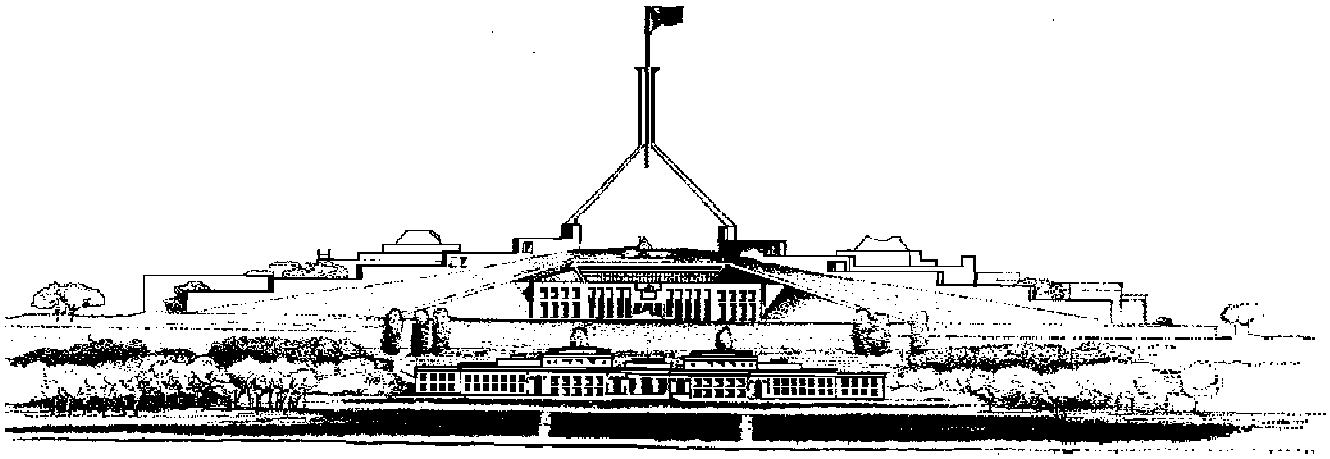
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



SENATE

Official Hansard

WEDNESDAY, 4 DECEMBER 1996

THIRTY-EIGHTH PARLIAMENT
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE SENATE
CANBERRA

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WEDNESDAY, 4 DECEMBER

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Wednesday, 4 December 1996

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

PETITIONS

The Clerk—A petition has been lodged for presentation as follows:

Commonwealth Dental Health Program

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

The humble petition of Citizens of the Nillumbik Shire and Surrounds draws to the attention of the Senate that the closure of the Commonwealth Dental Health Program will result in considerable pain and suffering to those people who are Health Care Card holders and their dependents.

Your Petitioners therefore pray that the Senate restore the Commonwealth Dental Health Program for Health Care Card holders and their Dependents in the 1996/97 budget.

by **Senator Panizza** (from 11 citizens)

Petition received.

NOTICES OF MOTION

Consideration of Legislation

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer)—I give notice that, on the next day of sitting, I shall move:

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

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

Leave granted.

The statement read as follows—

Urgency of Hindmarsh Island Bridge Bill 1996

The Bill

The Hindmarsh Island Bridge Bill provides that the Minister may not make a protection order under the Aboriginal and Torres Strait Islander Heritage Protection Act over the area needed for the Bridge.

Reasons for Urgency

Matters concerning the Hindmarsh Island Bridge have already cost the Australian taxpayer in excess of $4 million and have remained unresolved for three years. The affair has undermined, and continues to undermine, public confidence in the ability of governments to deal sensibly with indigenous heritage issues.

Legal advice indicates that the provisions of the Heritage Protection Act need to be complied with otherwise there is a substantial likelihood of further legal action, the possibility of a further report and further public monies being expended.

The Attorney-General's Department has advised that the Bill is consistent with the Racial Discrimination Act and is not retrospective.

It is in the public interest that this issue which has incurred significant cost is dealt with as speedily as possible.

The Government believes it represents a workable solution to finally resolve this matter. The Government strongly believes that the Bill should be exempted from the application of the cut-off order of the Senate to enable it to be dealt with during the current sittings.

Senator CAMPBELL—I thank the Senate for leave. I further advise that the statement of reasons for urgent consideration was circulated with a memorandum from me to all non-government senators dated 29 November.

Small Business

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

That the Senate—

(a) congratulates the Government for encouraging the growth of small business and the expansion of employment opportunities by providing relief from capital gains tax on the proceeds of the sale of assets; and

(b) notes that this relief now applies to the reinvesting of those proceeds in any other business venture and that businesses now have 2 years to complete the reinvestment in order to attract the exemption.

Immigration

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

That the Senate calls on the Government to allay the anxiety of the 4 000 or so Chinese students who were not granted permanent residency in

Australia under the decision of 1 November 1993 by resolving the issue as a matter of priority.

Constitutional Convention

Senator KERNOT (Queensland—Leader of the Australian Democrats)- I give notice that, on the next day of sitting, I shall move:

That the Senate—

(a) notes the Coalition's rock-solid election promise to hold a People's Centennial Constitutional Convention in 1997 with half of the delegates to the convention to be elected;

(b) urges the Government to confirm both that it will hold such a convention and that at least half of the delegates to the convention will be elected; and

(c) calls on the Government to hold an indicative referendum on the question of Australia's Head of State in conjunction with the elections for the people's convention.

Consideration of Legislation

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer)—I give notice that, on the next day of sitting, I shall move:

That the order of the Senate of 29 November 1994, relating to the consideration of legislation, not apply to the Workplace Relations and Other Legislation Amendment Bill (No. 2) 1996.

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

Leave granted.

The statement read as follows—

Reasons for Introduction and Passage in the 1996 Spring sittings

The Workplace Relations and Other Legislation Amendment Bill (No. 2) 1996 (the Amendment Bill) will amend the Workplace Relations Act 1996, using the additional power to be provided by the references of certain matters to the Commonwealth Parliament by the Commonwealth Powers (Industrial Relations) Bill 1996 (Vic.), introduced in the Victorian Parliament on 19 November 1996.

The Amendment Bill will provide additional operation in Victoria for provisions of the Workplace Relations Act relating to industrial disputes, agreements, termination of employment and freedom of association, in reliance on the references (and subject to limitations on the scope of the references set out in the Victorian Bill). This will enable the Workplace Relations Act to apply generally in Victoria, without the constitutional limitations on the powers otherwise available.

The Amendment Bill will also introduce new Commonwealth provisions, establishing minimum conditions of employment for Victorian employees not covered by a Federal award or agreement, preserving employment agreements under the Employee Relations Act 1992 (Vic.), and enabling transitional regulations, for associations recognised under the Employee Relations Act to be treated as registered organisations under the Workplace Relations Act. The Amendment Bill will also effect some minor technical amendments omitted from the Workplace Relations and Other Legislation Amendment Act 1996.

The Amendment Bill could not be finalised or introduced before the introduction of the Victorian Bill, for constitutional reasons.

The Commonwealth and Victorian Governments are committed to implementing the referral of power as soon as possible. The Amendment Bill is urgent because administrative arrangements and resource allocations in both jurisdictions have been programmed for the simultaneous commencement of the referral and the substantive provisions of the Workplace Relations Act on 1 January 1997.

The Victorian Parliament will pass its referral legislation on Thursday, 5 December 1996. The Federal Government's receiving legislation must pass the Parliament by the week ending Friday, 13 December 1996. Serious legal and administrative disruption will otherwise occur.

Delay will also mean that Victorian employees, other than those covered by Federal awards and employed by corporations, cannot be given access to the new Federal unfair dismissal jurisdiction.

If the Amendment Bill is not dealt with in these sittings, this will delay commencement of the termination of employment reforms, and will also mean that the commencement of other aspects of the Workplace Relations Act would precede the commencement of their expanded operation in Victoria, unnecessarily causing confusion and expense for Victorian employers and employees.

Older Australians

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate)—I give notice that, on the next day of sitting, I shall move:

That the Senate condemns the Government for abandoning older Australians to the mercy of market forces.

Rural and Regional Affairs and Transport Reference Committee

Senator CHRIS EVANS (Western Australia)—On behalf of Senator Bob Collins, I give notice that, on the next day of sitting, Senator Collins will move:

That the following matter be referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by 12 December 1996:

The decision by the board of Airservices Australia to purchase the Precision Aerial Delivery System (PADS) manufactured by Search and Rescue Pty Ltd.

Introduction of Legislation

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer)—I give notice that, on the next day of sitting, I shall move:

That the following bill be introduced: A Bill for an Act to amend the *Workplace Relations Act 1996*, and for other purposes. ***Workplace Relations and Other Legislation Amendment Bill (No. 2) 1996***.

ORDER OF BUSINESS

Production of Documents

Motion (by **Senator Bourne** at the request of **Senator Lees**) agreed to:

That general business notice of motion No. 343 standing in the name of Senator Lees for today, proposing an order for the production of documents by the Minister representing the Minister for Foreign Affairs (Senator Hill), be postponed till the next day of sitting.

Finance and Public Administration Legislation Committee

Senator IAN MACDONALD (Queensland—Parliamentary Secretary to the Minister for the Environment)—I move:

That the time for presentation of the report of the Finance and Public Administration Legislation Committee on the Ombudsman Amendment Bill 1996 be extended to 13 February 1997.

I seek leave to make a two line statement in relation to the notice I have just given.

Leave granted.

Senator IAN MACDONALD—The committee is seeking an extension of time to report on this private member's bill with the concurrence of the senator who introduced the bill into the Senate.

Question resolved in the affirmative.

MIGRATION REGULATIONS

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

(1) That standing order 87 be suspended to allow paragraph (2) of this resolution to be moved without 7 days' notice and to be carried by the agreement of a simple majority of senators present and voting.

(2) That, for the purposes of section 49 of the *Acts Interpretation Act 1901*, the Senate rescinds its resolution of 7 November 1996 disallowing certain regulations of the Migration Regulations (Amendment), as contained in Statutory Rules 1996 No. 211 and made under the *Migration Act 1958*.

PARLIAMENT HOUSE: PAPER USE

Motion (by **Senator Brown**)—agreed to:

That the Senate—

(a) notes that much of the paper used in Parliament House is Reflex brand paper, and that the wood used in its manufacture includes clear-felled native forest and rainforest species;

(b) expresses its appreciation to the President of the Senate for making available an alternative with recycled content;

(c) commends senators with a long history of choosing to use recycled paper; and

(d) urges all senators to use recycled paper as a contribution to the protection of our native forests.

COMMITTEES

Economics Legislation Committee

Extension of Time

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

That the time for the presentation of the report of the Economics Legislation Committee on the provisions of the Taxation Laws Amendment Bill (No. 3) 1996 be extended to 10 December 1996.

Public Works Committee

Report

Senator CALVERT (Tasmania)—On behalf of the Joint Committee on Public Works, I present the committee's report on the Development of Operational Facilities at RAAF Base, Tindal, Northern Territory, and move:

That the Senate take note of the report.

I seek leave to incorporate my tabling statement in *Hansard* and to continue my remarks.

Leave granted.

The tabling statement read as follows—

Development of operational facilities at RAAF Base Tindal, NT

Madam President, the report which I have tabled deals with a proposal, sponsored by the Department of Defence, for the construction new facilities at RAAF Base Tindal to improve the operational effectiveness of the Base.

By way of background, RAAF Base Tindal forms part of a chain of defensive airfields across northern Australia and is vital to the air defence of the region.

During the past decade, the Commonwealth has invested substantial funds on the Base which has produced a modern, well designed, operational base.

Tindal is the home base for a fighter squadron and supporting RAAF elements.

Together with RAAF Base Darwin, it is used for operational training of elements of the Australian Defence Force, often in conjunction with regional air elements.

The works examined by the Committee included:

- explosive ordnance aprons for maritime patrol and transport aircraft;
- alert facilities for fighter aircraft;
- operational and technical support facilities; and
- living accommodation for personnel during exercises and contingencies.

When referred to the Committee, the estimated outturn cost of the proposed work was $31.4 million.

The Committee has recommended that the work should proceed, subject to one qualification which I will address later.

The Committee found that a need exists to rectify a number of deficiencies which have impacted on the ability of the Base to perform its assigned roles in a safe and flexible manner. In specific terms, there is a need to provide:

- dispersed parking for four maritime patrol aircraft on individual explosive ordnance aprons and a secure facility from which aircraft operations can be managed;
- dispersed explosive ordnance loading and unloading aprons for C130 transport aircraft;
- quick reaction alert facilities at the end of the primary runway, including the provision of sun protection, engineering and communication services;
- the general purpose movements apron to be enlarged to permit dedicated parking of wide body aircraft and improved manoeuvring of aircraft;
- a new Base Command Post from which the Base Commander can exercise command and control of Base personnel during exercises and contingencies; and
- new accommodation for use by personnel deployed to RAAF Base Tindal during exercises and contingencies.

The proposed works which the Committee examined will rectify the deficiencies identified.

The Committee concluded that the extent of the proposed ordnance loading aprons can be justified on the basis of operational requirements, improved security and occupational health and safety.

The proposed squadron operations and technical support facility will considerably enhance the management of deployed maritime patrol aircraft, or other deployed aircraft, to RAAF Base Tindal.

The siting and design of the quick reaction alert facilities enhance operational effectiveness by enabling fighter aircraft to remain ready for prolonged periods and for personnel to sustain longer duty periods.

Extensions to the air movements apron will facilitate the parking and movement of wide body aircraft.

The proposed Base Command Post will enable Base command to direct defence of the airfield and facilities during exercises and contingencies.

In relation to the proposed deployment accommodation, the Committee has some concerns about the necessity for major expenditure on earth covering of deployment accommodation for noise attenuation at the sites identified in the proposal.

Whilst the Committee accepts the need for new deployment accommodation at RAAF Base Tindal, the significantly large proportion of the project budget allocated for this purpose and the, as yet, untested conditions under which the facilities would operate, require some caution to be exercised in approving the facilities as proposed.

Therefore, the Committee has recommended that a further evaluation of the cost and benefits of covered accommodation be undertaken and resubmitted to the Committee before this component of the project is commenced.

I commend the report to the Senate.

PARLIAMENTARY DELEGATION TO THE OECD ROUNDTABLE AND KENYA, ETHIOPIA AND ERITREA

Senator McKIERNAN (Western Australia)—by leave—I present the report of the

Australian Parliamentary Delegation to the OECD Roundtable and Kenya, Ethiopia, and Eritrea, 17 June to 5 July 1996, to the Senate. I seek leave to make a short statement and to move a motion in relation to the report.

Leave granted.

Senator McKIERNAN—It is a great privilege to be presenting this report. I do not wish to speak for very long, but I do wish to mention some matters. First and foremost, I wish to commend and thank my colleagues on the delegation. It was led by Mr Bradford, the member for McPherson in Queensland. Also on the delegation was Mrs Christine Gallus, member for Hindmarsh in South Australia, Senator Brian Harradine from Tasmania and Mr Gavan O'Connor, the member for Corio in Victoria.

The delegation was ably serviced by Mr Andrew Snedden as secretary. He is a very competent and professional officer who looked after the delegation very well and aided the delegation in achieving its objectives. Also on the delegation, and of great benefit to us, were three spouses of members—Mrs Judy Bradford, Mrs Marian Harradine and my own wife, Jackie. In turn, each of them made a very real contribution to the delegation. On pages 2, 3, 4 and 5 of the report we also acknowledge many people in other countries that we visited who greatly assisted the delegation in achieving its aims.

Apart from the magnificent scenery we saw in each of the countries and the various cultures that we experienced, a number of highlights are left with me as a member of the delegation. First and foremost is the lasting impression I have of the horrible plight of some 11 million refugees in that part of the world. I might add very quickly that Australia is assisting and aiding those refugees through our aid program and also, in much smaller part, through our refugee and humanitarian program.

Another very lasting impression I have of the trip is the Fistula Hospital we visited in Addis Ababa, Ethiopia. The hospital was established in 1974 by the late Dr Reginald Hamlin and his wife Dr Catherine Hamlin after they became aware of the plight of thousands of Ethiopian women suffering from childbirth fistula injuries. Over 16,000 women have been treated with a success rate of 93 per cent since the hospital was established. Last year, 1,200 women were operated on.

Dr Hamlin gave the delegation an in-depth briefing on the plans for the upgrading of the Fistula Hospital. The upgrading is funded to a considerable extent by AusAID funds. AusAID has contributed $850,000 over three financial years. The total project cost is $1,127,000. Additional funds have come from the Archbishop of Sydney's overseas relief fund which provided 25 per cent of the amount, and there is an amount of $281,900 which includes gifts from Rotary, UNICEF, the Japanese Embassy in Ethiopia, and allocations from the Archbishop's own resources.

I was very proud to be an Australian visiting this hospital and seeing the very real contribution that Australia is making to these people in this particular part of the world. Hopefully, when the final report of the delegation is complete, an appropriate photograph can be incorporated in it to highlight the work of Dr Hamlin and the hospital. It is really a magnificent achievement, and a very worthwhile expenditure of Australian taxpayers' funds.

Another very worthwhile expenditure of Australian taxpayers' funds which the delegation noticed when we went to Tigray Province in Ethiopia is the work of Community Aid Abroad, which needs no introduction to this chamber, in association with the local people in Tigray, and Mekelle in particular. This program is centred on the provision of water. Again, we are not talking about huge sums of money. For example, AusAID contributed $150,000 towards a water supply rehabilitation program in Tigray in 1993-94, and a further $100,000 in 1994-95.

In March this year, the new Minister for Foreign Affairs (Mr Downer) approved a grant of $500,000 towards the next phase of the project, and Community Aid Abroad, CAA, will contribute a further $50,000 to the project—again, a magnificent contribution. One really does feel proud to be an Australian to see the work that we are doing to assist those people in that particular part of the world.

The matter of refugees continually came up. When we got to Eritrea, we were told of the problem of some 120,000 Eritrean people who are refugees on the Sudanese side of the Sudan-Eritrea border who are being effectively prevented from returning to their homes. It is something that I had the opportunity of addressing when Mrs Ogata, the UN High Commissioner for Refugees, visited Australia earlier this year to see if we and the United Nations can do something to assist those people.

Another very proud moment for me as an Australian parliamentarian was when we visited the Fred Hollows Intra-ocular Lens Factory in Asmara in Eritrea. The work that Fred has done in that part of the world is now world renowned. The people are very grateful for the contribution that he made over a significant period of time, and they still fondly remember him despite the fact that he is now dead. The language that Fred used from time to time is still fondly remembered. He not only did something for the eyes of the people but also assisted them to learn the art of swearing.

