member representatives will be elected by scheme members.

The new board will have greater responsibility for administering the rules relating to the Commonwealth's closed superannuation schemes subject to certain caveats, including in relation to the employer costs of the schemes. The board will be able to recover its administrative costs from employing agencies. Funding that was previously allocated to ComSuper has been allocated to budget funded agencies.

#### **Financial Impact**

This bill will not involve any additional budget outlays. I commend the bill to the House. I present the explanatory memorandum to this bill.

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

#### **SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT— SAVING AND TRANSITIONAL PROVISIONS) BILL 1998**

##### **First Reading**

Bill presented by **Mr Slipper**, and read a first time.

##### **Second Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.26 a.m.)—I move:

That the bill be now read a second time.

This bill that is included in the package will put in place saving and transitional provisions. These provisions are necessary because of the amendments to, and in some cases repeal of, the Superannuation Act 1976, the Superannuation Act 1990, the Superannuation Act 1922, the Superannuation (Productivity Benefit) Act

1988 and the Papua New Guinea (Staffing Assistance) Act 1973 as provided for by the Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 1998.

The bill also ensures that the Commonwealth Superannuation Board established under the Commonwealth Superannuation Board Bill 1998 will continue to use ComSuper as its provider of scheme administration services for a period of at least three years from 1 July 1999.

#### **Financial Impact**

This bill does not involve any additional budget outlays. I commend the bill to the House. I also present the explanatory memorandum to this bill.

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

#### **SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT) REPEAL AND AMENDMENT (CONSEQUENTIAL AMENDMENTS) BILL 1998**

##### **First Reading**

Bill presented by **Mr Slipper**, and read a first time.

##### **Second Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.29 a.m.)—I move:

That the bill be now read a second time.

This bill is part of a package of four bills that, amongst other things, provide for changed administrative arrangements for the Commonwealth's superannuation schemes for its civilian employees.

Part of the proposed changes to the administrative arrangements for the Commonwealth's superannuation schemes is the abolition of the office of Commissioner for Superannuation and the transfer of the Commonwealth's responsibilities to a new Commonwealth Superannuation Board. Because the commissioner has a statutory responsibility under the Defence Force Retirement and Death Benefits Act 1973, consequential amendments to that act are required.



The relationship between the trustees of the Commonwealth's civilian schemes and the organisation known as Commonwealth Superannuation Administration, or ComSuper, will also be different under the changed administrative arrangements. Consequential amendments to the Military Superannuation and Benefits Act 1991 are required to make similar changes in relation to the scheme provided for under that act.

In addition, the changed administrative arrangements provide for the repeal of the Superannuation (Productivity Benefit) Act 1988, which currently provides a minimum level of superannuation in certain circumstances in relation to the Governor-General and members of the scheme provided for by the Judges' Pensions Act 1968. This bill will ensure that the minimum level of superannuation continues to be provided in those circumstances. The bill also makes a minor amendment to the CFM Act 1991 required as a result of the sale of Commonwealth Funds Management in 1996 and not included in amending legislation at that time.

#### **Financial Impact**

This bill does not involve any additional budget outlays. I commend the bill to the House. I also present the explanatory memorandum to this bill.

Debate (on motion by **Mr O'Connor**) adjourned.

### **COMMITTEES**

#### **Public Works Committee**

##### **Approval of Works**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.31 a.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Development of the Eastern Region Operations Centre at RAAF Base Williamtown, NSW.

The Department of Defence proposes to construct new facilities in the operational zone on the base. This will enable No. 41 Wing Headquarters and No. 3 Control and

Reporting Unit to be collocated and integrated, leading to operational efficiencies, and will replace existing unsatisfactory accommodation occupied by No. 3 Control and Reporting Unit at Duckhole Hill near the base.

The proposal will provide administrative, operational, technical and training accommodation for the two units, which will have a combined strength of 170 personnel.

The estimated out-turn cost of the proposal is \$18 million. Subject to parliamentary approval, construction would commence in November 1998 and be completed by March 2000.

The Public Works Committee, in its report tabled on 30 June 1998, recommended the construction of these facilities and commented that it is both necessary and urgent for state, local government and the Commonwealth to address the question of responsibilities and combine forces to undertake flood mitigation measures. The department agrees with the recommendations of the committee.

I would like to thank the committee for its support. I commend the motion to the House.

**Mr HOLLIS** (Throsby) (11.34 a.m.)—Naturally, we on this side of the House are not going to oppose this motion—indeed, we welcome it—but we want to express our concern about the unnecessary delay.

As the Parliamentary Secretary to the Minister for Finance and Administration said, the Public Works Committee tabled their report in the parliament on 30 June. In the lead-up to the presentation of the report, with the whiff of an election in the air, the Public Works Committee worked very hard to bring this report down. It was not only the committee members themselves who worked quickly on the report; the staff of the secretariat also worked quickly on it. We knew how important and necessary this facility at Williamtown was—that had been stressed to us.

The report was tabled on 30 June and there were four parliamentary sitting days after that. What always happens with these expediency motions is that the Public Works Committee report is presented one day and the minister or the parliamentary secretary comes in the next day. What happened with this report? It

sat on the desk of the Minister for Finance and Administration. He did not know it was there. The parliament was sitting. The report was bought down on Tuesday, 30 June. Parliament sat on the Wednesday and Thursday. We also sat on the Friday. We made telephone calls asking: 'Where is the report? Where is the expediency motion?' People were waiting.

We were told that this was urgent work that needed to be done. There were local contractors ready to take up contracts. Everything was there. Then I thought: 'Oh, well. It's not lost.' If you remember, we came back on 15 July. I thought: 'Oh, well, surely the minister or one of his parliamentary secretaries will come in.' They did not bother to come in. The point is this: this work has been unnecessarily delayed now for something like six months. The facilities are urgently needed.

I do not want to go on to the next motion, but I want to say this: this project will cost \$18 million. The next one that we will deal with, RAAF Base Amberley, will cost \$73 million. This is \$91 million dollars worth of work but, because of the sloth of this government, or the minister involved, or because of their non-attention to the detail of their work, this work has been delayed. This is the crowd that is always telling us how important defence matters are and how important it is to have these facilities. These are urgently needed facilities but, because of the sloth or the non-concern of those on the other side, especially the office of the Minister for Finance and Administration, they have been delayed. I think they should be condemned.

We on this side of the House welcome the fact that, at long last, after a six-month delay, the work at Williamstown will start. It is long overdue.

**Mr HORNE** (Paterson) (11.37 a.m.)—As the member for Paterson, in which electorate RAAF Base Williamstown is located, let me assure the government that we are extremely happy that this work is finally going to proceed. But I must support my colleague the member for Throsby by saying that in the Hunter Region, where unemployment is our major issue, no-one can comprehend why this

project has taken so long. This is something on which we have been advised regularly that allocations had been made—I believe in the budget as far back as 1996—for this program. But it is only now, after finally being approved—and never opposed by the opposition; as a matter of fact it was recommended by the opposition that it proceed—that the government is going to proceed with it.

If we took a purely cynical point of view we could only assume that this is another show of the indifference this government has to the plight of the Hunter. I certainly look forward to construction starting and being completed, to those 170 personnel being housed in it and to the associated contracts and jobs that will go with the building of a facility of this magnitude.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.38 a.m.)—I will not detain the House for long but the government clearly rejects very strenuously the false allegations made by the opposition speakers against the government and in particular against the Minister for Finance and Administration. It ought to be recognised that the Public Works Committee only reported earlier this year. There has been the intrusion of an election and here we are in the first week that the parliament has returned and we are moving this expediency motion. I believe that this is a worthwhile project. I think that it is appalling that members of the opposition are seeking to politicise this process. I commend the motion to the House.

Question resolved in the affirmative.

## Public Works Committee

### Approval of Works

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.39 a.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Redevelopment of facilities at RAAF Base Amberley, Queensland.

The Department of Defence proposes a redevelopment of facilities at RAAF Base Amberley. A variety of new facilities and upgrading works are aimed at maintaining the required capability of the units located at Amberley. These redevelopment works will address shortcomings in the existing infrastructure that have contributed to inefficient work practices and reduced productivity levels, and will contribute to increased compliance with modern occupational health and safety standards.

The development proposal will provide RAAF Base Amberley with appropriate, functional facilities and working environments for long-term efficient support of the strike reconnaissance and other ADF capabilities, whilst ensuring flexibility for future uses. The estimated out-turn cost of the proposal is \$73.7 million. Subject to parliamentary approval, construction would commence in February 1999 and be completed in financial year 2001-02.

The Public Works Committee in its report tabled on 30 June 1998 concluded that there is a need for these facilities and recommended that they proceed subject to the following recommendations: the Department of Defence should consult further with heritage authorities before demolishing a number of buildings identified as historically significant and, as part of the project, the Department of Defence would undertake a detailed study of liquid trade waste generation and its storage, treatment and disposal to eliminate any risks of toxic substances entering waterways adjacent to the base or entering the water table.

The committee believes that whilst the proposed base auditorium has considerable merit an examination should be undertaken of alternative buildings which could be modified for use as an auditorium. The Department of Defence agrees with the PWC recommendations and comments. I would like to thank the committee for its support and I commend the motion to the House.

**Mr HOLLIS** (Throsby) (11.42 a.m.)—I will not delay the House very long. Far be it from me to politicise an issue such as this and on this side of the House there is no objection to the project. We want the project approved.

The only reason I speak on this matter is that, as the parliamentary secretary would know, all these works cannot proceed until the expediency motion is moved and the House votes on it.

The Public Works Committee is often accused of delaying projects. We do not delay them; they are delayed in ministers' offices—which is the case with this one. As I said, the Chair of the Public Works Committee brought this project into this House on Tuesday, 30 June. On any other project the expediency motion would have been moved on Wednesday, 1 July or maybe on Thursday, 2 July or Friday, 3 July. Failing that, which would have been unusual, it would have been moved when we came back for that one-day sitting on the 15th. It was not. There is no blame on the parliamentary secretary: he is just carrying out the minister's role today. The blame lies either with the Minister for Finance and Administration or with his staff who did not realise the process or how important this was.

We are talking about a project which is now worth \$91 million, and it is sitting under a pile of papers on the minister for finance's desk. My recommendation is to get his staff to occasionally tidy up the paperwork on his desk so that when there is a project worth \$91 million needing his signature to come into this chamber, they carry that out.

Nevertheless, this is a very worthwhile project, a project that we on this side of the House support wholeheartedly. There is no objection to it. We just hope that in future references from the Public Works Committee there is not unnecessary delay, that work that is urgently needed in the defence forces can proceed as quickly as possible. We on this side of the House, as I said before, welcome this project.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.45 a.m.)—I just want to correct the mathematics of the honourable member for Throsby. The figure for the expenditure is \$73.7 million, not \$91 million, which I believe is the figure that he uttered. We also reject the criticism: there has been all due expedition. The government has treated this matter as one of very great importance.

The committee only reported in June. There has been an election and the parliament has returned only this week. We reject what he says, and would certainly urge the House to support this motion.

Question resolved in the affirmative.

### PARLIAMENTARY ZONE

#### Approval of Works

Motion (by **Mr Slipper**, on behalf of **Mr Anderson**) agreed to:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 10 November 1998, namely: Erection of identification signs in front of Old Parliament House.

### WOOL INTERNATIONAL AMENDMENT BILL 1998

#### Second Reading

Debate resumed from 11 November, on motion by **Mr Vaile**:

That the bill be now read a second time.

**Mr O'CONNOR** (Corio) (11.46 a.m.)—The Wool International Amendment Bill 1998 which we are debating here today amends the Wool International Act of 1993 and gives effect to the Howard government's decision to free sales from the stockpile managed by Wool International until 30 June 1999. The bill also provides for Wool International to support and meet the cost of privatisation of the stockpile. The government stated its intention to proceed down that path when it made its announcement to freeze the wool stockpile some months ago.

Before I proceed to debate this bill, I wish to place on the public record my disappointment at the manner in which the opposition has been treated by the government in preparing for this very important debate. I am prepared to give the new Minister for Agriculture, Fisheries and Forestry the benefit of the doubt on most matters, as the new minister seems to be a fairly decent bloke. I find it hard to entertain the thought that he is motivated by any malevolent intent.

However, if I rule the line on any malevolent intent, I am left to conclude that it was

confusion and incompetence yet again from the Howard government that led to the situation where I received a one-page, four-line brief on this legislation at 7.30 on the night before the government tabled this legislation in the House, and a copy of the legislation barely two hours before the minister introduced it into the parliament.

That is not good enough. On these matters of considerable importance to wool growers and to the industry generally I would have thought it would have been appropriate for the government to give us a substantial brief and a copy of the legislation long before it did. I put it on the public record that the minister has the full resources of the very professional federal government Department of Agriculture, Fisheries and Forestry.

The minister has the support of at least 10 eager advisers, all keeping a watchful eye on a reinvigorated opposition which is about to take power again in the next 18 months, and yet we received a one-page brief on the legislation the night before it was introduced into the House, and a copy of the legislation barely two hours before it was tabled in this parliament. Apparently, the minister saw fit to make a copy of the bill available to the Democrats early on Tuesday afternoon in the other place, but he could not extend to the opposition the same courtesy that he was prepared to offer to the Democrats.

This is not an innocuous piece of legislation. It is a very important piece of legislation for one of Australia's great industries—the wool growers and their families who make a living in that industry. The wool industry was one of the mainstay industries in rural Australia well before the turn of the century, as it still is today. Its growth and development has not only supported many rural and regional communities down through the years, but its ability to earn export income for the nation has also been very important.

Indeed, the wool industry is well entrenched in the folklore of the nation in the expression that Australia rides—or, indeed, in the past 'rode'—on the sheep's back. But the wool industry today is an industry in great difficulty. It is facing substantial challenges in the marketplace which many within the industry

itself consider it ill-equipped to meet. Wool faces intense competition from cotton and synthetic fibres, the latter being able to compete in the marketplace sometimes at a third of the cost of wool. The demand for apparel wool is falling at a disturbing rate, which has promoted an intense debate over appropriate marketing and promotional strategies for the industry as it enters the new millennium.

The Asian and global economic downturn has led to significant falls in demand in key European and Asian markets such as Japan and Korea. A combination of these short- and long-term factors has produced a situation at present where large sections of the industry are facing enormous economic pressures from declining demand and lower market prices.

The wool industry has already undergone a considerable process of adjustment over the past decade. In 1990, Australia had 170 million sheep producing over one million tonnes of wool. Currently, Australia has about 120 million sheep producing 650,000 tonnes of wool. In 1990, for example, China, which is currently our largest customer, produced seven per cent of the world wool clip. Today, that nation produces 13 per cent of the total world wool clip.

There are quite fundamental forces at work shaping the future directions of this industry. A key question we need to ask ourselves today is whether the government's decision to freeze the wool stockpile which is enshrined in the legislation before us—a decision which has been condemned by very important sections of the industry—adds to its capacity in any way to cope with the forces which will shape its fortunes in the new millennium. The opposition's view is that the legislation today does very little in that regard.

It is important to appreciate that the issue of the disposing of the stockpile is but one dimension to a set of problems currently faced by the industry, some of which I have alluded to already. In 1989-90 the wool stockpile was negligible but growing as a result of the reserve price scheme. During 1990-91 the stockpile grew rapidly to around 4.7 million bales against a backdrop of falling prices, which continued falling during the first half

of the 1990s before recovering slowly in 1996-97 and then falling again in 1997-98.

In response to the stockpile problem, Labor legislated in 1994 for a fixed schedule of sales to dispose of the stockpile, a principle that was accepted by the coalition when they came to power in 1996. Several amendments have been made to the original wool bill, building into the disposal mechanism of Wool International a legislative requirement that an appropriate balance must be struck between disposal of the stockpile and the new wool coming into the market from producers, to maximise returns to growers and the value of their equity in the stockpile.

I think it is fair comment to say that Wool International has managed that flexibility in a market sensitive manner within the legislative constraints that have been imposed upon it. While many in the industry did not like the market situation that they were forced to operate in, they viewed the programmed disposal of the stockpile as the best available solution to the industry's oversupply difficulties. It delivered programmed and foreseeable elimination of the stockpile by 31 December 2000. It also delivered a degree of stability and certainty to key players in the industry, to producers, marketers and processors.

The fundamental problem faced by the industry is simply that, while there is less wool being offered for sale, the price received by growers has declined, which is evidence of a serious problem being faced on the demand side of the market equation. As far as wool stocks are concerned, it is estimated by ABARE that the official stockpile of 1.08 million bales has now been overtaken by stocks held by growers and brokers of more than 1.1 million bales. The amount of spring shorn wool coming into store is likely to increase the stockpile held by growers and brokers.

The ABARE analysis indicates that poor prices were the main factor driving the growth of the private stockpile and that farmers with mixed cropping and wool producing businesses were the ones storing most of the wool. High relative grain prices have increased the financial capacity of those growers to store their wool and to pursue more flexible mar-

keting strategies in response to price movements. The ABARE analysis also showed that the composition of the on-farm stockpile is quite different from Wool International's stockpile profile. This is an important point to consider in assessing the efficacy of the freeze decision. The majority of wool in the Wool International stockpile is 21 to 23 microns, while over 50 per cent of the standard group and wool held on-farm is 21.5 microns or finer. Given all these factors, there are many people in the industry questioning whether the focus on the stockpile is indeed the main event or is merely the sideshow.

There are some very cogent reasons why the freeze decision should not have been taken. This decision is one of the worst examples of policy on the run we have seen from this government. We have seen policy bumbles in aged care, for example, in the last parliament, with about 12 policy backflips before the government actually settled its position. It managed in that policy area to create massive confusion among groups comprising the aged care industry, and its incompetence has created uncertainty and long-term damage to that constituency. We have had further policy bumbles on the waterfront, we have an absolute shambles in the Job Network area and now, to compound it all, we have the wool stockpile.

Policy on the run is invariably bad policy, and it is a hallmark of the Howard government that it has time and time again proved its incapacity to rationally think through positions, to sift through the various propositions that are put by people from the industry sector and to come up with a rational and reasonable government response to very difficult situations. In this instance, the government was not motivated by that cool assessment of how this industry should cope with its current situation or how it should move in the future. It was motivated by political panic, and that is the very worst basis on which you can possibly make a decision.

**Mr Hawker**—Absolute rubbish!

**Mr O'CONNOR**—We know that the position of the member for Wannon is a little bit different from that of the member for

Corangamite on how this issue should have been resolved. They are both Liberal backbenchers and they have a long and honoured history of association with this particular industry. I guess that particular division between those two backbench members indicates just how difficult a process it has been for the government to come to terms rationally with the problems that have been faced by this industry. But in reality the coalition sat like frightened rabbits in the One Nation spotlight. That was the basis on which this decision was made, and you cannot run away from it. They sat there quivering in the One Nation spotlight, and at the first sound of gunfire they ran for the rabbit hole.

Wool growers of this nation expect a little better from any government in power. They expect a cool and rational assessment of the problems of the industry and a cool and rational response. On this occasion they got a knee-jerk response to a very important issue to the wool industry. We in the opposition ask this very simple question: if freezing the stockpile was such good industry policy why didn't the former minister take that proposal to cabinet? Why didn't he take that freeze proposal to cabinet? He did not. He knew the industry believed it was dopey policy. He had an alternative that he believed was in the best interests of wool growers. That is what he took to the cabinet and he was rolled by the Prime Minister and indeed he was rolled by the backbench committee. The Prime Minister was got at by the backbench wool committee in the coalition and the National Party ministers just rolled over.

I say this to the National Party ministers and the National Party backbench members: who rolled you on this issue? Liberal lawyers, Liberal businessmen and Liberal stockbrokers all hopped in and rolled National Party farmers who, when the spotlight was put on them, went weak at the knees and could not stand up and hold sway in the cabinet and get a proposal that those National Party ministers knew was in the best interests of wool growers. We got policy on the run, a frightened response to very deep problems in the wool industry and the worst possible decisions that you could imagine.

We believe it is bad policy because of the damage it caused to the industry's credibility among buyers of the stockpile wool. Historically these buyers have been suspicious of precipitous government decision making. It has taken some laborious work by many players in the industry to restore our broken credibility since the accumulation of this massive stockpile. Many buyers of the stockpile wool have significant investments in plant and equipment to handle the wool. As members would know, stockpile wool can be six to seven years old and has been triple packed. It has to be opened and treated carefully for grease and lanoline build up. And many processors have invested in warm rooms and steam injecting equipment so that they can use the stockpile wool in their industrial process.

But that has all been done at a cost. This precipitous government decision has literally destroyed the credibility of the government and the industry in the eyes of these buyers. That is a problem you are going to have to deal with in future. Your decision has literally set the industry back a decade. There is a very real danger that many of these buyers will simply turn to synthetic fibres and cotton in their industrial process.

**Mr McArthur**—What would you know about it?

**Mr Hawker**—Rubbish!

**Mr O'CONNOR**—Then there is the question of the staff of Wool International. In case the honourable member for Corangamite and the honourable member for Wannon have not cottoned onto it, there is a human dimension in the decision that was taken to freeze the wool stockpile. I understand that there are 63 people on the staff of that body. They are highly skilled in the areas of appraisal, information technology and the treasury functions. They have been put on long-term contracts. We believe that it would have been in the interests of the industry for that expertise to have been retained.

Some farm organisations have put the cost to wool growers of the decision to freeze in the region of \$16 to \$18 million up to \$30 million. We could call the freeze the \$30 million decision by the Howard government.

The only possible economic reason that you could proceed to freeze the stockpile is that you are absolutely confident that the decision would significantly lead to a rise in prices. You have to balance the short-term against the long-term considerations. This is what the New South Wales wool growers had to say about the situation:

From past history there is every chance that a freeze will produce little or no improvement in wool prices as other factors take effect. However, a 12 months freeze would result in further instability in the market, a reduction in the value of Wool International equity and the likelihood of further uncertainty in July 1999 as arrangements are reviewed.

I am asking those members of the coalition here today: do you agree with the New South Wales wool growers, or don't you? They have stated very clearly that they have some very real concerns about the measures that you have taken.

There were some discreet advantages of the stockpile plan as it existed. It provided market certainty and predictability, it restored our credibility, the credibility of the industry and the government in the eyes of buyers and it represented a disciplined plan to rid the industry once and for all of the stockpile.

I want to take the minister to task for some of the matters that he raised in his speech. He said:

The government's decision to freeze stockpile sales through to 30 June 1999 was a response to this request from the industry . . .

I am wondering who indeed did request this. Was it the Wool Council of Australia? Was it Wool International? Was it the Australian Council of Wool Exporters? Was it state wool grower bodies in New South Wales, Victoria, Tasmania and Queensland? Was it the New South Wales Farmers Federation? I would like the minister and the government to clarify for me and for the wool growers in this industry just exactly who made this request for the stockpile freeze.

The minister goes on to state in his speech that this will:

. . . end the debate about the management of the stockpile . . .

I think we will still be having the debate about how we handle the rest of the stockpile for many months to come because the program of disposal that we had all signed up to has now been seriously disturbed. He says:

The freeze will allow the industry some breathing space—an opportunity to focus on real issues such as how to increase demand, how to increase farm productivity, how to improve the quality of our wool to better meet customer requirements.

These are long-term issues. You could have added half a dozen more propositions, because it is time the government exercised its authority in setting a framework and encouraging people to come to the table and express a vision for their industry; not just to limit the discussion to a few real issues but to go into the length and breadth of what this industry requires to get it back to being one of the top, if not the number one, rural industry in this nation.

I take issue with the minister regarding the statement that he makes that it is both possible and prudent to suspend stockpile sales. I understand that, before the cabinet decision was taken, there were 11 bodies in the room giving the minister advice and nine of those said, 'Don't freeze it in the way that you are proposing to; let it continue to trade.' Nine out of the 11—

**Mr Hawker**—How many were wool growers?

**Mr O'CONNOR**—How many were wool growers? I am not quite sure who was there. Do you know who was there?

**Mr Hawker**—I said: how many were wool growers?

**Mr O'CONNOR**—Were you there around the table? The honourable member for Wannon might be able to tell us who was actually at the table. You have to understand also that, if we are going to find solutions to the problems facing this industry, all dimensions of the industry have to be consulted and have to sign up.

As far as the privatisation proposal is concerned, Labor established Wool International in 1993 to discharge the \$2.28 billion debt accumulated in acquiring the stockpile and to dispose of the 3.9 million bales of

wool which, at that time, constituted the stockpile. On both counts the structure set up by Labor has been demonstrably successful. The debt was reduced to \$250 million and the stockpile was reduced to 1.08 million bales. The net assets, including the stockpile, now stand in the region of \$529 million. Labor's 1993 act went on to detail a very clear process with a very clear time line for the eventual privatisation of the stockpile. These provisions were removed by this government last year. In their place, we are offered a vague commitment to begin the process of demutualisation. There are few details and the industry is asking some very serious questions about this proposal.

This bill gives few real clues as to how this minister intends to take Wool International down the privatisation road. Labor had a clear, unambiguous vision for a privatised stockpile, and we are now left wondering what sort of vision this minister has. The bill before the House requires Wool International to cooperate fully with the minister to plan for and set up a registered company to take over the assets and liabilities of Wool International. It requires Wool International to meet both its own and the Commonwealth's expenses in the process.

We are assuming that the intention is still to privatise Wool International by converting grower equity into shares in the privatised companies. However, there is nothing in the bill to make this necessarily the case. Those provisions were deleted from the original act last year. The former minister was forthcoming with his intention with regard to privatisation as recently as 15 October when he said in a press release that Wool International would be replaced by a private shareholding company, with shares allocated on the basis of individual equity entitlements in the stockpile. This proposition would appear to be supported by the minister in his second reading speech, but we hope that the proposal he is putting accords with the model set out by Labor in 1993.

In his second reading speech, the current minister said that the government has asked the Office of Asset Sales and IT Outsourcing to examine the most efficient and effective



method of transferring stockpile responsibilities to Wool International equity holders. The bill is light on detail in this respect, and there are many significant questions remaining to be answered.

There have been some fairly harsh words said by players in the industry about the government's handling of this whole issue. The *Courier Mail* described the freeze as 'sheer panic' and 'policy on the run'. The Executive Director of the Wool Council said:

It offers no relief to cash-strapped growers and there is no guarantee of any increase in prices. It also creates great uncertainty in the international marketplace, which has become increasingly concerned at the constant government changes to stockpile policy.

The VFF Pastoral Group Wool Committee member, Rob Tehan, had this to say:

The value of growers' equity in the stockpile will be diminished over time with interest, other holding costs increased and market overhang compounded.

The New South Wales Farmers Association attacked the freeze decision, saying:

The government has badly misjudged the issue and sacrificed the long-term interests of the wool industry for short-term political agendas within the coalition.

We propose an amendment that gives expression to the sentiments that have been expressed on this matter and to raise some matters concerning the detail of the privatisation proposal. I move:

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

"whilst supporting the principle of privatisation of Wool International, the House calls on the Government to introduce provisions which will:

- (1) provide for Wool International to continue sales from the wool stockpile at least to accommodate interest payments on stockpile debt, and associated costs of maintaining the selling infrastructure of the stockpile;
- (2) maintain the client base of Wool International and the credibility of both the Government and the industry in dealing consistently with those clients;
- (3) ensure the retention of the core expertise in Wool International to assist any non-government entity constituted to further dispose of the stockpile;
- (4) ensure that the privatisation process will be an open, transparent process along the lines proposed by the ALP in the 1993 Act;
- (5) include details of a mechanism to allow growers to exit from the privatised entity if they do not wish to participate;
- (6) take into account and protect the position of those growers who have borrowed against the security of Wool International entitlements;
- (7) ensure that all wool buyers will have equal access in a transparent process should the Government decide to sell the entire stockpile in one lot".

That amendment is being circulated in my name for the information of honourable members. We vigorously debate the decisions which government takes. But, at the end of the day, I address these words to members opposite: you must make some very clear decisions about where you want this industry to go. It is the role of government to clearly articulate where it wants this industry to be in five and 10 years time. There is nothing in the decisions you have taken, in your public pronouncements, to indicate to those on this side of the House, nor to the industry, that you have come to grips at all with the new promotional and marketing requirements of this industry. I have not read anything that you have said to show that you acknowledge the momentous changes that are taking place in the culture of production and the culture of growers. There are some very interesting things happening. (*Time expired*)

**Mr DEPUTY SPEAKER (Mr Andrews)**—Is the amendment seconded?

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

**Mr HAWKER (Wannon)** (12.17 p.m.)—In listening to the member for Corio, I must admit that I was slightly amused. I realise that he is new in his job as the shadow minister and we should really make some concessions because of that, but I thought his lack of knowledge and understanding of the wool industry was very disappointing. I think it is very sad that the Labor Party could not find someone with a better understanding of the wool industry to take on this job.

I also found it rather petty when he began his comments by saying that he had not been

given due warning about this Wool International Amendment Bill 1998. You have known for weeks—in fact, you have probably known for a couple of months—that this legislation would be introduced and put through the parliament very quickly. If you read the press release from the Prime Minister on 1 October, he said, very clearly, under the heading ‘Wool Stockpile’:

The Government remains committed to its decision to freeze sales from the wool stockpile.

If the Coalition is returned to Government, legislation to implement the freeze will be introduced as a priority when Parliament resumes after the election.

It could not be any clearer: ‘as a priority when parliament resumes’. That was stated on 1 October, and you said you did not know about it.

We received a bit of a history lesson from the honourable member for Corio, but a lot was left out. I think it is worth reminding all honourable members about the role of the Labor Party with regard to the problems which the wool industry currently faces. Labor had many years to do something for the wool industry and all it did was to compound problem after problem.

When we talk about credibility, it was the Labor Party which shot the credibility of the wool industry. It was the Labor Party which changed the legislation back in the late 1980s which led to that unrealistic floor price. It was the Labor Party which dropped the price from 870c to 700c. It was the Labor Party minister who went around the world and said, ‘This is a cast-iron guarantee that I will not drop it again,’ and within a matter of months he had done so. And we talk about credibility! What about the amount of money lost by some of the European processors because they believed John Kerin? Don’t ever come into this chamber and talk about credibility. The Labor Party ought to be utterly ashamed of itself having regard to what it has done to this industry.

I know that you are new in this job. I realise you may not have been following wool

matters until very recently, but I suggest that you read a bit more about it. I think you would then be somewhat more circumspect in your comments about who has shot the credibility of wool in the eyes of other people in the world.

**Mr DEPUTY SPEAKER**—I suggest to the honourable member that he should direct his remarks through the chair.

**Mr HAWKER**—Yes, Mr Deputy Speaker. When we look at the reasons why the government has taken this decision, we see that there are very cogent reasons why we should have this freeze, contrary to what the opposition has been saying. We listened to the opposition spokesman talking about his concerns for various people. It is funny that there are 50,000 wool growers and he does not seem to be able to talk about them very much. It is very interesting. Talk about getting your priorities right; we are concerned about the future for wool growers. If there is no future for wool growers, there is not much future for the rest of the industry, either. It was very sad to listen to the Labor spokesman talking down the industry. It certainly adds nothing to the future of the wool industry.