As a Western Australian politician, I was pleased to be able to visit the Western Mining Corporation exploration site quite a distance outside Asmara and, also, the site of another gold prospecting venture at Migori in Kenya. This prospecting has been undertaken by a Perth based mining company, Panorama Resources NL, which is carrying out active exploration for gold and base minerals in the three main concessions. It appears to have all the chances of being a very successful operation locally and for the Australian companies that are in there.

There are a couple of disturbing aspects that one has to report on. In Eritrea, there is a very great likelihood that all non-government aid organisations which are based on religions will not be allowed to operate in Eritrea in the future. A proclamation was issued in July 1995 by the Eritrean government that religious NGOs should separate their religious work from their development activities. That is causing some concerns with the NGOs—people who we did go out of our way to try to meet whilst we were in all three African countries.

The other matter deals with the recommendations and observations that the committee has put forward. I did not agree with an earlier delegation recommendation that there ought to be permanent Australian parliamentary representatives at the OECD round table. I felt very privileged to have had the opportunity of participating at the OECD round table. I think that privilege ought to be shared by as many parliamentarians as possible. Obviously, there are merits in having the experience of going there once in order to be better prepared the next time round and being even better prepared the time after that. However, if that system was put into operation, as was suggested by the previous delegation's report from last year, it would cut down the number of opportunities for other members of parliament to go to places like the OECD and participate in their deliberations. I do not necessarily agree with that recommendation.

I do agree with the recommendation that a delegation ought to arrive in Paris earlier in order to better prepare themselves for the round table discussions. I see that some of the problems that the delegation experienced on this occasion could be overcome by an earlier selection of the members of the delegation, which in turn would allow for earlier and perhaps more thorough briefings than we were able to get on this occasion.

I am not giving proper time to the report. Obviously, we could go into it in greater detail. I do commend the report to the Senate and trust that the observations contained in it will assist a future delegation that goes to these countries. I move:

That the Senate take note of the document.

Senator HARRADINE (Tasmania) (9.51 a.m.)—I must simply say this: it is unfortunate that the report on the Australian parliamentary delegation to the OECD round table, Kenya, Ethiopia and Eritrea has come in at the end of a parliamentary sitting. That was inevitable, and it had to occur on this occasion.

I concur with what Senator McKiernan, the deputy leader of the delegation, has said. I would have liked more time to speak about this report but, because we are concertina-ing legislation, that is not possible. All I would do is recommend to honourable senators and to the public that they get a copy of this report, because it does raise very important issues relating to Kenya, Ethiopia and Eritrea—areas of great importance, so far as I am concerned, to Australia.

I also want to add my congratulations to the particularly hardworking staff at our embassy in Nairobi. It would be invidious to pick one or two names out; nevertheless, their names are contained in this report. For that reason, I suggest that not only members of parliament read this report but also members of the Public Service. In short, I concur with what Senator McKiernan has said. I commend this report to the Senate.

Question resolved in the affirmative.

PARLIAMENTARY DELEGATION TO THE 96TH INTER-PARLIAMENTARY CONFERENCE

Senator CHRIS EVANS (Western Australia)—by leave—On behalf of Senator Denman, I present the report of the Australian parliamentary delegation to the 96th Inter-Parliamentary Conference held in Beijing, and bilateral visits to Vietnam, the Philippines and Hong Kong, which took place during September and October 1996. I seek leave to move a motion in relation to the report.

Leave granted.

Senator Chris EVANS—I move:

That the Senate take note of the document.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Message received from the House of Representatives intimating that it had agreed to the amendments made by the Senate to the Vocational Education and Training Funding Laws Amendment Bill 1996.

HIGHER EDUCATION LEGISLATION AMENDMENT BILL 1996

In Committee

Consideration resumed from 3 December.

The CHAIRMAN—The committee is considering the Higher Education Legislation Amendment Bill 1996. I would like to ask the committee whether it is now ready to return to government amendments 1 and 2. Is that satisfactory?

Senator Carr—Yes, Mr Chairman.

The CHAIRMAN—The minister has already moved government amendments 1 and 2. The question is that the amendments be agreed to.

Senator STOTT DESPOJA (South Australia) (9.56 a.m.)—I would just like to reiterate a question I put to the Minister for Employment, Education, Training and Youth Affairs (Senator Vanstone) in this debate both yesterday and when we commenced the discussion about up-front fees and guidelines. I am wondering why the government has chosen to enshrine a 25 per cent figure in the legislation but not further guidelines or conditions under which fees may be charged.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (9.56 a.m.)—The answer I will give is the same as the one that I believe I gave you yesterday; that is, the government clearly wants to allow universities to be able to sell places to Australian students but we want to put limits on that. The limits are the 25 per cent figure and the fact that universities must have filled the government places first. We were happy to do that by way of guideline, as the previous government did with respect to postgraduate course fees. There was some dissatisfaction with that. Senator Colston in particular raised with it with me; you raised it in question time; and Senator Carr did as well. So we have put that figure into legislation.

One of the reasons that quite a significant portion of the guidelines is not disallowable is basically that, once the university year starts, you need certainty. It is not the sort of thing that you want chopped and changed in

the middle of the year. That is the way it has been done in the past. We think that way has worked reasonably well. But we do accept quite happily that parliament not only needs to endorse an undertaking by the government that that is what they want—25 per cent and the government funded places to be filled first—but also needs to approve that in legislation and to have the opportunity to keep those limits in the future, should it be required. But, beyond that, we do not see it as appropriate to put more in. It is a value judgment in the end.

Senator CARR (Victoria) (9.58 a.m.)—On the issue of these proposed guidelines, I ask the minister: how is a 'course of study' defined?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (9.59 a.m.)—If you turn to page 2 of the Higher Education Funding Act, under section 3, definitions, you will see 'course of study'. The definition of 'course of study' in relation to an institution states:

> . . . means a course the completion of which leads to the granting of a degree, diploma, associate diploma or other award of the institution and includes a course of instruction provided by the institution for the purpose of enabling persons to undertake a course of study provided by the institution or by another institution but does not include a course declared by the Minister, for the purposes of an Act relating to the funding of technical and further education, to be a course of technical and further education.

I further understand that this definition is well understood across the universities. It is used for the collection of statistics. It is not something that I am advised is a matter of contention.

Senator CARR (10.02 a.m.)—On that point, Minister, I think it is a matter of considerable contention. If it is a degree—for instance, a Bachelor of Engineering—that provides for specialisation, say, the Bachelor of Engineering (Mechanical) or Bachelor of Engineering (Electronic), would it be possible to channel all fee paying places into one high demand specialist degree contained within the broad Bachelor of Engineering course structure?

Senator VANSTONE (10.03 a.m.)—That depends on whether or not it is a separate award. If it was a Bachelor of Engineering, full stop, and the agreed profile process had a limit on that bucket, then before a university could sell more places, they would have to fill those government-funded places and they could shift around within that bucket. If, however, there are separate awards—that is, Bachelor of Engineering (Mechanical) is clearly agreed as a separate award—then they would not be able to shift between those different buckets.

Senator Carr—So is it the case, then, that it would be technically possible to exclude HECS liable students altogether from some subjects? For instance, in the case of a computing unit contained within an arts faculty, which could be regarded as non-compulsory within the award course—for a student to gain, for instance, a BA—therefore could it not be placed on a full fee paying basis?

Senator VANSTONE—All units offered as part of the course will have to be available to HECS funded students—government funded students—so the bottom line answer is no. What we are looking at, in working towards the appropriate guidelines for this, because they will have to be properly developed, is this—and I will read you the paragraph:

> Higher education institutions must not charge fees for students enrolled on a HECS liable basis. HECS liable students must be able to complete the requirements of their award course on a HECS liable basis and—

this is the point that I think you want to come to—

> must have access to the full range of unit electives offered by the university for their course on a HECS liable basis.

Senator Carr—So you are saying that will be part of these guidelines?

Senator VANSTONE—Yes.

Senator Carr—But they won't be disallowable under your proposal, will they? So we won't have any method by which we can return to that issue, should we find that the department has not quite got it right?

Senator VANSTONE—That is the case. I believe that when the Chairman was, as he described it, cut off in his prime during the

debate before last, he was about to raise the issue of the degree to which you put a lot of this material into disallowable guidelines and provide uncertainty. That is what I say, but there is an enormous amount of technical detail so that I think you can make a case, as the previous government did, that it is inappropriate to have any disallowable regulations.

The guts of what we are talking about here is that universities cannot sell a place unless they have filled their government funded places and they must offer all the appropriate opportunities to government funded students. They will not be able to do exactly that which you suspect they will want to do. That is one of the key concerns of the government. That is why, when we announced that we wanted Australian students to be able to buy places, to invest in themselves, if they wanted to take that chance or they wanted to engage in some recreational education, we understood that there would necessarily be a desire on the part of some universities—I do not imagine for one minute it is appropriate to say they are all totally motivated by money, but money is a motivator in there somewhere—so that these limits would have to be set. We have tried to show our good faith by saying we are happy to put those limits in legislation. But to go down to the crossing of t's and dotting of i's and putting commas and semi-colons in, puts certainty for universities in terms of the guidelines at risk.

Senator CARR (Victoria) (10.06 a.m.)—Minister, you would be aware that in the *Australian* two days ago, Jane Richardson noted that fee paying provisions may well distort the balance of university funding. How does the government plan to monitor and regulate implementation of guidelines for full fee paying undergraduates? Why do your amendments not ensure that the guidelines include the provision for review of the impact of full fee paying undergraduates on the balance of institutional funding within and between institutions?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.07 a.m.)—Information on the flow of fee paying students to different institutions will be available through the general statistics collection process. From that, any changes that might be of interest in a policy sense will be available. The information will be available through that process to make whatever assessments people want to make. Some will look at a set of figures and come to one conclusion; others will look at the same set of figures and come to a different conclusion. But the information will be available through the statistics collection process.

Senator CARR (Victoria) (10.08 a.m.)—What will the penalty be for the breach of fee paying guidelines? I presume that the minister will tell us that it will be $9,000 per EFTSU, as announced in the budget statement. Is that still the case? Will that amount be indexed? What guarantee do we have that we will not decline to the point where it is in the financial interest of institutions to breach the guidelines and enrol fee paying students at the expense of HECS liable students? Is it not possible that the $9,000 figure will not be sufficient to provide a financial disincentive for universities to break these proposed guidelines?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.09 a.m.)—I do not think insanity has overtaken me but Senator Carr has actually given me a good idea. As I indicated, we were in the process of developing guidelines and I am committed, as is the rest of the government, to ensuring that the government's intention is not distorted by universities. We are absolutely committed to that.

It had not occurred to me to index the penalty but I will certainly give serious consideration to that. It has an immediate attraction. I will have to look at it in the context of the other payments made. There might be some imbalance created by indexing one aspect and not another. But I want to underline how seriously I take the senator's suggestion because the government is absolutely committed to ensuring that universities do not undermine the government's intention, deliberately or otherwise.

In addition to the $9,000 penalty there would be a $2,400 penalty for having underenrolled in government funded students,

and that would take the penalty up to $11,400, which is a bit more substantial than $9,000. In any event, in addition to taking into account Senator Carr's suggestion, the government will be watching this matter very closely. If there is a need to increase the penalty we will do so.

If we manage to pass this bill, it will be, as Senator Carr rightly identifies, a significant change in higher education. It is not this government's intention for one minute to introduce in good faith a change which many universities have sought and then have the universities, in a sort of bad faith, undermine the government's goodwill towards universities in that sense. It is not our intention to allow that for one minute. I can give you my most solemn guarantee on that.

The figures will be available. No doubt it will be a matter of great interest, not only to the government but also to those who oppose this move, to ensure that the government and the universities stick to the guidelines. I want to underline the strongest intention of the government to ensure that the universities do not do what, by inference, Senator Carr is suggesting they might want to do. I do not mean that he is attributing bad faith to them; but he raised that possibility and we acknowledge that it is something that has to be watched.

Senator CARR (Victoria) (10.12 a.m.)—I appreciate the statement the minister has just made. What is the assurance that HECS liable students will not be able to complete the requirements for undergraduate awards on a HECS liable basis? Why is that not contained in the legislation or amendments, particularly given the statement the minister has just made?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.12 a.m.)—Senator Carr asks why these things are not in the legislation rather than in the guidelines. I repeat: we follow the same reasons his government did for including a lot of this material in the guidelines. Funding for universities is conditional on their complying with the guidelines. The guidelines are public. Universities' performance and compliance is public.

In addition to any assurance I might give vis-a-vis the government's intention to ensure compliance, there is the political power, of which former Senator Fred Chaney used often remind me. As is seen quite regularly in this place, more often than in his time, parliament has all the power it needs and it needs only to use it. The political process is one whereby, should a minister consistently sit by and pay grants to universities which are not complying with the guidelines, that minister would not be carrying out his or her proper duty and would be subject to appropriate disciplinary action in this or the other house, and that would be appropriate.

That was the mechanism set up and used for 13 years by the previous government. The guidelines are set and the universities are expected to comply with them. To the extent that they defalcate, the minister has a capacity to bring them into line, and parliament has the capacity to access the information in respect to both of those matters. The guidelines are public and so is the performance of the universities.

Senator CARR (Victoria) (10.14 a.m.)—Minister, I note the point that you are presenting. My concern is that, according to these proposed amendments, there is quite clearly a very wide range of discretion available to ministers and to the department in terms of the profile processes. Ultimately, given that this is a matter of political will, we are talking about the capacity of a minister. Even a minister as determined as you might find that ministers who come after you and act on this legislation are not able to bring to bear the same level of political will. This does leave us in a difficult position. You say the parliament has all the power that it needs, but these are not going to be disallowable instruments. We are ceding to you the power of the parliament to make these decisions and we rely upon your discretion in these matters.

According to these amendments, these guidelines really only include provision for a quota requiring institutions to fill government funded places and specifying a penalty amount for the breaching of the guidelines. A

number of provisions outlined in the budget statement in relation to full fees are not canvassed in these amendments: for example, the rate of penalty which will apply for breaches of guidelines, the assurance that HECS liable students will be able to complete all requirements for courses on a HECS liable basis, and the fact that the minimum fee will be set at the equivalent HECS charge.

Under the legislation that is actually before us, there is nothing to stop universities diverting infrastructure and staff resources away from discipline areas with limited appeal for the fee paying market and channelling those resources into courses which they are confident can attract fee paying students. Thus you could have two classes of students, as I read this legislation.

Given the statement you have made, there will be well resourced flagship areas which have an immediate market appal and those in underresourced areas which are unlikely to attract fees because the private benefit occurring for students is minimal. I think in terms of the humanities and maths and science subjects. The long-term effect would be the shrinking of the overall knowledge base of courses with limited market appeal and therefore the undermining of the integrity of our university system.

Minister, given the answer that you just gave, how will the government ensure that public money is not used to subsidise private fee paying places?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.17 a.m.)—Senator, I am not trying to give you short shrift in relation to this, but there was some concern yesterday that we were not moving as quickly as others would like. As you know, I had discussions with your people last night and indicated that I would try to be brief. If people keep asking questions or putting polemic into them, they have to expect a response. You have not put any polemic in that question. It is a straight question. I accept that.

The straight answer is: it was your government that agreed to allow the sale of places to international students. Your government was rightly proud of having done that. It not only provided a pool of additional funds to universities; it provided an added impetus of competition between them. I have not heard one government member say that, as a consequence of allowing that, the quality of education in Australia has fallen.

In fact, it has been quite the opposite. I see the University of New South Wales, for example, getting the university of the year award this year from the *Good Universities Guide*, one of the reasons being their involvement and participation in international student education and the quality that gives to the undergraduate experience and what it has done for the university at large.

You have no reason to suggest that universities will behave in a different fashion with the sale of places to domestic students. In a sense, all this government is trying to do is follow through on the reform that the previous government started with. You rightly identified for me that they started with international students. In terms of the mechanisms and the load, I am at a loss to imagine why you believe that universities will necessarily behave differently and why the mechanisms that are there for one student to buy a place are not adequate for the other student.

Senator CARR (Victoria) (10.19 a.m.)—This is exactly the point, minister. There is plenty of evidence to suggest that universities have sought to subvert the profile processes. They have sought to charge fees for a range of areas which were, strictly speaking, outside the law. The minister, under the former government, had to directly intervene and tell a number of institutions that they were in fact in breach of the spirit of the law, if not in direct contravention of the law.

You are opening it up. You are deregulating it. Given the capacity of universities to draw upon private resources, what is there in this bill—I ask this again—that actually will protect the public revenues and will ensure that those public revenues are not used to subsidise private fee paying places?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.21 a.m.)—Senator, let me give you two responses to that. You do

understand that the universities must comply with the guidelines. That is a condition of their funding. That is spelt out, as I understand it, in the Higher Education Funding Act. Under section 108 on page 71 of that act, the minister does have the capacity to set additional conditions.

You raised another point with me, and this concerns the second point I want to make. Universities, you say, were subverting the intention of legislation with respect to some sale opportunities. Do I understand you correctly? Senator, I suspect you know universities enough to believe that what I am telling you is the truth. I am telling you that it is.

I have had two different views put to me by a range of vice-chancellors. One view was that your government in one context said that this is a subversion of the purpose of the legislation. The other view that was put to me is that universities are told, 'Nudge, nudge, wink, wink; this is how you do it in the sense of setting up other companies.' You shake your head, Senator Carr.

Senator Carr—I do. Simon Crean would not do that.

Senator VANSTONE—It might be from one minister to another. That is not saying which minister. I have not raised that before because I consider it to be past history. We are responsible now for setting the course and direction of universities, and for trying to ensure that they do follow those guidelines. But you raised that with me, so I am telling you by way of information that that is the view I have been given—two different views which are completely inconsistent. I accept that. But I certainly had those views put to me.

Senator COONEY (Victoria) (10.23 a.m.)—I have a question following what has been said. Minister, I understand that you said these guidelines are not disallowable and you have explained the reasons. You said it should be left up to the political process. But if you add new guideline three to the two guidelines that are already there, it would seem that you open up the suggested subsection 3 to legal proceedings. I was wondering why you were interested in making that available for the courts to look at. That must clearly be so. I will just go through it for the advisers. Subclause 13(1) says that 'the minister may issue guidelines in relation to the provision by institutions of postgraduate courses for which fees may be charged'. So the minister, under that proposed section, need not issue guidelines; there is no obligation to do that. Subclause 13(2) reads that a 'person undertaking a course', as amended, 'provided in accordance with the guidelines issued under subsection (1) may be charged fees'. That is a permissive section but in the new one you deliberately choose a new word and say that guidelines under subsection (1) 'must ensure'.