**Mr O’Connor**—You ran scared. That’s what really happened. You ran scared.

**Mr DEPUTY SPEAKER**—Order! The honourable member for Corio has had his turn.

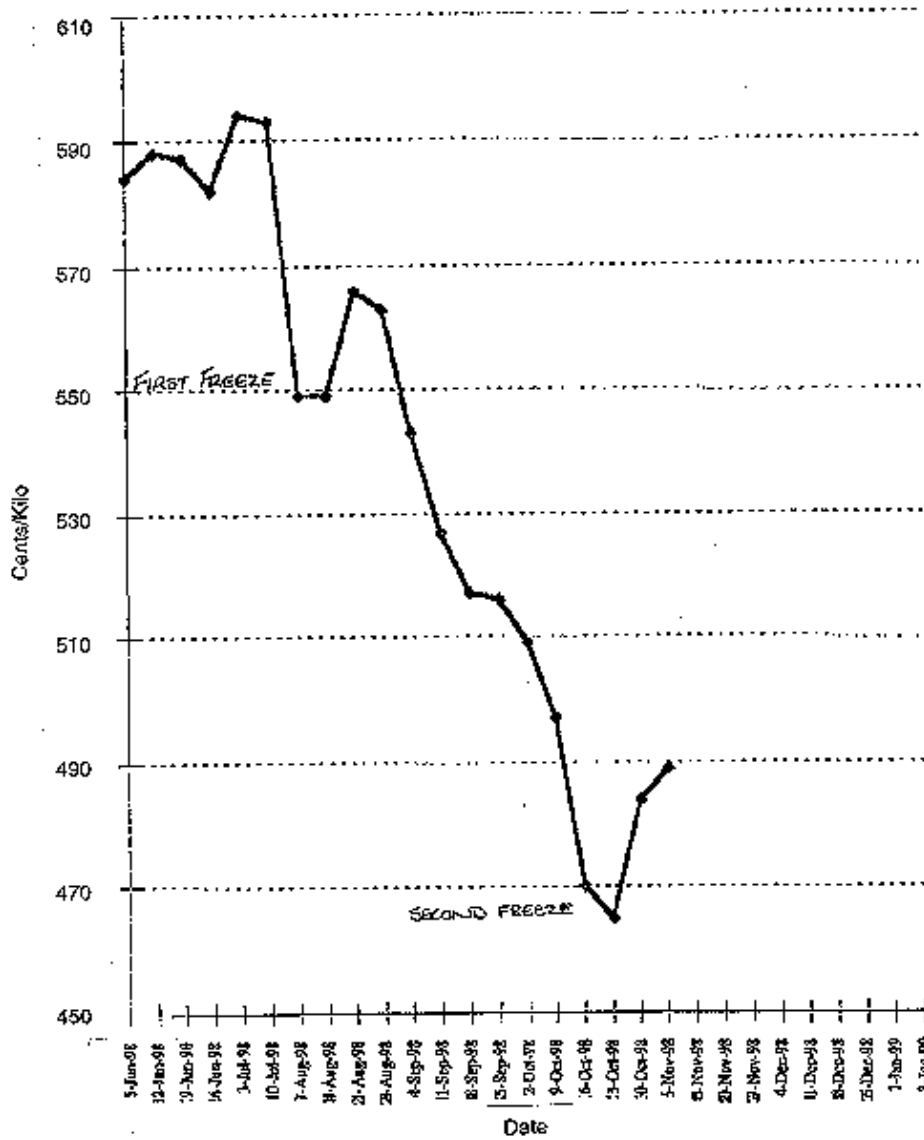
**Mr HAWKER**—It was interesting to hear him talking about figures. He had great difficulty working out what it would mean to freeze the stockpile until 30 June. He mentioned figures of between \$16 million and \$30 million. He obviously has not done his homework. He ought to be aware that, if the price of wool increases by about 8c a kilogram over the period of the freeze, that will more than offset the cost of the freeze. I have a chart here which I seek leave to incorporate in *Hansard*.

Leave granted.

*The chart read as follows—*

Wool Agency Co Pty Ltd

Eastern Market Indicator (05/06/98 to 16/10/98)



**Mr HAWKER**—It shows very clearly on two occasions what the freeze will do. If you go back to the beginning of August, when the government announced the freeze, you can see from this chart that the price of wool actually jumped. When the election was announced and the freeze did not proceed immediately, the price of wool then fell significantly. When the government was re-elected and it was made clear that the freeze would proceed, we again saw the price of wool recover, and it has been recovering since. It is still at a very low level. It is at a significantly lower level than when the freeze was first announced. But because the Labor Party refused to give its endorsement to the freeze, you could say that that was a factor in seeing the wool price continuing to slide until the government was re-elected and it could be reconfirmed that what the Prime Minister said on 1 October was to be introduced. Therefore, the Labor Party does have a lot to answer for in that regard.

This amendment is a pious amendment. Obviously the government will not accept it. It is interesting to note some of the points in it. Apparently the opposition supports the principle of privatisation. There is no mention of a time frame here, so we are not clear as to whether or not they will in fact support the time frame that has been proposed by the government.

The other point I would make to the opposition is the extraordinary emphasis on the role of government. I would have thought the most important thing government could do is get out of the way of an industry. The more government gets out of the way, the more the industry will prosper.

I come to this debate as a fourth generation wool grower and I am proud of it. I would like to commend the new Minister for Agriculture, Fisheries and Forestry for the way he has moved quickly to stamp his seal on this portfolio by taking decisive action over the whole wool stockpile. With the strong leadership that is being shown by the new minister, by the Prime Minister and by the government, I think the wool industry can now start to plan, with some confidence, what it can do to pick up from what has been a very difficult

few years. In the future we will look back on this time and say, 'Those were the dark years of wool.' I am confident that from here we can expect to see very good improvement.

The key points in the minister's second reading speech pointed out that the time has come for this privatisation process. The stockpile is now significantly more valuable than the debt and there really is no ongoing justification for government to be involved in its management. In a press release on 11 November 1998 the minister said:

This Bill starts the process of privatising the stockpile which will allow it to be managed on a purely commercial basis by a private sector entity in which the Directors will be responsible to the shareholders who own the stockpile.

That makes it very clear where the responsibility should be and, as the minister points out, it will be managed on a commercial basis—those are very important words. The press release goes on to say:

The industry will then be able to take charge of managing its own affairs, a theme consistent with Government and woolgrowers' objectives.

Contrary to what the opposition spokesman had to say, the government has a clear plan on the privatisation process and 'the Office of Asset Sales has been instructed to examine the most efficient and effective method of transferring stockpile responsibilities to Wool International equity holders and to keep the costs to a prudent minimum'. That could not be clearer. The press release also says:

The Government's role will be to hand over the business of Wool International to the new commercial entity which will shape its commercial activities including presenting a business plan to stakeholders in line with normal commercial practice.

I think that is all very clear. I do not know why the opposition have so much difficulty in understanding that. The whole idea of making the stockpile management a commercial one means that, at long last, we will see the stockpile turned into an asset. We understand the reasons why, but the fact is that the liquidation has been going on for long enough and the consequences of the liquidation have been there for everyone to see. It is interesting to note some of the problems which that can create. I allude to a couple of comments that were raised in a recent *Four Corners*

report on the ABC looking at the wool industry where some of the difficulties that Wool International had run into with its methods of selling from the stockpile were highlighted.

I would like to talk a little more about some of the wider issues that affect the wool industry because I think this new commercialised entity provides some opportunities to take what was a liability in many ways and turn it into an asset. When I say 'a liability', it is commonsense to realise that when you force Wool International to keep selling into a weak market the results are obvious—the price keeps falling. That is exactly what happened. Every time the market was weak, because Wool International had to meet its obligations of selling certain quantities, it inevitably pushed the price down and there is ample evidence to back that up.

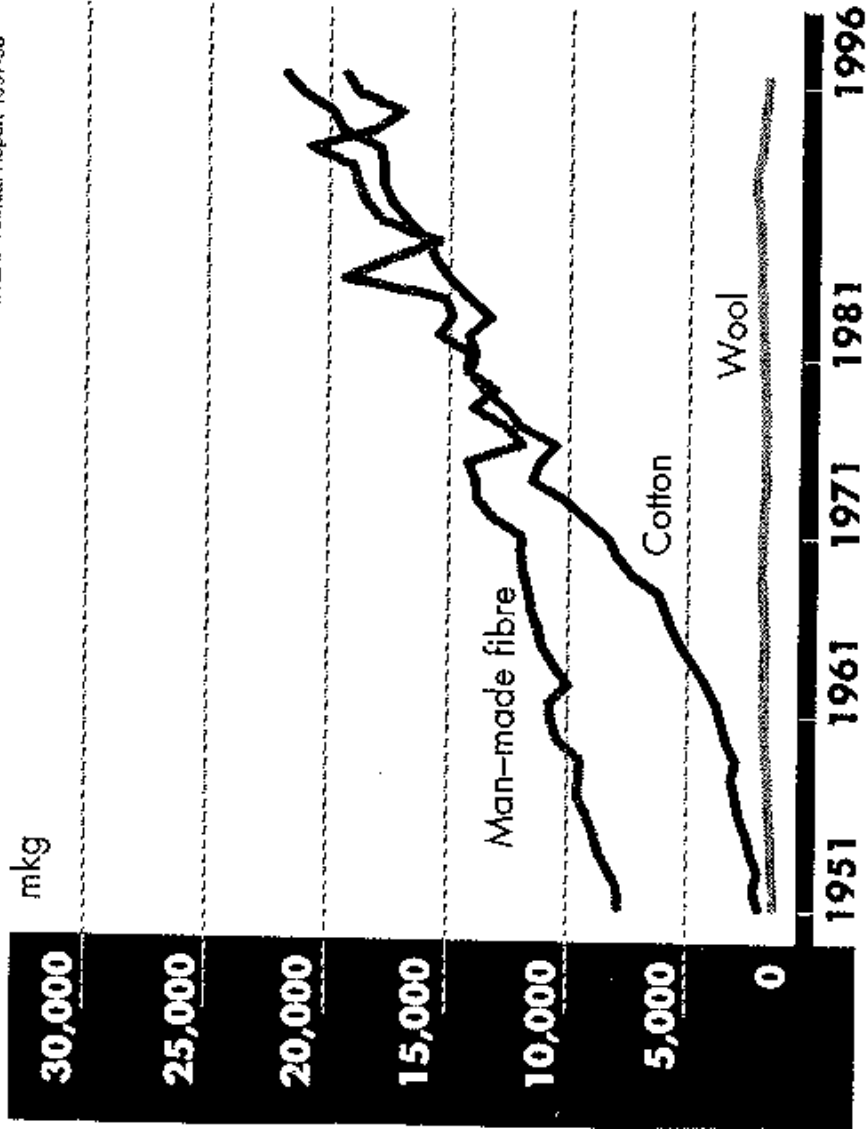
I refer honourable members to page 22 of the Australian Wool Research and Promotion Organisation's annual report. This highlights some of the challenges that face the future of the wool industry. I seek leave to have a chart incorporated into *Hansard*.

Leave granted.

*The chart read as follows—*

# World Production of Fibres

Source: AWEAP Annual Report 1997-98



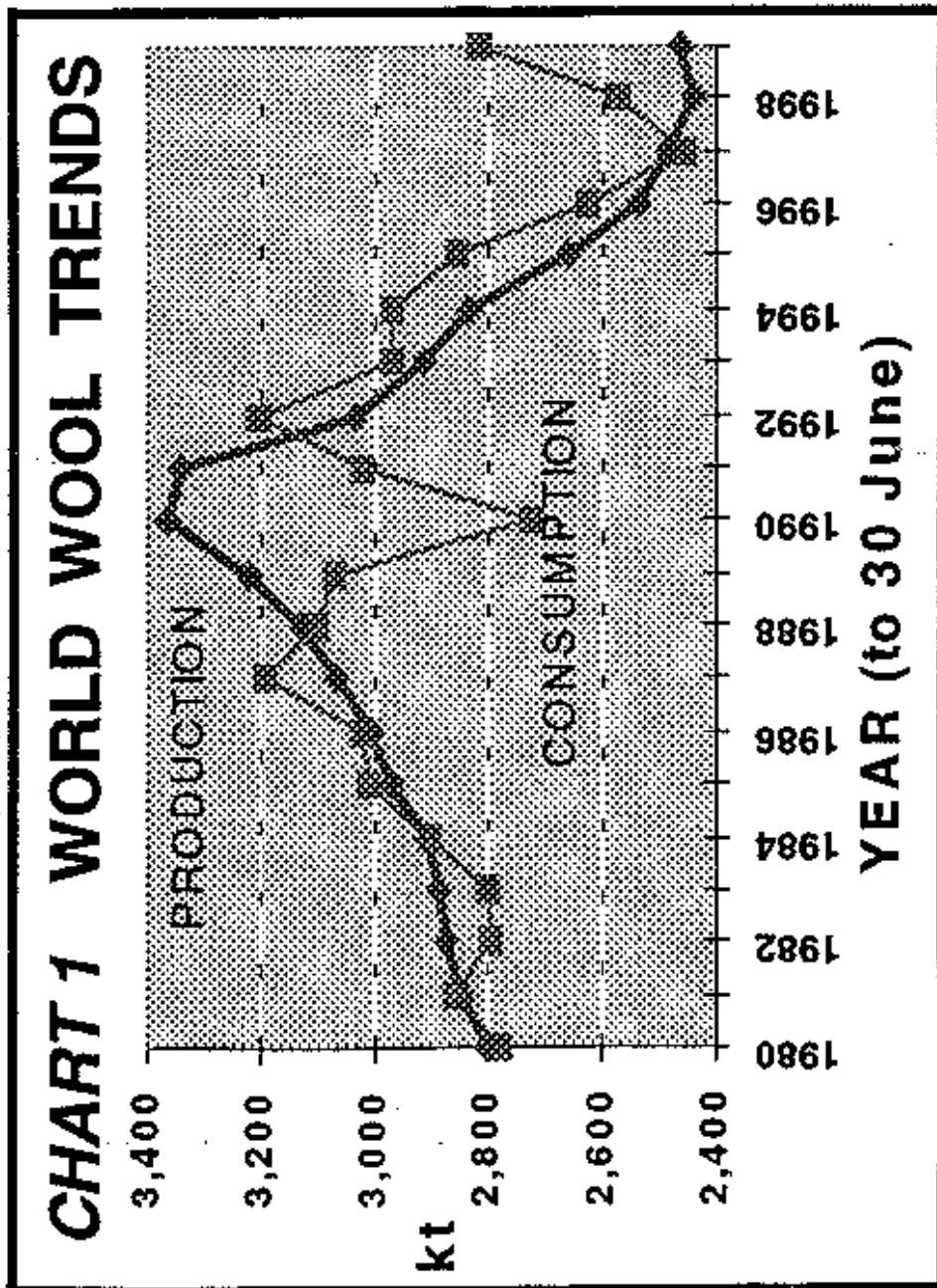
**Mr HAWKER**—This chart shows world production of wool, cotton and man-made fibres from 1950 through to today and really does tell a very sad story. It shows that clearly the production of cotton has continued to rise, from a not dissimilar amount to wool back in 1950 to now being significantly many times greater than wool. Man-made fibres have risen at a similar rate, while wool production has been almost static and, in the last few years, has actually been falling. This reinforces that there really do have to be some new directions for the wool industry.

It is not good enough to read in this annual report words like 'the production of man-made fibres during 1996 had risen to an estimated 23.2 million tonnes, of which 20.3 were synthetic, a seven per cent increase dominated by polyester'. That is significantly more than the total production of wool and it goes on to talk about the problems facing fine wools. All of that seems to me to be not accepting that the challenge is there to go out and beat these people at the marketing game, rather than just keep referring to the problems. That is another issue that the wool industry is really going to have to face.

I say that, also, against a backdrop which offers some optimism. A chart produced in the very good publication *Analysing Agriculture* in July this year showed that the world production of wool—I emphasise that word 'production'—has actually been less than the consumption of wool for the last year and a half. In other words, the world is actually consuming more wool than is being produced. The difference, obviously, is being filled by stocks. So, if we were to look at the future opportunities for wool, already it is clear that the market is still using more wool than is being produced, and I would have thought that anyone with an eye to marketing would say that represents a very good opportunity. I seek leave to have that chart incorporated in *Hansard*.

Leave granted.

*The chart read as follows—*



Source: Analysing Agriculture July '98



It is for that reason that I get very frustrated when I read some of the so-called wool industry experts' comments about all the problems that the wool industry is facing. When we look at the problems in Asia and so on, it is always difficult and there is always some reason why we cannot do it. I contrast that with the wine industry. There was a big story in the *Weekly Times* about three weeks ago about how Australian wine sales to Japan have doubled in the last twelve months. I think that tells a very big story: it can be done. All the talk about Japan being in recession—which, clearly, it is—does not mean there are not opportunities there. I think it is time that sort of thinking infected people in the wool industry, because I know there are some who feel that way. There are others who find it too easy to find an excuse. These are the sorts of challenges that are facing the wool industry. They have to be dealt with in a much more positive way than they have been up until now.

The other matter I want to raise is the costs in the wool industry. Again, when people are trying to find problems facing the wool industry, they often overlook the obvious. There was a very good paper produced earlier this year by the ANZ Bank. It was written by Mr Bruce Brown of the Australian Agribusiness Advisory Unit, and was headed 'Can the Wool Industry Survive?' He threw out some very good challenges. I have not had time to go through all of them, but one point he alluded to was the cost estimates of handling, selling and distributing cotton from farm gate to mill compared to wool. It was quite an amazing comparison because the differences were nearly double. This shows that we have some real opportunities here if we can focus on those key issues. What I am saying, of course, is that the structures which have been in place have not assisted in getting those improvements and that extra efficiency which, clearly, this industry needs if it is going to survive.

When we look to the future, we must first of all look, in an analytical way, at what has happened in recent times. I think, sadly, the results speak for themselves. It is quite tragic that the industry, as I have pointed out, has

been losing market share. Over most of the last eight years, prices have been below the long-term average of production and, yet—in that scenario—market share is being lost and wool growers are finding it extremely difficult to survive. In fact, many have not.

The paper by Mr Brown of the ANZ bank offered some suggestions for the future of the industry. He said:

If the industry is firstly to survive and then prosper, it must be able to develop an efficient low cost wool handling, distribution and processing chain which provides for the timely flow of information. Additionally, the industry as a whole must be able to develop a technology pipeline capable of providing for continuing increases in productivity.

He went on to talk about market focus and to look at: Progressive industry models, such as those developed within the dairy and wine industries— which—

have involved product enhancement and differentiation, leading to an expansion in market share and the development of price premiums. Certainly profitability attracts capital and quality human resources; but how did these industries achieve a "market focus"?

One can well remember that the dairy industry, some 14 years ago, was in desperate trouble, yet it turned itself around. It is this opportunity the wool industry has to find. Stockpile management is one step in assisting the industry to do just that. The opposition ought to be commending the government for the action it has taken here, rather than criticising it and putting forward a mealy-mouthed little amendment which really does not say much. The opposition should look at some of the challenges that are in papers like this because there is a great opportunity.

I think that the industry is now starting to come alive. There are progressive wool growers around now who are not prepared to accept the continuing low price and the continuing loss of market share. They believe, very passionately, that there is a strong future for the industry. They certainly believe in what the government is doing. Many of them ring me up and say, 'Thank goodness someone has finally done something'. They say that this whole stockpile management is but one step in giving the industry the opportunity to take what has been far too much govern-

ment involvement—which has been a millstone around the industry's neck—and turn it into a real asset.

I strongly support the minister in what he is doing. I believe it will be the start of a new future for this industry. I urge the opposition to get behind the steps the government is taking, because this is the way we can ensure that wool growers have a future. We have stopped talking about a wool industry; we talk about the future of wool growers—because without wool growers, there is no wool industry.

**Mr ADAMS** (Lyons) (12.36 p.m.)—My congratulations, Mr Deputy Speaker Andrews, on being back on the Speaker's panel. I was intrigued at the decision to go ahead with the freezing of sales of the wool stockpile. I thought this was only a move to shore up the electoral prospects of a number of National Party and Liberal Party candidates, in view of a move by the Hansonites to squeal about the price of wool during the campaign. That was the only reason. We know that, I think most wool growers know that and most Australians are well aware of that.

I remember a press release just before the election in which Mrs Hanson called for the wool industry to be revamped. She reckoned that the selling of the wool stockpile was forcing price levels down and that if there was a freeze and a small levy made it would lead to an increase in prices. Her somewhat bizarre suggestion was that manufacturers should produce items for distribution for foreign aid rather than providing cash for foreign aid.

I think this must have panicked some of the coalition members and candidates into making that decision. They set out to try to get the sales frozen until after the election, and they were successful in that. But, in the end, Wool International had to continue to sell, through their program and their schedules, because of the lack of any other legislation.

The other part of the bill to privatise Wool International is probably more understandable and may well reflect, I think, the views of producers and shareholders in this industry. They are keen to have more direct control over their industry. I am not sure that this

move will necessarily lead to the price of wool rising, but at least growers will not be able to blame anyone else but themselves if prices continue to deteriorate. They need to look to the future and determine where we need to position wool in the marketplace in the longer term.

As to this other business of freezing the sale of the stockpile until next year, the only result I can think of is that it will help those bigger growers and others that may have stockpiles of wool to sell off their own stockpiles and make a few additional dollars at the expense of smaller and non-specialist growers. This is backed up by a press release in February this year in which ABARE said that, in moving to the open market, private stock holdings are likely to take an increasingly important role. It goes on to say:

While prices are expected to improve as wool availability declines and overall wool demand improves, a sharp and sustained increase in wool prices as the stockpile runs down is unlikely.

Some of our private wool stockpilers perhaps want to make sure that they will get an income from their product before the stockpile is brought back into the market. I do know that the industry has some grave doubts about the freezing of the stockpile but that it is prepared to bite the bullet in order to have privatisation started.

According to Wool International's own account—and I found the detail of its legislative functions on the Internet—it was established by the Commonwealth government in 1993. It succeeded the Australian Wool Realisation Commission, the AWRC, in managing and selling the stockpile and in repaying the commercial debt which is guaranteed by government.

During 1997-98, Wool International's objectives and functions under the Wool International Act were to undertake the disposal of the stockpile of wool in a manner which would enhance the value of the wool stockpile as much as possible having regard to Wool International's obligation to comply with the disposal schedule. This required Wool International to deliver between 90,000 and 350,000 bales per quarter, and to deliver

the last bale of stockpile wool by 31 December 2000.

Wool International is also required to sell the stockpile in a manner that seeks to maximise the value of all wool, to manage the wool stockpile, to buy wool only to the extent necessary to ensure the sale of stockpile wool proceeds according to the disposal schedule and to prepare and implement a strategy for the management and progressive repayment of the accumulated debt. Wool International's target is to eliminate the debt by June 1999. It is to manage wool premises and wool store properties, keep the register of equity holders and distribute the surplus money standing to its credit. Other functions given to Wool International under this or any other act empower it to do everything necessary to meet its functions and objectives. Further, Wool International has a commercial obligation to exercise its powers in a manner consistent with sound commercial principles and practices.

Under the coalition government, the legislative framework under which Wool International operates was amended in June 1997, to take effect from 1 July of that year for the 1997-98 season and beyond. The amendments narrowed its functions to selling the stockpile, eliminating debt and returning surplus funds to wool growers. So its functions were narrowed a year or so ago.

In addition, savings provisions allowed Wool International to undertake market reporting, futures and forwards education and to investigate, subject to ministerial approval, the potential for setting up a wool trading enterprise for wool growers to invest in through a unit trust. These provisions ceased on 30 June 1998. The amendments now also allow for the distribution of equity in Wool International to unit holders and for the winding up of the organisation.

On 30 March 1998, the government extended the debt elimination target by up to six months, to 30 June 1999. This was in response to low wool prices through the March 1998 quarter resulting from weak demand in key markets and the Asian economic situation.

During the year the Commonwealth Authorities and Companies Act 1997 was legislated. It provided a single set of core reporting and auditing requirements for directors of Commonwealth authorities, including Wool International, and set out standards of conduct for officers. This act replaced relevant sections of the Wool International Act, including preparation of an annual report and financial statements.

Wool International is directly responsible to the Minister for Agriculture, Fisheries and Forestry, who is now the Hon. Mark Vaile MP. Under section 58 of the Wool International Act, the minister, after consultation with Wool International, may give it directions relating to the performance of its functions in the public interest. This power was not exercised in the 12-month period to 30 June 1998.

So this current legislation is to move Wool International along the road to allowing growers to control their own destiny. However, the government have provided no detail on how it will be done, except to say that they call on Wool International to assist the government to privatise it, and Wool International will pick up the cost.

But the government, for some extraordinary reason, still wish to freeze the stockpile during this process. The opposition opposes this. The amendment moved by my colleague the member for Corio and shadow minister for agriculture, fisheries and forestry, Mr O'Connor, opposes this freeze, which is a very sensible amendment. A living and active entity is easier to sell than a moribund one, one that is not operating. So it is a case of 'We will have a business that is not working and we will sell it.'

I wish to touch on some discussions going on in the wool industry at present. Changes are becoming evident, and there is obviously a need to continue reviewing some of the structures Labor put in place. A research paper entitled *Profile of Australian wool producers* by ABARE shows that there have been a number of changes over the years and certainly there has been a reduction in the number of farms producing only wool. The paper published results of a survey carried out

by ABARE for the purpose of assessing how farms were faring and what was contributing to the success or failure of wool growing establishments. It is very interesting that the member who spoke before me, the member for Wannon, did not mention this.

Only 27 per cent of the current farms are specialist wool producing farms and derive the majority of their income from sheep and wool. They produce about 39 per cent of wool output. The remaining farms receive most of their income from enterprises other than sheep and wool.

The survey also found that 75 per cent of total wool production in 1996-97 was from 37 per cent of farms that produced more than 11,000 kilograms of wool—63 bales. Three-quarters of these are from mixed farms. Larger farms contributed a slightly lower proportion.

Wool still ranks among Australia's most important agricultural commodities. It was worth \$4 billion dollars in 1997-98. But it has been going through structural adjustment for some time, like most other industries. Many farmers have moved away from purely wool production and have gone into grains and other livestock, so shorn wool production has fallen from 1,031 kilotons in 1989-90 to 650 kilotons in 1997-98.

In the survey the top performing farms were larger, obtained lower farm receipts from wool, obtained higher receipts per labor unit, and were operated by younger farmers. The survey also showed that the bottom 25 per cent of those farms specialising in wool were operated by older farmers.

There also seemed a definite association between successful farms and those that involved themselves with Landcare, farm planning and management training activities. From these studies, it seems that wool growers need to do a lot more work in restructuring their industry if they are to benefit by the more open market. Maybe the privatisation of Wool International and more work done on drought proofing of properties and marketing the end produce might help this.

But I still cannot see where the freezing of the sale of the wool stockpile will benefit this process. We are living in a world now where change is much faster, as we all know, where research must keep pace with the changes, and where we cannot afford to protect 'the establishment' if they are not performing.

It is also time to start looking at what happens to rural products beyond the farm gate. I think the member for Wannon was starting to get there in his speech prior to mine, but I think he was still a little bit away from that point. We should be having a say not only how it goes from the gate but where it goes, how it is marketed, who is buying it and what can be done to increase the sales.

Brand names have always been important and are even more so now. We also need to move into niches where we can thrive. One area has been developing tops factories in Australia. The ones I know of are in the Geelong area, in the electorate of the honourable member for Corio which I have visited and, just latterly, in the old Coats Paton factory in Launceston in the seat of Bass a topping operation has started up. Considerable funds have been invested there and it is now beginning to prove its worth. This is innovative process in the wool industry which is looking to the future and looking to production in Australia and having some knowledge of the broader range of the industry. Some years ago, not many people knew a lot about manufacturing of wool in Australia.

There are great opportunities for the future of wool, I believe. But it is about marketing and it is coming up against the competition of man-made fibres and cotton. It is up to the industry, through marketing and placing the product in the world marketplace, to sell more wool. I believe there are opportunities throughout the world for that to happen.

The Asian crisis has been cited as keeping down the price of wool. Maybe that has contributed but, apart from Japan, few others in this region have been big wool users. I think there have got to be some good expansion opportunities, particularly in China, for different levels of wool and these need to be further explored constantly. I think this marketing and restructuring is very important

to the industry. I think the growers are right. There are growers who are saying that they want to have more say in their industry. That is fair enough, and we should move towards that goal.

Judging by a lot of the comments from the other side, I think it is really very hypocritical in its approach. The honourable member for Wannon's comments about ex-minister John Kerin were very unfair and unjust. He was a very fine minister of primary industry. Many industries in that sector went through major restructurings under his leadership, restructurings that needed to happen. I think the criticism of that market price is very unjust and is a political issue that is being used very unfairly by the member for Wannon. It takes away from his credibility as a person to attack John Kerin in that way.

I believe the amendment the opposition has moved to remove a part of the legislation talks of the freezing of the sale of the stockpile, and I believe most growers would like it to be that way as well. It makes more sense for the entity to continue to operate while negotiations continue to work up a situation where privatisation can take place. That would be the most sensible response to the wool industry today, but the government has failed this early in its new term to be able to come to grips with that.

Some of the lazy old backbenchers from the National Party and Liberal Party have failed to stand up in their party rooms and do anything for the wool growers of Australia. They have been telling the people for years that they represent them, but when it really gets to the crunch, when it really gets to where an industry has to grow, looking at industry plans and opportunities, they have failed the test. These backbenchers—and there are two or three of them here at the moment—have failed to get up in the party room and stake a place for their region and the wool growers by saying, 'We should be continuing to have Wool International operate until we do get to a position where we have the plans and the consultancies in place to give us the information to privatise it.' That is what should have happened, but they failed to the test.

I support the amendment. I believe the opposition's position is the best one. The amendment is showing the wool growers and the people that rely on wool in this country—and many people make their living from wool—that the opposition's position is a much clearer and better one than the government's.

**Mr FORREST** (Mallee) (12.56 p.m.)—I am very pleased to stand here in defence of the Wool International Amendment Bill 1998. I have to say right from the outset how disappointing it was to hear those remarks from the member for Corio and the member for Lyons. I am standing here, as the member for Mallee, with the previous speaker, the member for Wannon. Between the two of us our electorates cover the entire half of western Victoria. Couple these electorates with that of the member for Ballarat—who would love to be in here speaking in support of us but gives his moral support to this legislation—and the three of us represent the great bulk of the wool industry in Victoria. That is a large number of growers, and for the member for Corio, the shadow minister, and the member for Lyons to come in here and accuse us of not standing up for our constituency is the most unadulterated dribble I have ever heard.

This matter has received an incredible amount of public debate in the last three or four months, and I have come to this parliament having been re-elected with a commitment to the growers of the southern Wimmera that this would be the first piece of legislation we would consider—and we are doing that. If the Australian Labor Party was so convinced, in respect of the comments they have made in this debate, why is it opposing the freeze of the stockpile?

The member for Wannon has already incorporated in *Hansard* the schedule for the eastern market indicator which shows the impacts on the wool price. When the government announced its intention in the middle of August, there was an immediate rise in the indicator. It was of some regret that Wool International chose not to support the government's clearly indicated public position on that. After that short rise, when releases from the stockpile recommenced, the indicator

went into free fall, and I just think it is absolute nonsense for both of those members to come into this chamber and ignore that fact.