I would have thought that once that becomes law, such guidelines must do that and that if you use the word 'must' that is open to litigation unless the minister complies with (3). I would have thought there to be little doubt about that and I was wondering why you use the word 'must' deliberately. You use 'may' and 'may', then 'must'. A legal interpretation of that would be that 'must' is judiciable by the courts.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.26 a.m.)—Unless I have misunderstood the proposition you are putting to me, what we are looking at is the situation where guidelines may be issued that will allow X, Y, and Z to happen but there has been some consternation as to whether if those guidelines were made—that is a 'may' rather than a 'shall'—that they would appropriately reflect what the government has announced as its intention; that is, to limit them to 25 per cent. Consequently, what we have sought to do is to put in the legislation a clear indication that—if I can paraphrase it—if such guidelines are issued, because they may be issued, when such guidelines are issued they must have these limits in them and if a minister does not have those limitations in the guidelines and make every effort to have those limits appropriately done, the minister is at risk.

Senator Cooney—It can be taken to court.

Senator VANSTONE—Yes, that may well be the case. But I do not shy from that. I hope we have got the wording exactly as it

ought to be but, as I have indicated, from 9 August onwards that is the government's intention—to have those appropriate limits. If you are right and that makes it contestable, you are indicating that we should be apprehensive about that?

Senator COONEY (Victoria) (10.27 a.m.)—The point I was making apropos of what Senator Carr and other people have been saying is that there is some appetite, if I can use that word, for these guidelines. I know that when we were in government the same was the situation; they were disallowable instruments. I think it has been put around the chamber that these ought to be disallowable instruments and you have put out an argument—which I think is not a light argument—that these things should not be disallowable for the reasons you have set out. I can understand that. It therefore surprises me that you say, 'Alright, we will not have parliament having an ability to disallow these things but we will give the courts the ability to enforce a particular part of these things. Why has the government got the appetite for the courts to do this but not the appetite for parliament to be able to do it?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.28 a.m.)—When you put it that way I have an easier fix on the direction you are going in. The issue that is in debate is what should the appropriate limits be if universities are able to sell places to Australian students? The government has said clearly that what we want is 25 per cent and the universities must fill the government funded places first. We have made no bones about that and do not walk away from it. I do not deny that it would be easier, simpler and cleaner if they were in guidelines. You say, 'Why make it judiciable and put it here that the minister must do that?' I suppose there are a number of reasons.

In the first instance—as you well know, Senator Cooney—having guidelines gives parliament the opportunity to express a view as to the appropriateness of the 25 per cent level and, in the future, to have a gate on any government that sought to increase or decrease that level. It has the added consequence that the minister has a legislatively binding commitment to comply with those limits. That is the legislative stronghold, if you like, that is put on the minister.

It seems to me that, if the parliament is prepared to agree to sell places to Australian students by passing this bill, the parliament is saying—and I do not see this as being separate from going before the courts or coming before parliament—'Yes, you can sell places to Australian students, but we put this second for reasons that Senator Bolkus outlined and the chamber thought was appropriate.' We are happy to say that we will accept this legislatively binding commitment to get it right.

Inadvertently, Senator Cooney, you have raised the strength of our commitment to keeping the limits as we say they are. Senator Colston is one of the senators who raised this matter with me. By putting it in legislation, we rightly identify it. Parliament gets its opportunity to change the levels—or refuse to change them—if it wants, but you put on the minister a legislatively binding commitment to comply with that. As I said to you in the beginning, I do not know what senators are worried about. That is what we are prepared to do.

The CHAIRMAN—Before I call Senator Cooney, I remind the committee that we have two amendments before us—government amendments Nos 1 and 2.

Senator COONEY (Victoria) (10.31 a.m.)—Would the government be happy to make clear that these guidelines would be made disallowable by the Senate, the House of Representatives or both?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.32 a.m.)—The government declines the invitation that has been repeatedly extended by the Democrats, which have perhaps always wanted them that way, and Labor—which has wanted them the other way but now, with the change of government, wants them every which way. The answer, in any event, is no.

Senator BOLKUS (South Australia) (10.32 a.m.)—Minister, as you know, the opposition does have an amendment to make the guide-

lines disallowable. It is tempting to move it at this stage, but it is inappropriate because there are two alternative amendments, depending on whether differential HECS gets up or not. So we will discuss that later.

It is my understanding that, under the Legislative Instruments Bill which the government is introducing, guidelines like this may very well be disallowable. Minister, given that is the intention of government policy any way, why don't you consider for the interim period—while we are going through this aspect of the debate and before we come to the opposition amendment further down the track—accepting the opposition amendment to make the guidelines disallowable?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.33 a.m.)—To be honest, Senator Bolkus, I am not sure where the Legislative Instruments Bill is. I remember it fondly, as no doubt you do. It was an initiative announced by the present government in the 1993 election, which we sadly lost.

Senator Bolkus—One of your ideas probably, was it?

Senator VANSTONE—It was an initiative which we were pleased to see the then government—the party that we think wrongfully won—nonetheless choosing to implement. I do not think it got all the way.

Senator Bolkus—It's on your agenda now.

Senator VANSTONE—I think it is somewhere in the system, but I have a particular interest in that bill. Senator Bolkus, there are two difficulties with the proposition you put. Firstly, you were happy for X, Y, Z years in government to have these regulations as they were for the reasons that have no doubt been outlined in the past. It is a bit two-faced, with the greatest of respect, to come in, because you are now not in government, and say, 'Actually, now we would like to change—

Senator Bolkus—We can all throw that at each other.

Senator VANSTONE—Senator, just bear with me here. We did have a discussion last night about trying to be more articulate and precise in this debate. That cannot happen if you ask a question and then consistently interject on the answer. It cannot happen.

You have been happy to have these guidelines for good and appropriate reasons for a number of years. May I suggest that you now simply want to suggest they should be made disallowable for reasons of political inconvenience to the government, rather than for any substantive policy reasons. If you thought they should be disallowable for a substantive policy reason, you would have agreed with the Democrats in the past. The government's first response to you is that you are just playing politics.

The second response is that this is an integral part of what I described to you the other day as being an architect's plan for higher education with an accounting seal of approval. I indicated clearly to the Senate that, if the government was just on about a savings task, it could have gone to an operating grant and not sought legislative approval for that. Instead, we have come up with what we think is a very clever plan that will allow more undergraduate students, more funding for universities, greater flexibility and greater diversity.

The sale of these places to universities is an integral part of that. If we were to now say, 'We'll put it in the legislation that the guidelines have to be disallowable,' you know and I know that that is how the Australia card was brought undone. All this parliament would have to do—having passed the bill saying it could happen—is refuse to allow the regulations, and the sale of places would not proceed. In effect, all you are asking for is a time buying exercise so as to try to change a few minds and ensure that this cannot proceed. So for those two reasons, we decline the offer.

Senator STOTT DESPOJA (South Australia) (10.36 a.m.)—Minister, thank you for acknowledging the Democrats' consistency on this issue. We are also aware of the about-face by the opposition. Mind you, we welcome it, because we are quite happy to finally have some support for the notion of making these—

Senator Vanstone—You'll take any port in a storm.

Senator STOTT DESPOJA—No, when they see the light, we are prepared to give them the benefit of the doubt. It is true that we have concern about these guidelines not being disallowable instruments, as you rightly point out. Senator Carr has already canvassed the notion that these ministerial guidelines for postgraduate fee paying courses were introduced in 1989 yet, as we know, they were changed in 1990, 1992, 1993 and 1994.

Again, the Democrats are looking for some assurance that we will not see what has happened to postgraduate fee paying courses—that is, almost complete deregulation of postgraduate fee paying courses. We want some assurance that that is not going to happen to undergraduate places.

I ask two specific questions. Firstly, is it your intention that the guidelines surrounding the charging of undergraduate fee paying courses be part of, or subject to, a review in the review of higher education that you announced in the budget? Secondly, what proposals does the government have to ensure adequate and appropriate monitoring of these guidelines and the impact of fees on undergraduate students and various target groups over the coming years?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.38 a.m.)—The review really has been given a very broad brush task, to look at the challenges that higher education in Australia is going to face over the next decade and a half or two decades. It will cover a whole range of things—for example, technological changes: the concept of a virtual university, if you like.

Undoubtedly, it will take up a good part of the committee's time, as will the quality of teaching, which might in part be a subset of technology—how that can be improved in a whole variety of ways—and the delivery of teaching to students, and as will links with industry. So, to the extent that courses are designed to move to a vocation, they do reflect the needs of industry. There is a whole range of things that will be considered.

I do not envisage a review of these guidelines, of this aspect of the legislation, being a specific reference of the committee. I see that as a review that, for example, a Senate committee might want to undertake at some stage after the bill has been in practice for a period of time. That would be quite appropriate.

I would just underline to you the answer that I gave to Senator Carr with respect to this matter. The statistics collection process will provide an enormous amount of information on this. By putting into legislation the commitment of the government, we do provide that legislative requirement on a minister to ensure that the guidelines are appropriately designed for those limitations.

I would expect that perhaps towards the end of 1999, after two years of operation—because this aspect is not to come into operation until 1998—might be an appropriate time to announce a specific review of this aspect, even though in the meantime the broader higher education review will have finished its task and there may be changes that flow from that, which I just do not have in my head.

One of the people with whom I have discussed the notion of the review, and whether they would like to be part of it, et cetera, and whom I very much want to participate, said to me, 'Two questions: do you know where you want this to go? Do you have a predetermined outcome?' to which the answer was, 'No.' Secondly, they asked, 'Do you want to use this review to undermine government funding? Is that what you're looking for, to find some mechanism to say everyone else should pay?' to which the answer was clearly, 'No.' I was not too sure, because I had not met this person before, whether they were the answers that person expected. To my great relief, the person said, 'Good, I will be happy to participate on that basis.' So, when I say that I do not know what will be the outcome, I am not indicating some predetermined plan. I genuinely do have no idea what that broader review will bring.

The CHAIRMAN—I again remind the chamber that we have two government amendments before the committee.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.42 a.m.)—I indicate

that for a brief period Senator Campbell will be taking the conduct of this matter. I will be back as soon as I possibly can to come back to any specific questions you have. There may be questions to which the advisers can provide answers to you through Senator Campbell.

Senator STOTT DESPOJA (South Australia) (10.42 a.m.)—In that case, Minister, I have an almost yes or no question. It is not the general review question; it is a specific review question. Given that it took five years for the last government to mount a review into postgraduate fee paying courses, are you prepared to give an undertaking now that you will have an inquiry into these undergraduate fee paying courses? Are you prepared to give a specific time to that review?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (10.43 a.m.)—I am happy to say, Senator, that I would expect any government would want to review a change of this nature. It is not an inconsequential change by any means. I cannot give you that undertaking off my own bat, but I can say that I am absolutely committed to appropriate reviews of any newly introduced government policy. As to the timing, that is a matter open to question. Some people might say we should have a look at what has happened after a year, others might say two years, some might say three years.

The additional problem, of course, is that within that time, by 1999 or the year 2000, I have great hopes for the broader brush higher education review—that there might be other very substantial changes that, in some way which I cannot foresee, overtake this. When I say I cannot foresee one, I cannot even imagine one. It is not that I have one in mind, but I cannot even think of one that I disapprove of. But I know that there may be another big change which we might need to look at, as a consequence of anything that broader review might say. Therefore, the flat answer is no. I want that to be understood to be for the reasons I have given, rather than because of any reluctance to undertake an appropriate review.

Amendments agreed to.

Senator STOTT DESPOJA (South Australia) (10.44 a.m.)—by leave—I move:

(1) Schedule 1, page 3 (after line 3), before item 1, insert:

1A Subsection 4(1)

After "Tables", insert ", or any entities owned or controlled by those institutions".

1B At the end of section 6

Add:

(2) In this section, ***institution*** includes any entity or proposed entity that is owned or controlled by the institution.

(5) Schedule 1, page 5 (after line 3), after item 11, insert:

11A Subsection 34(4)

After "education", insert ", or any entities owned or controlled by those institutions".

The Democrat amendment circulated in my name basically regards the definition of corporate arms, corporate arms being classified as part of the higher education institution.

We want to include, wherever the term 'institution' is defined, the words 'any entity owned or controlled by the institution'. The rationale behind this amendment is an ongoing concern of the Democrats, echoed by groups such as the National Tertiary Education Union and the National Union of Students, to address an issue that has plagued higher education institutions for the past decade, that is, simply the issue of backdoor and illegal fees.

So we seek to include within the definition of institution 'any entity owned or controlled by the institution'. This will, we hope and we believe, put an end to a situation where undergraduate students are charged full fees for courses which are offered by the corporate arm and which lead to the conferral of a degree by means of credit transfer and the like from the parent institution. That, we believe, is a backdoor fee and this is one way of preventing that.

An example of a backdoor fee was one discovered at the University of Western Sydney last year. Then we were assured the government would act to rectify the situation. In fact, I believe it was the former education minister, Mr Crean, who gave an undertaking to representative organisations such as the

NTEU that he would move to fix this. He was going to rectify the situation where a student could effectively be paying an up-front fee for an undergraduate degree, yet the university and the government were pretending that nothing was going on.

We consider this an integral and important issue, particularly in light of the direction of this legislation, because yesterday's decision, and other decisions that we will undertake in the next few hours, have set us on a course of privatisation of Australian universities. Very soon we will find few safeguards, few protective mechanisms against the exploitation of students through charging them fees and what have you.

This is an opportunity for the chamber to strengthen those safeguards that exist, to tighten what safeguards there are. The Higher Education Funding Act currently states that institutions may not charge undergraduate fees—that was up until yesterday—yet institutions have continued to flout this requirement, whether it has been through the relationship with private colleges or by utilising their corporate arms to provide under-the-counter, full fee paying courses.

The deregulation of higher education, or undergraduate higher education specifically, will change the higher education landscape quite markedly and there must be safeguards. Our Democrat amendment to include corporate arms of institutions as part of those institutions will enable the parliament to monitor their activities more closely while protecting the residual commitment of many in this place to an education system which is merit based, accessible and publicly funded.

Senator MARGETTS (Western Australia) (10.48 a.m.)—The Greens (WA) will support the Democrats' amendments Nos. 1 to 5.

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (10.48 a.m.)—The government's view of amendments Nos 1 to 5 moved by the Democrats is that Senator Stott Despoja's amendment to include the commercial arms of universities in table A of section 4 of the act not only means they would be eligible to receive funding under the Higher Education Funding Act but also that the conditions of HEFA would be applied to all of their activities. For example, this means that these companies could not charge fees as section 3 fees of HEFA because it prohibits the charging of fees for tuition or related purposes in connection with a course of study. Such an amendment would threaten the commercial viabilities of these organisations and would be viewed by universities as gross government interference in universities' commercial activities.

This amendment would also impact on the Open Learning Agency's commercial viability, as it is a wholly owned subsidiary of Monash University. My advice is that it seems to be in conflict, Senator, with your wish that access to OLA services be expanded. It is the view of the government that this would effectively close them down. We believe that it would also lead to a loss of income of hundreds of millions of dollars and threaten a great many jobs in that sector. It would appear to mean that universities could not charge companies for purely commercial training. I am not sure whether that is what Senator Stott Despoja actually wants.

Senator STOTT DESPOJA (South Australia) (10.50 a.m.)—Thank you for that response, although I am a little intrigued as to how tightening this particular safeguard incorporating corporate arms into the legislation, and thus doing something that I believe a former government minister had given an assurance and a promise that he would do, will shut down open learning. Perhaps you would like to confer with your advisors and explain specifically how this will have such a devastating impact on open learning, when our advice, legal and otherwise, is that this is the appropriate way to try to curtail the charging of backdoor fees.

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (10.51 a.m.)—I think, as was explained in my first statement, Senator, the government's belief is that because these are controlled entities of universities, you are effectively stopping them from charging fees, which would effectively cut off a significant source of income and would therefore severely threaten their viability and survival.

Senator STOTT DESPOJA (South Australia) (10.51 a.m.)—I also would like to take issue with the notion that we would be interfering in some way with the commercial activities of higher education institutions, because I think as of yesterday we have made higher education institutions commercial entities as a consequence of allowing them to compete for up-front and full cost fees.

Senator CARR (Victoria) (10.52 a.m.)—I asked a question last night. Where is the answer to that question? It was on the issues of profiles and the numbers of institutions that have sought ministerial approval to take their funding levels from undergraduate loads.

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (10.52 a.m.)—Senator Carr was courteous and cooperative enough to come to us and talk about that privately prior to the commencement of the debate in the committee stage this morning. My advice is that that is progressing. However, the minister would ask that she be able to answer those questions herself and intends to do so when she returns.

Senator Conroy—How long will that be?

Senator CAMPBELL—She is going to the ACC launch for about half an hour, so I would hope it will be soon thereafter.

Question put:

That the amendments(**Senator Stott Despoja's**) be agreed to.

The committee divided. [10.57 a.m.]

(The Chairman—Senator M.A. Colston)

Ayes	32
Noes	34
Majority	2

AYES

Allison, L.	Bourne, V.
Brown, B.	Carr, K.
Childs, B. K.	Collins, J. M. A.
Collins, R. L.	Conroy, S.*
Cook, P. F. S.	Cooney, B.
Crowley, R. A.	Denman, K. J.
Faulkner, J. P.	Foreman, D. J.
Forshaw, M. G.	Gibbs, B.
Hogg, J.	Kernot, C.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.
Neal, B. J.	O'Brien, K. W. K.
Ray, R. F.	Reynolds, M.
Schacht, C. C.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Calvert, P. H.*
Campbell, I. G.	Chapman, H. G. P.
Colston, M. A.	Coonan, H.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J
Gibson, B. F.	Harradine, B.
Heffernan, W.	Herron, J.
Hill, R. M.	Kemp, R.
Knowles, S. C.	Macdonald, I.
Macdonald, S.	McGauran, J. J. J.
Newman, J. M.	O'Chee, W. G.
Panizza, J. H.	Parer, W. R.
Patterson, K. C. L.	Reid, M. E.
Short, J. R.	Tambling, G. E. J.
Tierney, J.	Troeth, J.
Watson, J. O. W.	Woods, R. L.

PAIRS

Bishop, M.	Crane, W.
Bolkus, N.	MacGibbon, D. J.
Evans, C. V.	Brownhill, D. G. C.
Lees, M. H.	Vanstone, A. E.
Sherry, N.	Minchin, N. H.

*** denotes teller**

Question so resolved in the negative.

Senator MARGETTS (Western Australia) (11.02 a.m)—If I am not mistaken, what we are dealing with now is the issue of undergraduate fees at the Maritime College. It is not consequential. We may have lost the issue with other undergraduates but I do not see why we should also punish the undergraduates at the Maritime College if there is a chance of saving them. So I am happy to move my amendment. I move:

Schedule 1, page 11 (line 14), omit *"Maritime College Act 1978"*.