This legislation does not make out that freezing the stockpile solves all the problems of the Australian wool industry. The previous speakers have overlooked two things. The member for Corio spoke about 63 people, the staff of Wool International. He seems to forget there are in excess of 50,000 wool growers in Australia, probably representing in excess of 100,000 to 150,000 people.

I am really wondering how many wool growers he knows personally and what he knows of the financial struggle that many of the families associated with the wool-growing industry have had in the past decade. Apart from what the member for Lyons said about a former minister for primary industry, the sad fact is that, despite all the good things he may have done—as the member for Lyons asserted—the reserve price scheme for wool will be the one thing that is permanently inscribed, sadly, on his epitaph. The wool growers out there know and understand that, and they will not be swayed by the previous remarks of the member for Lyons.

This legislation puts into place a procedure by which to launch the wool industry. I share the comments of the member for Corio and his aspirations that we restore this industry; it was one of Australia's greats. The industry will be launched into a process of instigating what it needs to do. The industry needs to restructure and refocus.

Wool International is the statutory authority responsible for selling down the stockpile and retiring the associated debt. Back in the early 1990s, when the stockpile was a massive and major problem—4.7 million bales and an accumulated debt at that stage of \$2.7 billion—it was appropriate to tell those purchasers of wool what our intentions were as a nation in releasing it onto the market. It hung like the sword of Damocles over the market, with consumers wondering whether we were going to burn it, dump it, or whatever. It was an appropriate measure then to establish Wool International to be the liquidator of that stockpile. It should never be forgotten that wool

growers funded Wool International to liquidate that debt. They do not get a lot of credit, but that was a credit to them.

The stockpile has now been reduced to almost 1.1 million bales and the massive debt is down to \$230-odd million. Today, in 1998, the stockpile is not necessarily the problem it was in the mid-1990s. It is now manageable. In fact, many of the growers that confronted me outside post offices during the recent election campaign happened to regard the size of that stockpile as something of an asset. Even the figures that the member for Corio has put to the parliament confirm that. It represents a little over annual production. It can serve as a buffer for the uncertainties and vagaries of the market.

A new process has to be established on how we will deal with the fact that the stockpile still exists. Therefore, this legislation is quite timely. I have been somewhat anxious for it to be tabled in the parliament so that Wool International and everybody else will know the government's intention on the matter and the uncertainty that existed from August to October can be removed. I urge members on all sides of the parliament to support the legislation, including members in the other house, and to work with the government to achieve exactly what the member for Corio aspires for the wool industry. I represent these people. If there is no prospect of a future for wool, those in the industry need to know that so they can consider other options. I happen to believe there is a future. But it will not occur without the pain that is so often associated with the adjustment that is needed for those primary industries.

The member for Corio does not have an advantage that I have. I wish him well in his shadow portfolio, but I hope he takes a lot more time to be better briefed. I represent, as do others, including the member for Wannon, many industries—something like 55 different commodities in my electorate. All of those are in a phase of readjustment. What is badly needed today are industries which are market focused, consumer focused.

Later in this session of parliament a bill will be introduced to deregulate the Australian dried vine fruit industry. This is because, with

so many options available now for grape growers, the dried vine fruit industry has shrunk back to a niche and more lucrative market. Grape growers have many other options, be they table grapes or wine grapes. An adjustment requires a considerable amount of pain and it is the government's responsibility to provide some leadership. I think it cheapens the whole exercise for members opposite to come in here and play a cheap political game, taking cheap political shots.

**Mr O'Connor**—Well, it was a political decision.

**Mr FORREST**—For the right reasons—not the reasons asserted by the member for Corio and others. Things have changed since the schedule for the stockpile was instigated. They have even changed since the initiatives of the government back in March last year to extend the debt recovery response to 30 June 1999. Since then we have had the impacts of what has happened in Asia and the falling demand for apparel consumption in our key markets, including Europe, Japan and Korea. The impacts on the price of wool have been dramatic, incurring direct pain on growers.

If the shadow minister, who is at the table, wants to be the shadow minister, he should be a little more focused about whom he purports to represent as the opposition's spokesman on primary industry. These are the growers. These are the people on the ground who are committed to their commodity, whatever it might be. They deserve better consideration than the remarks of the member for Corio reflect. I am a little disappointed in him because I think he is a decent chap, but so is the member for Lyons. I call on him to be a little more focused and to work with us more to get this important industry to Australia back on its feet.

I am confident, from the commitment that has been shown to getting this legislation into the chamber, that the government's commitment to growers is unshakeable. The reactions from the different sectors of the wool industry, which have been quoted here this morning by the opposition, are not unpredictable. For someone like me, and other rural members on the government side who have been associated with agropolitics for so long, it is

always difficult to get a broad consensus on these commodity issues. You will always have somebody who does not agree and who has a very high public profile. That is the nature of agriculture in Australia. We are dealing with a diverse geographical spread of people and we are dealing with a diverse professional background of people. In such environments it is always difficult to make sure proper communication exists.

It was no surprise to me to find the New South Wales wool growers saying what they said about the decision to freeze the stockpile. It was no surprise to find farm organisations in Victoria expressing a contrary view to what my growers were saying to me. I know what I heard from the 4,500 wool growers I represent, particularly during the recent election. I know what they said. I gave them a commitment that I would come back into this chamber and urge that this legislation receive speedy passage through not only this chamber but also the other place.

I hope that this legislation will ignite, for the wool industry, a focus on the things it needs to do to rehabilitate itself. I have been a member of this place now for five years. Prior to that I did not have a lot of detailed association with the wool industry, but in my former life I had an association with many of the other commodities. It has been somewhat amazing for me to find how difficult it is to get one voice out of the wool industry. The difficulty that industry has in expressing itself with a single and determined voice never ceases to amaze me.

That is the first thing I hope the wool industry can address, so that when requests come for the parliament to take action on a particular matter we get a more united voice which assists not just the minister but the government and all members of this place, particularly the opposition, to support good initiatives. This is a good initiative and it deserves the support of everybody around this chamber, irrespective of their politics.

I understand that at the annual general meeting of the Australian Wool Research and Promotion Organisation in Goulburn on 30 November, there will be a motion of no confidence in the Wool Research and Promo-

tion Organisation. This is a little disappointing but it does, I think, indicate some of the frustration that growers feel that their wool promotion organisations, their marketing associations, that are supposed to be acting on their behalf are not representing their interests.

I hope that the motion of no confidence will not be the focus of the conference in order to score a point, go over old ground and look for scapegoats. The motion provides an opportunity for the industry itself to establish its own vision, which is clearly one of marketing and promotion and somehow finding a way to put innovative growers directly in contact with their marketplace. This has been a failure of the wool industry—the same failure that many other commodity industries have experienced in the past. They have been the producers of commodities leaving the farm gate when they have had no connection as to whether or not they were producing the right product.

Those industries that have succeeded in Australia, particularly those in my electorate, are those that have twigged to the necessity to connect to their consumers in an innovative way. I have already mentioned the Australian dried vine fruit industry. That is a good example, as is the dairying industry. There are many others around the nation. That is the key for the wool industry. It is my call to all of the leadership of the wool-growing and marketing associations to seek that goal. If this motion at the annual general meeting is just seen as an opportunity to score points, it will be very negative. They ought to take the next step and have a debate on refocusing the industry.

I hope that the legislation before the chamber today serves as the launch pad for the public debate on the need for a greater industry focus. It is not pleasant to see industries turning on themselves when they ought to be directing their energies to deciding for themselves what their future will be. We went through this with the grain industry. Thankfully, we have got through that long, drawn out process. I think great credit must be given to the former Minister for Primary Industries and Energy for steering the reform to the Austral-

ian grain industry. We now have a wheat board that is structured in a way that provides ownership by growers and, therefore, their direct connection to the market is established. There is a process for that. The wool industry badly needs such a focus.

This legislation is just a small part of what is needed for the Australian wool industry. It must not be seen as the cure. It is a very short-term measure to shore up, I suppose, the industry—to launch it onto what it badly needs to do, which is a better focus on customers in the marketplace and, I am sad to say, a crying need for firm industry leadership and innovative approaches to the processing of wool fibre.

I have a habit of walking around and asking people, 'How much wool are you wearing?' On many occasions people will be wearing clothing made of an alternative fabric, which is a much better product. That is why they buy it. They buy it because it does not crinkle, it is easy to wear and it does not itch—whatever reasons might apply in the fashion industry. This is the real challenge confronting the wool industry. In the last decade we have let some of our competitive fibres get the runs on the board and get ahead of us. This is another issue that the wool industry needs to address.

I am very pleased to stand here. I feel very satisfied that it is the first piece of legislation that the new 39th Parliament is considering. I am pleased to support it, and I urge all members to do the same. I am not all that moved by the opposition's pious amendment. I believe that all of the seven points addressed in the amendment are being taken into account by the government, with the one exception that we believe the leadership needs to come from the industry itself and that the government is just the facilitator. I use the model of the achievements in the Australian grain industry. I urge the leadership, growers and all those associated with the wool industry to follow the lead from the grain growers of this nation. I urge the parliament to give this legislation its support.

**Mr ANDREN** (Calare) (1.15 p.m.)—It is an honour to return to this the 39th Parliament, particularly as the only Independent in



the House. Perhaps I can bring some sense of balance to this particularly important piece of legislation, the Wool International Amendment Bill 1998, that affects so much of our economic endeavour and particularly affects many people in my own electorate.

First, let me take the opportunity to congratulate the Minister for Agriculture, Fisheries and Forestry, Mr Vaile, for his appointment to this very important portfolio. I also congratulate you, Madam Deputy Speaker, for your reappointment to the panel, and the members for Richmond and Hunter, who were in the House, for their promotions.

The people of rural electorates like Calare have very high expectations of agriculture ministers, perhaps even higher expectations of those ministers from the National Party. Certainly, one of the underlying issues in the recent election campaign was the state of the wool industry and the proposal contained in the Wool International Amendment Bill 1998 to suspend sales from the stockpile. Unfortunately, any real debate on this issue was submerged by the goods and services tax debate, but it is an issue that, wherever you go in the bush, people have an opinion on, and sometimes those opinions differ quite widely.

Since the early days of the Commonwealth, the wool industry, and governments' management of it, has always been controversial. Recently I have been reading speeches of some of my predecessors in this place. When one reads the collected speeches of former members for Calare, one sees that there are two recurring themes—namely, drought and wool prices. George Gibbons, the Labor member for Calare, who was elected for one term in 1929, made some interesting remarks in a speech that year, commenting on the then government's decision to prohibit the export of stud sheep from Australia. That decision, taken soon after the election of the Scullin Labor government, was a move aimed at bolstering flagging wool prices at the time. The member for Calare said at the time that the price of wool per bale had fallen from about £24 to £12 within the previous two years. The actual cost of producing wool was estimated to be £14 per bale.

Well may you say, Madam Deputy Speaker, that not much has changed. Interestingly, Mr Gibbons said it was essential for Australian farmers to concentrate on producing finer quality wools in order to boost their incomes. He said:

The breeding of distinct types of sheep and the improvement of wool quality are essential if we are to maintain the higher prices now obtainable for our wool, despite the unscientific methods of marketing it.

Seventy years later, there is still dissatisfaction about the way our wool is being marketed. But there is no way that MPs, or, indeed, farmers back then could have imagined the array of synthetic materials that would be developed over the next 50 years. Wool is no longer an essential fabric for clothing, and some would say it has become an expensive up-market fabric, with less than five per cent of the market share. In 1950 wool enjoyed 10 per cent of the fibre market, down from 20 per cent in the 1920s. I notice that one of the previous contributors to the debate detailed some of the changes over the last 20 years.

While it would be simple to suggest that wool has only a niche market future, statistics show it still enjoys more than 50 per cent of the men's market for suits, a large slice of the men's and women's jacket and sweater markets, and 12 per cent of the carpet market. While synthetics have gradually increased in use as substitutes for wool and other natural fibres, including cotton, there is a tremendous opportunity to develop new high-quality wool blends that combine the best features of wool and other fibres.

Changes in fashions may result in less wearing of suits, but fashions turn around and I am still optimistic when it comes to wool's potential. But we have to move fast. This bill, I believe, is the start. I hope these changes do put the wool industry on a business footing so that the growers are no longer price takers but price makers, with more value adding and proper marketing of the end result; in short, as the Bathurst Farmers Association Wool Committee says, restructuring the industry like other now successful rural commodities and leaving government out of the equation.

I have already mentioned there are opposing viewpoints evident in this debate, and I have actively sought the views of wool growers in my electorate about this proposed legislation. I would say that a clear majority support the decision to suspend stockpile sales—a move which does seem to have put a stop to the downward price spiral but at a level that benefits no-one but the buyer at the moment. I know that some wool growers in my electorate actively lobbied the government to implement this freeze, and I accept the minister's claim that it was a decision made after extensive industry consultation.

Unfortunately, like so many welcome, if belated, decisions taken by the coalition over the past 12 months to address major regional and rural issues, this decision was falsely painted by some sections of the media as a response to the electoral threat posed by One Nation. But there were many arguing the case for the reform of the wool industry long before One Nation realised there was a stockpile. There were many of us out there pointing out the deficiencies in Telstra, in mobile phone services, in the pork industry and so on. The Australian Wool Growers group in fact played a major role in bringing this debate on wool to a head. The credit given to One Nation for such policy decisions simply demonstrates again how out of touch many city based media organisations were when it came to reporting rural and regional issues.

That aside, the steps outlined in this bill will give the industry some breathing space. The existing legislated sales schedule, which saw more than 90,000 bales per quarter pushed onto a depressed market, was distorting that market in the same way as the former floor price scheme did. Of course, it is a decision that is not without its risks. It does threaten to further undermine buyer confidence, although the minister has given an assurance that Wool International will still be honouring its existing contracts. It will mean that the stockpile, which has overshadowed the market for so long, could now be around for that much longer. That concerns many who believe that the sooner the stockpile is out of the way the better.

The second aim of the bill, effectively transferring control and management of the stockpile from government to a new commercial entity, appears to have very widespread support. More than ever, growers seem dissatisfied with the overall management of their industry, and they want to have more of a say in its future.

One grower in my electorate said in a letter to me today that the industry cannot wait until next July for the proposed new company to be set up; it needs to happen immediately. There have already been several expressions of interest from consortia interested in buying the wool stockpile, and there is great hope out there in the industry that it can be sold off and disposed of in a manner which will put less downward pressure on the auction system.

I must say I have reservations about delaying the inevitable and delaying the stockpile sales, but I think the company set up to guide the industry should make any decisions relating to the stockpile without government interference. On that basis I cannot support the opposition's amendment. But, in saying that, I sincerely hope this new commercial entity proposed by the government will have a truly democratic structure, giving growers more responsibility for choosing the right people they want to manage their industry.

I note that the minister says the government will not be involved in shaping the new organisation's commercial activities. One only has to look at other successful rural sectors such as cotton, dairy, rice and in fact the wine industry in my own electorate to realise producers do a better job taking control and running their businesses.

Integral to the success of these industries has been the quality of the people engaged to run them. Sadly, wool growers lack confidence in many of the people who have been engaged to run AWRAP and Wool International and its predecessors. I met a group of wool growers a week or so ago, and they agreed most wool growers were not active in marketing their product—in fact, farewelling it at the farm gate with a prayer. They agree that growers need to take a greater role in the fate of their industry, they realise their short-

comings in these areas and they are prepared to do something about them. But, by the same token, they believe their industry leaders have not provided adequate information or communicated enough. They do not see the results of their marketing dollar and one, a former farmer of the year in the Bathurst area, is in fact selling his clip at a loss, and he cannot sustain that for much longer.

A rural goods supplier at that same meeting pointed out how not only his business was 60 per cent dependent on the wool industry but so too are fencing contractors, weed contractors, air spreaders, a large sector of the transport industry as well as producers and sellers of sprays, dips and machinery. So it is a very integrated role that the wool industry plays in our rural fabric.

There are three exclusively wool-growing properties, totalling 12,000 acres in all, on the market in the Bathurst district at the moment. As evidenced by the comments I read earlier from the member for Calare 70 years ago, wool has always been subject to market fluctuations and cycles. Government involvement in sales marketing and promotion has made it all too easy for some growers to point the blame at others, who really do not deserve it because the problems are a result of factors outside their control.

Certainly there have been mistakes made over the last decade in particular—mistakes that would benefit with hindsight, of course, and the benefit of hindsight makes them very obvious. There is nothing that AWRAP, the federal government or Woolmark can do about the economic situation in Asia and the resulting slump in demand for wool. As the National Farmers Federation President, Ian Donges, said recently, the wool industry must realise how serious its plight is and work to overcome its divisions to win back markets from synthetics. I hope that this is the beginning of a fusing of those disparate forces within that industry.

So many growers would dearly love to go back to the postwar days when a pound of wool sold for a pound, but that is a pipe dream. When you look at the average price of wool this century, it would have to level out at being a lot closer to the actual cost of

production; that is the challenge. At this stage I doubt that even the best marketing in the world is likely to see wool recapture the significant slice of the market it once enjoyed. I hope I am wrong. Perhaps we need to realise that it is a niche product, largely, and do our best to produce, market and price it as such.

But I have spoken to others who know more than I about marketing and who strongly believe, because they have marketed other rural products, that proper marketing by proper marketing experts is the key that can restore, and in fact increase, market share. One thing is certain: more growers need to be encouraged to take advantage of forward selling and other such hedging tools to lock in prices so they are better able to ride out the slumps and bumps.

While the minister is here, I must point out some other factors at work to frustrate the viability of our wool industry. The Calare electorate has traditionally been home to many of the country's fine-wool producers. But, as I have stated in this House on many previous occasions, their livelihoods are in many cases under real threat because of ovine johnes disease. OJD is a problem affecting hundreds of families in my electorate and in other electorates throughout Australia, but particularly the tablelands region. Anecdotal evidence suggests some are now facing bank foreclosures, family break-ups and stress related illness. These families desperately need financial help. According to reports over the past week, the National OJD Eradication Program has been further delayed by uncertainty on the part of the New South Wales government as to how to levy producers to meet the industry contribution.

If ever there was a case of rural families needing exceptional circumstance assistance, I believe this is it. I, and many others, could not believe what we heard during the final days of the campaign when the former Minister for Primary Industries and Energy refused to refer the New South Wales government request for exceptional circumstance assistance to the Rural Adjustment Scheme Advisory Council only for consideration. I plead with you, sir, to urgently revisit this

situation. If this is not a case of exceptional circumstance, I do not know what is.

Wool, despite all the problems in the industry at present, is still our fourth largest export earner. It is a magnificent natural fibre and, as history has shown, it is an agricultural enterprise ideally suited to so many parts of this continent. Wool should have a great future, but this government should not kid itself that, by passing this bill and washing its hands of the stockpile, next year it will end its involvement in the industry. Some of the growers affected by OJD are producers of our best wool. This disease is a major threat to the merino fine wool industry. Problems like this are not going to go away if the industry is left to cope on its own.

So much could also be done to encourage efficient processing of wool here. At Bathurst, there is an enormous skeleton of a partly completed factory. It was to have been a woollen mill, but its backers have not been able to complete it because of a lack of financial support. I grant you that there is an onus on the industry to get involved in that sort of financial support, but I think it also needs more proactive support and encouragement from government if we are serious about regional development—and I wonder if we really are. Indeed, there was more support and encouragement under the previous Labor administration, which backed the establishment of very successful wool tops plants at Parkes and Dubbo.

This government should be doing a hell of a lot more in that area. One local National Party official said to me during the election campaign that his federal colleagues were desperately trying to do more to help the bush but were constantly stymied by their Liberal colleagues and the Treasury. I say to my National friends: now is your chance to really demonstrate what you can do. The Libs cannot govern without you; it is as simple as that. You have three years to show the people of rural and regional and Australia what good government is really all about.

Wool growers have felt helpless as they have watched their income and their wealth being steadily eroded, and it has cascaded down, as I have pointed out, onto the total

rural economic structure. Terms of trade have steadily and relentlessly declined, and country towns have suffered as sons and daughters have had to move away to find off-farm work. I believe that this bill is a step in the right direction towards reversing that trend and, with that in mind, I commend the bill to the House.

**Mr VAILE** (Lyne—Minister for Agriculture, Fisheries and Forestry) (1.31 p.m.)—Firstly, I would like to thank all the contributors to this debate on the Wool International Amendment Bill 1998 today. It is legislation that is urgently needed. The government's decision was made in advance of the calling of the election. Unfortunately, we did not get the important part of the process—the legislation—into the parliament prior to the election campaign to give those statutory bodies involved a clear indication of the intention of the government.

The purpose of the Wool International Amendment Bill 1998 is to freeze the sales from the Wool International stockpile. It has been indicated in the contributions that have been made during the debate that there is a diversity of views amongst wool growers across Australia and also about some of the structural changes that may be desired in the Australian wool industry, referred to by the member for Calare. They are the subject of another bill that I introduced this morning.

This issue is about the stockpile that has been reduced. The debt has been substantially reduced, and this bill freezes that stockpile until 30 June 1999. It also allows Wool International to support and commit funds to a process of privatisation. I suppose the term 'privatisation' is not entirely accurate because this is not a government asset. This is an asset that is owned by wool growers. It is their stockpile, and we envisage that they should have control of it through that process—without a statutory structure like Wool International with strictures on the sell-down process—so that there is more flexibility in terms of being market responsive as to how those sales take place.

It is interesting to note that, following the announcement of the freeze of the stockpile earlier this year, there was a bit of a kick in

the market price of wool. Then the election was called. Wool International went on with their statutory obligations. When the election was held, our government was returned. We reinforced the fact that we were going to freeze the stockpile and, from that point, the indicators have increased from 466c on 21 October up to 504c yesterday.

Some claim that is a result of the announcement of the freeze; others claim it is not. It certainly is a trend in the right direction, and I think we should be cognisant of that fact. We believe that this is the correct decision, that it is the correct way to go because, ultimately, it gives the wool growers in Australia responsibility for the decision making process about their asset—that is, the final disposal of what is left in the stockpile.

I note that the opposition has moved an amendment to the bill which, in principle, supports the privatisation of Wool International and the stockpile. We accept that. There are other elements of the amendment that the government does not agree with, and so we will be opposing the amendment. The structure of the privatised organisation will be the subject of future discussion.

In supporting the bill, it is important that we send a clear message to the industry and to the market that we are very concerned about the circumstances of the wool industry in Australia today—not only where it has been but, more importantly, where it is going. As the minister responsible, I aim to play a positive role, in partnership with the wool industry representatives across Australia, not just for the benefit of the wool industry but for the benefit of the entire Australian economy. As one of the previous speakers indicated, it is absolutely vital to the Australian economy and absolutely vital to the Australian rural economy. We want to ensure that it has an ongoing, efficient and viable future. I commend the bill to the House.

Question resolved in the affirmative.

Original question resolved in the affirmative.

Bill read a second time.

### **Third Reading**

Leave granted for third reading to be moved forthwith.

Bill (on motion by **Mr Vaile**) read a third time.

### **AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY BILL 1998**

#### **Main Committee Report**

Bill returned from Main Committee without amendment; appropriation message having been reported; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

### **Third Reading**

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

### **AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (LICENCE CHARGES) BILL 1998**

#### **Main Committee Report**

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

### **Third Reading**

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

### **AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (CONSEQUENTIAL AMENDMENTS) BILL 1998**

#### **Main Committee Report**

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

### **Third Reading**

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

**STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 1998**

**Main Committee Report**

Bill returned from Main Committee without amendment; appropriation message having been reported; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**

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

**HIGHER EDUCATION FUNDING AMENDMENT BILL 1998**

**Main Committee Report**

Bill returned from Main Committee with an amendment; appropriation message having been reported; certified copy of bill and schedule of amendment presented.

Ordered that the bill be taken into consideration forthwith.

*Main Committee's amendment—*

(1) Schedule 1, item 1, page 3 (line 5), omit "Table B", substitute "Table A".

Amendment agreed to.

Bill, as amended, agreed to.

**Third Reading**

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

**FILM LICENSED INVESTMENT COMPANY BILL 1998**

**Main Committee Report**

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**

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

**TAXATION LAWS AMENDMENT (FILM LICENSED INVESTMENT COMPANY) BILL 1998**

**Main Committee Report**

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**

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

**CHILD SUPPORT LEGISLATION AMENDMENT BILL 1998**

**Main Committee Report**

Bill returned from Main Committee without amendment; appropriation message having been reported; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**

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

**STATES GRANTS (GENERAL PURPOSES) AMENDMENT BILL 1998**

**Main Committee Report**

Bill returned from Main Committee without amendment; appropriation message having been reported; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**

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

**NATIONAL CAPITAL AUTHORITY**

**Consideration of Senate Message**

**Madam DEPUTY SPEAKER (Hon. J.A. Crosio)**—Mr Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:

That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposals by the National Capital Authority to erect identification signs in front of Old Parliament House.

### CENTRELINK

#### Consideration of Senate Message

**Madam DEPUTY SPEAKER (Hon. J.A. Crosio)**—Mr Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate this day:

That in the opinion of the Senate the following is a matter of urgency:

The government's decision to slash 5,000 jobs from Centrelink and the impact of this decision on Centrelink's levels of service to families, pensioners and the unemployed.

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

Ordered that consideration of the message be made an order of the day for the next sitting.

### DATA-MATCHING PROGRAM (ASSISTANCE AND TAX) AMENDMENT BILL 1998

#### First Reading

Bill received from the Senate, and read a first time.

Ordered that the second reading be made an order of the day for the next sitting.

### GOVERNOR-GENERAL'S SPEECH

#### Address-in-Reply

Debate resumed from 11 November, on motion by **Mr Cameron Thompson**:

That the following Address-in-Reply to the speech of His Excellency the Governor-General be agreed to:

May it please Your Excellency:

We, the House of Representatives of the Commonwealth of Australia, in Parliament assembled, desire to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the speech which you have been pleased to address to Parliament.

**Mr MOSSFIELD** (Greenway) (1.49 p.m.)—Like all other members of the 39th Parliament, I am delighted to have been successful in the 1998 October federal election. I would particularly like to thank the

Leader of the Opposition, Mr Kim Beazley, whose leadership of the Australian Labor Party during the years 1996, 1997 and 1998 is one of the main reasons that the Labor Party was so successful, winning a majority of votes but not a majority of seats.

I thank the electors of Greenway for the confidence that they have shown in me and I will be working hard to repay that confidence. There are many people who I would like to thank for their assistance in the campaign. I thank all my ALP branch members and supporters who carried out the many duties associated with the campaign. I would particularly like to thank my campaign director, Paul Gannon, for the excellent job he did prior to and during the campaign. I would also like to thank my senior electoral officer, Athol Cairn, who has been a constant source of assistance and advice to me. Whenever we have schools visiting parliament I always introduce Athol as my bodyguard. I think he does that job quite effectively.

I would like to thank my two Sydney based electorate officers, Christine and Sandra, for the work they have done on behalf of the constituents of Greenway. To my wife, Jan, I thank her for her constant support, advice and love. To my brother, Warren, I thank him for his continual spiritual support. And I thank our eight children who I know follow the career of their father with some deep interest. I would like to congratulate also the new members of this parliament who have delivered such excellent first speeches, and I wish them well for the future.

There are quite a few issues that I would like to address that I think are of vital interest to my electorate of Greenway. The first relates to the coalition government's goods and services tax. This is a messy and unnecessary tax that the Prime Minister is trying to push through prior to Christmas. I will quote from a book by Pamela Williams, *The Victory*, which I am sure a number of members in this House have read. It refers to the Liberal Party's policy formation prior to the 1993 election. It shows quite clearly that, despite the Prime Minister's remarks to the contrary, the GST was never far from the

thoughts of the policy makers of the Liberal Party. I quote from pages 167 and 168:

One tax question, that of the goods and services tax, was not on the agenda. It has been discussed in the month before at the top of the party and while there was a strong view that tax reform was both a necessity and inevitable the answer had been framed by the 1993 election. It was impossible to contemplate a GST now. The politics of the matter decreed that it would be firmly and unambiguously set aside. But it was a decision driven by the past and not the future and there was a general acceptance that the party would eventually look at it in government.

This quote must raise some serious doubts about the Prime Minister's never-ever statement relating to the introduction of a GST. We can all look back on history and see how political parties of all persuasions, and the Australian public, have been uneasy about the introduction of a GST. Attempts were made to introduce a goods and services tax by the Labor Party and this was defeated internally in 1985. Dr Hewson's attempt to introduce a GST was defeated by the Australian people in 1993. Mr Howard went to the Australian people in 1998 seeking their endorsement of a GST and lost many seats—over 14 seats. In fact, the Australian people voted for the Australian Labor Party. In total votes, the Labor Party received over 50 per cent while only about 49 per cent voted for the Prime Minister and his party. So one could hardly say that the 1998 election result was a ringing endorsement of the government's tax package.

While there is a need for governments to increase their revenue to enable them to provide the services expected by the Australian people, I submit that it is grossly unfair to tax the necessities of life, such as food and shelter, which are so important to all low income people. The government is failing in its duty in granting large tax cuts to people on high incomes while at the same time failing to close the tax loopholes. This has enabled some of our wealthy individuals to avoid paying their fair share of tax.

Independent organisations such as the Melbourne Institute of Applied Economics and Social Research estimate that the consumer price index will rise more than the 1.9 per cent the government has allowed for.

Therefore, the four per cent compensation for those on benefits and pensions will not be enough. The institute considers that for families with three or more children the cost of the tax changes will be some three to five times more than the government has estimated.

Ross Gittins also picked up on this point in an article in the *Sydney Morning Herald* on 2 October where, after giving both sides of the political fence a serve, he concluded:

My perusal of the incomplete tables prepared by the Melbourne institute suggests that Howard would run pensioners and the unemployed perilously close to the wire. But individuals on income above \$50,000 a year would get such big tax cuts that even if prices rose by a lot more than expected, they'd still be laughing.

One of the concerns that I am sure many people have relating to the GST is the uncertainty as to how it will affect them. Where will it actually hit? Another question that needs to be raised is in the area of our economy where there are no direct income taxes or where the impact of income taxes are not easily measured. For example, it has been estimated that a weekly train fare from stations in my own electorate to the city will increase from between \$2.80 per week to \$3.10 per week, or between \$145.00 to \$161.00 a year if a 10 per cent GST is applied on top of existing rail fares. Will there be a reduction in the current level of fares to account for the abolition of the existing indirect taxes before a GST applies, or will there be an increase in rail fares prior to the introduction of a GST, resulting in higher taxes being paid?

Another example quoted to me was of a small family run gift shop where no sales tax currently applies but where a 10 per cent GST will apply on all sales after 1 July 2000. In an article by Anne Lampe in the *Sun-Herald* on 23 September, a number of examples were given of how a GST would affect self-funded retirees. In one example she says:

For a retired couple of \$30,000 a year, or \$15,000 each, their current tax bill is \$813 each. Under the Howard tax package they look forward to \$863 in income tax between them. But according to the discovery analysis, their costs rise by \$1748 as a result of a GST on food, rates, gas, insurance and



lifestyle spending. They have no private health insurance cover so they do not benefit from a health fund rebate. So they are down the drain to the tune of \$885 between them.

Finally, there are two reasons that it is difficult for the general public to understand the government's GST tax package. Firstly, the package was released only two weeks before the election was called, thus allowing little time for detailed independent analysis. Secondly, as the package will not apply until the 2000-01 financial year, it is very difficult to make a complete assessment at this point on its likely effect. Of equal importance is that we are very likely to have another election campaign before the GST actually takes place with the possibility of a new government on the treasury bench.

The Australian public were being asked a few weeks ago to make a decision on the government's tax package that will affect them in two or three years time without its full impact being known even by the ministers who will bring in this legislation. This lack of public knowledge concerning a GST makes the holding of a Senate inquiry extremely important. Mr David Vos, who has been appointed to head the government's tax consultative committee, also supports the Senate inquiry.

To date the federal government have not provided information about the true effects of their proposal. It has not been subject to parliamentary scrutiny and it is therefore essential that a Senate inquiry proceeds to examine the government's taxation proposal.

The other issue that I was going to raise relates to the privatisation of Telstra. The federal government's desire to sell off a further 16 per cent of Telstra, followed by full privatisation at a later date, is now coming under increasing public scrutiny.

**Mr SPEAKER**—Order! It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the honourable member for Greenway will have leave to continue speaking when the debate is resumed.

## QUESTIONS WITHOUT NOTICE

### Goods and Services Tax: States Funding

**Mr BEAZLEY**—My question is to the Prime Minister. Will the government provide a guarantee to the states and territories at the Premiers Conference tomorrow that specific purpose payments will not be cut in the future, leaving the states with no option but to raise the rate of the GST to pay for essential health, aged care and education services?

**Mr HOWARD**—This question passes strange out of the lips of the man whose government had 13 years to fix Commonwealth-state financial relations and did absolutely nothing at all. What I can guarantee to the Leader of the Opposition is that tomorrow I will talk to the premiers and the chief ministers of the Australian states and territories about the best ever offer from a federal government since World War II to reform Australia's financial relations. I have already indicated in private discussions with the premiers that we have no intention of using the route of specific purpose payments to take away through the back door what we are clearly giving in a very generous fashion through the front door in relation to our proposal.

What has got to be understood by the Leader of the Opposition, and what should be understood by all those who care about the provision of adequate money for roads, for schools, for hospitals and for police services in the states, is that the only way you can guarantee the continued existence of those services years into the future is to adopt the coalition's taxation reform plan.

One of the strangest things about the debate on the goods and services tax is that people attack it in the name of defending the welfare sector. This is a great defence of the welfare sector because what this plan will do is to guarantee, like no other plan, a flow of funds from the federal government to the state governments so they can provide the money for schools, hospitals and the police.

If any of you people who sit opposite, particularly the members who have joined us as a result of the last election, are interested in adequate schools, adequate health provision

and adequate police services, you will change your opposition to the government's taxation plan. You will change your opposition to the government's taxation plan because this is the greatest gift that any federal government has offered to the states of Australia to reform their capacity to maintain essential services.

#### **Unemployment: Job Growth**

**Mr CHARLES**—Thank you, Mr Speaker. With indulgence, I take this, my first opportunity, to congratulate you on your elevation to high office.

**Mr SPEAKER**—Most generous of you. Thank you.

**Mr CHARLES**—My question is addressed to the Minister for Workplace Relations and Small Business. Is the minister aware of recent claims that job growth has stalled? Can the minister advise the House of the action the government is taking to create jobs and reduce unemployment?

**Mr REITH**—I thank the member for La Trobe for his question. I also congratulate him on his tremendous campaign result. The Labor Party were only able to take 0.31 per cent off him—a pretty good outcome.

The labour force data released today by the Australian Bureau of Statistics shows that the unemployment rate has dropped from 8.1 per cent to 7.7 per cent. This rate is the lowest recorded since October 1990. This is the lowest rate recorded since the Keating-Beazley recession that we had to have. The stats also show the number of people unemployed has fallen by 40,800. In seasonally adjusted terms, the number of people currently unemployed is the lowest since January 1991. But it does not end there. A total of 35,200 new jobs were added to the economy in October. The total number of jobs created since the coalition came into office is 393,500. Within that, more than half of those jobs have been full-time.

I am also very pleased to be able to inform the House that the youth unemployment rate is at its lowest since February 1990. The number of 15- to 19-year-olds looking for full-time work fell by 7,400. But I must say there are still thousands of young people unemployed, and we are, of course, very

concerned to ensure that we do all within our power to see those young people have the opportunity they should have. I think it is also fair and important to say these are only one month's figures, but if you look at the trend rate you will see that also fell. That is, I think, very encouraging to those who are arguing for and implementing reform—which provides, of course, much of the explanation for these good results. When we were elected back in March 1996, the rate was 8.5 per cent. It is a tremendous tribute to this government that we have seen that rate fall from 8.5 to 7.7 per cent.

**Mr Beazley**—What is the participation rate?

**Mr REITH**—The interjection is on the participation rate. The participation rate was up a bit last month and it is back to an average sort of figure in this month.

*Opposition members interjecting—*

**Mr REITH**—If they dare ask me a question about it, Mr Speaker, I will run through the stats.

I think the other thing that needs to be said is that these very good numbers have been created against a backdrop of economic uncertainty in our region. I think it is also fair to conclude that this is a tremendous tribute to the Prime Minister's leadership and, of course, to the excellent management of the economy by my colleague the Treasurer. It is also, you would have to say, a huge disappointment to the Labor Party. On 1 September, Kim Beazley said:

This government has sent unemployment backwards.

On 10 September, he said:

Basically, what we are talking about now is stall.

On 8 November, he said:

The leader of the party could only create 16,000 new full-time jobs in six years.

Six years for 16,000! He said:

The economy is slowing and it is not going to create the jobs it used to create under Labor.

The last point that needs to be made is that from the government's point of view it is one month's figures. We have a plan to create more jobs in the future. We have a tremen-

dous tax reform plan which will be great for business. If we can encourage our businesses they will create more jobs. For the small business community, which have done a great job in giving us the jobs we have seen announced today, we today introduced legislation to exempt them from unfair dismissal. The reason we did that is that small business is saying to us: if you can give us a fairer system we will create another 50,000 jobs. The Labor Party is responsible for much of the unemployment in this country today. We are working hard to get it down and it should finally be its responsibility to step aside and let this government implement its reform program.

#### **Colston, Senator Mal**

**Mr BEAZLEY**—When you cut the participation rate from 63.8 to 63.2, it is amazing what figures you can produce.

*Government members interjecting—*

**Mr SPEAKER**—The Leader of the Opposition will resume his seat. So long as I have been in this parliament a great deal of tolerance has been given to leaders on both sides. The Leader of the Opposition persists in interjecting across the table and, as he knows, interrupting question time as he did. I call him to ask his question.

**Mr BEAZLEY**—My question is directed to the Prime Minister: do you recall saying on 16 April 1997:

What I am announcing this morning is a very, very clear message to the people of Australia that until this matter is cleared up, we are not going to accept Senator Colston's vote.

And do you recall saying on 6 May 1997:

We won't accept his vote. Now, if that means the government has a tougher time getting legislation through the Senate, so be it.

Why have you broken your promise regarding not accepting Senator Colston's vote and why did you not inform the voters before the election of your intentions regarding Senator Colston's vote?

**Mr HOWARD**—In answer to the Leader of the Opposition, yes, I do recall making those statements. Of course I do. The reasons why the government is accepting Senator Colston's vote have been explained, and in

our accepting Senator Colston's vote we are doing no different from what you do every division, accepting the vote of the honourable member for Fremantle, and any more than your Labor colleague—

**Mr Beazley**—Mr Speaker, I take a point of order. What relevance has the acceptance of the vote of the member for Fremantle, which is in exactly the same position as their acceptance of Mr Cobb's vote in 244 divisions in the last parliament? What relevance has that—

*Honourable members interjecting—*

**Mr SPEAKER**—Order! I will rule on the point of order because the Leader of the Opposition is now entering into argument and not into a point of order. The point of order I consider is not relevant; and is not relevant because in fact I would have thought there was an analogy to be drawn. I call the Prime Minister.

*Honourable members interjecting—*

**Mr SPEAKER**—The Leader of the Opposition and the Prime Minister will resume their seats. Is the Leader of the Opposition seeking the call?

**Mr Beazley**—Yes, I am: on a point of order. The point of order is this: in the last parliament, the government was regularly accepting the vote of Mr Cobb at the same time as not accepting the vote of Senator Colston. So, therefore, the analogy is irrelevant. What other factors have come into play?

**Mr SPEAKER**—I am sorry. I have ruled on the point of order for the reasons that the Leader of the Opposition understands. I call the Prime Minister.

**Mr HOWARD**—I would have thought the Leader of the Opposition has just made a point in favour of the answer that I was giving. I thought he was behaving like counsel for the defence. I have already explained this matter to the Australian people and I think the course of action we have embarked upon is entirely appropriate.

#### **Asia Pacific Economic Cooperation**

**Mr NUGENT**—Mr Speaker, may I add my congratulations to you, Sir, on elevation to your office. My question is addressed to the

Prime Minister. Would the Prime Minister inform the House what the government is doing to ensure APEC responds effectively to the economic crisis.

**Mr HOWARD**—I thank the honourable member for Aston for a very important question about a very important meeting which is to take place in Kuala Lumpur next week. I will be attending the APEC meeting which takes place at a time when some of the goals for which APEC was established and which I understood, certainly up until now, to be supported in a bipartisan way by both the Australian Labor Party and the coalition parties need to be reaffirmed. This will happen at Kuala Lumpur next week.

The time of economic difficulty through which the region is passing is no time to walk away from the essence of the Bogor declaration. I have to say in this regard that we are a little concerned about the attitude being taken by the Japanese government in relation to the agreement to fast track liberalisation in 15 sectors, such as the so-called agreement on early voluntary sectoral liberalisation which was canvassed at the Vancouver meeting of APEC at the end of last year.

It is also important that the APEC economies adopt policies that will lead to a resumption of strong growth. Part of that process is for all members of APEC to commit themselves to improving their own economic and financial management. Among other things my government has proposed the adoption by APEC of relevant codes of international best practice, such as the Basle code on banking supervision.

It is also important that APEC help galvanise international efforts in the IMF, the so-called group of 22 and elsewhere, to reform the international financial system. There has been a lot of talk about these issues recently and we now need some practical proposals and agreement to carry them out.

It is also significant that the meeting in Kuala Lumpur is taking place against a background of considerable international examination of events inside Malaysia itself. I take the opportunity of saying that it is my intention to have a bilateral meeting with the Prime Minister of Malaysia. I think it is

appropriate, given our regional association, that I should have such a meeting. I was a little surprised at the suggestion made by the leader of the opposition that in some way I should be reluctant to meet Dr Mahathir.

I think it is very important in circumstances such as this that, given the character of our relationship and given the importance of the bilateral relationship and the fact that we are part of this region, we do not automatically follow the stances taken by heads of government from countries that are not geographically part of this region. It is important that we have an independence of action in these matters.

I think it is also important for another reason that these meetings take place. If you have concerns about what may be happening inside a country, your obligation is to meet face to face with the head of government of that country and to express those concerns. I can assure those opposite that I will be talking in a very open but constructive fashion with the Prime Minister of Malaysia.

I think I was probably the first regional head of government to express a concern about some of the things that were going on inside Malaysia and, as a result of those remarks, other heads of government expressed similar concerns. Let us put down immediately the canard around from the opposition that in some way we have been reluctant to express our concerns.

It is an important bilateral relationship. I intend to handle it in a sensitive but frank manner. I regard APEC as extremely important and I hope that, notwithstanding the regional economic difficulties, the heads of government that assemble in Kuala Lumpur next week will see that it is in the long-term interests of their individual societies and of APEC as a whole that the fundamental thrust of the Bogor declaration be reaffirmed.

#### **Goods and Services Tax: Pensioners**

**Mr CREAN**—My question is directed to the Prime Minister. Prime Minister, is it not the case that the household expenditure survey documents that the Treasurer released yesterday understate the real impact of the GST on pensioners and self-funded retirees

because they do not take into account different savings rates—a factor pointed out by Dr Neil Warren this morning? Dr Warren is a person that you, Prime Minister, have described as Australia's pre-eminent indirect tax expert. Is it not also the case that the household expenditure survey documents confirm that the real impact of the GST on pensioners will be up to 30 per cent higher than the government has let on—not 1.9 per cent, as released in your package, but 2.5 per cent? Prime Minister, what is fair about that?

**Mr HOWARD**—I thank the honourable member for Hotham for the question. I thank him for talking about Dr Neil Warren. I thank him for talking about the household expenditure survey. In fact, I am generally generous towards him for having asked me the question, because it allows me to remind the House that the household expenditure survey approach, which was on the table for debate in 1992, was comprehensively attacked and discredited by the government of which he was then a member.

**Mr Crean**—That is not right!

**Mr HOWARD**—It is right. You cannot escape your rhetorical past on these things. Your rhetorical past and the stance that your government took was one of saying that the household expenditure survey approach is completely inappropriate. Our position has always been that the consumer price index measure—the measure that the Labor Party used for 13 years to adjust the pensions of retired Australians on a half yearly basis—is the one to use.

If you really are concerned about the right index to use to maintain the living standards of low income people, wouldn't the most sensible thing be to look at the index used to adjust the old age pension? Wouldn't you think that is the fairest way of doing it and that, if there is something wrong with that and it is unfair, a Labor government or a coalition government at some time in the past would have altered that method? But, of course, we have not.

The truth is that the Labor Party has been caught out on this issue. Before the election, the Labor Party ran around this country and, as late as a day before the election, dishonest-

ly and deceitfully caused an advertisement to be published in the press of Australia saying that the true picture, according to Treasury advice, was that the impact on the poor was five times what the government was saying. They have been caught out. If I were you, I would not ask any more questions about this because the more questions you ask about this, the more you will be reminded by us of how you dishonestly misled the Australian people before the last election.

We have a fair compensation package. It is a balanced compensation package. It is a compensation package that will always ensure that the level of the pension is at least 1½ per cent in real terms ahead of the actual price impact of the goods and services tax. That is an absolute guarantee. That is a fundamental part of our plan. That is why the Australian people endorsed our plan on 3 October.

#### National Youth Round Table

**Mr ROSS CAMERON**—My question is addressed to the Minister for Education, Training and Youth Affairs. My constituents welcome this government's commitment to direct communication with young Australians. Can the minister inform the House of progress with the government's National Youth Round Table?

**Dr KEMP**—I thank the honourable member for Parramatta for his question. I know how dedicated he is to providing expanded opportunities and a voice for young Australians. The National Youth Round Table is one of the significant initiatives of this government which will give a very clear message to young Australians that they are valued participants in the democratic processes of this country. It will give many young Australians, who I hope will aspire to leadership of this country at some later time in their lives, the chance to talk directly to government.

The National Youth Round Table will consist of some 50 young Australians between the ages of 15 and 24 years. It will meet every six months and it will be representative of the whole group of young Australians. It will have the opportunity to talk to government directly about a range of youth issues, of issues of concern to young people such as

jobs—and it is very pleasing to note the significant fall in the numbers of youth unemployed today—education, health, youth suicide, and youth services.

Applications for the National Youth Round Table closed in October but there was enormous interest from young Australians, and the fact that the nomination period coincided with the federal election campaign meant that many young people have since sought the opportunity to apply. So I am announcing today that the government has decided to extend the application period for the National Youth Round Table until 4 December. I encourage young people to apply to become representatives of young people in Australia on the round table. I encourage communities and community leaders to nominate their young achievers. I give the House the information that forms are available through the youth web site, The Source, and young people may gain further information by phoning 1800 624 309.

#### **Goods and Services Tax: Pensioners**

**Mr BEAZLEY**—My question is to the Prime Minister. In light of his last answer regarding compensation for pensioners, isn't it the case that pensioners will not in fact receive an extra \$400 in the year 2000 as GST compensation? Isn't it the case that your own social security legislation, combined with a forecast of wages growth, means that pensioners would already be entitled to an extra \$340 without a GST in the year 2000, as your budget papers show? Doesn't this just leave \$1.15 a week as the real GST compensation for pensioners?

**Mr HOWARD**—I will say this simply and slowly so that the Leader of the Opposition may understand it. The commitment of the government is that pensioners will always be 1½ per cent in real terms better off than any increase in the CPI as a result of the tax.

#### **Iraq: Weapons Inspectors**

**Ms JULIE BISHOP**—My question is addressed to the Minister for Foreign Affairs. In view of the increased tension in Iraq resulting from the Iraqi government's decision to obstruct the work of UN weapons inspectors, can the minister inform the House what

advice the Australian government is giving to Australians in the region?

**Mr DOWNER**—First of all, may I congratulate the honourable member for Curtin on her maiden question and on her election to the House. It is a great thing to have a woman brought up in the electorate of Mayo representing Curtin.

**Mr Melham**—The PM's not too happy—she knocked off his little mate!

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

**Mr DOWNER**—As I said yesterday, Iraq's current course of action shows a flagrant disregard for the will of the international community and it does risk provoking a military response. In this volatile situation, a prime concern for the government must be the welfare of Australians in the region. Australian embassies have been busy contacting Australians in Iraq and more widely in the Middle East. I understand there are 19 Australian citizens left in Iraq following the withdrawal of United Nations and UNSCOM personnel during the course of last night.

Over the last 12 hours I have authorised the issue of travel advisory notices for Iraq, Israel, Kuwait and the Middle East generally. Let me make a couple of points about those. First of all, no Australian should consider travelling to Iraq until further notice. All Australians who do not have essential business that requires their presence in Iraq should leave. Australians should consider deferring non-essential travel to Israel and Kuwait for the time being and Australians in all parts of the Gulf and Middle East should exercise caution and remain vigilant at all times. I have also today authorised non-essential embassy staff and dependants in Israel to leave the country should they wish.

#### **Goods and Services Tax: Motor Vehicles**

**Mr CREAN**—My question is addressed to the Treasurer. Does the Treasurer stand by the statement in his GST package that motor vehicles will be 8.3 per cent cheaper under his tax plan? Is he aware that spokesman for the car industry Mr Peter Sturrock has said that the industry will pass on significantly less than that? Doesn't your modelling, Treasurer,

rely on all savings being passed on to consumers? Hasn't Mr Sturrock let the cat out of the bag on the issue? Hasn't he shown that your 1.9 per cent inflation estimate is a sham and a fraud?

**Mr COSTELLO**—No.

#### **Economy: Monetary Policy**

**Mr PYNE**—My question is addressed to the Treasurer. I ask the Treasurer what is his response to the comments of Mr Stanley Fischer of the International Monetary Fund regarding the government's taxation proposals and economic policy?

**Mr COSTELLO**—I thank the honourable member for Sturt for his question. My attention has been drawn to comments in today's *Australian Financial Review* from Stanley Fischer, the first deputy managing director of the IMF. Mr Fischer is quoted as saying this:

The Australian economy has really done remarkably well, and the policy framework has changed amazingly. You have a very coherent monetary policy now; and you're running a fiscal surplus now. There are very few countries running a fiscal surplus.

Stanley Fischer is responsible for most of the Asian IMF packages, and this is a very important recognition from an independent third-party source of the government's economic policy.

This was a government that put in place a new monetary policy. You will recall that when we did the Australian Labor Party said they were going to sue us for putting in place that monetary policy. And now Mr Stanley Fischer says it is a very coherent monetary policy. When this government came to office, and the then Minister for Finance, Mr Beazley, had left the Australian accounts \$10.3 billion in deficit, we said that the Australian budget had to be put into a surplus. The Australian Labor Party fought every single expenditure saving that this government put into place. It fought every single one of them. Then, on the eve of the last election, it said that it actually believed in surplus budgeting.

**Opposition Members**—Oh!

**Mr COSTELLO**—You are going to see a repeat in this parliament. The Australian

Labor Party is going to fight every single tax reform measure and then when it is put in place say, 'We are really in favour of tax reform. We really actually endorse tax reform.'

Mr Stanley Fischer went on to say that the government's proposals were:

... a change toward the efficiency of the tax system ...

He said:

... it is a good reform.

Asked whether the timing was right, he said:

I don't know what the right time is. But when politicians campaign, say they are going to do something like that which could be unpopular, I think they get a mandate to do it.

He said, 'I think they get a mandate to do it.' That was Mr Stanley Fischer of the IMF.

Could you imagine a Labor treasurer going to an IMF meeting and saying to the Brits, who have a value added tax, 'You've got it all wrong,' or saying to the Germans, who have a value added tax, 'You've got it all wrong,' or saying to the Japanese, who have a value added tax, 'You've got it all wrong,' or saying to the Singaporeans or the Canadians, 'You've got it all wrong.'? Can you imagine them saying at an IMF meeting, 'What you countries really need is a wholesale sales tax. Why don't you follow us and Ghana and the Solomon Islands and Swaziland? What you need is a 1930s tax model.'? The Labor Party stands here in Australia today, stands in the school house door, saying 'Wholesale sales tax today, wholesale sales tax tomorrow, wholesale sales tax forever.' You are the only people in western developed countries who maintain a support for the wholesale sales tax because you are not prepared to face the issues, you are not prepared to get in step with the international order and you are not prepared to do the reform necessary for the country.

#### **DISTINGUISHED VISITORS**

**Mr SPEAKER**—I inform the House that we have present in the gallery this afternoon the Minister of State for Defence, Republic of Singapore, Mr Matthias Yao Chih and members of his delegation. On behalf of the House I extend to you all a very warm welcome.

**Honourable members**—Hear, hear!

### QUESTIONS WITHOUT NOTICE

#### Iraq: United States Military Action

**Mr BRERETON**—My question is to the Prime Minister. Prime Minister, can you advise the House whether or not the government has received any approach from the United States to lend any military support to a possible attack on Iraq? What, if any, view has the government expressed to the United States concerning the scale or objectives of possible military action against Iraq?

**Mr HOWARD**—We have not received any approach to forward military support. I believe that the United States and other countries that share with us a concern about developments in the Middle East have behaved with great restraint and understanding. The behaviour of the Iraqi leadership over recent weeks, particularly over recent days, has been inexcusable. I endorse the assessment made of that behaviour by President Clinton.

#### Goods and Services Tax: Transport Industry

**Mr St CLAIR**—My question is addressed to the Minister for Transport and Regional Services. Would the Minister outline to the House the benefits of the government's tax reform package to the transport sector?

**Mr ANDERSON**—Let me take this opportunity, Mr Speaker, to congratulate you on your new role and to express my total confidence that you will come to be seen as one of the great speakers of this place.

**Mr Melham**—Sinkers won't be happy with that!

**Mr ANDERSON**—I said, 'one of the great speakers.' I also take the opportunity to thank the honourable member for what I think is his maiden question in this place. It goes to the heart of the importance of the taxation reforms that we have put before the Australian people and which have been accepted and welcomed by them. They have been particularly welcomed in electorates like that of the honourable member because of the implications they have for the transport industry. The transport industry is a vital cog in the Australian economy. It is indeed the lifeblood of our

whole body corporate and economy, if you like. The changes that we are proposing will constitute an enormous reform which will make a very big difference indeed.

In the trucking industry alone, the average wholesale sales tax now on a big rig is over \$40,000. It will go. The wholesale sales tax on tyres, parts, tarpaulins and ropes goes. We have some of the most highly taxed transport fuel arrangements in the world—higher, as I understand it, than many small European countries, let alone countries with distances comparable to ours. The reductions amount to some 34 per cent in the case of transport fuel for trucks, where the cost of transport fuel will come down from around—

*Opposition members interjecting—*

**Mr ANDERSON**—It is interesting that the opposition finds this hard to come to grips with. It is a very important reform. They do not like it. They recognise that it is extremely welcome in regional Australia and will make a big difference. For that reason they are obviously not particularly keen to talk about it. A 34 per cent reduction in the fuel costs of heavy trucks is a very important reform indeed, particularly when you consider it in the context of a certain debate happening around this place at the moment about taxes on food.

The dairy industry will tell you, for example, that before an average dairy item is consumed by an Australian it has been transported on five trucks. Each of those trucks, by international standards, is taxed very heavily. We are going to remove that burden of taxation and that is a very important reform.

In general terms the importance of the savings that will arise from our transport reforms cannot be underestimated. They are very important to rural and regional Australia. They are very important indeed for our export performance. They are very important for the regeneration of prosperity and jobs in regional Australia.

#### Air Traffic Control

**Ms KERNOT**—My question is to the Minister for Transport and Regional Services. Minister, do you intend to pursue Minister Vaile's policy of privatising air traffic control



towers? Can you guarantee that smaller, less profitable airports in regional areas will not incur either greater costs or be forced to close down as a result of these changes? And can you guarantee that air safety will not be further compromised by these changes?

**Mr ANDERSON**—I thank the honourable member for her question. I notice that it is not the one that she had intended to ask yesterday. I am disappointed about that. She faxed me a copy of it yesterday morning!

**Mr SPEAKER**—Order! The minister has no choice but to answer the question that was asked.

**Mr ANDERSON**—Perhaps she thought I might go easy on her if I had advance notice. In answer to the question, a report on the structural review of Air Services Australia has been considered by the government. We have agreed to consider introducing competition into some aspects of Air Services's tower business. This will not occur until the Civil Aviation Safety Authority has developed appropriate operating and licensing standards, because safety will remain our number one concern. We have, in this place now, a thoroughly effective body in CASA—a body headed up by a new executive director in Mick Toller, who enjoys the enormous respect of the Australian aviation industry. We are in a position where we can reassure the travelling public in this country that safety is paramount and that it will not be compromised.

In terms of the question, the action that we have taken accords with an number of firm expressions of interest that the government has received from new airport lessees seeking to make tower services contestable. We will look at those very closely. We need to ensure that tower services are more responsive to the needs of airport users, and we have taken action to amend the Civil Aviation Regulations to permit bodies other than Air Services Australia to provide those services. But, again, I emphasise that safety will not be compromised.

**Mr Leo McLeay**—Mr Speaker, I raise a point of order. I ask that the minister table the document he was reading from.

**Mr SPEAKER**—Was the minister reading from a confidential document?

**Mr ANDERSON**—Yes, I was.

*Opposition members interjecting—*

**Mr Crean**—Mr Speaker, I raise a point of order. My point of order relates to whether you intend applying the rule of your predecessor that ministers not be entitled to read their answers and, in that case, to make a comment about what was obviously reading by the minister of the last answer.

**Mr SPEAKER**—I observe to the member for Hotham that, if that was an answer read, then clearly the Minister for Transport and Regional Development has a photographic memory.

**Mr Leo McLeay**—Mr Speaker, I raise a point of order. Following on from what you just said, if the minister was reading the document, surely then he gave away the confidentiality of it by reading it to the House, and you should therefore ask him to table it.

**Mr SPEAKER**—There is no point of order. I in fact ruled that he did not read from the document.

**Mr Martin Ferguson**—Watch the video!

*Opposition members interjecting—*

**Mr SPEAKER**—I do not intend to call any member until the House is in silence. The member for Hotham has a point of order. I could scarcely hear him calling for a point of order above the hubbub from the members behind him.

*Mr Leo McLeay interjecting—*

**Mr SPEAKER**—The member for Watson will find himself, as a former Speaker, forced to either apologise or leave the House if he does not watch his tendency for interjections.

*Mr Leo McLeay interjecting—*

**Mr SPEAKER**—The member for Watson has been warned.

**Mr Adams**—Oh, come on!

**Mr SPEAKER**—The member for Lyons has been warned.

**Mr Crean**—Mr Speaker, my point of order is: how is it your intention to rule in relation to ministers reading—

*Government members interjecting—*

**Mr Crean**—It is a point of order because it follows procedures that were laid down by your predecessor, where he clearly stated he did not want ministers reading their answers. I am asking you as to how you intend ruling on that point, which was my point of order before and which you have not yet ruled upon.

**Mr SPEAKER**—With respect to the member for Hotham, I have ruled on it. I have determined, and will not withdraw from the statement, that the Minister for Transport and Regional Development did not read his answer.

**Mr Bevis**—Yes, he did.

**Mr Beazley**—Mr Speaker, I raise a point of order. When you asked him whether he was reading from a confidential document he said yes. You asked him specifically the question whether he was 'reading'. Is it your intention in future to follow the policies of previous speakers who have started the interrogation of a minister on that matter by asking first, 'Were you quoting from a document?' and then, secondly, asking of them whether or not that document was confidential?

**Mr Crean**—Or why don't you ask him if he was reading?

**Mr SPEAKER**—I have ruled on this point of order. For the benefit of all members let me point out that the Minister for Transport and Regional Development rose in this place, answered a question, answered a question without reading, but did quote from a document that he assured me was confidential. I consider that entirely consistent with all other rulings that have been given and I do not intend to enter into this point of order any further.

#### Aged Care

**Mr BARTLETT**—Mr Speaker, I add my congratulations to the many you have already received. My question is addressed to the Minister for Aged Care. Would the minister inform the House of the action the government is taking to help frail aged people to stay living in their own homes and to thus

avoid unnecessary admission to residential care?

**Mrs BRONWYN BISHOP**—I thank the member for Macquarie for his question because I know the interest that he takes in the welfare of his constituents. Indeed, last Saturday I attended with him the opening of a new hostel facility in his electorate—and a splendid facility it is, run by the Baptist community services organisation. I know that he shares with me, and indeed with the Prime Minister, the government's wish to see as many old Australians who want to stay in their own home when they are frail able to do so.

Accordingly, we are putting in place policies to do precisely that. For a start, we have put in place a \$280 million package over four years to fund 3,400 places for care in your own home. I like to call them stay at home packages because it does mean that you get assistance with bathing in the morning and with getting dressed. I might add that my own very favourite aunt, who is 93 years old, has one of these packages.

**Opposition members**—Ah!

**Mrs BRONWYN BISHOP**—I will tell you, Prime Minister, that when I called to see her on the weekend she was planning—

**Opposition members**—Oh!

**Mr Bevis**—Why don't you take her on the Harley Davidson?

**Mrs BRONWYN BISHOP**—She'd probably enjoy it.

**Mr SPEAKER**—The Minister for Aged Care has the call and I expect those on my left to be silent.

**Mrs BRONWYN BISHOP**—The reason I raised the question of my favourite aunt—

**Mr Martin Ferguson**—How is your favourite uncle?

**Mrs BRONWYN BISHOP**—Unfortunately he passed away.

**Mr SPEAKER**—The Minister for Aged Care will address her remarks through the chair and not directly to the member for Batman.

**Mrs BRONWYN BISHOP**—Mr Speaker—

*Opposition members interjecting—*

**Mr SPEAKER**—Order! This is a serious question.

**Mrs BRONWYN BISHOP**—Mr Speaker, I would just like to say that I am rather disappointed in that lot over there.

**Opposition members**—Oh!

**Mr SPEAKER**—I offer a general warning to those on my left. This question could have been answered in a good-natured manner and there was some good-natured interchange. The situation has now become quite absurd. The Minister for Aged Care has the call and she deserves to be heard in silence. I mean it.