Senator STOTT DESPOJA (South Australia) (11.03 a.m.)—As Senator Margetts rightly pointed out, this amendment is not consequential. I believe that the government seeks to remove the words 'post-graduate' and insert 'undergraduate' in the Maritime College Act in much the same way as they have done in the Higher Education Funding Act so that fees can be charged for undergraduate places.

The Democrats will be supporting the amendment before the chamber as perhaps a last ditch attempt in this place to see that at least some institutions are not faced with the prospect of up-front and full cost fee paying courses because, as we have seen in the last few hours and yesterday, not only can these fees be charged but whatever safety and protection mechanisms are in place are pretty weak. We have just been denied an opportunity to beef them up somewhat in the amendment that was lost beforehand.

I reiterate: this is a last ditch attempt to try to save some institutions from up-front and full cost fees and thus perhaps provide some opportunity for people from disadvantaged and poorer backgrounds to actually have a shot at higher education in this country.

Senator CHILDS (New South Wales) (11.04 a.m.)—I want to express concern about the plight of those same poor students who have been referred to. The government is completely insensitive to the fact that the students who are particularly affected are those who need an education in order to pursue careers. The ability of students to get that first run to pursue a career is threatened by the onslaught of this legislation.

As Senator Stott Despoja has said, a particular section of the student population is being affected. But that is just one of the problems that students in Australia face. In regional and rural Australia students have to face the problems of isolation. That in itself is a great problem. So students have the initial difficulty of trying to gain their place in society and are then disadvantaged specifically because they do not come from the major cities of Sydney and Melbourne. So they face specific problems. At this stage in the committee process we have to consider the human problems—

Senator Campbell—Mr Chairman, I take a point of order. I do not want to disrupt Senator Childs too much but I think that with an amendment that deals specifically with the removal of reference in the act to the words 'Australian Maritime College' it would be in order to try to be relevant to that amendment. I think the issues that Senator Childs is raising are important but they are not being related to this specific amendment. I am sure there are many other amendments he could make these sorts of comments on.

The CHAIRMAN—I was listening to Senator Childs. I believe that in spirit he was speaking to the amendment. So I do not think there is a point of order. I ask Senator Childs to continue.

Senator CHILDS—I could not think of a more specific place than the Maritime College as far as students are concerned in regard to regional issues. So in speaking broadly as I was—I have not spoken in this debate up until now—I thought it was important to emphasise the context in which this amendment is being discussed. I will not further that debate because I have made the point that I wanted to make.

Senator CARR (Victoria) (11.07 a.m.)—As I indicated earlier, we withdrew our proposed amendment in this regard and, as a consequence, the Australian Democrats and the Greens have proceeded with theirs. It is the opposition's view that this was in fact a consequential amendment which lapsed on the basis that proposals we were not supporting—that is, the introduction of up-front fees—were in fact carried by the chamber. We are and we remain strongly opposed to that measure. However, given the fact that the chamber has expressed a view on the matter, we do not think it appropriate to support this amendment as outlined by the Democrats and the Greens as the matter has already been decided in previous Senate amendments.

Senator BROWN (Tasmania) (11.08 a.m.)—As Senator Margetts and Senator Stott Despoja have said, we are trying to save a specific institution from this measure that is being targeted by the government. Moreover, it relates to a Tasmanian entity.

It has to be understood that people from the mainland who go to the Australian Maritime College at Launceston have the difficulty of meeting the cost of getting there and establishing their lives there. Very often there is a big dislocation for them. The college is in the business of attracting students from all over the country as well as from elsewhere in the world, and the implication that is inherent in the government's move to put a further hurdle

in the way by introducing undergraduate fees is regressive. It is against the interests of the college. It is particularly against the interests of those students who have to struggle to have the money in their pockets to get to Launceston in order to undertake a career that is very special to them. It involves a decision about how they want to shape their future lives.

Whether we put the impediment of not having enough money in the way of students wishing to go to the Maritime College may rest upon the vote of Senator Harradine, or any one of us as individuals. That is what this motion is about, and I think it should be considered on its merits. The Maritime College is a special institution. Students going to it have special ambitions, and they also have a right to be assisted to get there.

The arguments that have been canvassed in this chamber since last night about this change that gives special advantage to the rich over the poor are writ large for the Maritime College. They apply no less there than for any other tertiary institution in the country. We should be trying at least to save this institution from the regressive and negative implications of this government's move towards giving advantage to the rich over the rest of the potential student population in this country who may wish to go to the Maritime College and follow the career of their choice. I think the committee should think very carefully about this amendment as it is not consequential but applies specifically to the Maritime College. I appeal to the committee to support the amendment because of the implications for students who wish to attend that college.

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (11.12 a.m.)—The government has a number of reservations about this amendment which is supported by the Greens and the Australian Democrats. In many respects, Senator Carr's position is the practical one in that all other universities will be under this regime. The intent of the amendment is to exclude the Australian Maritime College. The government's view is that this will have a very deleterious effect on that college.

As Senator Brown has said, the college draws students from around Australia. It is a respected national institution. The intended impact of this amendment is that it will not have the freedom to attract students. A possible consequence of the amendment could be that other universities may establish maritime courses or colleges on their own campuses and have far more freedom and flexibility to attract students under the more liberal regime of this bill to the significant detriment not only of the Australian Maritime College but also of the great city of Launceston. Launceston, of course, will benefit from the expansion of the Australian Maritime College that this bill should enable.

The second reservation the government has is that we believe the amendment is incorrectly worded as it seeks to remove only the title of the act. There is some confusion as to whether indeed this will enable the provisions to operate.

So the government has two reservations. To single out the Australian Maritime College from all the other tertiary campuses in Australia we feel would be very detrimental to that college and to those who may seek to go to the college, and it would also be detrimental for the community in Launceston.

Senator MARGETTS (Western Australia) (11.14 a.m.)—It is my understanding—and perhaps this has been clarified but I would like it to be underlined—that the government will not be able to charge undergraduate fees at the Australian Maritime College unless they get this portion of the bill.

Senator Campbell—That is correct.

Senator STOTT DESPOJA (South Australia) (11.14 a.m.)—I think the parliamentary secretary in his comments has raised an important point. I understand now that the government is very concerned that this institution will not necessarily have the same options as other institutions around the country to charge undergraduate full-cost fees.

I want to make the point that we are dealing with a competitive market for higher education, because we are concerned that one institution—namely, the Maritime College—will not be able to enter the same competitive

field and make money for its institution and for its surrounds, for Launceston, as Senator Campbell referred to. Doesn't this, more than anything, signify the shift we are talking about—the shift from publicly funded institutions to institutions that are increasingly reliant upon private funds, whether from other institutions, corporate arms or from individuals?

We are dealing with a dilemma—I see that it is a dilemma the ALP has dealt with in Senator Carr's remarks—that we have to provide equal opportunities for universities to make money out of students and to exploit students. This debate more than ever signifies the shift that institutions in this country have undergone literally overnight as a consequence of the amendments that were passed yesterday.

We are dealing now with competition for funds in order for universities to prop up and to adequately fund their staffing, their capital and their infrastructure. I think this amendment has signified the dilemma that Australian higher education will be in from now on, whether or not we give the Maritime College the equal opportunity to make money out of students. I think this government should hang its head in shame.

Senator CARR (Victoria) (11.16 a.m.)—I indicated before that the opposition believed this was a consequential amendment. But, having listened to what the parliamentary secretary has said and what other senators have said, and given the concern about or confusion in these matters, we may well have misunderstood the concerns of others. If there is this confusion, we want to state quite clearly and categorically our opposition to what the government is proposing.

In reading the amendments the government is proposing, it clearly states on page 11 of the bill, under the heading 'Maritime College Act':

> Omit "post-graduate", substitute "undergraduate or post-graduate".

In that context, we indicate that should this matter go to a division we would be voting with the Democrats and the Greens.

Question put:

That the amendment (**Senator Margett's**) be agreed to.

The committee divided. [11.22 a.m.]

(The Chairman—Senator M.A. Colston)

Ayes	32
Noes	34
Majority	2

AYES

Allison, L.	Bourne, V.
Brown, B.	Carr, K.
Childs, B. K.	Collins, R. L.
Conroy, S.*	Cook, P. F. S.
Cooney, B.	Crowley, R. A.
Denman, K. J.	Evans, C. V.
Faulkner, J. P.	Foreman, D. J.
Forshaw, M. G.	Gibbs, B.
Hogg, J.	Kernot, C.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.
Neal, B. J.	O'Brien, K. W. K.
Ray, R. F.	Reynolds, M.
Schacht, C. C.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Calvert, P. H.
Campbell, I. G.	Chapman, H. G. P.
Colston, M. A.	Coonan, H.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J
Gibson, B. F.	Harradine, B.
Heffernan, W.	Herron, J.
Hill, R. M.	Kemp, R.
Knowles, S. C.	Macdonald, I.
Macdonald, S.	McGauran, J. J. J.
Newman, J. M.	O'Chee, W. G.*
Panizza, J. H.	Parer, W. R.
Patterson, K. C. L.	Reid, M. E.
Short, J. R.	Tambling, G. E. J.
Tierney, J.	Troeth, J.
Watson, J. O. W.	Woods, R. L.

PAIRS

Bishop, M.	Crane, W.
Bolkus, N.	Vanstone, A. E.
Collins, J. M. A.	Minchin, N. H.
Lees, M. H.	MacGibbon, D. J.
Sherry, N.	Brownhill, D. G. C.

*** denotes teller**

Question so resolved in the negative.

Senator MARGETTS (Western Australia) (11.26 a.m.)—I move:

(2) Schedule 1, page 3 (after line 9), after item 2, insert:

2A At the end of section 13

Add

(3) Nothing in this section authorises an institution to charge fees in respect of a person undertaking a post-graduate course that would be higher than the amount that would be payable by that person if, notwithstanding paragraph (b) of the definition of ***designated course of study*** in section 34, the post-graduate course was a designated course of study and the person was a contributing student for the purposes of Chapter 4.

This amendment is about not authorising an institution to charge fees in respect of a person undertaking a postgraduate course that would be higher than the amount that would be payable by that person under HECS. The effect of this amendment is to remove fees for postgraduate students. It will delete any reference to fees for undergraduate students. If this amendment succeeds, postgraduate students would not pay more than the HECS liable to undergraduate students.

Postgraduate fees have the effect of preventing people, who do not already have a guaranteed income, reskilling. They prevent students from undertaking higher study after completing undergraduate study and prevent mature age and part-time students from returning to university to reskill.

The Council of Australian Postgraduate Associations—or CAPA—believes that, as a result of operating grant cuts, over 20,000 government funded postgraduate coursework places will be dropped. This will compound inequality of access to postgraduate places and buy us places in favour of those who can afford it. The groups that CAPA has analysed will be most affected are women, Aboriginal and Torres Strait Islander students, rural students, isolated students and low socioeconomic status students. CAPA shows that the participation of these equity groups have already been affected: with 30 per cent fewer women studying postgraduate courses than undergraduate courses; 60 per cent fewer Aboriginal and Torres Strait Islander students studying postgraduate courses than undergraduate; and 50 per cent fewer rural students, 30 per cent fewer isolated students and 60 per cent fewer low socioeconomic status students studying postgraduate courses compared with undergraduate courses.

This amendment will remove the major barrier of fees which prevents these people from continuing on with their education. This is consistent with the line that the Greens have taken. We always were concerned that the ability to charge fees to postgraduate students was a lever, a wedge in the door. It has been seen to be quite true.

To be consistent with the line we have always taken, I urge support from the committee in treating postgraduate students fairly and making sure that we do not further disadvantage postgraduate students. There are many people who are being pushed out of their careers by changes. They are finding that their education from years ago is no longer able to be used in the area in which they are working because of the rush to internationalism and the changes in the workplace. There are many reasons why people find it necessary to gain a postgraduate qualification. Therefore, we do not think we should be continuing to treat postgraduates unfairly.

Senator STOTT DESPOJA (South Australia) (11.30 a.m.)—The Australian Democrats will be supporting the Greens (WA) amendment regarding a re-regulation of the postgraduate fee paying sector. I echo Senator Margetts' concerns about the impact of fee paying courses in our institutions. The blatant deregulation of that particular sector that has occurred over the last six or seven years is quite appalling. Again, we have seen the lack of protective mechanisms designed to stop this and look after students and ensure that the fees charged are not unreasonable which, clearly, many of them are. We only have to look at various annual reports by the Council of Australian Postgraduate Associations to see that.

Again, I reiterate the comments I made during my contribution to the second reading debate in regard to the composition of target equity groups in postgraduate fee paying courses. We know that people from lower socioeconomic backgrounds make up 25 per cent of our population, yet comprise around

6.59 per cent of postgraduate fee paying courses.

I urge the committee to bear in mind the 10th report of the Higher Education Council, which showed that of all the target equity groups in higher education, the one group that had failed to increase its participation rates when it came to postgraduate fee paying courses was people from lower socioeconomic backgrounds. We know this is directly linked to the charging of up-front and full cost fees—again, a disincentive for those groups and also a barrier for those groups to participate in higher education. I have no doubt that we will be seeing reports similar to that Higher Education Council report in regard to undergraduate fee paying courses from now on.

Senator CARR (Victoria) (11.31 a.m.)—On behalf of the opposition, I indicate that we are not supporting these amendments. We believe there are substantial differences between postgraduate and undergraduate courses of study. We place on the record our supreme disappointment with the government in its attack upon undergraduate course places, and the manner in which it is seeking—although I believe will not succeed—to take out the 17,000 Commonwealth-funded places and concentrate on postgraduate course work.

Senator BROWN (Tasmania) (11.32 a.m.)—The Australian Greens strongly support this amendment. There is a substantial difference—that is, that postgraduate studies are undertaken by people who have been undergraduates. After that, the differences do not exist and, as has been outlined, this is a means of giving advantage to richer people over poorer people.

Postgraduate fees are a barrier to folk in our society who want to undertake reskilling, who want to undertake new endeavours and new ways of reskilling themselves to be able to lead a fulfilling life. It is a monetary barrier that has been put in place here. It means those people who are poorer are not able to undertake postgraduate studies. That has already been shown, since Labor brought in this barrier to people undertaking postgraduate studies, and it is time we removed it.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (11.33 a.m.)—The government does not support this amendment. It seems to require institutions to set all postgraduate fees at the level of the existing HECS charge. We believe this amendment will have the effect of reducing the number of postgraduate courses offered by institutions, because it is not viable to offer all postgraduate courses on a HECS equivalent basis. There are now 27,000 fee paying postgraduate students as a consequence of the previous government's amendments, which we support, and we do not support this amendment.

Question put:

That the amendment (**Senator Margetts's**) be agreed to.

The committee divided. [11.38 a.m.]

(The Chairman—Senator M.A. Colston)

Ayes	8
Noes	51
Majority	43

AYES

Allison, L.	Bourne, V.*
Brown, B.	Kernot, C.
Margetts, D.	Murray, A.
Stott Despoja, N.	Woodley, J.

NOES

Abetz, E.	Alston, R. K. R.
Calvert, P. H.	Carr, K.
Childs, B. K.	Collins, J. M. A.
Colston, M. A.	Conroy, S.
Cook, P. F. S.	Coonan, H.
Cooney, B.	Crowley, R. A.
Denman, K. J.	Eggleston, A.
Evans, C. V.	Ferguson, A. B.
Ferris, J	Foreman, D. J.*
Forshaw, M. G.	Gibbs, B.
Gibson, B. F.	Heffernan, W.
Herron, J.	Hill, R. M.
Hogg, J.	Kemp, R.
Knowles, S. C.	Lundy, K.
Macdonald, I.	McGauran, J. J. J.
McKiernan, J. P.	Murphy, S. M.
Neal, B. J.	Newman, J. M.
O'Brien, K. W. K.	O'Chee, W. G.
Panizza, J. H.	Parer, W. R.
Patterson, K. C. L.	Reid, M. E.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Short, J. R.

NOES

Tambling, G. E. J.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	West, S. M.
Woods, R. L.	

. . . . . *** denotes teller**

Question so resolved in the negative.

Senator CARR (Victoria) (11.42 a.m.)—On behalf of the opposition, I rise to oppose items 9, 10, 13 to 16. These items relate to differential HECS. The opposition is concerned that the measures proposed in these items seek to insert definitions of the annual band amount in the respective bands. These definitions are necessary to give effect to the differential HECS scheme. Universities will be required to assign each unit of study to one of the three bands which, in turn, will determine the level of fees payable. These are the main items including differential HECS.

Item 13 specifies the method of calculating the HECS liability of students, both for those who started their courses before 1997 and are subject to the old scale of fees, and for those who start from 1997 and are subject to the differential HECS. Item 14 sets out the band amounts under differential HECS. Item 14 seeks to give effect to the changes in administrative arrangements consequential to differential HECS.

Yesterday the Minister for Employment, Education, Training and Youth Affairs (Senator Vanstone) issued a press release indicating that legal studies and justice units would be removed from the highest level to the lowest band of government proposed differential HECS. The release indicated that the minister did so on the basis that the issue of legal studies and justice units had been raised with her and that, after weighing the matters involved, she had decided that these units were more appropriately placed in the lowest band.

I find that an extraordinary response. It goes nowhere near meeting the obvious and demonstrable injustice of the government's proposed allocation of different units to different bands. It follows the pattern that we saw with the introduction of the amendments for the 25 per cent figure in terms of charging of fees, where the government goes through one course of action and then, at the last minute, seeks to introduce these measures to try to head off criticism and—one might be cynical enough to suggest—to attract sufficient votes on the floor of the chamber to secure the general package of measures being introduced.

It does not respond to the questions that have been put to this minister and this government on numerous occasions about the inherent injustice, which is highlighted with the hypothetical case of the two teachers I referred to. They sit in the same staffroom, having graduated at the same time. One is a science teacher and one is a humanities teacher. Both are on exactly the same pay scale but they are facing different debt levels—different liabilities under this government.

The measures the minister announces in terms of legal studies and justice are in a similar vein. But what do we get from this government? A thrashing about, flaying of the arms, an attempt to try to meet these issues in a totally unsatisfactory way—ad hoc responses to complex, conceptual problems in what is a deeply flawed proposal.

The minister says these are measures that were first canvassed by the Wran committee some years ago, but rejected by the previous government. Why were they rejected? Because a simple administrative nightmare is involved in this and a philosophical problem arises from trying to attribute a proportionality for public versus private benefit in regard to the higher education contribution scheme. What you are seeking to do with these measures is to fundamentally undermine the philosophical principles that were the basis for the higher education contribution scheme.

I know some senators here are opposed in principle to the higher education contribution scheme. I acknowledge that. I say in defence of that scheme that I too was opposed in many respects and vigorously opposed it at various parts of its development. But, on balance, I say that the fact that we were able to expand the higher education system in terms of absolute numbers—

Senator Margetts—You got rolled.