**Mrs BRONWYN BISHOP**—As I said, these care packages are very important to older Australians. I am fortunate to have an aunt who can have one. The second part of one of the initiatives which we have introduced is that a further \$80 million will be made available for respite care for carers of older Australians. In addition, there is increased funding into the HACC Program. There is an increase of five per cent, whereby we are putting in \$500 million, met by a 40 per cent contribution from the states. Again, this allows older Australians to remain in their homes. These initiatives will be ongoing. It is part of this government's commitment to allow those older Australians the dignity of living in their own home.

I am sorry that you laughed when I told you about a relative of mine because, believe me, it is important to me, it is important to her and it is important to a lot of other Australians who find themselves in exactly the same position. I hope that in the future you may show that you have a little more tenderness in your own hearts.

#### **Telstra: Full Privatisation**

**Mr STEPHEN SMITH**—My question is to the Minister for the Arts and the Centenary of Federation, in his capacity as Minister representing the Minister for Communications, Information Technology and the Arts. Minister, do you agree with yesterday's comments by Frank Blount, the Chief Executive Officer of Telstra, that the full privatisation of Telstra is inevitable? Do you endorse the

statement by the minister for communications, Senator Alston, on 22 July this year that the government remains committed to the full sale of Telstra? Or do you agree with your Senate colleague Senator Watson that Telstra should not be fully privatised because a fully privatised Telstra would not be able to maintain its community services obligation to rural, regional and remote Australia?

**Mr McGAURAN**—I thank the honourable member for his question. The government's policy on the further sale of Telstra was clearly outlined during the election campaign, and legislation to fulfil those commitments has been introduced earlier today. This package, as you will have noticed from any study you may have done, will enable the further sale of Telstra, with some of the proceeds from the further sale being used to provide a social bonus to modernise telecommunications. It will enhance communications services in rural and regional areas and will benefit the environment. In particular, there will be a staged approach to the further sale of Telstra with, initially, a sale limit of 49.9 per cent.

**Mr Kerr**—He's reading! Eyes up, Peter!

**Mr Crean**—Mr Speaker, I raise a point of order. I draw your attention to the fact that this minister is clearly reading. I preface that by asking you again what your ruling is going to be in relation to ministers reading answers. Will they be required to table them or are you going to ask them to desist from reading? Speaker Sinclair required on the previous occasion—

**Mr SPEAKER**—The member for Hotham—

**Mr Crean**—Mr Speaker, if I can just finish this point: there was a requirement to demonstrate the 'confidential' stamp before they could get out of tabling it.

**Mr SPEAKER**—The Minister for the Arts and the Centenary of Federation has the call. I will watch the Minister for the Arts and the Centenary of Federation. I do not believe that it is fair to challenge a minister about reading an answer unless he is reading it word for word. That certainly was not what the minister was doing.

**Mr McGAURAN**—So there will be a staged approach to the further sale of Telstra, as has been made abundantly clear by the government, and in return there will be an enormous benefit for all Australians from that. Moreover, the Commonwealth will not be relinquishing majority ownership unless and until an independent inquiry finds that Telstra has met satisfactory levels of performance. The number of benefits that are available to Australians has been made well known.

**Mr Stephen Smith**—On a point of order, Mr Speaker.

**Mr SPEAKER**—Before the member for Perth leaves his seat, I trust his point of order is not on the matter of reading.

**Mr Stephen Smith**—My point of order is on the question of relevance, Mr Speaker, and standing orders 142 and 144. My question was very carefully crafted to avoid the anticipation rule and I note that no point was taken on that. Unfortunately, the minister's answer is not relevant because all he is doing is reading the department's legislative brief.

**Mr SPEAKER**—That is not a point of order and I am well aware of the anticipation rule.

**Mr McGAURAN**—As I said, the government's policy has been made abundantly clear many times, and more so now that the legislation has been drafted and introduced into the parliament. There was a staged approach. There are enormous benefits for all Australians and there is also protection for all Australians.

**Mr Leo McLeay**—On a point of order, Mr Speaker. Under standing order 321, as the minister was clearing reading from the document, could he be required to table it?

**Mr SPEAKER**—I ask the minister whether he was reading from a document.

**Mr McGauran**—I was referring to my notes.

**Mr SPEAKER**—The minister assures me that the notes he had were confidential notes.

### Job Network

**Mr BILLSON**—My question is addressed to the Minister for Employment Services. Is the minister aware of claims that the Job

Network is underperforming? Are these claims accurate? Can the minister inform the House of the recent performance of the Job Network, including any improvements in services to job seekers and employers?

**Mr ABBOTT**—I thank the member for Dunkley for his question. The member has numerous Job Network providers in his electorate, particularly in Frankston and Mornington. The Job Network is a bold and visionary reform for which the previous minister for employment ought to be congratulated. I do not say that the Job Network is entirely without blemish, but by the only criteria which really count, the Job Network is already far outperforming the old CES.

In October of 1997, 36,000 job vacancies were registered with the old CES. In October 1998, 54,000 new job vacancies were registered with the new Job Network. In October 1997, the old CES put 17,000 unemployed people who were on benefit into work. In October this year, the new Job Network put 21,700 unemployed people who were on benefit into work. Over the last couple of weeks, both I and the Minister for Employment, Workplace Relations and Small Business have conducted intensive consultations with members of the Job Network. They say that the biggest single problem that the Job Network faces is unjustified carping.

Today, I had a note from the member for Petrie, forwarding me a letter from a Job Network member in her electorate. This Job Network member is very concerned that a major employer in her electorate did not want to use the Job Network because of the bad publicity that the Job Network has had. The Job Network member says:

This was very upsetting for myself and my staff as we have built up a reputation for excellent and efficient service and I felt we are being punished for the bad press that constantly haunts our TV screens . . .

The bad publicity has done disservice to our not for profit organisation and an injustice to the people on the peninsula.

Obviously, people are perfectly entitled to point out and to criticise aspects of the system which are not up to scratch, but it is very important that we keep it all in perspective.

I think that people need to remember that every time they criticise the Job Network they are not just attacking the government; they are attacking the organisations which comprise that network, including people like Mission Australia and the Salvation Army's Employment Plus.

**Mr Bevis**—But they're criticising you.

**Mr ABBOTT**—They are not criticising us; they are supporting the system. Every time they criticise the Job Network, they end up attacking the weakest and the most vulnerable people in our society, the unemployed, whom the Job Network is designed to help.

I do not believe that anyone wants to use the unemployed of this country as a political punching bag, but that is the risk that people run when they take cheap shots at a system which is already working extremely well.

#### **Telstra Sale: Consortium Fees**

**Mr TANNER**—My question is addressed to the Minister for Finance and Administration. How does the minister explain the Auditor-General's findings on the Telstra sale process that \$500,000 in success fees was paid to the sale coordinators for shares that were given free to Telstra staff or not actually sold, and that \$5 million in underwriting fees were paid regarding Telstra shares for which no underwriting was required? In view of the zeal with which the tax office pursues ordinary taxpayers for small sums owing, including taking money directly from bank accounts and threatening imprisonment, what action are you going to take to bring this money back that was wrongly paid to the sale coordinators by the government?

**Mr FAHEY**—I thank the honourable member for his question and indicate very clearly that the Auditor-General, in referring to the \$5 million that related to paying the global coordinators and business advisers in respect of the so-called success fee—

**Mr Tanner**—The underwriting.

**Mr FAHEY**—Thank you—the underwriting related to the indemnifications the government received for the second instalment. The honourable member might be pleased to note that right now there is the collection of that

second instalment under the instalment receipts process. I indicate to the House that that is proceeding successfully. The cut-off point is 17 November. There was an obligation on the part of the global coordinators to stand behind those processes. That obligation is currently being carried out and the process is being completed. The simple fact was that the cost of the sale of one-third of Telstra, at 1.8 per cent, was significantly below the cost, on a comparable basis, of other international telco floats. On that basis, the Australian taxpayer has value.

*Mr Tanner interjecting—*

**Mr Beazley**—Could I take a point of order, Mr Speaker? These were extremely explicit questions that went to two issues: \$500,000 in success fees paid to the sale coordinators for shares given free and \$5 million in underwriting fees paid in regard to Telstra shares.

**Mr SPEAKER**—I understand that the Leader of the Opposition's point of order is on the matter of—

**Mr Beazley**—He was asked what is he going to do to recover it and he has said nothing.

**Mr SPEAKER**—On the point of order, let me point out to the Leader of the Opposition that had I not been distracted by the member for Melbourne's persistent interjections to the point at which he was very nearly leaving the House, I would have been more aware of the comments of the Minister for Finance. I call the Minister for Finance, who is clearly winding up his answer.

**Mr FAHEY**—To summarise, Mr Speaker, let me say again that the fees that were referred to by the honourable member for Melbourne and the reference to the audit report on that aspect did not take into account, as was the correct interpretation, that obligation on the underwriting of the second instalment. That is a simple fact. You can say what you wish: that is the way in which those fees were paid.

#### **Logging and Woodchipping**

**Mr CAUSLEY**—My question is directed to the Minister for Forestry and Conservation. Is the minister aware of today's announce-

ment by Premier Carr in relation to the forests of the north-east of New South Wales? Was he consulted by the New South Wales government prior to this announcement or the similar announcement last week in relation to the forests in the Eden-Monaro region? What implications do these announcements have for the Regional Forest Agreement process?

**Mr TUCKEY**—Thank you, Mr Speaker. And I thank the member for Page who has already shown considerable interest on behalf of his constituents by bringing them to me to explain some of the problems involved in their areas. I similarly thank the member for Eden-Monaro.

The government substantially and continuously has supported the Regional Forest Agreement process. The process is one of applying science to industry matters, to environmental matters and to social factors in all the areas of the forests of Australia.

One of the other more fundamental aspects of this process is public participation, and that has been well publicised. That is proven by the fact that tens of thousands of submissions have been received during the RFA processes already concluded in Tasmania, partially concluded in Victoria, substantially progressed in Western Australia and in good shape in Queensland. In Western Australia alone, to this date some 30,000 public submissions have been made in the process. That proves that all parties get a chance to put their case.

Of course, science is the major determinant. The Prime Minister, in his instructions to me, made it very clear that job losses are to be considered a significant factor in all determinations—and he has my total support in that.

Upon appointment—and, as you are aware, sir, that is very recent—I went straight to the ministers in New South Wales because I had been advised by my department that in fact they were planning some action on reserves in that state where the RFA process is still very immature. I made contact with the Hon. Craig Knowles and asked him whether we could have immediate contact. In that conversation he advised me that the state government was close to making an announcement on the Eden region where no conclusive arrangements have been made. We agreed that

we should keep that low key to create the proper foundation for meetings between myself and the three relevant ministers in New South Wales.

In a very uncharacteristic fashion, I put my head down and kept quiet because I wanted that environment. The reality is that I feel the forest debate should not be trivialised by these sorts of shots. That was the agreement, and tomorrow we were to have those meetings. Let me say that the meetings were substantially to deal with the upper north-east and the lower north-east forest regions, for which I was not advised there were going to be any imminent arrangements laid down. They are by far the most substantial areas of forestry activity in New South Wales.

Mr Speaker, today the Premier of New South Wales has unilaterally acted and announced the state's decision to introduce legislation to add significantly to reserves in that area. There are very substantial difficulties that have not been included.

**Mrs Crosio**—Is it a state right?

**Mr TUCKEY**—It is certainly a state right to declare a reserve, Mr Speaker, but you would think it would be a state responsibility to base that on scientific assessment and consultation with the people concerned. There has been no formal consultation. On this issue, the Labor Party in New South Wales are back to backroom deals and, of course, the old smoke-filled room. The general public is enraged; the grassroots trade unionists are enraged; the green elements are enraged. It is clearly an announcement based on politics and not on science.

I will still go to the meetings tomorrow, Mr Speaker, because the Commonwealth remains committed to an appropriate RFA process relying on the science as it applies to industry needs, as it applies to social needs and as it applies to environmental needs.

In the representations I have received to date, the major industry participants have told me that some substantial volumes of wood have been promised—and I will refer to them, at the risk of reading something. In the lower north-east, they are promising 140,000 cubic metres, which is down from 160,000 cubic

metres, but in fact for 20 years and thereafter no guarantees. In the upper north-east, they are promising 129,000 cubic metres of saw-logs, which is down from 140,000, but they are going to cut that to 80,000 in 20 years time. If 20 years is considered a long time in forestry, let me say that it is not.

But the grave difficulty we have is the sustainability of the remaining areas. A major industry source has said they doubt they can keep their international reputation by getting the timber identified out of the areas allocated. That could have grave repercussions for Australia's total standing in the international community.

**Mr Leo McLeay**—We just had this minister admit that he was quoting from—

**Mr SPEAKER**—The honourable member for Watson has not indicated on what grounds he expects me to entertain what he is saying. Resume your seat.

#### **Family Court: Delays**

**Mr McCLELLAND**—My question is to the Attorney-General. Is it true that it is currently taking 88.7 weeks, on average, for standard track child matters to be heard at the Newcastle registry of the Family Court? Is it also true that it is currently taking 103.7 weeks, on average, for standard track financial matters to be heard at the Newcastle registry? Given that the delays at the Newcastle registry are amongst the worst in Australia, why has the Attorney-General proposed replacing the retired Newcastle Family Court judge with a judge in Sydney rather than in Newcastle where an extra judge is so desperately needed?

*Mr Price interjecting—*

**Mr WILLIAMS**—Mr Speaker—

**Mr SPEAKER**—I have not called the Attorney-General yet. When the member for Chifley last penned a note to me, he indicated that he wanted to spend more time in the House! I call the Attorney-General.

**Mr WILLIAMS**—The subject of delays in the Family Court has received considerable airing recently. I am not in a position to verify the detail of the data that the shadow spokesman on legal affairs has provided in

respect of Newcastle but I can accept that the delays in the Newcastle registry are unacceptable. In the recent past, there have been two Family Court judges appointed to the Family Court registry in Newcastle. One of them, Justice Margaret Renaud, retired on 11 September. In consultation with the Chief Justice of the Family Court it was suggested to me that, from the point of view of the court, it would be better and more convenient and there would be greater flexibility in dealing with the burdens of the court in the different registries if, instead of appointing a second judge as a replacement for Justice Renaud to Newcastle, the judge was appointed to Sydney. That is proposed to be done and steps are being taken for an appropriate appointment.

On the subject of delays in general, I think the subject deserves better attention than it has been getting from some of those involved in the system. What we need to look at is why Family Court cases are taking so long. Something like five per cent only of Family Court applications actually end up in a final hearing before a judge. They take time to reach there, and one of the reasons is that there is a series of interim applications made pending the final hearing. This is taking judge time. Another factor is that it now takes, for an average children's matter—and the issues concerned there are simply: what is the residence of a child, with which parent, and what contact will the other parent have?—an average 3.3 days in a final hearing before a judge. If you could knock one day off that, you would have 50 per cent more judge time available. I think the legal practitioners and the judges who are dealing with those cases need to have a look at that.

#### **Goods and Services Tax: States Funding**

**Mr BARRESI**—My question is to the Treasurer. In light of the Premiers Conference to be held tomorrow, can you outline to the House what future financial assurance the Commonwealth offers to the premiers? Furthermore, what level of support exists for this proposal?

**Mr COSTELLO**—I thank the honourable member for Deakin for his question and acknowledge the brilliant electoral victory that

he had on 3 October. As the member for Deakin indicates—as part of the new tax system which the government was elected by the Australian people to implement on 3 October—we are introducing, probably, the biggest overhaul of Commonwealth-state financial relations since Federation. As part of that process, the government will be introducing a broad based indirect tax or GST, the whole proceeds of which will go to the state governments. As a consequence of that, the rate of that particular broad based consumption tax can only be increased by unanimous agreement from six states, two territories, the Commonwealth government, the House of Representatives and the Senate. This is a protection against rising taxes which does not exist in relation to Labor's wholesale sales tax which does not require agreement from any of the states or territories. This will give the states a growth revenue, which means that their revenues will grow in proportion to the economy as the economy grows—something that has been sought by the states for a very long time.

The Commonwealth has also indicated to the states that this is conditional upon the abolition of inefficient indirect taxes which are currently applied at the state level, such as: the bed tax, which will be abolished under this proposal; financial institutions duty, which will be abolished under this proposal; the bank accounts debits taxes, which will be abolished under this proposal; stamp duties, which will be abolished under this proposal. The opportunity will be created to make Australia a great financial centre by taking stamp duties off marketable securities and shares, that will be a great thing for this country. It will work in with the government's reforms to make Australia a strong economy and to create more jobs, as we saw in today's labour force figures. These were the best labour force figures since 1990. I think all members of the House, even on the Labor side, would be pleased to see the surge in employment that we saw over the last month.

The Commonwealth will offer to the states a guarantee, over the transition period, that they will not be worse off. Down the track, states will have a growth revenue which will

give them increasing security in relation to delivering state services—hospital services, school services—funded from a growing tax base from a big reform which is a necessary reform for a new tax system for a new century from a new government with a mandate to introduce it from the Australian people.

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

#### SPEAKER'S PANEL

**Mr SPEAKER**—Pursuant to standing order 18, I lay on the table my warrant nominating the honourable member for Page (Mr Causley) to be a member of the Speaker's Panel to assist the chair when requested to do so by the Speaker or Deputy Speaker.

#### DELEGATION REPORTS

##### Inter-Parliamentary Conference, Moscow

**Mr SPEAKER**—I present the report of the Delegation to the 100th Inter-Parliamentary Conference held in Moscow, September 1998.

#### AUDITOR-GENERAL'S REPORTS

##### Report Nos 13 and 14

**Mr SPEAKER**—I present the following Auditor-General's audit reports for 1998-99: *No. 13—Performance audit—The Aboriginal and Torres Strait Islander Health Program—Department of Health and Aged Care* and *No. 14—Performance audit—Prescribed Payments System—Australian Taxation Office*.

Ordered that the reports be printed.

#### PAPERS

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

*The schedule read as follows—*

APEC—Australia's Individual Action Plan: Trade equals jobs—1998.

Australian Securities and Investments Commission Act—Australian Securities and Investments Commission—Report for 1997-98.

Finance—

Advance to the Minister for Finance—Statement for July 1998.



Supporting applications of issues from the Advance during July 1998.

National Procurement Board—Final report, for period 1 July 1997 to 31 March 1998.

Primary Industries and Energy Research and Development Act—Land and Water Resources Research and Development Corporation—Report for 1997-98.

Snowy Mountains Hydro-electric Power Act—Snowy Mountains Hydro-Electric Authority—Report for 1997-98.

Motion (by **Mr Reith**) proposed:

That the House take note of the following papers:

Australian Securities and Investments Commission Act—Australian Securities and Investments Commission—Report for 1997-98.

Finance—

Advance to the Minister for Finance—Statement for July 1998.

Supporting applications of issues from the Advance during July 1998.

Primary Industries and Energy Research and Development Act—Land and Water Resources Research and Development Corporation—Report for 1997-98.

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

### BUSINESS

**Mrs Crosio**—Mr Speaker, I raise a point of order regarding standing order 58.

**Mr SPEAKER**—The member for Prospect makes a very real point that there are members of the government who seem to presume that conferencing in the aisles is entirely permissible. I particularly note the members for McPherson and Groom. I thank the member for Prospect.

**Mr REITH** (Flinders—Minister for Employment, Workplace Relations and Small Business) (3.17 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the routine of business for the sitting on 23 November 1998, being as follows, unless otherwise ordered:

1. Notices and orders of the day, government business.
2. Members' statements (at approximately 1.45 p.m.).
3. Questions without notice (at 2.00 p.m.).
4. Presentation of petitions.
5. Grievance debate.

6. Notices and orders of the day, government business.

This simply reflects the necessary change until the selection committee is back on the job and we can return to normal arrangements. I thank the opposition for their cooperation.

Question resolved in the affirmative.

### SPECIAL ADJOURNMENT

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

That the House, at its rising, adjourn until Monday, 23 November 1998, at 12.30 p.m., unless the Speaker or, in the event of the Speaker being unavailable, by the Deputy Speaker, fixes an alternative day or hour of meeting.

### QUESTIONS TO MR SPEAKER

#### Newspaper Articles

**Dr NELSON**—Mr Speaker, yesterday the member for Hotham displayed a newspaper towards the government dispatch box. Again in question time today he displayed a very large photocopy of a newspaper article. Is this a practice that you intend to allow to continue and, if not, what steps will you take to stop it?

**Mr SPEAKER**—I thank the member for Bradfield. The member for Bradfield makes a valid point but, on the other hand, the member for Hotham was not being particularly disruptive with the newspaper he had today. For that reason I let the matter rest. From the point of view of rulings of the House and in accordance with the standing orders, obviously all members know it is inappropriate to have excessive use of newspapers in the House.

#### Standing Orders

**Mr PRICE**—Mr Speaker, may I firstly offer my own felicitations on your transmogrification. In view of your comments to the House yesterday, has your attention been drawn to a number of notices on the *Notice Paper* standing in my name to change standing orders? These go to higher standards, greater accountability and greater opportunities for members. Given that, would you agree, once the Procedure Committee is re-

established, to refer these to the Procedure Committee for consideration and advice?

**Mr SPEAKER**—I will be pleased to join the member for Chifley in any joint efforts to improve standards in the House. I am happy to discuss the matter with him in my office, and will arrange a time for him to do so.

#### MEMBERS' TRAVELLING ALLOWANCES

**Mr SPEAKER**—Following the internal audit by KPMG of members' travelling allowances reported to the House on 8 April 1998, KPMG was asked for advice on whether any travelling allowance claims should be investigated further. KPMG, having examined the circumstances of relevant travelling allowance claims, has recommended that no further action should be taken. The Clerk of the House has accepted the recommendation.

#### MATTERS OF PUBLIC IMPORTANCE

##### Goods and Services Tax: Government Services

**Mr SPEAKER**—I have received a letter from the honourable Leader of the Opposition proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The implication of the GST for the Commonwealth's future role in the provision of government services.

I call upon those members who approve of the proposed discussion to rise in their places.

*More than the number of members required by the standing orders having risen in their places—*

**Mr BEAZLEY** (Brand—Leader of the Opposition) (3.21 p.m.)—At this stage in a parliament I think it is useful to lay down a few markers for how things are likely to proceed over the course of the next few years if a particular course of action that the government suggests or determines is actually followed by the parliament and it becomes a matter of law.

I want to take two quotes today from a speech that was made some weeks ago—in a ministerial statement, in fact—by the Treasurer of Queensland. I would like to read them

into *Hansard* as things to bear in the back of our minds as time passes. The first was a quote from a Treasury analysis of the government's GST proposals. It said:

Beyond the three-year guarantee period the states are accepting all the risk if the GST revenue projections are flawed—in particular the size of the base, the assumptions about the size of the black economy that will be brought into the tax net—\$18 billion per annum—and the estimated level of enhanced revenue flowing from the improved compliance.

That was from his Treasury. The second quote is directly from him on the basis of his relationship with the Commonwealth ministers, and nothing in question time would have assuaged his fears on this. He said in the course of his remarks there would be 'no guarantees to individual states regarding their revenue streams, no guarantee on the distribution of the GST pool, no guarantees that at some stage in the future income taxes won't rise and no guarantee about the future of existing special purpose payments to the states'.

Those two quotes bear a bit of marking, reading and contemplating. We have had 2½ years of this government and what we have learned from those years is this: any major public policy area in which much is claimed will invariably be bungled. There is in fact no example of this government acting in any way on any major policy area where public administration and policy have come together to deliver an outcome that achieves either the government's objective or an efficient outcome—not one—and this particular set of propositions is far larger in its impact on public administration than anything that has been proposed at this point.

I ask you to think back over the course of the last 2½ years and reflect on that. Firstly, nursing homes: 15 separate changes and still not an outcome—nursing homes in capital crisis. The second is the labour market programs: a complete collapse of employment programs, scandal associated with employment programs and complete failure to achieve objectives. That is another one for us to contemplate in that regard. Then we take their levy, their rebate, associated with health care: every cent of it claimed back effectively

from those who are members of the funds by the owners of the funds—every red cent of it claimed back by them—and a continuing fall in participation in health care; and like ignorant generals they seek to reinforce that.

As for what they trumpeted in this place about doing over high income people as far as superannuation is concerned, two points arise. Firstly, they did over a hell of a lot more than simply high income people—a couple of very low income people found themselves caught up in that—and, secondly, the administration costs associated with it have been almost as much as they have got back from it.

This group—and I could have gone through a whole range of other public policy areas that demonstrate the same appalling outcome—now wish to convince us that they are going to be able to produce a tax shift from the Commonwealth to the states of some \$30 billion, an amount based on complete confidence that the revenues that they predict will be revenues that they receive, that they will be able to deliver an outcome in those states that will ensure that the states can sustain their services, that they have a set of taxation arrangements that they guarantee will broaden the base effectively of the tax system in this country and keep up essential social spending, as though this ever mattered to a government which has already cut in two budgets some \$24 billion on a four-year basis from social spending and not a cent of it restored. Instead the surplus built on it was given away in tax bribes associated with this.

They are about to achieve this, they say, from their taxation arrangements. I say this: if it is achieved it will be a world first for introduced GSTs, because the universal experience in the rest of the world is that, firstly, GSTs do not produce the revenue that is anticipated from them by treasurers and, secondly, GSTs are massively avoided. So, from a situation where at least in the indirect taxation area levied by the states and the Commonwealth at the moment there is minimal avoidance, they are going to move to a set of taxation arrangements under which, on the experience elsewhere, evasion and

avoidance is optimised, and they are going to be interlinking.

As you evade income taxes, be it in the form of business taxes or direct personal taxes, so you will be encouraged to evade GST as well. If you do not think this is a problem, take a look at Europe. At the heart of the black economy in Europe are their value added taxes. They are the principal area evaded. Value added taxes are the centrepiece of the black economy in Europe. More than \$1 billion is the worth of the black economy in Europe. In fact, something like 28 million people are employed in that black economy. It is 13 per cent of the GDP of Europe or the equivalent of the total British GDP. British Treasury studies show that one in three VAT-able tax transactions are evaded. That is the experience of Britain.

Now look at the recent experience of those countries that have introduced taxes. I refer to a very interesting article from a source not necessarily devoted to labour—Alan Reynolds, the Director of Economic Research at the Hudson Institute. This is what he says about Japan's experience with the GST:

Japan's total tax revenues have declined in real terms ever since the value-added tax and various investor taxes were introduced. Without the increase in social security tax, which depends on it remaining attractive for employers to employ and for workers to work, the budget would be in much more serious shape than it is. All these ambitious new taxes have been killing revenues.

We have the same piece of research now associated with Canada:

After Canada added a value added tax in 1990, revenues from all taxes virtually stopped growing. Revenues rose by 19 per cent from 1990 to 1995, only 1.2 per cent if measured in US dollars, compared with a 52 per cent rise from 1985 to 1990 and 59 per cent from 1980 to 1985.

Those are very interesting statistics which the states will bear in mind when they contemplate what is going to happen to them tomorrow because, when you sit down and logically think through the issues related to a goods and services tax, it does not take you very long to work out how much evasion is likely to take place.

But I will tell you the principal difference between Australia and those other countries

that have value added taxes. Virtually all of them have some form of social security tax which is substantially complied with by all concerned; a tax which underpins their social spending. Virtually all of them have that. In Japan, it saves them. In Europe, it saves them.

The value added taxes are a matter of scandal because they are routinely evaded. There are all sorts of interesting mechanisms that are developed, including VAT police who in Italy pursue people out of ice-cream parlours to check whether or not they have got a value added chit. Of course, the capacity of the Inland Revenue Service of Italy to pursue every single ice-cream parlour has been discovered to be somewhat limited. An Italian business friend of mind tells me this: the VAT in Italy has risen to 20 per cent. But when you approach even a hotel and ask for a price they will say a price if you agree to pay the value added tax, which is in fact not 20 per cent above the price that you would pay if you decided not to pay a value added tax but 30 per cent. Commonsense tells you this: the relationship between the income tax system and the value added tax system means that, if you are not actually declaring it for value added tax purposes, you will not be declaring it for income tax purposes either. So a very much lower receipt is obtained by the Italian government via that process. Precisely the same thing will happen here.

You were so proud of the New Zealand record of everybody registering. What Australian small business will find very quickly is this: it is useful to register in this arrangement. You will be able to establish under your registered company a loss-making company that will effectively enable you to claim back all your inputs under the GST arrangements—but do not register another company which will be your profit making company which operates outside both systems.

The wholesale sales tax system and all the FID, BAD and stamp duty that the states now impose—whatever objection there may be to the inequities or otherwise of those—have one characteristic: they are all paid, the whole lot of them. Unlike the income tax system, compliance there is complete.

What the states are now buying is essentially a pup. They are surrendering virtually all their revenue raising powers to a tax that they cannot raise themselves but which the Commonwealth has promised they will get control over. It is no wonder, in those circumstances, that the state premiers now are demanding of this government not only guarantees about the receipts that they will continue to get from that, not only some sort of indication about what their share of that particular revenue is going to be, given that Premiers Conferences are going to be abolished, but also some concessions from the Commonwealth in determining that special purpose payments will not in any way be tampered with and will be there for negotiated rises as time passes.

It is very important that they do that, because they will have learned from this government that they have achieved very high levels of incompetence in public administration in comparison with some of those governments that I have been discussing or drawn attention to so far. If those governments have not been able to grapple with that problem, you can bet your bottom dollar this government will not be able to either. It is well that they therefore ask for some guarantees as far as special purpose payments are concerned.

But the Commonwealth's intention is otherwise. Those special purpose payments cover virtually all the Commonwealth's contributions to education, all the Commonwealth's contributions to health and all the Commonwealth's contributions to aged care. The states know this: that in all these three areas there are massive inadequacies and crises mounting, particularly in the area of health where the states have been underfunded in terms of increases by an amount that they would claim is fourfold—which is, of course, an ambit claim, but somewhere between what they were given by the Commonwealth and what they actually wanted is the answer. What they will get from the Commonwealth when this crisis hits them and the regional services are closed down and the wards go empty—we get a story a day these days about somebody's confrontation of inadequacy in the hospital system in the states—is not a determination to increase the

payments as far as the Commonwealth is concerned but an invitation to the states to raise the rate of the GST. That is precisely what will happen from this point on.

So at the heart of the taxation system there will be a tax that will reflect these characteristics. Firstly, there will be massive unfairness because it is a tax that has no equity associated with it. Secondly, there will be a tax with total unreliability on the basis of the experience of everybody else who has imposed it. Nobody in Europe regards value added taxes as modernising the taxation system. When they talk about base broadening they talk about hypothecated taxes associated with things like social insurance. That is what they talk about when they talk about base broadening measures; not value added taxes, which are the subject of humorous television shows as far as Europe is concerned. They talk about massive avoidance.

You have gone back to a very old-fashioned European tax. But the problem, my friends, is that you have put at the heart of the tax system two massively avoided taxes with virtually nothing guaranteeing support around them, but with a dynamic in the system whereby every time a social crisis occurs in this country you will go to the states and say to them, 'Raise the GST. Reinforce failure. Stick it up if you want more for your schools, more for your hospitals and more for aged care.' It is a doll! (*Time expired*)

**Mr HOCKEY** (North Sydney—Minister for Financial Services and Regulation) (3.36 p.m.)—In the short time that I have been in this parliament I have heard some eloquent defences. I have seen some opportunities taken by various people to turn defence into attack. I have seen a whole range of different people try to defend things that should never be defended. But I have never heard anyone come into this House seeking to take into the 21st century a Model-T Ford concept of a taxation system.

In all the travels around Australia of everyone on this side of the House as we consulted widely on the taxation system we are proposing, and in all the consultations, I did not hear one single person try to defend the existing taxation system. No-one has sought to defend

the equity of the current taxation system, no-one has sought to protect all those taxation laws in place which simply complicate things for small business and for Australians who want to try to make a fair buck for a fair day's work and which complicate the issues on taxation.

Yet the Leader of the Opposition comes into this House seeking to defend a taxation system that was built in an economy of the 1930s. It is important at this juncture to reflect on exactly what sort of economy Australia had in the 1930s. According to the 1933 census, services represented 48 per cent of the Australian economy. Today, services represent 66 per cent of the Australian economy—and that is growing.

At the time of the introduction of the wholesale sales tax in the 1930s, the rate applied by the Commonwealth was 2.5 per cent to 22 per cent. Today, the highest rate is 45 per cent. What this shows is that the Leader of the Opposition is seeking to defend a tax that is more suited to Australia in the 1930s than to Australia in the new millennium. It takes no account whatsoever of the global changes in the world economy. It takes no account of the movement of money, which in effect is the blood flow of the Australian economy, and it takes no account whatsoever of the shift in the Australian economy from manufactured goods and primary production right across to services and the export of services.

The current taxation system is accepted throughout Australia, almost without debate except in this chamber and in this MPI, as flawed for Australia in the 21st century. It is not the sort of policy you would take if you were providing a service to Australian business in the new millennium. The Leader of the Opposition seeks to defend it. How? He tries to cite the flaws in the application of the value added tax in places like Britain and New Zealand. Importantly, he did not mention any particular flaws in New Zealand but he talked about a few inconsistent applications of the VAT in Britain. Might I point out to the Leader of the Opposition—and this is going to be particularly important when we come to the debate in the Senate on the taxation

laws—that the more exemptions you have applying to a consumption tax, the more complicated it becomes, the more open the opportunity for people to rot it. So you get inconsistencies such as in Britain where he said one in three VATs are evaded. You get inconsistencies such that if in Britain you buy a hot doughnut over the counter the VAT applies, if you buy a cold doughnut over the counter a VAT does not apply. So what does every bakery in Britain have?—a microwave by the door.

**Mr Nairn**—You need a thermometer.

**Mr HOCKEY**—And a thermometer. That is what it has. Why? Because you can buy your cold doughnut and on the way out you stick it in the microwave and heat it up. Knowing the climate in Britain it is just as well they do have microwaves available. It is those sorts of inconsistencies which the Leader of the Opposition is failing to take into account. We all know how inconsistent he has been on this matter. Where was the Leader of the Opposition in 1985?

**Mrs Gallus**—He was beside Keating, saying we needed one.

**Mr HOCKEY**—He was all the way with Paul Keating. ‘We need option C,’ said Kim Beazley. In fact, at the National Press Club in June 1985 the Leader of the Opposition spoke these prophetic words:

There are very few such societies which operate with a tax system so heavily dependent on income tax as we do and very few which don’t have a substantial component of their tax system reliant on broadly based consumption taxes.

He was an advocate, as was Bob Hawke, his Prime Minister and mentor. Bob Hawke said on the *Sunday* program on 2 June 1985: You can’t have a continuation of a tax system which is haemorrhaging—

This is 1985, nearly 14 years ago, when Bob Hawke, as Prime Minister, said this.

imposing burdens on those least able to bear them, economically inefficient.

What does this mean? It means the Leader of the Opposition is standing side by side with Henry Ford defending the Model-T as the modern vehicle to take into the 21st century—and it just does not work.

The Leader of the Opposition does not address the substance of this MPI. Why? Because even he has to concede that the current funding arrangements between the Commonwealth and the states are not working. He knows exactly what it means. He knows the real impact of the changes we are proposing and the benefits for services. Let me not simply put words into his mouth; let me use the words of the New South Wales budget papers. And we all know who is in government in New South Wales—Bob Carr, member of the Labor Party. What did the budget papers of 1998-99, the current budget papers, say about the current tax system and what did they say about the fairness of the current tax system? They said:

The overall tax system includes taxes imposed by states, many of which are narrowly based, relatively inefficient and inequitable. These are the financial taxes such as financial institutions duty, debits tax, share transfer duty, loan security duty and stamp duty on business transactions.

That was said by the Labor Party Treasurer, Michael Egan, and the Labor Party Premier, Bob Carr. They are admitting that the current taxation system is not working. Under our total tax plan—and this is not a capital gains tax pre-1985 applied in 1999; this is a total taxation package—we are abolishing nine separate individual state taxes that are currently impeding the free flow of money in our economy.

Those taxes are the major impediments to Australia becoming a regional financial centre. They are the major impediments to the easy flow of money in the Australian economy and to a boost in domestic demand and related effects. Those taxes also include the financial institutions duty, which we are abolishing. It is a scourge on people who seek to put money into their own bank accounts. Other such taxes include the debits tax and stamp duty on marketable securities. Of course, that applies to stamp duty on the transfer of shares, which the Australian Stock Exchange and various other instruments admit is a major impediment to foreign investment in Australia.

Yet other such taxes are conveyancing duties on business property, stamp duties on credit arrangements and instalment purchase

arrangements, stamp duties on leases, stamp duties on mortgages—and how many Australian battlers have mortgages? Others taxes are bonds, debentures and other loan securities, stamp duties on cheques and bills of exchange and, of course, bed taxes.

We all know who introduced the bed tax in New South Wales—the Labor Party. Why did they do it? Because they are looking for revenue. The states have an ever decreasing tax base from which to apply the proceeds to services. We are giving them the lifeline of a century. We are giving the states an opportunity to have a growth tax into the 21st century. At the moment the main sources of own-purpose revenues from the states are FID and debits and stamp duty. All those taxes are diminishing. Why? They are diminishing for a number of reasons, including globalisation and the effects on transfer of money.

We are saying to the states, ‘We are giving you a leg up. You have the services—the hospitals, schools, roads, police—so you deliver those services to the community.’ We are giving them a leg up.

*Ms Kernot interjecting—*

**Mr HOCKEY**—We are giving them growth revenue into the 21st century. Growth revenue is important because it means that they will be able to sustain their current levels of police service, hospital visits and support to schools. In fact, they are actually going to be able to improve those services.

*Ms Kernot interjecting—*

**Mr HOCKEY**—The new member for Dickson, who keeps interrupting me, might not have read a document as long as 200 pages. I am putting to her that she should pick up this document, which is about tax reform—not about a new tax but a new tax system. I am happy to send you a copy. I would urge you to read page 25 where it refers to the fact that the projected revenue gain to the states is \$370 million in 2003-04, \$1.25 billion in 2004-05 and growing.

What does that mean? That means that instead of the states relying on stamp duty, which is going to pan out; instead of them relying on the proceeds of FID, which is going to pan out; instead of them relying on

the proceeds of debit tax, which is going to pan out; instead of them putting in more poker machines and more casinos to deliver new taxes to them through gambling, for the first time they are actually going to get a real growth revenue tax. They have not had that since they referred income taxing powers to the Commonwealth.

It delivers for them something more than payroll tax. Payroll tax is a growth tax. We all know how inequitable payroll tax is, but it is a growth tax, and so, instead of them creating new taxes like the bed tax and gambling taxes in their search for revenue to continue delivering services, we are throwing them a lifeline. That lifeline is very important. That lifeline delivers to them the opportunity to give the people of Australia better services into the future. That is particularly important in this regard.

As a true democrat—and I think everybody in this House is a true democrat; and that is small ‘d’ democrat for the information of the member for Dickson—I believe we are all a touch embarrassed by the annual begging bowl ritual known as the Premiers Conference. I have had the opportunity to attend them in an advisory capacity in the past, and have found them a little bit insulting from a state perspective. It is also very difficult from a Commonwealth perspective.

We are promising to deliver an end to that farce. We are the only side of this parliament to put forward a proposal to solve the problem of Commonwealth-state relations. We are the only side that has taken a step forward in trying to deliver a fairer distribution of the proceeds of revenue in this nation. Most importantly, we are still waiting on this side of the House for the proposal from the opposition to try to resolve the Premiers Conference imbroglios that have dogged us in the past.

**Mr Rudd**—You’re the government.

**Mr HOCKEY**—The member for Griffith says, ‘You’re the government.’ This is the man who, in his maiden speech yesterday, was telling us how important it is that the Labor Party have a vision for government for the 21st century. He has the gall to come in here and say, ‘You’re the government. You

put forward a proposal.' I say to you, 'You're the Labor Party. Come up with something better than your model-T Ford proposal for the taxation reform system. Come forward with something better than what you are proposing from the 18th, 19th and early 20th centuries as a solution to Australia's financial problems into the 21st century.' Then we will start to take you seriously—and perhaps the people of Australia will then start to take you a little more seriously.

**Ms KERNOT** (Dickson) (3.51 p.m.)—While most Australians have, understandably, been focusing on how the GST will affect their families, a massive, radical, and what we would call regressive, change in the way money is shared between the Commonwealth and the states is under way. It has been almost eclipsed by the understandable focus on personal circumstances, but nothing the member for North Sydney said about his interpretation of the structure of the economy would do anything to allay the concerns of Australians everywhere, but more especially of Australians in regional and rural Australia, about the delivery of services.

Make no mistake about this: we understand that this is a radical and regressive change. What is the reason for it put forward by the government? At its core it is simply ideology, and it is out-of-date ideology at that. It is ideological zealotry: more reform for its own sake, more claptrap about smaller government and states rights. And at what cost?

I think we should focus on the strength of the current relationship between the Commonwealth and the states, because the strength of that current partnership lies in its very fundamental obligation to ensure fairness and equity in service delivery between the states and the regions. The government's proposal does nothing to ensure that because, according to this government's new agenda, bad luck about fairness, bad luck about equity—it is back to survival of the fittest, depending on the whims and priorities of various state premiers. In one particular state it could come down to a choice between casinos and public hospitals.

This is not a progressive agenda for reform. It is regressive and it is divisive, and it turns

back the clock on half a century of progress in terms of a national agenda, a national approach and a national commitment to delivering services that are important to all Australians. Under this agenda there is absolutely no doubt that the dynamic between Commonwealth and state relationships will change. There will be no national commitment to setting national goals, there will be no pressure at all to work cooperatively and there will be absolutely no sense of joint local, state and federal responsibility.

I wonder what will happen to regions in this new pecking order. If we look, as the Leader of the Opposition said, at where special purpose payments are directed at the moment, we see that they go to schools, home and community care for frail aged people and people with disabilities, accommodation services for people with disabilities, road programs, road safety black spots, environment programs and grants to local government. I do not know about you, Mr Deputy Speaker, but on our side we do not have the confidence that this government is going to ensure that those sorts of responsibilities are picked up and are met in the regions as state governments, as the Leader of the Opposition said, take all the risks and come under increasing pressure from burgeoning metropolitan areas.

Who is going to ensure that local government is properly resourced when responsibility for local government funding passes to the states? As the President of the Australian Local Government Association said here this week, it is like putting Dracula in charge of the blood bank. And why? Because this is the party that opposed the constitutional recognition of local government last time we had a referendum. It says a lot about this government's commitment to local communities and to regions.

Just today the National Rural Health Alliance in its blueprint for regional development called for the economic and social interests of rural areas to be placed nearer the heart of the national agenda for change. But how can we talk about bringing the regions within a national agenda for change when the national government is signalling its intention to



almost completely walk away from its responsibility for basic services like health, education and the environment? For too many years we have already heard the answer, 'Don't ask me, it's a state government responsibility.' Well, now we will hear that it is anybody's responsibility—anybody's but the federal government's.

There are times when you could be forgiven for thinking that the entire purpose of this government's reform mania has been to completely eliminate Commonwealth responsibility for anything at all. In the last three years we have seen a constant round of cuts. The attitude of this government has been to tear down communities, not to build them up through service provision. What that leads to over time is some people, almost with a sense of desperation, grabbing at a GST in order to get some money for vital services. But what value does a GST funding base have if it also enables our national government to simply walk away from its responsibility for the delivery of basic services and entitlements?

**Mr Hockey**—We won't walk away.

**Ms KERNOT**—You will. Under the GST arrangements proposed by this government, the temptation—and it is already there and it is already being pursued by this government—will increase for the Commonwealth to move completely out of national service provision. The temptation will increase to actually cut back special purpose payments and push even more responsibility onto the states. Because the GST will not, despite the claims of the member for North Sydney, produce the revenue claimed, it cannot be a guaranteed growth revenue.

What we would be left with is a nightmare mess of Commonwealth-state tensions over service provision. We would have a whole lot of permanent tussles over fewer and fewer social services. We could have a higher GST rate. We could have a broadened GST base. We could have the growth of regressive state taxes and user charges. Who would be the loser? Communities will be the loser under this so-called new federalism, and those on lowest incomes within the community will lose the most.

We in Labor believe that such a shift in responsibility from the national government to the state government level will bite deeply and disastrously into the economic and social wellbeing of Australia's regions. We in Labor believe that Australia is a nation first and foremost. We are not a set of competing fiefdoms. We in Labor believe that the federal government has the responsibility to build the nation, not to sit on its hands. We in Labor believe that the federal government has an obligation to honour, on behalf of all Australians, a commitment to delivering quality basic services irrespective of the state or the region in which we live. This week Dr Peter Brain's report on the state of the regions showed us very clearly an Australia in which some regional areas have already fallen further and further behind, facing growing levels of poverty and widening gaps in education and opportunity. And what does this government propose? To leave it all up to the states.

The simple fact is this: in this era of globalisation there is an important role for government, and it is about national standards and national citizenship rights. We cannot deliver jobs, services, infrastructure and equality of opportunity to Australians living in regional areas without a cooperative national approach to structural change. We on this side passionately believe that you will not deliver these things by going down the path of some sort of competitive model of devolution to the states. That is not the path to successful regional development. That is not the path to a successful national future.

We on this side want to see a nationally focused government that has the ideas and the vision to build a united and successful nation, not a government whose sole purpose, it seems to me, is to walk away from its commitment and its responsibility to nation building because it has no other ideas.

**Mrs GALLUS** (Hindmarsh) (4.01 p.m.)—What a sad state the Labor Party has come to when we have the fairytale economics of the ex-Democrat Cheryl Kernot. Run by Kernot economics: is this the proud party that tried to bring reform to Australia that is sitting behind an ex-Democrat who is not even progressive enough for the original founder of

the Democrats? Don Chipp had the courage to say in 1993, 'Let's go out and support a 15 per cent GST,' but that Democrat did not have the courage for that. She fled to a cowardly Labor Party that is looking back to the past and is incapable of facing the challenges of the 1990s, let alone the challenges of the next century.

I was stunned when I read the MPI today. I thought, 'It is one from our side; Mr Hockey has put forward this MPI. That's good.' When I found out that it was actually a Mr Beazley MPI, I had to go back and read it again.

**Mr Hockey**—We're interchangeable.

**Mrs GALLUS**—I will not make the obvious comment. It asked us about the implication for services of a GST. I thought, 'That is what we are all about—providing the revenue base for services.' But it turned out that that was what Mr Beazley was asking. So I am very happy to give him the answer. What are the implications of the GST for services?

Firstly, basically, free services remain free. Input taxes can be reclaimed. The cost of supplying services will actually fall because of the removal of inbuilt taxes. So some of those services—probably all of them—that we are now providing will become cheaper to provide.

The states will get their own revenue base. We have heard the member for North Sydney describe the disgrace that goes on at the Premiers Conference. Proud Premiers from proud states come to the Premiers Conference begging for money for health and education. It is time they had their own revenue base, and a revenue base that grows with their population. No longer will they be subservient to the Commonwealth. No longer will they have to beg for that extra dollar—they will have it from their own growing revenue base and they will therefore be responsible for their own services.

How many times do we hear this complaint from the community: 'It's buck-passing. The Commonwealth says it's the states' responsibility; the states say it's the Commonwealth's responsibility.' Let us move into the next century by ending all that squabbling. Let us

place responsibility where it belongs so that Commonwealth services are Commonwealth services, state services are state services, and everybody has the revenue base to provide their own services.

I have given four basic improvements for services under a GST. But what is the most important? The most important is broadening the revenue base. For some reason, since 1985 the Labor Party seem to have forgotten that the world has changed, that we no longer rely solely on the sale of goods and that goods have become a smaller part of our economy. In the 1930s goods were pretty much all of the economy but now they are about one-third while services account for two-thirds. Yet the Labor Party over there in Cheryl never-never land says, 'Oh well, we're not going to take account of the change in the economy; we're going to stick with the tried and true method—the 1930s tax system. It did us in the 1930s and it will do us in the 1990s, and we will go into the next century with this old beaten about tax system.' It will not, you know. You have to face the fact that your tax system—the tax system now—is collapsing.

The poor member for Werriwa, Mark Latham, is languishing on the backbenches. He is an intellectual force in the Labor Party who has to now sit there because nobody listens to him. They are not prepared to move forward with Mark into the next century. They want to stay behind. What does Mark say about it?

**Dr Nelson**—He is a protege of Gough.

**Mrs GALLUS**—Oh! A future leader of the Labor Party. Haven't you heard? This man was going to replace Beazley. He was recognised as an intellectual force, somebody who knew what policy was all about. What did he say? He said, 'We talk about active government, but how do we fund it when the tax base has fallen to bits?' And that is the question that the Labor Party has failed to answer. And that is why the Labor Party is not going to be able to provide the growing services that this country needs. We have an ageing population that we have to provide services for. But how are we going to do it with a shrinking tax base? The only way is to broaden that base, and the only way to broad-

en it is to bring in a goods and services tax—to tax the services as well as the goods.

What is the alternative? The alternative is to raise taxes. The Labor Party knows that. What did it do in 1993 after it rejected the GST? It raised the wholesale sales tax because it did not have enough money to provide for services without it.

**Mr Forrest**—And the fuel excise too.

**Mrs GALLUS**—And the fuel excise. This gets us back to the states again. At the moment the states are relying on a lot of inefficient, inequitable taxes, which the member for North Sydney reminded us of—

**Dr Nelson**—The minister.

**Mrs GALLUS**—The minister reminded us of the FID taxes and the debit taxes: those taxes that are shrinking because of globalisation and the use of offshore accounts. So the burden is not falling on the businesses, which have the cash, but on the individual consumers who are more likely not to have it but who are forced to carry the financial burden of these taxes. This, again, will go with a GST.

We have a crumbling system, as Mark Latham, the member for Werriwa, acknowledges and as did the Labor Party in 1985. But they got scared and ran away from it. We have to change it and we will change it because this government is going to do the right thing by Australia and bring in what Australia needs—a new, comprehensive tax system.

I started off by lamenting what would happen to the once proud Labor Party. Seeing as the member for Werriwa has featured in acknowledging that his own party is failing to meet the challenge, I went to have a look at some of his other words. In an article in the *Daily Telegraph* on 30 October this year he said:

The easy road in politics lies in the preservation of sacred cows—

and I presume the GST comes under the heading of ‘sacred cow’—

In Labor’s case this now means turning a blind eye to the failings of the old economy and the old welfare state.

What is the member for Werriwa doing to his party? He is showing us what they are: a party of old dinosaurs. They are policy dinosaurs, left in the past and unable to move into the future. Finally Mr Latham says in the *Courier-Mail*, about the policy vacuum that exists in the Labor Party:

I cannot remember the last time shadow cabinet had a serious policy debate.

What a comment on the opposition of this country. This opposition sees itself as a spoiler, its only role being to thwart the government, coming up with ridiculous MPIs, such as the one today, which actually support the government’s case for a change in the tax system and reveal the opposition for what it is—a bunch of policy dinosaurs, left in the past and frightened of the future.

**Mr DEPUTY SPEAKER (Mr Jenkins)**—Order! The discussion is concluded.

#### **AGED CARE AMENDMENT (ACCREDITATION AGENCY) BILL 1998**

##### **First Reading**

Bill presented by **Mrs Bronwyn Bishop**, and read a first time.

##### **Second Reading**

**Mrs BRONWYN BISHOP** (Mackellar—Minister for Aged Care) (4.12 p.m.)—I move:

That the bill be now read a second time.

This amendment to the Aged Care Act 1997 continues to reflect the government’s commitment to not unduly burdening small business with administrative red tape under the new aged care funding arrangements while, at the same time, providing quality aged care services with built-in protections for older Australians. The government has established the Aged Care Standards and Accreditation Agency (the agency) to manage the accreditation of aged care services. The agency will play a leading role in ensuring that residential aged care facilities achieve and maintain high standards of care and accommodation. This amendment clarifies the government’s intention that the Aged Care Standards and Accreditation Agency would charge appropriate fees for accrediting aged care services. From January 2001 all aged care services must be accredited in order to receive Commonwealth

subsidy for the provision of aged care. The level of accreditation fee is expected to reflect the cost of the service and be comparable with other commercial accreditation arrangements in similar industries. Therefore the impact on aged care services of paying an 'accreditation fee' every one or three years, depending on the quality of the service, will be minimal and the financial advantage of becoming accredited will far outweigh the requirement to pay fees.

The government consulted widely during the development of the Aged Care Act 1997 and associated principles, and has listened to the concerns of service providers since the implementation of the government's aged care reforms. The establishment and operation of the agency were an outcome of this process. This amendment clarifies the current agency arrangements set out in the Aged Care Act—the legislation that has seen the most significant reform to the provision of aged care in Australia over the last decade. The legislation encourages innovation, flexibility and creativity in service delivery and planning. I commend this bill to the House and present the explanatory memorandum to the bill.

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

#### **GOVERNOR-GENERAL'S SPEECH**

##### **Address-in-Reply**

Debate resumed.

**Mr DEPUTY SPEAKER (Mr Jenkins)**—Before I call the honourable member for New England, I remind the House that this is the honourable member's first speech. I ask the House to extend to him the usual courtesies.

**Mr St CLAIR** (New England) (4.15 p.m.)—Mr Deputy Speaker, I wish to acknowledge the great privilege extended to me by the voters of New England in electing me to act and speak for them in the House of Representatives in the parliament of Australia. I am extremely proud to represent the northern New South Wales electorate of New England. I intend to work as hard as I can to ensure that the communities of New England—from Tenterfield to Tamworth, from Texas to Nowendoc, and the communities of and around Inverell, Glen Innes and Armi-

dale—all thrive. Judith Wright, perhaps Australia's greatest poet, is one of New England's best loved daughters. She describes her 'blood's country', the New England Tableland, with its—and I quote:

. . . high delicate outline

of bony slopes wincing under the winter:

low trees blue-leaved and olive, outcropping granite—

Clean, lean, hungry country.

There has perhaps never been a more eloquent description of the New England than this.

I should like to pay a personal tribute to the former member for New England, the Rt Hon. Ian Sinclair. A great tribute was paid on the first sitting day of this parliament by honourable members in this House, and the people of New England would have been proud to have heard it. I will not go over Mr Sinclair's parliamentary record, as it was well articulated on that day. However, I will remind the House that he represented the people of New England for 35 years—an extraordinary feat by an extraordinary Australian. On behalf of the people of New England, I thank the Rt Hon. Ian Sinclair for his unstinting service and loyalty to all those people over such a long, long time. To quote from Shakespeare, 'Whence comes such another?'

The Rt Hon. Ian Sinclair's service in this place spanned a generation. In his time he saw nine prime ministers, from Menzies to Howard. He saw governments come and go. In his early days, young people embraced the music of Bill Halley and the Comets. Now we have the Whitlams—the younger ones. If we in this House think that the changes that have occurred in Australia in that time have been dramatic, to steal a phrase, 'We ain't seen nothin' yet!'

The difficulty of change is that it can be painful, but the failure to change is absolutely fatal. The test of good government is to manage change for the benefit of all Australians. I believe social cohesion and strong leadership are the keys to the successful management of change. Social cohesion occurs when we are all moving down the same road together and not divided by ethnic, religious, social or geographical differences.

Mr Deputy Speaker, we live in a tough, competitive world. We cannot afford the luxury, as we have in the past, of the politics of division. Nowhere is this divide more evident than in regional Australia. Over the last couple of decades a rift has grown between country and city dwellers. The result is that many country people feel left out, that they are no longer part of the decision making that is changing Australia. They feel, Mr Deputy Speaker, that they have little say in their own destiny. Yet, as they know only too well, the wealth of this nation is not generated in Pitt or Collins Streets; it is generated on its farms, in its timber mills and in its mines.

Policy planners must learn to listen and respond to regional Australia. This is true not only for those of us holding public office and in the bureaucracy, but also for industry leaders, bankers and infrastructure builders.

Regional Australia is the powerhouse of this nation and has been since Australia rode on the sheep's back. It is time we healed the rift. The Howard-Fischer government, and the National Party in particular, has recognised this need, and I am delighted that my friend and electoral neighbour the member for Gwydir has been appointed to meet this challenge.

The other essential element to successfully managing change in our society is to have strong leadership. By that I mean leadership that is robust, not fragile; leadership that is courageous, not timid; and leadership that is inclusive, not divisive. Good leaders will take hard decisions where necessary. That needs to be repeated: good leaders will take hard decisions where necessary, always looking to the future, not to the past. Most importantly, good leaders have vision.

Good leadership is why the National-Liberal parties are sitting on the treasury bench and why the ALP is still in opposition. Over the past three years, strong national leadership has delivered a balanced budget. It has delivered a substantial reduction of debt. It has delivered an economy that is successfully weathering the Asian economic firestorm. It has delivered the lowest interest rates in a generation; and we have record exports. Most importantly, courageous leadership has pro-

vided a blueprint for a much awaited modernising of Australia's taxation system.

That blueprint received a favourable judgment from the people of Australia on 3 October. But for the benefits of that vision for a new tax system to become a reality, the relevant bills must pass both houses of this parliament. The bills will pass through the House of Representatives, but an easy passage through the Senate is unlikely. The Labor Party, with the support of the minor parties and Independents, threaten to block them and substantially amend their content.

One vital aspect of the proposed new tax system is to reform the present tax on diesel used in transporting the produce of regional Australia to export gateways and markets. The National Party's vision is to remove the current tax of 44c per litre and replace it with an 18c per litre charge—a charge which approximates the cost of road damage caused by trucks. This initiative alone is a \$3.5 billion per year boost to our regional economies. It is an initiative especially well understood in New England, it being a highway electorate. This National Party policy will remove a major tax on our regional exports, it will generate jobs and provide growth in our regional industries, and it will reduce the cost of doing business in regional Australia and encourage that most important decentralisation.

I believe in building a society which rewards effort, encourages innovation, values excellence and respects the rights of all. I believe in our Constitution, the flag and our Australian way of life. Yet, Mr Deputy Speaker, our Constitution is not without flaws.

The Senate is said to have been the price of federation. If that is the case, then the Senate's obstruction of our elected governments today may be a price too high to pay. If the latter-day Senate cannot accept the legislative legitimacy of a reformist government then perhaps it is time for the Senate itself to be reformed.

Across Australia, people are clamouring for governments to get on with the job of governing. They do not want excuses, they do not want compromises; they just want govern-

ments to get on with the business of governing. Our people are sending us a powerful message. I hope that my colleagues on the Labor side have the ears to listen to that message and that they pass the government's taxation bills in the Senate.

Government in Australia stands at the crossroads here today. We can retreat to the time-honoured processes of backroom deals with the opposition, minor parties and Independents and so further entrench political cynicism, or Labor can accept the will of the people as expressed on 3 October and give speedy and unfettered passage to the government's taxation package through the Senate.

The Senate was conceived as the states house. It is interesting that even the Labor states are hardly opposing the tax package. They recognise that the funds they need to pay for their schools, hospitals and roads must come from somewhere. They recognise that a modern Australian economy needs a modern and equitable tax system if jobs and growth are to be generated. They know, too, that a general, consistent and simple tax on goods and services is a far fairer tax regime than having hidden wholesale sales taxes and a multitude of stamp and transaction duties, all of which have to be bolstered by growing state gambling taxes.

Even Labor icons like Gough Whitlam recognised a mandate when he saw it. Paul Keating recognised it in 1993 when he promised to support the Hewson Fightback package if a coalition government was returned at the polls because that package was put to the people. Now, though, Labor promises to oppose the very measures which formed the key plank of the recent federal election campaign.

And what of the Democrats? Their rallying cry over the years has been, 'Elect us in the Senate and we'll keep the bastards honest!' Now they are plotting to force changes to a package which will force the government to break its electoral promises. So much for honesty and integrity there.

Government, I believe, must have a story to tell and a positive role in managing unemployment and poverty. Safety nets are certain-

ly necessary, especially in times of rapid social and economic change. But if national wealth is to be generated and the dignity of employment is to be extended to all, governments at all levels must work together to provide opportunity and not stifle the talents and energies of our communities.

Our coalition government has charted a path here. We in this place and in the Senate must take up that challenge. The choice lies in the hands of the Labor Party and the Senate.

My views on society have been forged in a fairly rough crucible. My education was not at a prestigious university, but at the university of hard knocks. Timber milling, small business and my experience in local government have taught me many lessons. I have learnt to work hard, to listen and to act. These lessons I will bring to this parliament in support of the people of New England and Australia at large.

For me to stand here as the new member for New England, I owe thanks to many people indeed. I will not name them all today. However, I would like to thank the National Party—the second oldest political party in Australia—for giving me the honour to be one of its representatives in this parliament. I thank all those hundreds of party members and supporters who campaigned as volunteer foot soldiers—I repeat, 'volunteer foot soldiers'—on my behalf over the last year, particularly Richard and Elizabeth White, of 'Bald Blair', Guyra, and the Hon. Jenny Gardiner MLC, who provided me and my family with great strength.

I thank the electors of New England who have entrusted me to represent them here. Most of all, in closing I would like to thank my family: my wife Lynne for doing the hard yards with me, my youngest son Ben for his sense of humour, and my other sons Lachlan, Duncan and Rohan for sharing their experiences of life.

**Mr DEPUTY SPEAKER (Mr Jenkins)**—Before I call the honourable member for Oxley, I remind the House that this is the honourable member's first speech. I ask the House to extend to him the usual courtesies.

**Mr RIPOLL** (Oxley) (4.30 p.m.)—Thank you, Mr Deputy Speaker Jenkins. I extend my congratulations to you on appointment to your high office.

I stand in this House as the new member for Oxley, fully aware of the history of my seat and its recent elevation in the national consciousness. Oxley is the seat you have all talked about over the last three years. Everyone, it seems, has an interest in our community. But, unfortunately, all the attention has been for all the wrong reasons.

People are shocked and unsettled by the rise of political opportunists pushing an antagonistic cause. How did these people and their antagonism appear in our community? They appeared before us because there are real problems in Oxley, as there are throughout Australia. People are hurting. Too many people are genuinely hurting, and have been for too long. And, when people are hurt, they look to something new. And when the pain is great, they look for relief in something radical. They will often try something unknown.