Senator CARR—That is the polite way of putting it. It is an experience that I am not unaccustomed to. We handle defeat graciously in the Labor movement—most of the time. Having considered these things with the maturity of hindsight, I do say that we did seek a massive expansion and a dramatic movement from an elite, closeted higher education system to a much broader system as a result of those changes. But it saw an expansion in the Commonwealth contributions—public funds—to the higher education sector far in excess of any provision provided by the higher education contribution scheme, which under us contributed some 20 per cent of the average course load.

What is being proposed here in some cases is a 125 per increase in the contribution levels. You are seeing the attempt to allocate proportions on the basis of very substantial cost recovery for many of these courses which were in the past calculated on the basis of 20 per cent. The Labor government was able to find the public funds to allow for a massive expansion. This government is incapable of doing that because it is about the privatisation of the higher education sector.

For reasons of administrative complexity in terms of the universities trying to administer these schemes, the injustice in terms of the obvious anomalies that arise from this proposal and on the philosophical basis, we are opposed to these measures before us. I would call upon senators to support the opposition on these matters.

Senator STOTT DESPOJA (South Australia) (11.49 a.m.)—I rise on behalf of the Australian Democrats today to express our concern and disappointment at the proposed introduction of differential HECS. We support Senator Carr and, I believe, we will be supported by Senator Margetts from the Greens (WA) in our attempt to stop the introduction of this mechanism.

Senator Carr has said it represents an overall increase across the board where we see students expected to pay more in terms of private contributions to their study. I think we have to get away from this furphy that what is being implemented here today is a recommendation that was contained in a Wran committee report. But it is not the same as the Wran committee report's recommendations. I urge the minister to acknowledge that in her comments.

Administratively, it is going to be messy and it is going to be difficult. It is already going to cost $12 million for the purposes of administration. I maintain, as the Democrats have all along—and thank you for that acknowledgment, Senator Carr—that fees and charges are barriers to higher education for disadvantaged groups in our community. What we are doing today is hiking up HECS, increasing those barriers and increasing the disincentives for those groups. Not only are we doing it, but we are doing it in such an arbitrary way that is somehow based on course costs and projected income earnings.

I am absolutely flabbergasted—as I think many people in this place are—as to how these bands have been determined, especially in relation to teachers. A prime example is that science teachers and English teachers will have presumably similar income potential and yet will have different HECS debts hanging over their heads.

We have seen within the last 24 hours an announcement by the government that there will be a change in terms of what subjects go into what bands. We have seen that legal studies will be moved. I ask the minister to explain that decision today because you seem to be making very ad hoc last-minute decisions. I am not sure what the motivation behind those particular changes and decisions is, but I look forward to hearing it.

If legal studies has been moved at the last minute, I wonder why not science, given that we have already seen an impact on science applications, which many people are attributing to the changed bands with the differential HECS arrangement. As I said yesterday, there was a concession by the Minister for Science and Technology, Peter McGauran, that the different bands of HECS could have the potential to act as a discouragement for young people to enrol in science and engineering courses. So, administratively and economically, this does not make sense.

In terms of social justice, there are many moral faults with this legislation and this

particular proposal. We are going to see people being lost who would have been working in community health or legal aid because there is no reason to enrol in such high fee courses. It is a real disincentive to people and a barrier to those people enrolling in those courses when they have a small income potential. Yet for some reason these people are being slugged harder. This differential HECS system has been based on what this government thinks graduates earn. It does not take into account those people who study and do not graduate. I do not think this government has taken into account the fact that less than 50 per cent of people who undertake law studies necessarily practising law.

I ask the minister: why the decision yesterday regarding legal studies? Why was it done at the last minute? Why is this not being applied to science when we have seen enrolments reduced by 20 per cent across the board? Minister, you acknowledged that article that also refers to enrolments. We have seen evidence from the Senate Standing Committee on Employment, Education and Training and the council of deans showing enrolments down by 13 per cent about a month ago.

How will this scheme be monitored? Will the government give us an undertaking that they will review and make necessary changes to this scheme and, if so, when? What about adjusting, as a result of the signals that have been sent by the charging of differential HECS? Should there be serious distortions in the labour market as a result of people undertaking different courses and different degrees, and entering different areas of the work force simply because they have been put off by the charging arrangements? How will subjects be classified into differential bands? What will happen with subjects which can be located in different discipline areas? For example, will the price of psychology vary between institutions depending on whether or not it is based in an arts faculty or a science faculty? How will differential HECS bands take that into account?

Senator BOLKUS (South Australia) (11.55 a.m.)—I want to hear the answer to all those questions but I also ask: how do you distinguish between legal studies and other law courses? Was it on the basis of cost or was there some other factor? If so, what was that factor? If it was not based on cost, what was it based on?

Senator MARGETTS (Western Australia) (11.55 a.m.)—The Greens (WA) have stated their categorical opposition to differential HECS and opposed it when it was also proposed by the previous government. We believe that students of lower socioeconomic status should not have to choose their course on the basis of cost. We oppose the HECS increases of between 35 per cent and 125 per cent. The differential HECS concept then provides another layer of inequity for people who cannot take on large amounts of debt to study law, medicine, science or engineering. These amendments coincide with Greens (WA) amendments and we will be strongly supporting them.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (11.56 a.m.)—I will be as brief as I can in responding to as many questions as I possibly can. Senators know full well that this government has decided to increase HECS and shift to a differentiated HECS—and know full well the reasons the government offers for doing that. I raised the matter yesterday and I do not want to go into it at length but it is worth just raising the equity issue of school leavers who go to university versus those who go to TAFE, versus those who are trying to find a job.

The school leaver who goes to university and completes the course gets an internationally portable piece of paper that says, 'This is the skill level I have achieved. This is what I can do.' Generally speaking, this is internationally portable. The minimum cost is roughly $20,000 for the least expensive degree. Other taxpayers contribute to that because there is a very substantial public benefit in higher education institutions.

The previous Labor government introduced a HECS contribution and said, 'Look, at a minimum of $20,000 we do not think it is unreasonable that you make a contribution to this because you do get a private benefit, a

much more substantial benefit than the one to the kid who goes to TAFE, on whom we do not spend as much and who does not necessarily even get a nationally portable skill recognition document.' It follows even less for the student to whom we do not give the capacity to go to TAFE or into higher education and who goes and gets a job. The school leaver of that age who goes and gets a job will be expected to pay tax and contribute to the higher education system.

So this government is focused not just on equity within the system of higher education but across the system for all school leavers. We think on that basis it is fair enough that students be asked to make a higher contribution. Senator O'Chee indicated yesterday in the debate the example of a young kid who says, 'TAFE is not for me and I could not get to university; I think I will set up a delivery business,' and wants to buy a beat-up station wagon to do so. We do not say, 'By the way, we would like to set you up in your career. Can we fork out $20,000 for you to buy a couple of vans and, by the way, we would only like you to pay about one-third of it back and we will give you a real interest rate free loan and you will not have to pay until your business is earning $21,000 a year?' We do not give that opportunity to that Australian but we do to those who are lucky enough to be bright enough to go to university.

We do not think that on an across school leavers basis it is inequitable to ask university students to pay more. We are not asking them to pay up front but that is the reason for the increase. Senator Carr yesterday was chastising the government saying that we wanted to do this without any thought at all and that we had just plucked it out of the air. He also said we had not had an analysis done, forgetting that the previous government had an analysis done, was told to introduce a differentiated HECS and rejected the analysis.

I am at a loss to see why opposition members can say, 'You bad government. You haven't had an analysis done. We were good people. We had an analysis done.' In fact, you threw the analysis out and said, 'They didn't know what they were doing.' It is a moot point in a sense; nonetheless, it is worth raising.

The Wran committee did recommend a differentiated HECS, a HECS which was more related to pure cost alone. We think that is inappropriate. I will tell you why we think a differentiated HECS is inappropriate.

Senator Carr raised the question of two teachers in the same staffroom drinking the same tea but having different HECS liabilities. What he did not tell the Senate was that a person who did science might go out and get a job in a goldmining company and end up being a multimillionaire. Let us not pretend that everyone who does science chooses to be a teacher. They do not choose to be a teacher necessarily.

Senator Carr—That is extraordinary.

Senator VANSTONE—Australian scientists are of world standard.

Senator Carr—They could win the lottery, so what?

Senator VANSTONE—We have scientists of world standard. Senator Carr, I will give you a lesser example. Let me put it to you this way. People who do science degrees are not required to become teachers and teach in a school.

Senator Bolkus—It's pretty hard to get jobs though.

Senator VANSTONE—Thank you for reminding me, Senator Bolkus. It is very hard to get jobs. Why is it hard to get jobs? Because after 13 years of your government, we have hundreds of thousands of people out of jobs. You destroyed so many jobs in the recession we allegedly had to have and then failed to replace them. That was a most inappropriate interjection on your part, Senator Bolkus. You are the one who I had a discussion with seeking to—

The TEMPORARY CHAIRMAN (Senator Patterson)—Senator Vanstone, try to avoid communicating across the chamber. Communicate through me and avoid responding to the interjections.

Senator VANSTONE—Thank you, Madam Chairman. The senator who was interjecting—and, frankly, I would have been grateful for

some support to stop the interjections; it might have stopped the responses to them—made a most inappropriate interjection. He flippantly said, 'It's not so easy to get jobs,' as if he comes to that matter with clean hands.

Senator Bolkus was in the government that absolutely devastated thousands of jobs in the recession we allegedly had to have and then failed to replace them as quickly as they should have been. Even worse, that government claimed when they replaced some of those jobs that they were generating new jobs—when they were simply restoring jobs they had destroyed themselves.

I wish to make this point vis-a-vis equity. Yes, there might be someone who does a science degree and who chooses to be a teacher, but there are other jobs available to scientists where they can earn more money if they choose to. Teaching used to be regarded—I would have thought you still regarded it this way, Senator Carr—as a vocation, rather than a money spinner.

Additionally, let me give you the counter argument that I have yet to hear an adequate response to. You may say, 'So what? I'm satisfied with the response,' and I accept that you would be. But I am yet to hear someone argue this case on the other side of parliament. Why do you say it is equitable to ask people who are learning to be teachers—who have a lower course cost and to whom other taxpayers give less, and who inevitably end up with a lower income than people who do medicine or law—to pay, for the private benefit they get, the same dollar contribution as medical students, who have a very high course cost and a much higher income later in life? That is the inequity that we are seeking to fix. I have yet to hear an explanation for that. Senator Stott Despoja is willingly offering to give me one, and she may have a different view. It is not something we want to debate at length.

I have been asked to give the government's basis for shifting to a differentiated HECS. The reason is that we give some university graduates, through the private benefit they get, so much more than others. People who go through university and practise medicine for the rest of their lives are in a much 'closer to the front row, box seat' than people who do teaching. We give them more, and we therefore do not think it is inappropriate to ask them to make a higher contribution. We want to address that inequity the Wran committee clearly recognised.

Why don't we go simply on course cost? Why don't we simply say, 'A medicine degree costs this much; an arts degree costs this much. We'll do it on that basis'? We think that, too, would be inequitable. There are some courses that, on a cost basis, would be in a higher band, but those people will not earn higher incomes. Nursing is the classic example of that. If you did it on a pure cost basis and said, 'This is what other taxpayers give you,' nursing would be in a higher band.

We have tried to blend the recognition of the contribution that other taxpayers make—that is, the cost of the course—with the genuine private benefit those students get for the rest of their lives. Everybody knows that nurses, by any standard, do not earn a lot of money. We think it would be inappropriate, therefore, to put them in a band that reflects purely the cost.

Let me go to the other end of the spectrum—to people who do law. They have a low course cost and, on a pure cost basis, would be in the lowest category. When you look at the incomes earned by people who have qualified in law, irrespective of whether they practise or not—Senator Stott Despoja, the information available to the department was on the basis of people who completed law degrees, not who were practising law—you see that they end up with a higher income.

While lawyers may not get the private benefit in terms of the course cost, they get the benefit in terms of the income they get for the rest of their lives. That income will vary according to whether they work as a corporate taxation specialist in a big Sydney firm or as a regional practitioner in a small country town. Of course it will vary, just as salaries in so many other areas vary.

We have made those calculations on the information available to the department in relation to the incomes expected to be earned

in the six to 10 years after graduating. We see ourselves as introducing more equity into this by recognising the private benefit that students get. That private benefit is judged partly by cost and partly by the income the students could possibly expect to earn after graduating.

If people choose to work in areas of particular social benefit that provide a lower income, the appropriate policy to attract people to that is to direct public subsidies to those areas. That is the way to address the imbalance when it is said that some people who practise law go and work for nothing somewhere. Someone—I think it was Senator Stott Despoja—mentioned legal aid. There is some debate about legal aid at the moment because this government is saying that the states should pay for legal aid for state offences, but that is a separate issue. Nonetheless, people who work in legal aid are working in government subsidised areas, and that is as it should be. If something needs a subsidy, the government should pay it. That is another question from whether it is fair.

I conclude on this point. We do not think it is equitable to ask a doctor to pay the same contribution for each year of university study as a teacher, when we all know that the doctor, both in course cost and in income for the rest of their life, is given so much more. That is why we want to move to the Wran committee changes.

Senator STOTT DESPOJA (South Australia) (12.08 p.m.)—Minister, there are a couple of questions which I repeat, specifically in relation to the classification of subjects in different bands. The example I gave was psychology. How will that be charged, depending on whether or not it is provided through a science degree or through an arts degree?

Briefly, on your final point, let us not forget that the scientists who become multimillionaires, that the doctors who make a packet, that the lawyers who become QCs, pay taxation. Graduates do pay tax. Students pay tax. They contribute through a taxation system. Let us not forget that those people already contribute to the public purse. They contribute to government revenue raising. Just as you have acknowledged, Minister, there is a community and public benefit in education and people pay taxes in order to contribute to the provision of education in this country. But the higher income earners pay more taxation.

Differential HECS is not a fair system of taxes according to actual wealth—not perceived wealth. This is what you have based your estimation on: perceived and projected income earnings, not actual wealth. There is a community benefit. Do you also acknowledge, Minister, in the light of the changes in the last couple of days to legal aid and the comments by you and Minister McGauran regarding science, that HECS and the differential bands have the potential to act as a discouragement to entering particular courses?

Another question to you, Minister: why do we not spend more money on TAFE? Considering that we have just dealt with a bill within this last week to cut TAFE funding by $57.5 million to the vocational education and training sector over 1997-1998, why don't we? Why are we applying a five per cent efficiency dividend to the TAFE sector? I am quite happy to acknowledge that we should be spending more money in those areas.

We have raised some points about the difficulties in HECS administration, and I acknowledge that the government has had to provide funding, I believe, of around $12 million towards the administration of HECS. Item 15 provides for each student to be provided with a notice of their HECS liability for each year in their enrolling institution. That specifies the amount payable. How will universities cope with the logistical difficulties this poses, given that each student's contribution will be calculated individually, subject by subject? What assistance are the universities going to be given to cope with those particular difficulties?

I do want to acknowledge the points raised earlier by Senator Carr. Yes, there was a massive expansion of the higher education sector over the last few years, but let us not forget that that expansion and those student places were not matched with funding for infrastructure, staffing and capital works. We have seen, over the decade and the 13 years that Labor was in power, a reduction in the money spent per student unit in higher educa-

tion. I want to make that reminder to the former government because it was also acknowledged, I believe, in the coalition's election policy that our universities were not being funded to the extent that they required.

I have a final question, Minister, regarding the review process. Again, why is differential HECS, such radical changes as we are dealing with in this legislation, being introduced before the review of higher education, which you have announced, takes place? Why has this happened now? Given that we are making last-minute, arbitrary and ad hoc changes, like last night's, why is this not waiting even one more year before we contemplate the changes?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (12.12 p.m.)—Let me try to deal with your answers as briefly as I can. Firstly, you raised the issue of higher income earners earning more and, therefore, you say there is no need to ask more of them in terms of their contribution to their university course because they pay higher taxes. I think that is the argument you raised. Of course, that seeks to ignore the fact they are given more. You say, 'On projections, yes, that's true,' but the projections are not that far out. They are certainly given more in terms of course cost.

But you would seek to say, 'Let's treat them all equally and we'll just take this money back later as they earn higher incomes.' What that does, of course, is put you in the position of wanting to say different things to two people who are both earning a high income—one of whom went to university and one of whom did not. To the university graduate, you would have to say, 'That's all right, we'll allocate your taxes to your education. You can nominate, notionally in your mind, what your taxes will be used for'.

To the other person, who is earning the same type of income by some other means, an artist, for example—there is a whole range of people who would be earning high incomes, and I am loath to raise the notion of Alan Bond who started life as a sign writer; we all accept that you do not need to go to university necessarily to earn a high income, but you do have a much higher chance—who did not go to university, you would have to say, 'Bad luck for you. We know we did not give you all of this; you have come to it by some other means. We will appropriate your taxes in another way.' That is the fallacy that I see in the argument you raised. You might not accept it, but that is the argument that I would use—that is, it is not appropriate for people to individually decide what their taxes will be allocated to.

You might be too young to remember the histrionics that I have seen in the past of people who wanted to nominate how they would pay their taxes. I recall seeing someone on TV one day who wanted to pay their taxes with real spades and someone else who said they refused to pay a portion of their tax bill which they had calculated would go on defence because they individually wanted to make a decision about what their taxes were used for. That is not on, in my view. That is the first answer.

Second is the question that you asked vis-a-vis psychology. I am advised the discipline code is the same across universities. So, irrespective of the purpose of taking that particular subject, the discipline code will be the identifier of where it belongs in the HECS charge.

The third question you asked—I have heard you ask this time and time again and, forgive me, Senator, I have taken it as mere polemics—was whether I would comment on what Mr McGauran said. I have not bothered to because he actually said—after I did—that we would look at the issue of take-up of science and engineering. I have said this in here before, and I have made it abundantly clear to you, that my personal view is that I do not believe, other than possibly short-term blips, that this increase in HECS will be any different from the introduction of HECS and that I do not believe it is a disincentive. However, I have said—and I am pretty sure I have said it in this place—that, if that turned out to be the case, of course we would review it. Of course, like anybody who is interested in the supply of different graduates from different disciplines, we understand the need for science and engineering graduates, and we said we would look at it. So, to me, what Senator

McGauran has said has not seemed momentous. That is the reason why I have not bothered to respond. Forgive me, I thought it was mere polemics.

The fourth issue raised is the question of the cost of the administration. Yes, of course we have provided some money to the universities, or we want to provide money to universities if we can secure the passage of this bill; but they will have to make some computing changes in their systems. But already the HECS debt is calculated individually because it depends how many subjects a student does in a particular year. Senator, I am sure you are aware that no-one is there counting up old-fashioned library cards and marking with a quill what subjects someone did—this is all computerised. So a change in the computer system is required and, mercifully, a lot of administrative changes that in the past would have been horrendous have now become a lot easier. In addition, in ongoing administrative costs, we are providing to universities less than $5 a student for this calculation. The next question you raised was: why not leave this to the review? I have indicated to you before, Senator, that the government does seek a very broad-brush review of the long-term future of higher education, given the very dramatic changes—and I will not recanvass them; I think you agree that they are there and they need to be looked at. But that does not mean the government should say we cannot possibly make up our mind on anything until that review is completed. There was a review—the Wran committee—that suggested a differentiated HECS as more equitable. That work had already been done and it was not therefore hard to make what we believed was the appropriate decision. So it is a bit inappropriate to suggest that this is simply something that should be left to the review. On that basis you would never do anything. We believe that adequate information was there to come to these decisions and, therefore, we are happy to proceed prior to the review. I think that is it; that answers the six questions you asked, Senator.

Senator BOLKUS (South Australia) (12.18 p.m.)—I do not know whether Senator Stott Despoja is happy with the answers, but I for one am not, Minister. I think it is fair to put on the record that I understood—and everyone in the chamber, apart from you, Minister, understood—in terms of the assertion by Senator Stott Despoja in respect of people paying tax, that in the end there was no call for notification. It was a call on you to appreciate that, at the end of the day, people in the higher jobs pay higher taxes as a rule, not consistently and, as a consequence, the system balances itself out.

The point that has been made—and one that really has not been addressed and I would like you to address it—is the ridiculous nature of the proposal you are putting forward. You in your own words drew the distinction between a science teacher working for a gold digging company as opposed to a science teacher in a school. By that example you have exposed the fact that your proposal just does not work because you cannot force people into one job or another. This is not the time of slavery. People do have the choice. No-one is arguing that the jobs they are doing, whether they are in the schoolroom or in the goldfields, are socially undesirable. They are socially desirable.

The particular point about science teachers that we want you to understand and to reply to us on is this: is it not a fact that there is already a projected shortage of some 9,000 maths and science teachers by the year 2000? Is it not also a fact that across the country academics and others are expressing concern at the impact of the differential HECS on science teaching? Professor Edmund Smith, the Dean of Science at La Trobe University, said that the notion that financial pressure will bias students away from scientific and technological studies is very worrying. In terms of enrolments in science and maths courses indicated by students' first preferences, they would be down by 38 per cent, for instance, at the Victorian University of Technology.

There is a need already. Your formula is ridiculous in that it does not really accommodate the diversity of people's job preferences. But that existing need will be accentuated contrary to the national interest and contrary, in your particular case and mine, to the interests of South Australia, where that is one

area for which there is a demand and one area where demand is expected to increase.

Minister, they are the questions that need to be answered—questions that I also raised for you. I want specific answers. You drew a distinction between legal studies and other law courses. We all know that, when people finish law, some can finish up after years of work earning big bucks. We also know that, when people leave law, the average income is around $40,000 or less, and a lot of people work in legal aid, community law centres and so on. Looking at the number of people who complete law and who stay on working as lawyers in mainstream law, you are talking about roughly fifty-fifty. How did you distinguish between legal studies and law courses? You did not answer that.

Minister, we did have a conversation last night. It was a result of the fact that I think pressure was put on you by Senators Hill and Campbell to try to expedite it. We have assisted you this morning—we have given you time off and the questions have been much shorter. But, once again, they have not been helped by your undisciplined indulgence in rhetoric and polemics—once again, you took 13 minutes to give the last answer. You can approach this, Minister, in a much more disciplined way, and we are doing that on this side. So, if you could just answer those questions specifically, we would make much better progress.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (12.22 p.m.)—I am doing the best I can in this respect. As we discussed last night, there is a very fine balance to be found. Yesterday on a number of occasions I indicated that I was happy for senators to proceed to speak in a row and then I would respond to a bunch of them together. Some senators were clearly unhappy with that and wanted immediate replies.

Equally, the degree to which polemics are put into questions does have some impact on the polemics of the answers. I think it worked very effectively a minute ago when a whole bunch of questions were asked, people put their views and then got the answers. Of course, you were unhappy with one response, but it was a response to an interjection that you brought into the matter.

With respect to legal studies, it is the same answer as I gave to Senator Stott Despoja. The discipline codes allow us to differentiate. There was some concern in the beginning—as expressed by a number of people—and the amendment is an indication that the government is prepared to listen. There is a case for saying that people who do paralegal studies do not earn the same as people who qualify with a law degree. The discipline codes enable us to separate that out and make a more equitable decision. Where it is possible to do that and do it sensibly, we will do it. The release might have been made yesterday, but I made the decision well before that.

Senator COONEY (Victoria) (12.24 p.m.)—I was wondering whether the government might get over a lot of the problems if an extra paragraph (c) was put into section 2A so that it reads, 'The objects of this act are (c) to enable people to gain a higher income than they might otherwise be able to do.' That seems to be the thrust of the argument. Even though people may not earn a greater income by doing a university or tertiary education course and even though some may go ahead for their own reasons and pursue an altruistic course, they might have been able to do other things and earn more. The argument that justifies the charging seems to be that the course enables people to do that.

There is no reference to that as the objects now stand and when people read the act they think that this is all about enhancing Australia's knowledge, enhancing the contribution to Australia's research capabilities and helping Australia's social and economic needs. There is no reference at all to the income earning capacity that this Higher Education Funding Act might result in.

I was wondering whether the government would get over a lot of its difficulties if it spelt out the particular objects that it sees this act as having, in particular the fact that this is an enabling act which funds people to enable them to earn more income. If that was inserted as a paragraph (c) in section 2A, the government might get over a lot of the problems.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (12.26 p.m.)—No, I could not agree with that. Of course a degree does enable people to earn a higher income, but that is not the only basis upon which a differentiated HECS has been introduced. As I have indicated, it relates partly to the cost of the course and is modified by the capacity to earn a higher income. Furthermore, this bill does a lot more than that. For example, it gives the opportunity for universities to sell places to Australian students. You could say it dramatically increases the opportunity for what is loosely referred to as recreational learning, where people might pay to do a further degree simply because they want to know more rather than earn an income.

Senator STOTT DESPOJA (South Australia) (12.26 p.m.)—The minister referred to various modelling that had been done regarding law students. Would the minister be prepared to table that information in the chamber?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (12.27 p.m.)—I think the information that the senator is referring to is information that was provided at Senate estimates. If I am wrong about that, I will give it to you again. The modelling you are referring to is not so much modelling as information available on incomes earned in the period six to 10 years out. I think that information has been made available but, if it has not, it will be.

Senator CARR (Victoria) (12.27 p.m.)—We are all anxious to get this matter resolved. We have canvassed it widely. There is the issue the minister mentioned concerning the implementation of these proposed changes. You indicated it was just like it was done in the past and that you believed there was no significant impact. I ask: given that your department is not in a position to be able to predict the socioeconomic profile of fee paying or HECS paying domestic undergraduate students, what significant research do you intend to commission, or have you commissioned, to judge the impact of your revised HECS arrangements on participation decisions by people from Aboriginal, non-English speaking and low income backgrounds?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (12.28 p.m.)—As Senator Carr rightly identifies, we cannot identify the profile of the students who will be full fee paying when we have not even got the bill through to allow that and have not had a year or two of experience of it. No doubt that profile will become available. I draw your attention to the increases in funding for Aboriginal incentives into higher education. I think it is some $72 million, although I stand to be corrected on that. This is additional money for Aboriginal incentives to participate in higher education, the details of which were provided many months ago. Furthermore, I draw your attention to the 4,000 EFTSU scholarships that we will provide and which you scoff at, but I remind you that that is 4,000 more scholarships than your government was prepared to provide.

Senator CARR (Victoria) (12.29 p.m.)—I asked a specific question. What specific research do you intend to commission or have you commissioned? You have failed to answer it. A similar pattern has been experienced throughout this debate. Obviously we are not going to get anywhere with you on this matter. I asked a question yesterday in regard to the profiles and we are still waiting for a response. I ask when that will be done. Quite frankly, our patience is exhausted. We would rather have this matter put to a vote, but I would like those answers at some point today.

Question put:

That items 9, 10 and 13-16 stand as printed.

The committee divided. [12.34 p.m.]

(The Temporary Chairman—Senator K.C.L. Patterson)

Ayes	34
Noes	32
Majority	2

AYES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Calvert, P. H. *

AYES

Campbell, I. G.	Chapman, H. G. P.
Colston, M. A.	Coonan, H.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J
Gibson, B. F.	Harradine, B.
Herron, J.	Hill, R. M.
Kemp, R.	Knowles, S. C.
Macdonald, I.	Macdonald, S.
McGauran, J. J. J.	Newman, J. M.
O'Chee, W. G.	Panizza, J. H.
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Short, J. R.
Tambling, G. E. J.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	Woods, R. L.

NOES

Allison, L.	Bolkus, N.
Bourne, V.	Brown, B.
Carr, K.	Childs, B. K.
Collins, J. M. A.	Collins, R. L.
Conroy, S.	Cook, P. F. S.
Cooney, B.	Crowley, R. A.
Denman, K. J.	Evans, C. V. *
Foreman, D. J.	Gibbs, B.
Hogg, J.	Kernot, C.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.
O'Brien, K. W. K.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

PAIRS

Brownhill, D. G. C.	Faulkner, J. P.
Crane, W.	Neal, B. J.
Heffernan, W.	Lees, M. H.
MacGibbon, D. J.	Bishop, M.
Minchin, N. H.	Forshaw, M. G.

*** denotes teller**

Question so resolved in the affirmative.

Senator CARR (Victoria) (12.38 p.m.)—The opposition will oppose items 23 to 25. On the issue of the threshold, we in the opposition believe that there is absolutely no justification for lowering the threshold below the level of average weekly earnings. Quite clearly this proposition would involve repayments being taken from people who are actually below the poverty line if they have dependants. It will cut out living wage increases at payments of $12 per week. It is quite clearly and demonstrably a broken promise which hits existing students and graduates. It is a means by which existing and former students actually pay more in real terms because they lose the advantage of imputed interest rate subsidies which of course have a value of up to a 10 per cent increase on the total HECS payment for some graduates.

It is quite clear that this is a proposition which is fundamentally unjust. It includes a proposition which would mean that at $20,701 a HECS debtor would repay some 3.5 per cent of disposable income, taking into account their after-tax income which of course excludes the gun levy and the Medicare levy. At $27,288, a HECS debtor would pay five per cent of after-tax income, again excluding the gun and Medicare levies from calculations. At $33,000 a HECS debtor would pay 6.4 per cent of after-tax income, again excluding the gun levy and Medicare.

Of course, $20,700 represents the bottom rung of the third threshold, and all graduate steps for HECS repayments fall within this tax bracket. It is a bracket which is being hit hard for repayment of HECS, and it clearly indicates that early career graduates are being hit the very hardest. The proposition essentially is that this breaks the pre-election promise that the government made to make no changes to HECS which would affect current students.

I ask: is the government aware of how many current students will immediately be affected by the reduction of the threshold for HECS repayments? What provisions will be made for such students when the requirement to repay their HECS debt is such that they can no longer afford to continue with their courses? I ask: what is the rationale for setting the new HECS threshold at $20,700? Is the government aware of the proportion of disposable income which the new HECS rates represent for people at the lower income levels?

Also, I ask the government: what has it done in terms of its consideration of the short-term cuts in disposable income on the wider economy, particularly for first home buyers? This is a measure that hits hardest at people who are beginning the family formation process. Quite clearly the measure is fundamentally unjust.

What do we as the opposition say? We believe there is no justification for lowering the threshold below the level of average weekly earnings. This proposal by the government to lower the repayment threshold by almost $8,000 is one of the most objectionable in the entire higher education package. When combined with the higher education charges and the accelerated repayment schedule, it will work as a significant disincentive to participation in higher education for people from less well-off backgrounds. The opposition appeals to all senators to think very carefully about what this proposal really means, about how it will actually impact on people's lives and to reject it as unfair, unreasonable, unjustified and mean spirited, which is quite clearly what this proposal is all about.

Senator STOTT DESPOJA (South Australia) (12.42 p.m.)—I concur with many of the remarks made by Senator Carr. I find this to be one of the most inequitable and objectionable measures in the bill, and the Australian Democrats will not be supporting the proposed drastic reduction in the threshold at which graduates begin to repay their HECS debt from $28,000 to $20,000.

Senator Carr asked, quite rightly, what is the rationale. I am afraid the rationale is quite easy to see. It is to get more money back more quickly, but it overlooks the fact that students and their families will be paying back this debt at below poverty line levels.

Let us not kid ourselves about average weekly earnings. I find it very interesting that even though we have laboured for many years under the assumption—under the Higher Education Funding Act—that average weekly earnings are around $28,000, there are estimates which pinpoint average weekly earnings at around $35,000 per annum, so even then we are looking at something which is 60, not even 70, per cent of average weekly earnings. We will hit hard students, students who are not necessarily graduates yet, graduates and people with families with responsibilities.

Minister, please do not stand up and say that it is the price of a theatre ticket, because I think that is offensive and a slap in the face for those people who have a range of other financial and domestic responsibilities to deal with. This proposal is akin to the United States system. It will slug hardest those families who have other financial responsibilities and people who live below the poverty line. But the worst slap in the face for the Australian community is that this government promised that it would not change the threshold, that it would maintain the threshold just as it would maintain operating grants, HECS and Austudy and strengthen regional and rural universities. But you have blatantly breached that promise.

I am glad that Senator Robert Hill, the former opposition education spokesperson for the coalition, is in the chamber. I urge him to remember the words that he spoke during the election campaign when he promised that this threshold would not be changed.

Senator Carr explained in his remarks earlier why the threshold was set at average weekly earnings. At least that was one reasonably equitable measure of the HECS legislation when it was first introduced: the idea that graduates would not be slugged until they were earning a reasonable, if not low, income. You are seeking to move the goalposts—something you said in your pre-election promises that you would not do—and you are doing it in such a way that will hit hardest families who are disadvantaged. This is another disincentive to want to participate in higher education for people who are from less well-off backgrounds or from traditionally disadvantaged communities.

Senator MARGETTS (Western Australia) (12.45 p.m.)—I want to check through the minister what will be the impact, if somebody is now being charged HECS from $20,000 onwards, if their income goes down to $15,000.

Progress reported.

MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Childs)—Order! It being 12.45 p.m., we shall now proceed to matters of public interest.

Condolences: Mr Harry Laurence Ward

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (12.45 p.m.)—I rise to speak about the extraordinary life of Harry Laurence Ward, a surveyor and ex-prisoner of war. He was born in Condamine in Queensland on 6 November 1902 and died in Taringa in Brisbane on 7 November 1996.

When the Second World War ended with the surrender of the Japanese, among the many starving and emaciated prisoners of war who were repatriated back to Australia was Harry Ward. At the time of the fall of Singapore, Harry was a civilian and a volunteer member of the Singapore Royal Artillery. This was a militia unit he had joined in 1928, three years after he had taken up a position with the Malayan government as a surveyor.Harry Ward was to spend 28 years of his life in Malaya, three of them as a prisoner of war in Changi and on the Burma-Siam railway.

The second child of the three children of George and Georgina Ward, Harry received his primary education from his father, a schoolmaster at Wondai school, until in 1915 he went as a boarder to the Brisbane Grammar School where he decided to become a surveyor. After being articled to a staff surveyor in 1919 and engaging in pioneering surveying in various parts of Queensland, camping out in very hard conditions, he changed his articles in 1922 to a private surveyor at Kingaroy and then, in 1924, to the Brisbane City Council for the formal tuition necessary for his professional qualifications.

In 1925 he took up a position with the government of Malaya, where he was to live for the next 28 years. He married Jean Smyth, a Brisbane girl, in Singapore at St Andrews Cathedral in 1928. Jean had been trained as a nurse at the Brisbane General Hospital, and Harry met her at a tennis party. Their first home was 20 miles from the railway in a remote place called Kuala Pilah, to which Harry returned once a month from distant survey camps in the Malayan jungle. Between 1930 and 1942, Harry served in a number of positions throughout the Malay peninsula. Life was good in those far off days in the atmosphere of the British Raj, with cricket and tennis and balls and parties.

It was not destined to last, for in 1942 the Japanese invasion was to change everything. Their two boys were luckily out of harm's way at primary boarding school in Australia, and Jean and their small daughter were evacuated by P&O ship in time to reach Australia safely. Harry, as a volunteer in the militia, remained and was imprisoned by the Japanese. The next three years were to be the most traumatic of his life, and also for his family, who did not find out until the end of the war whether he was alive or dead. My wife vividly remembers the day when she, as a little girl, saw Jean out in the garden at Harry's home at Mount Gravatt weeping and showing my wife's parents the letter she had received telling her that Harry was alive.

After a period in Changi prison, the Japanese told the prisoners they were to be transferred to a holiday camp and to bring any musical instruments they would need to entertain themselves. The 'holiday camp' was the infamous Burma-Siam railway, and they were taken there by train and cattle trucks. At 40, Harry was older than most of the other POWs. Had he revealed he was a surveyor, he would have no doubt received preferential treatment from his Japanese captors because his professional knowledge would have enabled them to speed up the construction of the railway—and certainly, as Harry said, by a different and much better route.

Such was his character that he remained silent and did nothing to assist the Japanese. He worked shift in a POW gang, digging with the others and suffering the privations and beatings that they all received. The fact that he had lived in the tropics for many years, together with his physical toughness, no doubt helped him cope. As with all prisoners, he suffered from starvation, malaria, beri-beri and tropical ulcers and was reduced to a weight of seven stone.

Only 10 per cent of the railway crews were allowed to be ill at any one time. If too sick to work, they were set to the task of catching flies—at least 200 a day. Harry outsmarted his captors by cutting each of his catch in two to obtain his quota. No wonder that, with this

pettiness and his understanding of the Japanese philosophy whereby soldiers who surrendered were treated with contempt, he detested them and for the rest of his life was, sadly, unable to tolerate Japanese people.

Harry Ward was repatriated home in October 1945. The authorities of the day decided to send the ex-POWs home by the longest route in order to 'fatten them up' before their shocked families could witness their dreadful condition. The result was that Harry came home to Brisbane South via the Western Australian coast. Weary Dunlop, one of his colleagues in the camp, came via the Queensland coast. In fact, one of Weary's first acts upon setting foot back on Australian soil was to go to Harry's home at Mount Gravatt, where he had his first real bath and was fed and feted by Jean and the children.

The following year, in May 1946, Harry returned to his old job in Malaya with Jean, and in 1950 became chief surveyor of Singapore. He was responsible for much of the surveying work necessary in that war devastated community. He became very active in encouraging Malayan, Indian and Chinese students to study in Brisbane. This was subsequently to add another facet to his life in later years.