Yet, without any of the theatre or hyperbole that ushered in this astonishing shift in our community, it has suddenly retreated and almost disappeared. They have lost any credible place in contemporary Australia. The remains of this self-proclaimed political force lay strewn like the ruins of the empire of Ozemandius:

. . . Half sunk, a . . . colossal wreck, boundless and bare.

They are gone now because people have seen that anger and fury are not enough. And their particular brand of misdirected anger did nothing to address the issues affecting the lives of us all in Oxley. And we do need the problems of our community addressed.

When I visited work sites like the meatworks in Dinmore and the railway yards of Redbank, I spoke with working people who had voted against Labor for the first time in their lives in 1996. These workers were prepared, though, to give us a go again because I gave them my commitment to roll up my sleeves and work alongside them to get things done.

Oxley cannot afford to be a launch pad for anyone's national political empire. Our concerns are personal and our needs local. This is not to suggest what we do here in this House makes no difference. We are certainly making a difference in people's lives but, regrettably, much of that difference is sometimes for the worse.

Many decisions made here are having a tremendously negative impact on the community we live in. While we often hear from the experts and the economists explaining harsh and unwanted policies—the policies of downsizing, privatisation and national competition policy—these people promote this in terms of flow-on benefits, benefits to the entire community. I do not doubt the sincerity of these experts and economists; I am sure they truly believe in the benefit of their policies. But, out in the community, we feel the impact of these policies, and we are not receiving any of the flow-on benefits. We are not benefiting one bit from the relentless pursuit of competition. The end result is often more pain for those who can least afford it. Some may not wish to accept this, or even try to mount an argument to show that it is not true, but the anger out there in the community is evidence enough.

The results of the last election highlight exactly how little support there is in the community for this harsh economic agenda. It is like the game of Chinese whispers—what makes sense in the very beginning can end up scrambled as it goes down the line. This is what happens with government policies. What seems rational in economic models and consultants' reports makes less and less sense as it travels down the line to the community. The mums and dads and the families of Oxley are a long way down that line. What was supposed to help us may, just as likely, end up hurting us.

So much of the current economic agenda, the ideological demand for competition, the blind faith in the markets and the worship of individualism fail to provide for human needs. The relentless pursuit of unfettered competition has led to a disastrous social outcome.

In Oxley, we like our sport, and one of the things that sport teaches us is that in every

competition there are some winners and there are also some losers. When you seek competition, you do so knowing that some communities do not have the advantages of others and that some families also do not have the advantages of others. Ours is one such community, and we have many such families.

When you pursue totally deregulated competition, it is people like us in our community who are likely to end up behind on the scoreboard. It is our jobs under threat, it is our services stripped from our community, and our families that are thrown into anxiety and despair. We are invariably the users that pay in a user-pays world.

And, in a cruel irony, in the sickest joke, it is those who have lost their job, taken at the altar of the almighty competition, who can no longer rely on the assistance of a Commonwealth employment service. Instead, this government replaced it with a shambolic and failing jobs network, a network that does not work. It does not work and it will never work because it is in competition with itself. This government has introduced competition to a service that cannot function without cooperation.

But this government is not stopping there. There are further cuts, this time to Centrelink. The government's outrageous plans will drastically scale down services to individuals most in need in our community, and also will take away 5,000 jobs. These are exactly the reasons why we must begin again in Oxley, why we must begin again to rebuild the relationship between people and government.

Relationships are built on communication, and this will be at the heart of my efforts in Oxley. I will always maintain the conversation between the people of Oxley and their government, regardless of who is in power. I want to talk with people; I want them to tell me what their issues are and what impact the government is having on their lives. I want to know about them and their individual circumstances. I want to share their stories.

Through listening to the people of Oxley, I feel I am then able to speak—and speak not to the people but for the people of Oxley. I will carry forward their concerns here in this House and anywhere their message should be

heard. I will promote no agenda, save for that of the people of Oxley.

I will earnestly carry forward their message with tolerance and compassion because compassion is the challenge of our times. That struggle for competition has been at the expense of a compassionate society. But compassion must come before competition and, in this period of social, financial and technology change, it is what we must all strive to achieve.

It may seem romantic and idealistic but these are the goals I have set for myself. Both compassion and competition are fundamental elements of our humanity. But competition emerges from us with ease and dominates us without reluctance. For competition and dominance will be forever linked. The successful will always welcome competition and the successful often get their way. But compassion is tough. It seems to take so much from us and give us little reward in return. Milan Kundera said this:

There is nothing heavier than compassion. Not even ones own pain weighs so heavy as the pain one feels with someone, for someone, a pain intensified by the imagination and prolonged by a hundred echoes.

Government must lay the foundations for a caring society. It must support us in our endeavours to support each other. A compassionate society is built around an infrastructure of respect and tolerance. We must provide shelter for all from anxiety and bitterness. It concerns me that, under Howard, government obligations are replaced with glib homilies and media friendly labels designed more to make us feel better about those that are struggling rather than do anything meaningful to alleviate their problems.

We are not battlers in Oxley. We are pensioners, we are returned service men and women, we are families with sick children, and we are sole parents struggling on low incomes. We are casual and part-time workers desperate to find full-time work, we are people to whom English is not our first language, we are workers threatened with retrenchment, we are school leavers looking for an opportunity, we are disabled, and we



are households that dread Christmas for the bills that it brings.

We are all this and we are more. We are the parents helping out on school fetes, we are drivers for meals on wheels, and we are the managers of our neighbour's footy team and the coach of our daughter's netball team. While others may call us battlers, when you come from where I live, we call each other friends, neighbours, workmates and family.

Mr Deputy Speaker, I will not allow anyone to give up on fixing the problems in our community, to label us as battlers and consign our problems to the political and economic too-hard basket, because we have not given up on ourselves. We are striving as individuals and as organisations for positive changes in our community.

Local P&Cs continue to raise funds and work hard at improving education for our children. Our sporting clubs are doing a terrific job providing leisure and recreation to our community. Our trade unions are continuing the struggle to protect the rights, wages and the dignity of working people in Oxley. Our charitable organisations are asked to do so much more and receive increasingly less assistance from government. Yet they are still performing miracles in our community, but for how much longer.

These organisations are ready to step in and lend a hand and assist people with the basics, like a place to stay, or someone to talk to. Our resource centres are providing advice and advocacy for the vulnerable and marginalised. Our migrant communities and organisations are adding to the richness and character of our region.

Local industry is the linchpin of our local economy, because we need more than just jobs for the people of Oxley. We need local jobs. Local jobs provide so much to our region. Our sense of community comes not only from living together but also from working together. Local jobs bring dignity. And, of course, local employment means more local jobs. When people commute out of Oxley they take money with them and, when that money goes, local jobs go with it. The role of local industry is vital in our area.

None of these groups could do what they do, and do it so well, without the perseverance of a large number of committed and largely unrewarded individuals. And as just one other individual, I am humbled before them—humbled and proud: proud in the knowledge that I am in a position to serve my community. The electorate of Oxley is certainly my community. I have lived and worked in all of the major centres throughout the electorate of Oxley.

At the south of my electorate is the suburb of Inala. This is where I grew up. My family and I came to Australia from another country without much, but a desire for a new start and the opportunity to give something back. Inala is where I learnt about Australia and where I became an Australian. It is where my parents still live. It is truly the place of my formative years.

As a young man I went to school in Inala, got my trade in the Wacol industrial park and, in Ipswich, the metropolitan centre at the north of the electorate, I celebrated my marriage to my wife, Margy, and the birth of my children, Timothy and Emily. And in the geographic heart of the electorate is the growing region of Goodna and Redbank Plains. This is my home and this is where we are raising our family, whose aspirations and needs are the same aspirations and needs as most families in Australia. I am, therefore, privileged to have the opportunity to give something back to a place that I feel so completely linked with and to whom I owe the most tremendous debt of gratitude.

As I look upon my opportunities to serve the people of Oxley, I am struck by the challenges in representing this electorate. As I pointed out earlier, Oxley has several social and commercial centres. The electorate can be divided into three main hubs. To the south of the electorate are the suburbs around Inala and Acacia Ridge. They cannot be treated as outer suburbs of Ipswich City.

At the other end of my electorate I have the heart of Ipswich, divided by an artificial electoral boundary. Services for Ipswich cannot be neatly partitioned off between the two electorates. And representing, as I do, the vast majority of Ipswich City, I therefore

recognise the need to preserve and protect all services in the heart of the city.

In the centre of Oxley is the region of Goodna and Redbank. A commercial and administrative hub is in our electorate. Services to this area are under continual threat by the rationalisation of government services. The recent closure of our CES by this government has forced job seekers to travel to Ipswich or elsewhere for employment services. Our electorate is growing rapidly, particularly outside of the Ipswich City heart, and in suburbs like Forest Lake and Springfield. I recognise the need for services to be maintained throughout the electorate and not concentrated in one or two areas.

I am also committed to creating unity amongst all levels of government to provide these vital services. Free of the recent distractions and the pettiness and tribalism of the past, I am confident we can achieve this. And if we can, we must. I will support the work of the local government. The Ipswich City Council is a dynamic and innovative force in our community. The development of global information links and the establishment of Ipswich as a technology town are a triumph and a model for others to follow. The Brisbane City Council's financial commitment to reinvigorating the Inala corridor is achieving real results and greatly improving the local outlook.

The state government, which provides so many vital services in our community, is well aware of the work that needs to be done. Premier Peter Beattie has made jobs his No. 1 priority. Frankly, nothing else would have been good enough for the people of Queensland and Oxley. I am certain our state Labor government will deliver on their commitments in our community. I congratulate the premier on setting these goals and pledge my support and assistance in any endeavour that will create more jobs in my electorate.

Our electorate is also challenged by our recent history. The controversy and ill feeling created by the previous member for Oxley cannot discourage us from discussing and debating the important social issues affecting our community. I welcome any debate on immigration and population policy—any

debate free of acrimony and conducted with reason. And I also believe the time is right for us to review and debate the family law and child support policies. Now we must search for solutions to minimise the pain of family break-up, for all involved.

I would like to conclude by thanking those who were central to my success at the recent election. I thank my family, in particular my mother, Suzanne, for her undying love and belief in my abilities, and my father, Andre, for instilling in me the work ethic and courage to pursue my dreams. I thank my soul mate, Margy, for her unconditional support, understanding and love, and my children, Timothy and Emily, who made me realise what life is about and why we must all struggle for a better and just society.

I thank Kim Beazley and my Labor colleagues for their support and advice before and during the election campaign. I would also like to thank the committed and hard-working ALP branch members of Oxley. Success would not have been possible if it had not been for their hard work and dedication. They organised a magnificent campaign, and the result is a credit to all of them. To all these people and to the electors of Oxley: I am forever in your debt and always at your service.

**Mr DEPUTY SPEAKER (Mr Jenkins)**—Before I call the honourable member for Lowe, I remind the House that this is the honourable member's first speech. I ask the House to extend to him the usual courtesies.

**Mr MURPHY (Lowe)** (4.46 p.m.)—Mr Deputy Speaker, I would like to congratulate you on your elevation to high office and ask you to extend my congratulations to the Speaker and the other deputy speakers.

I am very honoured to enter this chamber as the representative of the people of the electorate of Lowe. The seat is named after Robert Lowe, Viscount Sherbrooke, who advocated the discontinuation of the deportation of convicts to New South Wales and supported the interests of convicts, workers and townspeople during his political career.

My presence in this House today is the result of a collective effort. I would like to

sincerely thank the electors of Lowe for showing confidence in my ability to represent their interests. I would also like to thank the party members in Lowe who worked tirelessly during the election campaign to bring Lowe home to Labor. I believe that the ALP's campaign, led by Councillor Virginia Judge and Cherie Burton, was conducted by a very professional team and that that was a decisive factor in the final outcome.

I would also like to acknowledge the enormous contribution made by the former member for Lowe, Michael Maher, and the member for Drummoyne and Speaker of the New South Wales Legislative Assembly, the Hon. John Murray. I also wish to thank my colleagues whilst on Drummoyne council, Councillor Tony Fasanella and Councillor Angelo Tsirekas.

I also wish to thank the trade union movement for their help, in particular: the Community and Public Sector Union; the Construction Forestry and Mining Employees Union; the Public Transport Union; the Maritime Union of Australia; and the Shop Distributive and Allied Employees Union.

Further, I wish to thank the former Prime Minister, the Right Honourable Bob Hawke, for his visit to the electorate. I am pleased to report to this House that he has lost none of his electoral appeal, especially with the ladies. Furthermore, I wish to thank my parliamentary leader, Kim Beazley, and the then shadow ministers who visited my electorate during the campaign. May I say to you, Kim, that your many visits to our electorate were a source of great inspiration to me as you were warmly and affectionately greeted by the electorate at large. In particular, your own style of campaigning enhanced those characteristics of integrity and decency which the Australian electorate expects of all its parliamentarians.

I would also like to thank my brother, Brian, and sisters, Frances, Anne, Maureen and Clare, who have given me great support but unfortunately cannot be here today. I also wish to express my thanks to the one-and-only Olga my mother-in-law, and Hector my father-in-law, and Amelia his wife. I regret that my parents did not survive to see this day

for I know they would have been very proud of their baby boy. Finally, I wish to thank my wife, Adriana, who is on the floor of the House today, for her unfailing love and support. Honey, I could not have done it without you.

I am proud to represent the people of Lowe. The electorate is one of Australia's most volatile seats. The reason for this volatility derives from its vast demographic differences spanning Sydney's inner-west. Mr Deputy Speaker, you will be interested to learn that Lowe is a microcosm of the new Australia. As many as 40 per cent of my electors were born overseas. Further, Lowe is an electorate which has one of the highest proportions of people over the age of 65 years in New South Wales.

Liberal Party members of this House will reminisce on the period of Sir William McMahon as Prime Minister, who held Lowe from the period 1949 to 1982. In 1982, Mr Michael Maher, the Australian Labor Party candidate, captured Lowe in an historic by-election. That win signalled the return of Labor to government under Bob Hawke the following year. Mr Maher held this seat with distinction until 1987. In 1987, Lowe again returned to the Liberal Party, this time held by Dr Bob Woods, who held the seat until 1993. In 1993 Mrs Mary Easson regained the seat for the ALP. In 1996 Mr Paul Zammit won Lowe for the Liberal Party before resigning from the party in 1998 and becoming an Independent member of this House. In summary, since 1982, Lowe has changed hands on five occasions. This is a sobering fact and will be a constant reminder to me not to take the electors of Lowe for granted.

I personally wish to recognise the two outstanding ALP members of this House who have previously represented this seat, namely, Mr Michael Maher and Mrs Mary Easson. Michael Maher represented the area in both state and federal parliament. In the New South Wales parliament, Mr Maher was member for Drummoyne between 1973 and 1982. I wish to pay special tribute to Michael Maher, who is widely loved and respected for his dedicated parliamentary service. If I can

half fill his shoes, the people of Lowe will be well served in the life of this parliament.

As I mentioned a little earlier, Mrs Easson also represented Lowe with distinction, having served in many positions throughout her time in this House, including those of National Secretary of UNICEF and as member of the Communication Commission for the Sydney Olympics bid.

I also wish to take this opportunity to acknowledge the long service in both the New South Wales parliament and this House given by my predecessor, Mr Paul Zammit. In particular, I wish to thank both Mr Zammit and his wife, Rita, for the gracious manner in which they conceded defeat on election night. Might I also add that Mr Zammit's preferences were warmly received by the ALP on election day.

I was born in 1950 in a little country town in New South Wales called Dunedoo. Dunedoo is not very far from Baradine, from where my parliamentary colleague the member for Rankin hails. We, being country boys, understand the importance of looking after rural interests.

Prior to my election to parliament I worked for 28 years in the Australian Public Service. I also served for three years as a councillor in the Drummoyne local government area. During the recent election campaign many issues affecting the electorate of Lowe were raised with me, and I would like on this occasion to briefly address two of these in the first instance—namely, (1) aircraft noise or, as the issue should be more properly put, the question of a second airport for Sydney; (2) taxation and the GST. Later I will go into some detail about the Howard government's attack on the Public Service and my concerns for its future.

But, first, let me return to aircraft noise. There is perhaps no single issue that has affected the hearts, minds and eardrums of the electorate of Lowe more than the Sydney airport issue. So significant is this issue to Lowe that the former Liberal member, Mr Paul Zammit, lost confidence in his government's willingness and ability to tackle the issue and felt compelled to resign from

the Liberal Party and contest the election as an Independent.

The people of Lowe have not forgotten the Prime Minister's broken promises on aircraft noise. This House has heard much debate on this issue, and it will hear a lot more during this 39th Parliament. However, I will make this point now, and repeatedly over the next three years: the residents of Lowe will not accept an unbridled continued expansion of Sydney airport—this is made even more urgent by recent predictions that the numbers of passengers travelling through Sydney airport will almost double over the next decade—nor will the citizens of Lowe accept uneven distribution of noise afforded in the long-term operating plan.

It is thus incumbent on this government to show some leadership and see that a second airport is made a priority. This concept includes opposition to airports at Bankstown, Hoxton Park and Camden becoming the dumping ground for regional air traffic movements, thus promoting Sydney airport as 'Jet alley'. This is clearly the intention for Sydney airport under the Howard government. The combined effects of the long-term operating plan, coupled with the entire traffic of Sydney airport being jet aircraft, amount to a fundamental failure of this government to adequately address aircraft noise, air safety and associated issues.

I turn now to taxation and the GST. The key message in the ALP's Plan for the Nation is: give the people a fairer taxation system. This means delivering real benefits to families on lower and middle incomes. It also means enabling government to raise the revenue necessary to increase services in critical areas such as health, education and the provision of jobs for all Australians. Labor remains committed in its opposition to a GST.

The reasons for opposing the GST are clearly spelled out: (1) GST affects consumption—it is a regressive tax on consumption—and (2) it affects those with a higher propensity to spend, that is, the higher your percentage of disposable income on consumption, the higher percentage of your disposable income is corroded by the GST.

Before looking at some facts, it is salient for this House to remind itself of some basic tax theory. A tax regime's fairness is not based on its incidence—that is, where the tax is levied—but where the ultimate burden of the tax falls—that is, on whose shoulders the tax most falls upon. The fairness of a tax must be understood in its burden, and understand who actually bears the greatest burden of a GST.

Let us look at some facts. Using the Australian Bureau of Statistics household expenditure survey, it is concluded that those households with lower income spend a higher percentage of their income on goods and services. For example, the ABS notes that the distributional impact of a GST on average weekly income would produce a regime of tax burden where the lowest income earners pay a higher percentage of GST impost than higher income earners. The ABS notes the GST impost on lowest income earners is more than four per cent of disposable income, while the impost on highest income earners is just over a one per cent impost. This government knows that the lower income earners spend a higher percentage of their disposable income on consumption. It therefore stands to reason that these people will bear the higher burden of the tax. Thus the effect of a GST will be to unfairly burden lower income earners.

On 9 November 1998 the government's own tax and superannuation expert, Liberal Senator John Watson, was reported as pressing the Prime Minister to make concessions on the government's tax package. Senator Watson was reported in the *Financial Review* as calling 'for increased compensation for low income earners'—a position in line with the Australian Democrats and the Independents. Senator Watson was quoted as saying at the Tasmanian Liberal Party's State Conference in Burnie:

I think it may be necessary to offer some concessions, concessions perhaps in terms of lifting the compensation to those who are perceived to be most affected.

The writing is on the wall: the government faces the most profound political backlash from implementing the GST as is. All this is based on a preconceived notion that this

government has the mandate, based on the previous federal election, for a GST. But this government does not have a majority vote, nor can it assert a mandate from the last election that the people voted for a GST.

Any tax that hits those least capable of paying is a bad tax. The GST burden crushes those least capable of paying the tax and, for this reason, must be abandoned. I find it particularly galling that the rich and powerful, through the employment of slippery lawyers and accountants, pay relatively little tax while the battlers haemorrhage. It is all very well for the government to preach tax reform to the Australian electorate, but the Australian people do not accept that in relation to the rich 'It's all too hard' to get them to pay their fair share of taxation. They expect us, the parliament, to fix it.

What is happening to the Australian Public Service? Prior to coming to this place I was employed for 28 years in the Australian Public Service. I say that with considerable pride because I am proud to have been part of one of Australia's great institutions established by the constitution and recognised around the world as one of the best administrations there is. It is disappointing to me to acknowledge that this government neither recognises the importance nor appreciates the work of the APS.

Since 1995 I have watched the APS being torn apart. This has resulted in absolute job losses in the public sector. At a local level in Lowe I have already had, in response to the savage cuts to Centrelink, a deputation from the CPSU. I look at the Centrelink branches in Strathfield and Ashfield and see the severe budgetary cutbacks that have greatly reduced the services they provide, thus causing social distress amongst the growing number of people who rely on these services. Already I have had complaints about long queues and long waits on the telephone. I am reminded of the words of the Hon. Bob McMullan MP who said:

I think there are areas where we have made cuts that mean we are spending less but we are achieving much less.

Cutbacks in Centrelink is one such area. These Centrelink cutbacks mean the absolute

loss of services to our constituents. In scaling down and outsourcing services, the responsibility of government in its social contract between itself and its citizens is fundamentally compromised. Employment is not a question of price efficiency. You cannot reduce Centrelink's efficiency to a profit line, nor can imputed efficiency savings be converted into real dollar cutbacks. Yet this is precisely what is happening, with disastrous consequences.

The Public Service is, amongst other things, the interface between the government and the governed. It provides services fairly, honestly, without discrimination and with great efficiency, remaining always accountable to the elected government of the day. The service is independent of the whims and fancies of individual politicians as it is required to act always in accordance with the law. Not only is the Public Service the interface between the government and the governed, but also it provides a simple means of feedback and advice from the governed to the government, avoiding the need for other channels, such as the news media, to sometimes create embarrassment to the government in pointing out failures of policy or administration.

It seems to me that the government is seeking to destroy the effect of interface between the government and the governed. Functions have been and are being outsourced to people who know little about them and who cannot be held accountable for their performance. Other functions are, it seems, being destroyed; functions such as assisting the jobless to find jobs or to at least acquire relevant skills. The simple and expedient device seems to work of starving the Public Service of resources, with the resulting failures of government policy and administration then being blamed on the bureaucracy.

The Howard government's approach has been characterised by a vindictiveness towards its employees which is destroying morale and making it easier for sackings to occur. It seems to me that it is not just Commonwealth government employees that the government is determined to get rid of but those who provide services required by the community. If I were really cynical I would

think the government wanted to rid itself of those citizens and others who receive pensions and other forms of support. Why else would they decimate Centrelink which has so outraged the community? What a lot of nonsense to say that service delivery on an individual basis will be more efficient with something like 30 per cent fewer staff?

The slash and burn policy of staffing the APS has been cruelly underpinned by the passage of the Workplace Relations Act 1996, which has shattered the unity and cohesion of the Public Service. It is now a number of fiefdoms with their own pay and conditions under their own agency agreements. The difficulties this created with machinery of government changes after the October election were anticipated by the Public Service, but this did not make it any easier to make the changes.

When a group of people were taken from one department and willy-nilly dumped in another with a different agency agreement in order to punish one minister or reward another, the resulting chaos about pay and conditions simply generated more work for other public servants to fix up. There was the failed attempt to rewrite the Public Service Act 1922. I assume the attempt will be repeated, and I eagerly look forward to the debate when the time comes.

I was proud of the Labor Party's defence of things that matter in public administration, most particularly the need to protect the professionalism and independence of heads of government agencies. Labor supported continuation of the existing proscription on patronage and favouritism and successfully campaigned for a new definition of merit in the now lapsed bill.

The primacy of merit in the selection of people for appointment to the service or promotion within it is mercifully not an issue about which there is partisan disagreement. The World Bank, in its publication, *World development report 1997*, acknowledges the importance of the merit principle in national development. Good government, the World Bank notes, includes mechanisms such as the merit principle to ensure independence and the absence of corruption. An independent,

corruption-free Public Service immeasurably assists both public and private sector performance. A genuinely independent Public Service is seen as an instrument of development, as reflected in the conditions now being imposed by the International Monetary Fund on countries seeking rescue packages.

In Australia, however, there has been considerable argument about the necessity for and the nature of mechanisms for ensuring the merit principle really is applied. For the last eight years of my 28 years with the APS, my work was with the Merit Protection and Review Agency, MPRA. Although now administratively amalgamated with the Public Service Commission to form the Public Service and Merit Protection Commission, the MPRA remains an independent statutory body whose role is independent external review of decisions and actions which affect all Commonwealth employees as employees.

The object of the Merit Protection (Australian Government Employees) Act 1984, requires the MPRA to ensure that such decisions and actions are fair and equitable and in accordance with sound personnel management practices, taking account of the efficiency of the employing authority and the need for good relations between employees and their employing authority. In practical terms, this means that the MPRA runs appeals on the merits against promotions. Other major activities include grievance resolution and mediation. I remain very proud to have been the New South Wales state manager performing this important review work.

I also want to acknowledge the work and contribution of Ann Forward, who was the director of the MPRA until the amalgamation in late 1995, after which she was the Merit Protection Commissioner until her retirement last July. Ms Forward will always be remembered for her loyal service to the government of the day and as a fierce defender of the Public Service.

While I am a member of this House I will retain a keen interest in the health of the Australian Public Service. I will see it as one of my key contributions in this place to ensure that this parliament properly scrutinises any further proposed changes to our great

Public Service to the detriment of civic society in Australia. I will also ensure that concerns about the Public Service reach out beyond Canberra, because in my electorate people are feeling it too. The annihilation of the Public Service means nothing less than the elimination of responsible government, the denial of people's right to be heard and the elimination of the most fundamental vehicle that enables natural justice to prevail. I will speak out against the grossest offences against the frail, the aged, the sick, migrants, the elderly, war veterans, those requiring state housing and those needing education, and health and law and order protection. I give a commitment to those who elected me to retain an efficient, effective, accountable and independent Commonwealth administration.

In concluding, more than ever the values of the Australian Labor Party will be represented in this House. We stand with an encouraging increase in numbers when compared with the last parliament, and we look to a future that is ever striving for a more equitable distribution of resources. I shall give myself fully to this task. The work and programs in this parliament are formidable. As we approach the 21st century we face a generation of jobless; people who have never known the meaning of the words 'job security'. Discharging my duties to the electorate of Lowe is my first responsibility. I commit myself to the pursuit of job creation, social equity and a diverse economy that can sustain the growth necessary to enable my constituents and all Australians to live with dignity and happiness, and to achieve harmony in a more independent, tolerant and egalitarian Australia.

**Mr GEORGIU (Kooyong) (5.07 p.m.)—**Mr Deputy Speaker Nehl, I would like to extend to you and, through you, to Mr Speaker my congratulations on your election. The positions of Speaker and Deputy Speaker are of fundamental importance to the standing and operation of this House and I know that you will discharge your high obligations with great distinction.

This is the third time in less than four years that the electors have done me the honour of returning me to the House of Representatives as the member for Kooyong. The people of

Kooyong have always been fair minded and forward looking, and I wish to place on record my sincere thanks for their continued support. I reaffirm my commitment to communicating with them, to listening and to giving them service and effective representation in the House.

I would also like to place on record my thanks to my federal electorate chairman, Wolf Garwoli, and to the members of the Liberal Party branch in Kooyong. Their efforts have kept the seat of Kooyong secure for the Liberal Party and their unstinting physical and material support of other seats in Victoria have made a substantial contribution to the Liberal Party at large.

The Governor-General's speech put forward a wide-ranging program for the Howard government in its second term. There are a number of its themes that I wish to touch on in the course of this speech, but first I want to say something about the election. The 1998 federal election was, beyond question, a very tough, hard fought contest. A real tribute is due to the discipline and focus of John Howard and the coalition leadership team and to the hard work of the federal secretariat.

I would also like to recognise the work of the Victorian division of the Liberal Party. Since we took nine seats from Labor in 1990 Labor has, at every election, briefed the press that they would make massive inroads into the number of federal seats held by the Liberal Party in Victoria—and every time Labor has hit the wall. I would like to congratulate the Victorian division for its professionalism and its determination not to be distracted from the task of beating the Labor Party.

We on this side of the House owe a major tribute to the tenacity with which the coalition's marginal seat holders fought to maintain the support of their constituents. It was their efforts at the grassroots which made a vital contribution to preventing a swing to Labor being converted into a change in government. Nonetheless, a number of my colleagues in marginal seats were defeated, despite the strength of their campaign and the contribution their efforts made to the coalition's overall victory. The government

has lost some very fine and very talented parliamentarians, who would have continued to make a very substantial contribution to the parliament and to the national interest.

Politics is a hard business. We are all adults, the stakes are high and we do play to win. But I do not believe that the will to win has blinded members on either side of the House to the fact that politics can sometimes be very cruel in terms of its impact on the lives of individual politicians and their loved ones. In this context I want to mention Warwick Smith and Russell Broadbent in particular because, having lost their seats in 1993, they once again left their other lives and successfully stood for parliament in 1996 only to lose again at the 1998 election.

I doubt if there has ever been a golden age in which democratic politicians have been universally held in high regard, but I think it is equally fair to say that today the Australian public views politicians with a heightened sense of cynicism. I think the cynicism might be diminished just a little if there was a wider recognition of the sacrifices that people like Russell and Warwick and their families have made because of their desire to make a contribution through this parliament to creating a better Australia.

I wish to make another observation about the election. It is not one based on partisanship, although I have to say I do derive some partisan enjoyment from it. Having been involved in federal election campaigns since 1975, I have seen strategic mistakes made on both sides of the political hill. Some of these mistakes have been due to pressure, some due to overstretching due to imperative political demands, others caused by simple arithmetic errors or merely indulgently taking one's eye off the ball. In some campaigns I have seen all four of these happen. But I have never witnessed an unforced strategic error of the magnitude of the Labor Party's promise to impose a capital gains tax on quarantined pre-1985 assets. There was no imperative to impose such a tax. The reported revenue that flowed from such a tax did not greatly contribute to Labor's bottom line.

The tax contradicted Paul Keating's commitment that the new capital gains tax he



introduced in 1985 would 'be prospective in every sense'. To put it crudely, the 1998 proposed tax was retrospective. This tax put off a huge number of voters who for over a decade had premised their actions on Labor's 1985 commitment. Not least, the proposed tax could be attacked utterly without distortion by quoting Labor's own policy. I quote from the policy at page 61:

All pre-CGT assets must be valued as at 1 January 1999. All real gains made from the valuation date will be subject to CGT.

I believe that the Labor Party paid dearly for that. Perhaps the people who were busy rewriting Mark Latham's education policy would have been better off scrutinising Labor's tax policy.

The issues at stake in the 1998 federal election and which will be addressed during the term of the current parliament are many and varied. There are, however, three issues in particular that I want to look at it. The first is tax reform. I do not think there can be any disputing of the fact that the central issue leading up to and throughout the 1998 election campaign was the reform of Australia's tax system. For the first time in modern Australian political history, and I think that is probably being a little historically modest, both domestically and internationally, the government went to the election with a clearly defined and comprehensive plan for redesigning Australia's tax system, the plan which included the GST—and the government won.