Harry returned from Singapore in 1952 and spent the next few years on the land with his sons. In 1955 he joined Thiess Brothers as a surveyor on construction sites and on the coalfield development in the Blackwater and Moura areas. In 1962, the Thiess coalfield interests became a joint venture with Peabody and Mitsui. Harry felt he could not work for his former captors and left the firm. There was a short period of work in 1965; then for the next 17 years Harry worked at the University of Queensland as a full-time demonstrator and tutor in surveying.

This he and Jean found particularly fulfilling as their home became an open house to the students—particularly the many that came from Malaysia—where the food was as they knew it at home and where conversation was in fluent Malay. Many of those students are now the leaders in their professions, both in Australia and overseas, and Harry was very proud of them. Up until the day before he died, which was his 94th birthday, he was getting visits from former students from both Australia and the east who loved and revered this gentle, unassuming man. Many of the young students—Malays, Chinese and Indians—referred to him as their father.

In 1985, Jean died after a long illness, nursed by Harry at home during that period. In 1992, the whole family went to Singapore to accompany Harry to the 50-year war memorial service at Kranji Cemetery. The week before the service, they had all gone to Bangkok and then to the River Kwai, where they stayed in a hotel on the edge of the river, taking Harry on a journey of remembrance to Hellfire Pass and other places by road, by bus and also by train over the tracks that he had helped to build so long ago. On their return, he went to live with his daughter as he became physically frail, although his intellectual abilities never deteriorated.

Harry Ward maintained his interest in the surveying profession until the end of his life. He was particularly pleased to receive the emeritus certificate as a licensed surveyor from the surveyors' board and honorary fellowship of the Institution of Surveyors, Australia. More recently, he had an institution prize named after him—the first is to be awarded in December this year. He was the oldest licensed surveyor in Australia and also a fellow of the Royal Geographic Society.

Harry Ward was a devoted family man. He is survived by his two sons, Keith and Douglas, and his daughter, Shirley White, 10 grandchildren and eight great-grandchildren.

Unemployment

Senator CONROY (Victoria) (12.53 p.m.)—I rise to expose the deceit of the government's election promises to the unemployed. The Prime Minister (Mr Howard) made unemployment, and particularly youth unemployment, his No. 1 priority during the federal election campaign. You could not pick up a newspaper, turn on the television or radio, without hearing Mr Howard peddling his concerns about unemployment. Today's ABS national accounts are an absolute condemnation of Prime Minister John Howard's cynical political tactics.

When the budget was introduced in August, many were surprised to note that the coalition had abandoned the unemployed—not just by the savage nature of the cuts to the labour market programs but also by the contractionary nature of the budget itself. The government admits that it has reduced economic activity directly, but all its forecasts for this year and next year show no improvement in the unemployment rate. In fact, when asked to produce the forecasts in this area at a recent Senate estimates hearing, the Assistant Treasurer refused.

Government forecasts only predict a two per cent employment growth this year. This will not even cover the growth in the work force. Westpac and Access Economics estimate that $4 billion cuts in each of the next two years will reduce half a per cent off GDP growth. This will reduce the level of economic growth below four per cent.

The type of cuts being undertaken by the coalition will undermine economic growth and employment levels. Howard and Costello have cut spending on research and development and training—cutting the very programs that have the greatest effect on long-term economic growth. For example, the ending of the R&D tax concessions on syndication; the cuts to skillshare, NEIS, LEAP, Jobstart and the new work opportunities programs of almost $1 billion; the abolition of regional funding; and the cuts to higher education.

An estimated $1.3 billion of the government's net savings of $7.2 billion in 1997-98 will come from reducing assistance to manufacturing, research and exporting. Net assistance to R&D has been cut by $618 million. Another $213 million has been cut from trade and industry programs, while the reduction of tariff concessions will cost another $344 million. It is not surprising that, given the coalition's budgetary policy and the absence of an industry policy, the government is now revising its economic estimates.

Treasury has forecast that GDP will increase by 3.7 per cent by 30 June 1997 but it is now saying that there will be little prospect of a reduction in unemployment. Treasury predictions are now indicating that unemployment will average an unchanged 8.5 per cent over the financial year, and it will be 8.25 per cent by June. If employment only grows by the two per cent forecast—almost matching the growth of the work force—this means there will be no significant reduction over the life of the parliament. That is over the full three years that they will be in government.

In Victoria, unemployment is now 9.5 per cent and has been growing rapidly during 1996, particularly over the past few months. As a result of an interventionist industry policy by John Button, in spite of federal Treasury policy, Victoria benefited from a number of major new initiatives in the past few years, such as: the $5 billion AMECON project at Williamstown announced by the then Minister for Defence, Kim Beazley; the decision by Mobil to spend $600 million refurbishing the Altona petrochemical complex; the decision by Toyota to invest in a major new automobile plant at Altona; the over-the-horizon radar project, announced by Senator Ray as then Minister for Defence, to be located at Clayton; the establishment of the BWK wool scouring plant at Geelong; the announcement by ADI to firstly build and now open a $300 million ammunitions factory at Benalla; the retention of Kodak at Coburg; and the establishment of the Pacific Dunlop truck tyre plant at Somerton—to name but a few.

But this is not the mood today. Major new investment is simply not occurring. The Hawke-Keating governments invested in major new infrastructure in Victoria, such as: the recently completed Western Ring Road; the standardisation of the national gauge to Adelaide; the introduction of new light rail V/Line passenger transport service; and the upgrading of lines between the Dynan Road freight terminal and the Port of Melbourne. But today there are no new federal infrastructure initiatives.

The federal government has set out on a course to achieve economic growth and employment growth by balancing the budget and changing the labour laws. But Peter Reith has already indicated that he expects that the recent changes to the labour laws will have no net impact on employment levels. If he is right, where will the growth come from?

At the moment, agriculture and mining are growing at seven per cent per annum, but they are not the major growth areas for employment. They are essentially capital intensive activities. The sector of largest employment, the service industries, are currently growing more slowly and include industries that face major restructuring and downsizing, such as Telstra and the banking industry.

So why do we need an interventionist economic policy? The major corporations operating in Australia today, particularly the multinationals, are faced with having to make new major investment decisions over the next five years. Many of them have indicated to the *Economist* magazine in a recent survey that, in the absence of coherent national industry policy that sets out clearly what the government's policies are in the way that encourages investment in Australia, they are likely to locate offshore.

Australia now has no industry policy. Treasury believe that it is the one running industry policy, and they seem to prefer looking at academic studies of economic efficiency rather than talking to industry. If Australia does not introduce policies to make it a more attractive place to invest than its Asian rivals, it will lose investment and jobs growth to the Asian region.

What this country needs is a national industry policy that identifies what industries it wants to develop and a preparedness to offer incentives to get them. If we do not develop a national industry policy then we risk not only losing new investments but also watching major existing companies relocate their new investments offshore. The problem is not simply that we do not have an industry policy; the problem is that there is no desire on the other side of the chamber for such a policy.

In 1968 the locals sat on the fringe of Mount Hagen airport waiting for President Johnson to arrive with TV sets. Today that is the coalition's industry policy. It may have been okay for John Howard's father to sit in a service station and wait for the customers to arrive, but that is no basis for attracting investment to Australia.

Senator Abetz—Mr Acting Deputy President, I raise a point of order. The Prime Minister ought to be referred to by his proper title.

The ACTING DEPUTY PRESIDENT (Senator Childs)—Please refer to the Prime Minister by his proper title.

Senator CONROY—The Prime Minister may believe that all he has to do to attract new investment in Australia is to sit on the edge of the tarmac at Canberra airport and wait for the cargo to arrive, but that is not the way Ben Chifley, Tom Playford and Henry Bolte attracted new investment, especially for the automobile industry, for Australia.

We know that the Minister for Industry, Science and Tourism (Mr Moore) has some pretensions as an interventionist, but he has been saddled with the economic dry Mr Greg Taylor as the head of his department—obviously a graduate from the Mount Hagen cargo cult of economics—and has lost the best of the senior public servants from the Button era. The Prime Minister was elected on a platform to produce a more secure Australia, but his industrial relations reforms and budget cutbacks involve greater competition, self-reliance and accelerated privatisation. This will produce an increased level of social change. It will mean a continued reduction in jobs, industry and services in rural Australia as well as further cutbacks in clothing, footwear, textiles, telecommunications and banking.

The Chamber of Manufactures' September survey shows that production volumes and sales will not improve in the December quarter. The AGM survey shows that factories were operating at just 71 per cent of capacity in the September quarter, compared with 79 per cent in 1994. At 120,000 starts, the housing industry is 30 per cent down on last year. There is no certainty that the decrease in interest rates will change the circumstances. Although Access Economics predicts that private dwelling construction will pick up in 1997-98 compared with a year on year fall of 4.9 per cent last year, the question is: will the increase in housing activity occur as quickly as Access Economics predicts and at the rate they predict?

Meanwhile, Premier Kennett, who specialises in car races, the casino and special events, was quoted in the *Age* on 8 November 1996 as saying—in response to Victoria having a jobless rate well above the national average:

> . . . if we knew what the answer was we would all be rushing out there trying to do more.

Senator Mackay—Oh!

Senator CONROY—That is what he said. The answer is that for 3½ years Kennett had Keating providing economic and job growth and now he has Prime Minister Howard. The issue the Prime Minister has to face is whether his policies will deliver growth in living standards and jobs. How is this going to be achieved when he has cut programs that deliver future growth like incentives for exports, incentives for research and development and programs for unskilled labour? As more and more evidence mounts showing that the government has mishandled the economy, what has been the government's response? Senator Vanstone has refused to set a target for unemployment. She said, 'Setting targets was a useless exercise.'

This is from a government which proudly announced in August that it had reached an agreement with the Reserve Bank on—yes, senators, you have guessed it—an inflation target. The Prime Minister then claimed that unemployment would fall if the Senate passed the government's industrial relations bill. Professor Bob Gregory, one of Australia's leading labour market economists, in his recent study, *Dialogues on Australia's future*, put paid to that myth. However, worse was to come for the government.

The Governor of the Reserve Bank made it clear that he did not believe the government's so-called reforms could lead to any improvement in the levels of unemployment. Jeff Kennett recently entered the debate on the level of unemployment. He suggested that taxation reform was the key to reducing the level of unemployment. Jeff should stick to lining the pockets of his mates in Victoria rather than posturing as an alternative Prime Minister.

The government has continued to trot out this drivel, even as the evidence against it mounts. First the Westpac business survey stated that 'the budget put a dampener on jobs growth'. It predicted that unemployment would rise to nine per cent due to manufacturers laying off more people because activity was low. The National Bank survey predicted unemployment and weak growth due to subdued manufacturing and a big fall in retail spending. It asked its respondents what they expected would happen to the business climate after the budget. Some 58 per cent thought there would be no change. The ANZ has recorded 10 consecutive monthly falls in job advertisements and a slump in building approvals as well as confirming the fall in manufacturing sector output. ABS figures continue to highlight the slump, confirming a reduction in capital imports and a fall in rural exports.

The government has claimed that the jobs will come from the small business sector. Let us examine the recent evidence from the *Yellow Pages* survey of 1,200 small businesses. It found that while sales and employment increased it was off a very low base and that firms were pessimistic about the Christmas period. This forecast has caused such concern inside the government that backbenchers were forced to question the Prime Minister at their party room meeting just two weeks ago. Individual backbenchers on the coalition side were being told by small businesses in their electorates that the economy was flat. The ACCI also recently released its survey which again showed that the government got it wrong. It stated:

> . . . important indicators of business activity such as sales figures, profits and investment in plant and equipment failed to reflect optimism.

Even the Reserve Bank has acknowledged that activity is weaker than forecast.

This week the ABS released further graphic proof that the government needs to change its fiscal policy. These figures showed sluggish retail sales, a slump in house building approvals and a build-up in stocks. In fact, the figures show two successive declines in retail sales, for the first time since 1962. These figures confirm what other people are saying, but the government will not believe.

Today, the final nail in the coffin: the national accounts. The government should admit that it has got it wrong. The Treasurer (Mr Costello) is proudly claiming today that everything is on track. The government is suggesting that it needs to do nothing—that the cuts in interest rates that the Reserve Bank has made are all that are needed to keep the budget forecasts on track. This needs to be dealt with.

A cut in nominal interest rates does not necessarily mean that monetary policy has been loosened. Senators may ask: how is this so? Business decisions are made on the basis of movements in real interest rates, not nominal interest rates. Real interest rates are calculated by adjusting nominal interest rates minus the level of expected inflation. So it is possible, if inflationary expectations fall by more than nominal interest rates, that monetary policy has actually been tightened.

What has happened to inflationary expectations over the past 12 months. All calculations point to a reduction in inflationary expectations over the last 12 months and into the next 12 months. In fact, the Treasurer was boasting about it at his press conference today. The government is exposed again. The reductions in interest rates so far have not been stimulatory measures at all; they have simply maintained the status quo. The government had one last trick up its sleeve. It has created a cabinet employment committee whose prime goal will be to oversee the implementation of policies that are designed to boost employment.

Senator Mackay—I bet people are very happy about that.

Senator CONROY—I am sure they are, Senator Mackay. The government still believes it can meet its forecast of 8.25 per cent unemployment. This committee should be seen for the fraud it is. The same people who framed the budget will now hold press conferences, release discussion papers and appear to be trying to reduce unemployment. The fact is that this budget does not care about unemployed people, young or otherwise. Unemployment has risen above 800,000 for the first time in two years despite the government cracking down on eligibility tests. The only real plan this government seems to have to reduce unemployment figures is to try throwing people off the dole. This government has no fiscal policy, no monetary policy and no industry policy to even try to reduce unemployment. It stands condemned for that. *(Time expired)*

Ombudsman

Senator MURRAY (Western Australia) (1.08 p.m.)—I rise to speak on the role, function and purpose of the Western Australian ombudsman in light of the Commission on Government recommendations on this key independent accountability agent of the parliament. Since the creation of the position of the State Ombudsman as an administrative and important independent accountability agent, the range and complexity of government activity under scrutiny has considerably increased. This increasing size and complexity involved in the administration of government demands that the role of the State Ombudsman and the ability to hold government departments or other authorities accountable must be regularly reassessed.

The Commission on Government inquiry for the State Ombudsman found that there were many ways in which the accountability agency could improve its service delivery to complainants and consequently made a number of important recommendations. While I acknowledge and commend the Court government on its action to extend the jurisdiction of the ombudsman to include matters of administration involving the courts, the government did not make the most of its opportunity to adopt other recommendations by the Commission on Government, strengthening the ombudsman's independence and accountability role, when the Parliamentary Commissioner Act Amendment Bill was before the parliament. This criticism has a further sting when we consider that the WA State Ombudsman reported on and criticised the efficiency and effectiveness of the office in its current form and under its current powers.

The recommendations of the Commission on Government, which have not been heeded by the Court government, go to the independence, resources and effectiveness of the

ombudsman as an accountability agency. These recommendations are essential to the improvement of one of the accountability agencies which is most used by the community.

Indeed the pattern which has emerged from the coalition camp on the Commission on Government is that the recommendations which have been implemented least are the ones that matter most. Those recommendations relating to the crucial strengthening of the powers of accountability agents such as the Auditor-General, the State Ombudsman and the Anti-corruption Commission have been sidelined and avoided.

One may rightly ask: what message does this give the Western Australian public and, indeed, the Australian public at large? Surely the answer is that it signals that the government wants to maintain a strong executive but keep weak accountability agents as they act as a check on its executive powers. The government's failure to establish strong independent parliamentary accountability agencies is at the cost of community interests. Furthermore, it is not only dangerous but also downright unconstitutional.

The State Ombudsman is an important independent accountability agent of the parliament. The selection of the State Ombudsman must accord with accountability principles and be, and be seen to be, independent of the executive. To ensure that the ombudsman's independence from the executive is protected, the Commission on Government recommended that a legislative council public administration committee participate in the selection of the State Ombudsman. Most importantly, the commission recommended that the budget of the Office of the State Ombudsman be the subject of permanent appropriation. It stated:

> The proposed Public Administration Committee should determine the budget of the Office annually with due consideration of any advice from the Treasurer. In circumstances where additional funding is required to complete the Office's work program, the Public Administration Committee should consider the State Ombudsman's request. If the Committee determines that additional funding is warranted, a request for additional funds, to be drawn from the Treasurer's Advance Account, should be submitted to the Treasurer.

In its report, the Commission on Government also, importantly, made a recommendation that the State Ombudsman be established as a statutory authority. This would further enhance the independence of the ombudsman and strengthen its role as an accountability agency of the parliament. The implementation of this recommendation is fundamental to the independence and power of this essential parliamentary accountability agent.

The backlog of complaints to the State Ombudsman's office was of enormous concern for the Commission on Government. They recommended that this problem must be reduced and measures introduced to ensure the accountability and efficiency of the office. The commission also recommended that, with the increase in both outsourcing and the creation and use of statutory agencies to deliver government services, the jurisdiction of the State Ombudsman should still apply.

The Commission on Government's recommendations include: informing complainants of the progress of the investigation of their complaints and the making of recommendations; the implementation of the recommendations of the task force on Aboriginal social justice to ensure that the State Ombudsman's services are accessible to Aboriginal people and they are better aware of the ombudsman's role; a panel of experts being appointed to assist the State Ombudsman in the investigation of matters that require specialist knowledge; and the preventative aspect of the State Ombudsman's role being enhanced by the provision of sufficient resources to conduct education and training programs for government agencies to identify and correct systematic administrative faults.

It is essential that all the recommendations of the Commission on Government be implemented. We do not have good accountable, transparent, open, representative government. The Court government's failure to introduce the recommendations of the Commission on Government is indicative of the coalition's desire to maintain the status quo. The status quo is one of weak, less than independent,

underfunded, under-resources and overworked accountability agencies.

Business Council of Australia

Senator O'BRIEN (Tasmania) (1.15 p.m.)—I rise today to refer to an article which appeared in the *Financial Review* on Monday, 2 December—that is, last Monday. On page 5, under the heading 'Just set a single minimum wage, says business', the *Financial Review* reports as follows:

> The BCA—

which stands for the Business Council of Australia—

> which represents the chief executives of Australia's biggest companies, says there are "strong arguments" for setting the minimum wage level about $9.19 an hour—the lowest level in most Federal awards—in its submission to the national wage case prompted by the ACTU claim.

I was somewhat taken aback by that proposal, and even more taken aback, considering where it came from.

I would like to tell the Senate that, when you apply what is the fairly standard weekly 38 hours that most people are entitled to as full-time employees, $9.19 an hour amounts to the princely sum of $349.22 per week, or $18,159.44 per annum. I would also remind the Senate that, in the Institute of Applied Economic and Social Research document on poverty lines in Australia for the June quarter of 1996, that figure of $349.22 is below the poverty level for a couple with one child or a single parent with two children—those figures are $372.83 and $360.29, respectively.