What emerged very clearly over the government's first term of office was a real sense that Australians are fed up with the complex, confusing, inefficient, inconsistent and unfair nature of the existing tax system and that they want it fixed. The government had the courage and honesty to put forward a bold plan of tax reform which proposed key reforms. The government proposed reforms to indirect taxes and state finances designed to get rid of the worst of the current indirect taxes levied by both the Commonwealth and the states and to replace them with a simple and transparent goods and services tax, and to address the issue of Commonwealth-state financial relationships.

The government also proposed reforms to income tax and social security systems which were designed to provide across-the-board tax cuts, compensate for the impact of the increase in direct taxes, and achieve a more sensible integration of tax and transfer arrangements. It also proposed reforms to business taxes to improve the certainty, consistency and fairness of business tax arrangements, to address tax avoidance opportunities, and to ensure that tax arrangements more closely match commercial realities. There are also reforms to tax administration to reduce the administrative workload on individuals and companies, and to remove some of the inequities in payment arrangements between different types of taxpayers.

The plan will deliver substantial long-term improvements in the operation of the economy, to the benefit of all Australians. These improvements will be reflected in higher economic growth, a stronger export performance, more jobs and lower unemployment.

On election day, the Australian people, having been subjected to mountains of information from the government and misinformation from the opposition, as well as persuasion and dissuasion on the tax reform plan, re-elected the government—the government which was demonstrably, publicly, unequivocally and totally committed to implementing this plan.

The simple fact is that the Australian people elected the coalition—not Labor or the Democrats—to govern. The government's intentions were clearly put and the government now has an unambiguous responsibility to implement the platform on which it stood, the platform on which it was elected. The Labor Party is trying to prevent a government implementing the mandate on which it was elected.

The Labor Party's position on this is not only opportunistic but it is also hypocritical in the extreme. Whenever the topic of taxes and elections is raised, my mind instantly goes back to the events of 1993. I admit that some bits of 1993 were a touch traumatic—actually, lots of 1993 were a touch traumatic—but it is worth the pain of remembrance because what Labor did then underscores the utter invalidity of Labor's current stance.

In the lead-up to the 1993 election, the Labor Party legislated a raft of personal income tax cuts. Paul Keating promised, in his now famous words, 'not to put up tax'. That is now history, because after the election Labor dumped its tax cuts and increased indirect and other taxes in the 1993 budget. The Labor Party then went on a rhetorical binge when the coalition held it to account for breaking its fundamental pre-election commitments after the election.

Today, however, the Labor Party is desperately thrashing around trying to prevent the coalition government from keeping its fundamental election commitments. The only consistency, at least that I can find, throughout this is that Labor is resolutely determined to ensure that the Australian public does not get the tax policy that the party elected to government clearly campaigned on.

In 1993, the Labor government dishonoured the tax promises it made and, in 1998, Labor wants to use its representation in the Senate to prevent the coalition from honouring its tax promises.

Of course the election was about more than just tax. As the Governor-General made clear in his speech, this government will be about more than just tax.

One of the most important challenges facing the government over the next three years will be to put in place measures to ensure high quality health services to all Australians, both now and in the future. This challenge has confronted every incoming Australian government for at least 25 years. It is a challenge which I think this government is well positioned to confront. The government supports absolutely Australia's Medicare system which provides universal access to public hospital facilities and helps to subsidise people's medical costs, both in and out of hospital.

However, the government recognises that Medicare cannot stand alone. It must be supplemented by a strong, viable private health insurance system. I have advocated the significance of private health insurance over many years, and I have consulted widely on it with the constituents of Kooyong. I have received their overwhelming support on this.

In my first speech in this House, back in February 1995, I said that revitalising private health insurance is 'not just a matter of need, but also a matter of rationality. If the 700,000 Australians who have let health insurance lapse since 1990 access public hospitals at the rate of Australians overall, the drain on the public purse will be about \$495 million per annum. If immediate remedial action is not taken, the outcome is clear. We will have a non-viable private hospital and private health insurance system, with the public system collapsing under the weight of burgeoning waiting lists, and an unacceptable financial drain on government and taxpayers'.

The problems of Australia's private health insurance system stem essentially from the decline in private health insurance coverage from 68 per cent in 1984 to just over 30 per cent of Australia's population today. This decline, caused by a string of Labor actions and inactions, has driven up premiums as the group of net contributors to the funds has diminished. Additional pressures have consequently been placed on the public hospital system as people dropping out of private health insurance have come to rely primarily on the public system.

I am not sufficiently naive to presume that such an established and self-reinforcing cycle will be simple to correct—far from it—but we have to make every endeavour to reverse the cycle. During its first term in office, the coalition government introduced a number of measures designed to address the problem. These developments were positive and they went beyond anything ever contemplated by the Labor Party, but still more needs to be done.

The government's proposal, announced at the time of the tax reform plan, to provide an uncapped, un-means tested rebate of 30 per cent of people's expenditure on private health insurance puts the most important element of an eventual solution in place. The incentive will be a tremendous relief to those Australians who have struggled to maintain their private hospital insurance in an era of rapidly increasing premiums. It will ease some of the pressures placed on the public hospital system

by the Labor Party's total neglect of a critical part of Australia's health care infrastructure.

That is one part of the Howard government's strategy for rebuilding Australia's health care systems and equipping them for the needs of the next century. Another is the provision of over \$3 billion in additional funding to the states for public hospitals.

The Labor Party, I understand, will oppose the new rebate, as I expect it will oppose most of the initiatives put by the government to the parliament over the next three years. But Labor can put forward no alternative scheme to turn around the decline in the private health insurance sector and thus no viable long-term solution to the problems of financing Australia's health care needs.

The simple fact is that more than 25 per cent of Australia's total health expenditure, in excess of \$13 billion, is financed from private sources, either through private health insurance or as direct out-of-pocket expenditure. If private expenditure were to be run into the ground, this 25 per cent would be lost, placing an extra \$13 billion or so funding requirement on government.

A universal access, effective and efficient public health system is vital for Australia. For this to be really effective, it must be complemented by a system which actually encourages people who can do so to make an additional contribution to their health care costs. That is the rationale behind the government's efforts to encourage people back into private health insurance. It is something that the Australian health system needs and it is something that the public wants. If the Labor Party tries to prevent it being put into place, Australia's voters will punish Labor. That is a simple statement of fact.

The other important outcome of the election was the defeat of Pauline Hanson's misnamed One Nation Party. Pauline Hanson made bold predictions about significant increases in One Nation's representation in both the House of Representatives and the Senate. The election's outcome has given One Nation one defeated leader, not one seat in the House of Representatives and only one senator. I think this is a testament to the intelligence, openness,

tolerance and fair-mindedness of the Australian community.

I do not believe, however, that there can be any room for complacency. The hard fact is that One Nation received 8.5 per cent of the primary vote for the House of Representatives across the country—almost one million primary votes. The hard fact is that One Nation did win 11 seats in the Queensland state election. The hard fact is that in future elections, with or without Pauline, One Nation will have the benefit of the public funding they derived from this election, as well as the experience of having run a national campaign. We cannot assume that the One Nation party is over.

I believe that the Prime Minister was right when he said of those attracted to Mrs Hanson:

A few no doubt are [bigoted, narrow-minded and racist]. Most, however, are not.

In an environment where change is ongoing and often dislocating, it is easy for people to be attracted by simplistic solutions to the problems we face. To address the appeals of Hansonism, we need to hammer away at simplistic proposals that just don't work—at the two per cent Easy Taxes. And we need to constantly hammer away that beneath these simple solutions is the fundamental basis of Hansonism: a hard core of bigotry, racism and intolerance

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

#### ADJOURNMENT

Motion (by **Mrs Stone**) proposed:

That the House do now adjourn.

#### Health: Disability Services

**Ms HALL** (Shortland) (5.26 p.m.)—Yesterday in my first speech in this House I put on notice that the people of Shortland were sick of this government ripping services out of their community. In fact, my parliamentary predecessor, Peter Morris, brought the concerns of the electorate to this parliament when the Howard government closed the Belmont Medicare office. He presented petitions and he raised the matter in adjournment debates here.

Belmont Medicare office was a very vital service for the people of Belmont and the surrounding area. The Howard government really demonstrated their lack of knowledge of the electorate of Shortland when they closed that office. It meant that people have to travel many, many kilometres to Charlestown—which the government were not even able to spell correctly—to gain refunds from their local Medicare office. The area it served has a lot of elderly people and people with young families, and often they needed to get the Medicare refund from the doctor's bill to be able to purchase medication.

There was also the closure of the Commonwealth Rehabilitation Service. I worked in the Commonwealth Rehabilitation Service myself for many years, and I was an employee of that service when the office in Charlestown opened. It was opened to provide a better service to people with disabilities. It was part of the Labor government's philosophy that you should deliver services to people near to where they live. Instead of people with disabilities being able to go to Charlestown and travel maybe 10 kilometres to get the assistance they need, now they have to travel right into Newcastle. It is argued that staff can go and provide the services for people in those areas, but you cannot perform a physical tolerance assessment in a person's home and you cannot undertake a vocational assessment in a person's home. It is all about disrespect for the people of Shortland and it is all about not providing those services that people need in their areas.

The cutting of the Centrelink visiting service to Swansea was another example of the disrespect held for the people of the area. It benefited Eastlakes Neighbour Aid Centre, where they went, and it also benefited the people of the area. Once again, they have got to travel many kilometres to Charlestown. Public transport takes them an hour and it costs them money to get there—money that they do not have.

Unlike this government, my approach is to provide more services rather than fewer services to the people of the electorate. Where the Howard government removed the services from the people of Shortland and took away

that visiting service to the people in Swansea, what I will be doing is providing a visiting service to the people in Swansea and other areas throughout the electorate. Tomorrow I will be going to Swansea. I will be going to the Eastlakes Neighbour Aid cottage, the cottage where Centrelink once visited. I will be seeing people there, and I will be prepared to offer a service.

We on this side of the House are about providing services. We on this side of the House are about people. We on this side of the House are about community. We on this side of the House care about people: we care about the people in Shortland, just as I care about the people in Shortland.

We are going to fight to see that you on that side of the House do not take away any more services from these fine working people of Shortland. These are people who can no longer go to the Belmont Medicare office and who have to travel a number of kilometres to get their refunds. These are people with disabilities who can no longer get the services that they need in that area. These are people in receipt of social security benefits who now have to travel a number of kilometres to be able to get those benefits paid to them. They have to rely on public transport. They do not have the money to be able to access those services because those on the other side of the House are always taking away their benefits and restricting what they are entitled to.

I am about making sure that the people of Shortland have those services and that they get the good strong representation that they deserve.

#### **Employment: Jobs Pathway**

**Mr LINDSAY** (Herbert) (5.31 p.m.)—I was beginning to get concerned, Mr Speaker. In question time today there were four questions given to NSW members, four to Victorian members, one to a South Australian member and one to a Western Australian member.

**Mr SPEAKER**—The member for Herbert now has the call so he can be reassured.

**Mr LINDSAY**—I have a few comments I would like to make about the Jobs Pathway program. This is a tender process. The Jobs Pathway program is an excellent program of

the government. It is an initiative that does help young men and women who are at risk of dropping out of school too early. It is an initiative that a large number of students who do not choose to carry on with tertiary or higher education can take part in.

Last year, the Townsville and District Education Centre in Townsville had a contract in a Jobs Pathway program and it achieved an outstanding result. They contracted for a certain number of students and in fact exceeded that number. They achieved a first-class result in getting those young Australians jobs. Through the excellent resources of TADEC in Townsville, about 150 of those students ended up with jobs that they would not otherwise have had.

This year when the contract period came up again this well-performing Jobs Pathway program participant missed out on a contract. In fact, nobody in Townsville got a contract. I know I am being a bit parochial but, as the local member, I could not understand that—it surprised me greatly. Townsville is the capital city of northern Australia and it has the demands and needs that other cities have.

I have now been in contact with the minister's office and I understand that there is going to be some kind of process that will allow a contract to be looked at. I hope that that process proceeds. Those contracts will undergo a review and I think that there will be some kind of fee-for-service arrangement with the Commonwealth to get that back in place in Townsville.

Needless to say, I will be watching that process very closely. I strongly urge the minister, the department and TADEC to work together to try to get an arrangement in place that suits everybody so that the youth employment and education needs of the twin cities as well as the goals of the federal government are met.

TADEC performed over and above what was expected of them. They were contracted for 116 jobs and they succeeded in getting some 150 young people into work. Not only was this a great result at a time of high youth unemployment but it was a great result, full stop. That aside, I strongly support the Jobs Pathway program. Its conception and intro-

duction was a landmark decision of the first Howard government.

The unemployment numbers coming out today are a great result as well. Not only was the national result terrific but in my own electorate 650 people came off the unemployment lists in the last four weeks. That is a magnificent result and it is something the government can rightly be proud of.

**Mrs Bailey**—Caring about people.

**Mr LINDSAY**—Yes, you are absolutely right. I will be making sure my electorate knows about that and about the achievements of this government.

#### **Aboriginal Reconciliation**

**Mr MELHAM** (Banks) (5.36 p.m.)—I was honoured to be reappointed by the Leader of the Opposition as shadow minister for Aboriginal affairs, with the added responsibility of shadow minister for reconciliation. I was also pleased to listen to the Governor-General's speech in the Senate earlier this week, where the government committed itself in the following words:

The government will work to achieve the goal of reconciliation over the next two years. It will do so in the knowledge that the great majority of Australians want true reconciliation to be achieved and will support a co-operative approach to achieve that outcome.

The Hon. Robert Tickner, the former Minister for Aboriginal and Torres Strait Islander Affairs, and Dr Wooldridge, who was then the shadow minister for Aboriginal and Torres Strait Islander affairs, pioneered a bipartisan approach at the commencement of the Council for Aboriginal Reconciliation Act in 1991, where we dedicated ourselves to working towards reconciliation by 2001. There was a bipartisan approach back then, and I can guarantee that we will continue down that path in the next two years.

#### **McEwen Electorate**

**Mrs BAILEY** (McEwen) (5.37 p.m.)—Mr Speaker, as this is really the first opportunity that I have had when speaking in this chamber, I want to congratulate you on your election to this high office and to wish you well. As a preface to the remarks that I will be making in this debate, I would like to say

how absolutely delighted I am to be back here as a member of the second Howard government and to express my thanks here in this chamber to the wonderful constituents of McEwen who made sure I came back to be a member of the second Howard government. It is with great pleasure tonight that I pay tribute to some wonderful people in the magnificent electorate of McEwen who have performed absolutely outstandingly.

I want to firstly pay tribute to the Shire of Murrindindi, which has taken out one of the most prestigious 1998 national awards for innovation in local government. The Shire of Murrindindi has taken out the winning position in the category of regional and economic development. Murrindindi, while it is a shire that covers a very large land mass within the electorate of McEwen, is a reasonably small shire by Victorian standards. It is a shire that comprises many small towns that, over the past decade or more, have had to adjust and have had to find new ways to cohesively bind the people within the communities of the shire of Murrindindi together.

We have an innovative and unique partnership within the shire of Murrindindi, because the shire has formed a partnership with a Japanese investor, Ito En, together with local farmers. They have trialled two new crops: green tea and wasabi. Not only have they trialled these two new crops but, in the case of the wasabi crop, they are actually trialling it by growing it in the by-product of fish farms within the shire. This is, as I said, a most innovative project. I would like to read to the House a comment made by the judging panel when deciding that the shire of Murrindindi should be the winner of the regional and economic development award. The judging panel had this to say:

This entry demonstrates how effectively local government can be, as a facilitator, uniquely positioned to establish close links with those involved for the benefit of the local and broader community.

In trialling these two new crops, the shire of Murrindindi has provided local employment in the short term; but, of course, in the longer term we are looking for much greater things. This is an important export initiative which,

in the years ahead, will be adding to our local economy.

It was not only the shire of Murrindindi that starred in these local government awards; so did two other of my shires. The shire of Yarra Ranges, in which I am a resident, was a category winner for bush care and environment. The shire developed a plan for emergency management, which involved working with landowners with the larger bushland properties. Through a process of self-assessment, they have identified fire risk and have then devised strategies to implement an effective fire protection action plan. Given that this shire covers a huge area with approximately 140,000 people, this is an absolutely fantastic plan, working effectively at the grassroots.

The third shire that has won an award in these local government awards is the Shire of Whittlesea. They have developed an innovative strategy for getting people to clean up sporting grounds. Once again, this is a large shire developing a concept at the grassroots, involving all of the local communities and families. I say well done to all three of those shires, but in particular to the shire of Murrindindi. (*Time expired*)

#### **Goods and Services Tax: Northern Territory Election**

**Mr SNOWDON** (Northern Territory) (5.42 p.m.)—I want to welcome to the House today some residents of Christmas Island, who are here visiting parliament. We just had a discussion and one of the things they raised with me was the impact of the GST on their community. The reason why it is important is that they were told prior to the election that the GST would have no impact upon them because they do not pay any wholesale sales tax. Of course, those people who said that neglected to tell them that any goods they purchased in Perth would all have the GST applied to them. So they will feel the full impact of the GST on goods and services they purchase off the mainland. This was not something that was discussed with them, nor was it something that was owned up to by the government. Nevertheless, I am happy to say that they voted overwhelmingly for me, so I want to thank them for that support.

There has also been a lot of misinformation given about the GST in terms of its impact on regional and remote Australia. I was interested to see yesterday that members of the government were giving fulsome support for the idea of a GST because they thought it was going to be good for regional Australia. I come from a part of regional Australia where it will be an absolute disaster. I want to give you an illustration of what a disaster it would be.

Tangentyre Council is a town camp organisation in Alice Springs. It looks after the interests of Aboriginal people who live in those town camps. They undertook a study of the 'town camper' community and its impact upon them of a GST. They came to the conclusion that a single aged pensioner who receives \$377.50 per fortnight would, under the GST proposal, receive a four per cent increase, which would take that up to \$392.60, or \$15.50 in addition. The work impact of the government's GST, on its own estimates, would be an additional cost to them of \$25 in the same period. In other words, they would be \$10 shy. These people are not silly. They understand when they are being told porkies, and they have been told enormous porkies by this government about the impact of a GST upon them.

Work has been done on the effect of the GST on remote communities. I will raise another example to give you a comparison of the impact of a GST on, say, middle-class Manuka as opposed to an underclass of people at Kalkaringi in the far north-west of the Northern Territory. There is a chicken takeaway at Kalkaringi. You can buy a roast chook there for 10 bucks. A roast chicken of a similar size costs \$6.50 in Manuka. I give that example to note the impact of a GST. The difference between a 10 per cent charge on \$10 and on \$6.50 is fairly obvious, even if you discount it for the other taxes that the government say they will be removing. These are the poorest people in Australia.

**Mr Lloyd**—They will be better off.

**Mr SNOWDON**—Who will be better off? Comrade, come with me to the Northern Territory to visit these people and tell me how

they will be better off. They will be worse off.

**Mr SPEAKER**—The member for the Northern Territory will address his remarks through the chair.

**Mr SNOWDON**—Comrade chair, there is no question about it.

**Mr SPEAKER**—The member for the Northern Territory does not intend, I am sure, to insult the chair, but he should be careful.

**Mr SNOWDON**—They will be far worse off, they know it and you know it. The other support we had during the election campaign was with regard to a GST on fuel. Lachlan McIntosh, from the Australian Automobile Association, blew that one out of the water. He said:

I think it is more likely that the GST, being 10%, will be larger on a 75 cents a litre petrol than on 60 cents . . .

That is fairly obvious, you would have thought. He continued:

. . . it'll be one-and-a-half cents more, it'll be rounded up to two cents, so you are going to see slightly larger margins than in the city.

It costs 88c a litre to buy fuel in Alice Springs. Are you telling me that, with the imposition of a GST and the removal of other taxes, petrol is going to be cheaper in Alice Springs? Are you sitting there telling me truthfully that it will be cheaper? The answer is no and you know that I am correct.

What we heard in the lead-up to the election was the GST being paraded around the country as a panacea for everything that was evil for the community in terms of taxation. What we have come to learn, however, is that it will be a grave impost upon remote and regional Australia and that the gravest impost of all will be on those Aboriginal Australians who live in very remote communities and who do not have the discretionary incomes of the type of people who live in Manuka. (*Time expired*)

#### **Environment: Gladstone City Council**

**Mr NEVILLE** (Hinkler) (5.47 p.m.)—I rise to speak today to applaud the efforts of the Gladstone City Council, the Gladstone Port Authority and the Gladstone power station

operator NRG in rehabilitating and regenerating industrial land around the port city. It is not just the fact that these organisations have taken an environmentally aware path in this undertaking that is worthy of praise, but the fact that they have also done this quite successfully. That prompts me to bring this to the attention of the House tonight.

I particularly stress to the House the ingenious manner in which the project has been conducted in the hope that more communities might take a lead from Gladstone. The so-called 4F program for tree planting was pioneered by Mark Burns of the Newcastle business Global Soil Systems and propelled Gladstone—Queensland's industrial powerhouse—to become the state finalist town in the National Tidy Towns Competition in 1996 and the BHP Environmental Award for best local government environmental practice in 1997.

It was the council's Environmental Services Director, Len Woodman, who first coined the '4F' phrase for the practical application of the modified direct tree-seeding operation over 200 hectares of land in and around the city. The 4F program refers to flood, fire, famine and the fundamental orifice, and describes the various methods of stimulating seeds or, put another way, when it comes to planting them, council staff find them, fertilise them, flick them and then forget them.

The 4F method was developed on the realisation that most native Australian trees reproduce themselves by producing seeds that fall to the ground and lie dormant until the conditions are right. As we all know only too well, especially my National Party colleagues, Australian conditions are often very harsh as a result of extremes of weather, so many seeds have in-built dormancy mechanisms which prevent or delay germination.

Some need to be scorched by fire; others need to be passed through the digestive tracts of animals like flying foxes or birds such as parrots—one of the most important methods of propagating trees in this country. A unique polymer coating placed on the seeds used by the Gladstone City Council tricks them into thinking they have been through the digestive tracts of an animal or bird, leading to 70 per

cent germination. They are also soaked in fertiliser. Fire is replicated by exposure to either smoke or heat, the famine component comes from exposure to long periods of harsh dry weather and the flood component is reliant on the heavens.

For example, most acacia species have a hard seed coat and if this coat is damaged by scarification or dipping in boiling water, the seed germinates more rapidly and uniformly than an untreated seed. In so doing, the natural processes of abrasion or fire are replicated.

Gladstone City Council has sown eucalypts, callistemons and acacias in nine areas, all of which have shown excellent results. I visited the first site with Mr Woodman about nine months ago and I was amazed to see that seeds had germinated not from 10 hectares of irrigated and fertilised topsoil, but from a barren landscape of clay, rock and gravel covering a rubbish tip on saltpan land. At that time the trees were hip high and now they are two metres tall. I find that simply amazing.

The former council tip at the Callemondah rail yards had been mangrove and saltpan before a bund wall had been built and had turned it into a vacant space. It was then filled with civic rubbish and ultimately topped with rock, clay and gravel. The only preparation of this 10-hectare site was the ripping of the surface to create nooks and crannies for the seeds to shelter in. They were then hand sown by simple broadcasting. This particular project cost just \$350 a hectare, but since then, and having refined the process, the council has brought the cost down to \$125 a hectare. That is barely \$50 an acre. You can imagine what could be done around barren parts of Australia if this method were employed.

I commend Mayor Peter Corones—whom I met in my office here yesterday while he was down for the ALGA conference—his councillors and staff for their efforts and their readiness to embrace exciting new technologies in such a practical way. (*Time expired*)



### Hospitals

**Ms MACKLIN** (Jagajaga) (5.52 p.m.)—Mr Speaker, I take this opportunity to congratulate you on your election to the speakership.

I want to speak tonight about the crisis in our public hospitals, a crisis which this government is content to basically ignore. There are three examples that I want to use to demonstrate the point that we have a very serious problem confronting this country. It also brings the lie to the statement so often made by this government that they are committed to Medicare. They are not committed to Medicare because they are not committed to giving the public hospitals of this country the resources they need to deliver the services that the community so urgently requires.

The first example comes from a major teaching hospital in my electorate, the Austin and Repatriation Medical Centre. It has just published the fact that its annual budget deficit has blown out to \$28 million—\$28 million, in a major teaching hospital in Melbourne—and it comes after the hospital received a loan of just \$4.8 million from the state government in April this year. This hospital cannot cope with the pressures upon it. People are having to wait on trolleys in the emergency department. The latest we have heard from the Department of Clinical Psychology at the hospital is that its budget is about to be halved. From the information provided by the hospital, the reason for change is to achieve cost reductions.

At risk are services that deliver specialist outpatient services for people with significant emotional difficulties, an infant clinic for mothers with postnatal depression or infants at risk, a medical psychology service for in-patients in the spinal unit and a number of other very important units in the hospital. There is also staff counselling and a clinical training unit. All of those services are at risk because of this government's attitude to public hospital funding.

The other two examples are in Sydney, one of which many members may have seen. It raises a very significant issue, one which we all must confront. There has been a suggestion that two major teaching hospitals in Sydney have apparently been accused of

refusing surgery to Mr John Quinn on the basis of his age. Looking through the material that has been provided to me by Mr Quinn's son, the evidence is, as he says in a letter to me:

All of us I am sure hope to get a fair go from the health care system in our old age. While such policies—

that is, the policies of determining access to hospital services on the basis of age—

are no doubt a reflection of an under-resourced health care system it is time that there is a full debate of this issue.

He hits the nail on the head when he says that this issue is a reflection of an under-resourced health care system. Nobody at these hospitals—the doctors, the administrators—wants to have even an unofficial policy of discriminating against people on the basis of age. Certainly, one of the hospitals has indicated that they do not have any policy to discriminate on the basis of age. Rather, they say that Mr Quinn was not accepted for care because it was likely that no bed was available. Of course, the reason no bed was available is that there have been inadequate levels of funding provided by this government to our public hospitals.

The third example concerns a young boy, Nicholas Wilson, whose parents have been told by this government that he will not be eligible to receive special subsidy for a growth hormone which he needs as a result of his kidney disease. I understand that one needs proper processes for reviewing these things and I know the Pharmaceutical Benefits Advisory Committee does a good job. I understand the government has said that this child, as a result of pressure, will not lose his subsidy but children will in future. That is yet another example of the real impact of this government's cost cutting in our public hospitals. (*Time expired*)

### Telopea Post Office

**Mr ROSS CAMERON** (Parramatta) (5.57 p.m.)—In the couple of minutes remaining to me, I want to bring to light a matter of grave concern to residents of the Dundas Valley in my electorate, that is, the closure of the Telopea post office. The post office is like the

lifeblood of a local shopping centre. This closure has caused a particularly deep wound.

The Teloepa community enjoyed the services of the Commonwealth Bank at the local shopping centre. When the bank closed, customers were told not to worry because Australia Post, through its contracted post office, would be providing the services previously provided by the Commonwealth Bank. Now we find that the post office licence is about to be terminated, and the residents are naturally unhappy about the decision. On 23 October, I was informed by letter by Mr Garry Metcalfe of Australia Post that:

I have recently undertaken an administrative review of the Teloepa Licensed Post Office. The review followed some concerns that came to light about the operation of the facility.

The post office was closed recently and after thoroughly reviewing its operations I have decided that it will remain closed.

I then sought a meeting with the New South Wales managers responsible for the operation of the licensed post offices, Mr Rod Preston and Mr Dennis Harelle, to ask for an explanation of the decision. I think it is fair to say that the explanation provided remains unsatisfactory. The local residents and the local chamber of commerce are all reeling in disarray about the decision. They have not been provided with a clear explanation for it.

There are many older residents in public housing nearby who rely on the licensed post office to collect their pension and it seems that they are frightened and apprehensive. They are worried about gas, electricity or phone services being cut off because they cannot access the pension to pay their bills. They are entitled to an explanation of the rationale of Australia Post.

**Mr SPEAKER**—Order! It being 6 p.m., the debate is interrupted.

**House adjourned at 6 p.m. until Monday, 23 November 1998, at 12.30 p.m. in accordance with the resolution agreed to this sitting.**

#### NOTICES

The following notices were given:

**Mr Martin** to move:

That this Parliament calls for the referral of an inquiry into the Australian insurance industry to the House of Representatives Standing Committee on Finance and Administration and the issues to be considered to include:

- (a) the moral and legal responsibility of insurance companies to honour policies in respect of storm damage and flood;
- (b) necessary legislative change to ensure pedantic definitional arguments are not used by companies to negate payments to policy holders;
- (c) the examination of the legislative base in the provision of flood insurance in the USA and UK and its potential relevance to Australia;
- (d) the ways in which insurance companies approached the interpretation of storm and flood damage in recent disasters in Wollongong, Katherine, Coffs Harbour and Townsville; and
- (e) existing Commonwealth and State or Territory government legislative support mechanisms to assist areas and victims affected by such disasters and whether changes are necessary to ensure rapid and effective relief.

**Mr Mossfield** to move:

That this House:

- (1) notes the increasing number of closures of bank branches within the Australian community;
- (2) agrees to refer the issue of bank closures to the Standing Committee on Family and Community Affairs to take evidence as appropriate and consider appropriate recommendations to place before the House; and
- (3) determines that, as well as the general reference, the standing committee also inquire into and report on the increasing number of service reductions within communities and the increasing difficulties with which remaining services are able to be contacted by local residents where services are reduced or removed.

**Mr Albanese** to move:

That this House:

- (1) recognises the importance of affordable, quality child care for Australian parents;
- (2) deplores the lack of childcare facilities available to Members, Senators and staff working at Parliament House, noting that this lack of workplace child care has led to increased difficulties for parents working at Parliament House following the Coalition's attacks on child care over the past 3 years;

- (3) condemns the Howard Government for its massive attacks on child care and notes that in the course of the first Howard Government childcare funding was slashed by a total of \$800 million; and
- (4) expresses its concern that these cuts have resulted in fee rises, the closure of childcare centres and women being forced out of the paid workforce, instead of providing families with a choice about how they care for their children.

**Mr Mossfield** to move:

That this House:

- (1) notes the decline in home ownership in Australia;
- (2) agrees to refer the issue of declining home ownership to the Standing Committee on Family and Community Affairs to consider ways of increasing home ownership in Australia; and
- (3) determines that, as well as the general reference; the standing committee inquire into the feasibility of the use of the family payment for the purpose of the deposit for a first family home and particularly examine how this might assist low income families to purchase their own home.

### PAPERS

The following papers were deemed to have been presented on 12 November 1998:

Acts Interpretation Act—Statement relating to delay in furnishing reports within specified period—Sydney Airports Corporation Limited and Essendon Airport Limited—Statements of Corporate Intent.

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—Parts 20, 82—Amendment 31 October 1998.

Exemption 1998 No. CASA 41.

International Organisations (Privileges and Immunities) Act—Regulations—Statutory Rules 1998 No. 252.

National Health Act—Determination 1998 No. HIG 8.

Patents Act—Regulations—Statutory Rules 1998 No. 241.

Therapeutic Goods Act—Determination 1998 No. Imo/No. 2.