The Business Council is proposing a minimum rate—in fact, the only rate—to be struck in the test case being conducted by the Australian Industrial Relations Commission as the basis for setting wages for all employees in Australia. I think it is even more remarkable that the BCA would make such a submission when you note who the Business Council is. The Business Council is an organisation representing the chief executives, predominantly, of the major companies that operate in the Australian economy. I have here its annual report which lists all of those chief executives. I will not name them all individually, but there appear to be about 40 of those people involved.

Having looked at what the BCA has said, I think you also have to look at what position its members bring to the debate on wage levels in Australia. Therefore, I would like to put on the record other material which also appears in the *Financial Review* but in editions which were published earlier this year. On the front page of the *Financial Review* of 28 August, there is an article entitled 'Our first $2M-a-year salary man'. In part, that article states:

> A survey compiled from annual reports of the top 350 listed companies by Remuneration Planning Consultancy also indicates that the growing trend towards linking pay to company performance is boosting pay increases for chief executives.
>
> By analysing remuneration statements in annual reports, the survey concluded that CEO salaries jumped by 15 per cent overall last year while the number of chief executives on six-figure salaries increased by 17 per cent.

Another part of that article states:

> . . . the mid-point salary for CEOs of companies with the largest market capitalisation—$5 billion plus—was $1.1 million; a figure 4.2 times higher than the mid-point for companies with the smallest market capitalisation of $100 million or less.

I think a fair assumption is that the chief executives who comprise the Business Council of Australia will fall in or above the category that is referred to as the 'mid-point salary for CEOs'.

However, there are a couple of individual members of the Business Council who have also had their salary levels reported in the *Financial Review* recently. An article on page 1 of the *Financial Review* dated 30 October, under the heading 'PM attacks executive pay rises', states as follows:

> "It is an obligation that is also to be accepted and to be met in full by people on high incomes." Yesterday's comments came after it was revealed Coles-Myer chief executive Mr Peter Bartels received a $1.2 million—or 76 per cent—increase in his package in 1995-96 to $2.8 million.

The article of 28 August to which I referred earlier reads:

> BHP's chief executive, Mr John Prescott, has smashed the $2 million-a-year salary barrier after receiving a $300,000 pay increase in the year to May 31.

Later it says:

> Mr Prescott's pay rose from $1.9 million in the 12 months to May last year to more than $2.2 million, according to the BHP annual report released yesterday.

An article on page 25 of the *Financial Review* of 15 January 1996, which was much earlier in the year, reports Don Argus as receiving a salary of at least $1.3 million, with a proposal for share options to be available on top of that.

Why do I mention those three chief executive officers? Because they are all members of the Business Council. That is the body that has gone to the Australian Industrial Relations Commission and said that the commission should set only one rate of pay for Australian workers: $9.19 an hour, $349.22 per week, $18,159.44 per annum—and I am extrapolating those latter two figures.

Bearing in mind that minimum rate of $9.19 an hour that the BCA is asking for, in 1995-96 Mr Bartels received over $50,000 per week, Mr Prescott received over $40,000 a week and Mr Argus received over $25,000 a week. If you look at it in another way, Mr Bartels is receiving over 140 times the level of salary that he is proposing, Mr Prescott is receiving 110 times the level of salary he is proposing and Mr Argus is receiving more than 65 times the level of salary that his organisation is proposing.

I think you have to ask the question: how removed are people belonging to the Business Council from the reality of battling on wages of the level that they are proposing for Australian workers? What credibility should be given to arguments if we are talking about the minimum level? Are we talking about a level of pay that has something to do with people being able to live on it? What credibility can be brought to such an argument?

Monday's article goes on and says:

> But the BCA argues that any minimum wage increases for the low paid be traded off against increased unemployment.
>
> Its submission backs the Federal Government's position that award career structures and wage relativities are no longer relevant in an era of enterprise bargaining.
>
> It argues that the AIRC must break the link between a needs-based approach to minimum wage fixing and award wage classifications to avoid wage inflation.

If $9.19 an hour is a 'needs-based approach to minimum wage fixing', then heaven help the Australian workers and probably those who work for the companies that are represented by their chief executives in the Business Council.

I think it is really important to extrapolate further in relation to this matter that the Business Council and the federal government agree on that latter point—that all that awards should have in them apparently, if one can believe the article in the *Financial Review*, is a basic minimum wage, with no classification structure, no relativities, leaving that for determination at the enterprise. You have to then say: what does that mean if they are successful in the context of the legislation which has been amended and now passed through this chamber and accepted by the House of Representatives—that is, the Workplace Relations Bill?

The Workplace Relations Bill has set up a mechanism for reviewing Australian workplace agreements to be judged against the standards in awards to see whether they were acceptable; that is, that overall they had to be no worse than awards. Here we have a proposal from the Business Council, supported by this government, to say, 'Let's not look at awards as legislative documents which set minimum rates of pay for different levels of skill.' That is what their proposal means. They are saying, 'Well, let's set up an award with one rate in it,' which the Business Council says is $349.22 apparently. One hopes that they are not tampering with the minimum hours as well. They are saying, 'Let's set up an award with one rate of pay, and let the enterprise sort that matter out.'

In the context of the legislation that has been passed here with amendment and accepted in the House of Representatives, that will mean the only wage standard that Australian workers will have to protect them when negotiating an Australian workplace agreement, the only protection under this proposal—remembering that there are many vul-

nerable workers, particularly those seeking a new job, who can be asked to sign an agreement before they start—will be that they be entitled to no less than $9.19 an hour; that will be the only protection in relation to wages. So really, if this is the secret agenda of this government and the Business Council, it ought to be, and stands, condemned. It is absolutely reprehensible.

I go back to the first point I was making. Look at the standards that the members of the Business Council set and accepted for themselves. If you look at the average that was referred to there of $1.1 million for the chief executive officers of the top 350 companies, that is 55 times the level of wage that they are proposing be the minimum. The Business Council and the government agree that we ought to get rid of everything else except a minimum standard in awards. This is a really serious threat to the Australian people. It is a really reprehensible thing that the government would put through legislation based upon an existing award system, and would subsequently go to the Australian Industrial Relations Commission and say, 'Now strip away those minima,' because that is what they are saying. They are saying, 'Let's get back to one rate in the award—no classifications, no relativities.' And what is it going to be? Let us call it $350.

If that is the minimum protection that this government believes Australian workers are entitled to in relation to their systems of negotiation, then it is unfortunate that Senator Murray has left this chamber. He was part of pursuing the agreed amended bill through this chamber and I think he would have to be extremely concerned that he has been sold a pup in relation to the negotiated package. The goal posts have been shifted and, really, there is a despicable campaign on to harm the interests of Australian workers—and he perhaps has been an unwitting partner in that campaign.

Australian Labor Party

Double Dissolution

Senator COLSTON (Queensland) (1.29 p.m.)—This afternoon I wish to mention two matters briefly. The first relates to an article in today's *Sydney Morning Herald* indicating that my return to the Australian Labor Party is a possibility. I thank those who made favourable comments in that article. There is, of course, a possibility that sometime in the future I may apply to rejoin the party. It is not, however, on my immediate agenda, and I have definitely not applied to do so. Indeed, if I did rejoin, it could be after I leave the parliament. No approach has been made for me to apply for party membership other than through the media. I am quite comfortable sitting as an Independent and intend to operate in that way for the foreseeable future.

The second matter relates to comments which were made last week and early this week especially by the Prime Minister (Mr Howard) and the Treasurer (Mr Costello). These comments contained threats of a double dissolution of the two houses of the parliament. I am not aware whether those comments were directed to me, but I must stress that if they were they could be counterproductive.

I am willing to respond to legislation on its merits, but I have never responded positively to threats. It may be worth while for the government to consider whether it can withstand the relatively small amount—small in relation to the government's overall budget—which the Senate has cut from its budget. To try to bludgeon the Senate to have those funds restored could result in the Senate really giving the Treasurer something to worry about. I trust that good sense will prevail.

Changi Prisoner of War Camp

Senator SANDY MACDONALD (New South Wales) (1.31 p.m)—Recently I was in Singapore and, like many Australians before me, I took the opportunity to visit the area of the Changi gaol. Senators will be aware that all Australian soldiers, around 15,000, who became POWs following the surrender of Singapore on 15 February 1942 were housed in a huge camp at Changi, at the eastern end of the island. Throughout the remainder of the war, Changi became synonymous with the Japanese's appalling requirement for slave labour to continue their war effort throughout the Pacific.

It was from Changi that 3,000 Australians of A force left after May 1942 to labour on the Burma-Thai railway. In June a second force of Australians, known as B force, left Singapore for Sandakan in Borneo, where they were required to build airfields. Those that survived perished in the subsequent death marches. In November 1942 C force, about 2,200 men, including 560 Australians, left Singapore for Japan to labour in shipyards, coalmines and other industrial works for the remainder of the war.

The next force from Changi for the Burma railway was D force, about 5,000 men, including 2,200 Australians, which left in March 1943. It was joined in April 1943 by F force, about 7,000 men, including 3,425 Australians and in May 1943 by H force, 3,000 men, including 600 Australians. In addition, other forces had left the Changi camp—E force about 1,000 men, including 500 Australians, for Borneo in March 1943 and G force, 1,500 men, including 200 Australians, for Japan.

The men imprisoned by the Japanese suffered great hardship, especially those who slaved under the great deprivation of Japan's war effort. Their pain and the inhumanity that was inflicted upon those Allied soldiers have cut deep into the psyche of the survivors and on all Australians who have had the opportunity to learn a little of the history of the Pacific war. It was for that reason that I returned to Changi expecting to find a fitting memorial to those who had passed through it and to those who had survived.

In passing, I would like to note that at the war's end 13,872 members of the AIF, 417 of the RAAF and 237 of the RAN were recovered from Japanese prisoner of war camps. More than one-third, 7,964, had died of disease, drowned at sea or been systematically murdered in cold blood by an enemy that can only be described as revolting and a country that has only been able to rehabilitate itself in the second half of the 20th century by an effort unparalleled in the development of the modern world.

As I said, I visited Changi and all that I could find as a memorial was what appeared to be a replica small outdoor chapel, one of a kind that had been built during the war years. I am aware that in 1988 one of these small outdoor chapels had been re-erected near the chapel of St Paul at RMC Duntroon near Canberra. In addition to this small replica chapel in the grounds of the Changi civil prison, there was a very substandard museum which was in dire need of refurbishment. It appeared to be run on a commercial basis by a local Singaporean.

Those lucky enough to have been able to visit Singapore in recent years would appreciate the contrast between this shabby little outpost of Australian history and the glitz, glamour, efficiency and friendliness of what is 1996 Singapore. Something should be done to provide a suitable memorial and museum for Australian and Allied death and suffering in Changi. I propose to write to the Prime Minister (Mr Howard), to the Minister for Veterans' Affairs (Mr Scott) and to the Singapore government to see whether something can be done to provide a suitable memorial.

Railways

Senator ABETZ (Tasmania) (1.36 p.m.)—Recently the federal government made a substantial announcement on the future of Australia's rail system. The ALP, in typical style of late, has failed to come to grips with that issue and continues to devote question time to questions concerning who was invited to Hilary Clinton's tea party and which minister might be tripping off overseas. And, if you read the media of late, they are dealing with their factional brawls, especially in Victoria. In doing so, they are failing to come to grips with some of the real issues that are confronting this country, such as unemployment, the overseas debt, the need for substantial infrastructure reform and the matter that I wish to address this afternoon, which is rail reform.

When we came to government, rail was in an absolute mess. We committed ourselves to dealing with that mess and coming to a resolution of the problems to ensure the future of rail. It is a pity that people in the Labor Party do not recognise the very real damage they did to the structure and fabric of the rail system.

We still have the Hon. Gareth Evans saying about the previous Labor government, 'We were a good government and we are not going to apologise.' I hope for our sake that the Labor Party keeps on with that attitude. Whilst they do, they will never get another look at the government benches. They need to realise that the people of Australia made some substantial decisions on 2 March 1996. What they wanted was some government action where the previous government had failed to act. Rail is a classic example.

The rail system during Labor's management or stewardship, if you can call it that, suffered a decrease of employment during those 13 years from 9,200 employees to slightly over 2,000 employees. So Australian rail has been on a downward spiral for the past 13 years. During those 13 years, they did not come up with any solutions that would deal with those problems. Now that we have come to grips with the problems and proposed some solutions, all they can do is criticise those solutions without coming up with any ideas of their own as to how they would address the problem. They certainly did not have any ideas of their own when they were in government for 13 years.

As I said, we took over a rail system that was in decline. The average worker in the Australian railway system has their job subsidised above and beyond their salary to the tune of $30,000 per annum per employee. If the current system continued with huge losses being incurred, that would balloon out even further. The rail system had a huge and unenviable debt—an unwieldy debt.

We investigated all that. To the credit of the Minister for Transport and Regional Development, the Hon John Sharp, he took a few of us on to a committee to determine what would be within the best interests of the rail system and also those states that would be intimately affected by the decisions that we might make. I was pleased to have served on that committee in relation to my home state of Tasmania. I want to pay tribute to the excellent work of Barry Wakelin, the member for Grey, and also Ms Trish Worth, the member for Adelaide, who also served on that committee, along with Senator John Tierney, the chairman of the relevant bank bench committee.

We set about coming to grips with the issues. As most honourable senators would be aware, the minister commissioned the Brew report. On the basis of that and other evidence before us as a committee, we made certain recommendations which have now been announced and, might I add, widely applauded, which is in great contradistinction to the way the Labor Party has approached this very important issue. Whilst it is snapping away at our heels without providing solutions and just criticising, those who will be impacted by our decisions or understand the decisions we are making are very supportive.

Allow me to quote from a few newspapers. The *Australian Financial Review* on 26 November 1996 stated:

> The Federal Government is to be applauded for its determination to pursue further micro-economic reform in the two difficult and unglamorous—but ultimately rewarding—areas of rail transport and ports.

I will not focus on ports today, but I think we all know that the wharves and ports around this country are due for reform and the Labor Party was simply too frightened to touch them. We have committed ourselves to addressing the ports as well. Today I want to concentrate on rail transport. The *Financial Review* article continued:

> In both cases, the payoffs expected to flow from greater efficiency are considerable.

What about those local papers that are concerned about their workers and their communities? The Adelaide *Advertiser* on 25 November 1996 reported the mayor of Port Augusta. In an article entitled 'On track for the future', the mayor said:

> This is a turning point, and things will be good for Port Augusta . . . When it (privatisation) is realised, I can see the industry recruiting personnel.

The mayor of Port Augusta and the township of Port Augusta will be affected by this proposal but the mayor sees the continuing downward spiral in employment in the railway industry under Labor being stopped and in fact the industry recruiting personnel. In other words, she sees the real possibility for

expansion in this important part of Australian infrastructure.

In my own home state of Tasmania it would be fair to say that the rail operations are concentrated around and in the city of Launceston. The local paper, the *Examiner*, published an editorial on 3 December 1996 entitled 'Privatised rail plan is on the right track', which states:

> There are encouraging signs that when the Tasmanian rail system is privatised in line with the Federal Government's edict, it will be operated by a company whose core business is running a railway. Two companies with international rail experience are known to be interested in Tasrail.
>
> That in itself is an indication that despite its long history of losses under the ownership of successive State and Federal Governments, Tasrail can indeed become a viable private enterprise. If Tasrail was beyond saving, these companies would no longer be interested.
>
> And while ownership of the State's rail system by a local company would be a bonus, in the long term it may take a large specialist "outside" company to make Tasrail competitive with road transport.
>
> No decision will be made until the Federal Government completes a scoping study and calls for expressions of interest early in the new year.

The editorial then examines other aspects of the proposal. There is a clear message flowing through the media; that is, this review of the rail system is long overdue and the way that we have been approaching it is supported by those who are actually affected by our decisions.

The Australian Labor Party still cannot come to grips with the fact that we are tackling one of the unglamorous and one of the tough areas of government policy and we are doing it with a degree of success and community support because we have consulted widely, we have taken people into our confidence and we have explained the reason and the rationale for those decisions. It is a bit like our federal budget—tough decisions, sometimes hard decisions but, nevertheless, overwhelmingly endorsed by the Australian people because they see the need for the changes that were made in the federal budget.

It would be fair to say that the major concern is that of jobs within the community at large and, in particular, in relation to the rail industry. It is therefore very rewarding to see the mayor of Port Augusta recognise that she can see the industry recruiting personnel as a result of our changes. Might I add just as an aside that unless we make sure that rail remains a competitive form of transport, that it is efficient, then a lot of other industries and jobs will falter. Allow me to explain.

The rail infrastructure within this country is a major transport network of a lot of our goods which we export. If you have a look at our grain industries, mining industries, primary industries, forestry industries, if you go through them all, they rely very largely on rail. Unfortunately, the pricing of rail freight has been such that a lot of businesses have opted for road transport as opposed to rail transport. But if we can make rail efficient and competitive, the cost of freight will decrease and, as a result, the profits we can make on overseas markets will increase and therefore there will be more job opportunities for those people who are involved in the mining industry and other primary industries.

I am delighted to be associated with the government and the committee that has taken on the task of reforming Australia's rail system and Australia's rail network. I am delighted with the way our reforms have been recognised and welcomed by those people such as the mayor of Port Augusta or indeed the editor of the local newspaper in Tasmania, the *Examiner*. They realise the importance of what we are doing. I simply suggest to the Australian Labor Party that, instead of pursuing the irrelevancies that they have of late, they get behind us and support us in getting this country back on its feet and help us in reforming the rail industry.

Sitting suspended from 1.50 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE

Industry: Research and Development

Senator COOK—My question is directed to Senator Parer, representing the Minister for Industry, Science and Tourism. Is it true that, over recent days, Victorian Premier Jeff Kennett has repeated his trenchant criticisms of the federal government's lack of a defini-

tive industry policy and firm commitment to research and development? Isn't it also true that at every Senate hearing this year into government decisions on industry policy programs, ranging from the export market development grants scheme, to bounties, to research and development, and even to the Development Import Finance Facility—the DIFF scheme—there has been trenchant criticism from industry about the lack of industry policy and industry consultations? Isn't the Victorian Premier right when he says that a failure to develop a national policy for industry will result in Australia being bypassed by global commerce? Minister, where is your government's national plan for Australian industry?

Senator PARER—I find it absolutely amazing that the people on the other side, who did so much damage to industry in their term in government, have the hypocrisy to ask a question about industry policy. This government has very firm views on industry policy. We recognise that it is the private sector that creates real jobs in Australia. We have a clear vision for the policy, featuring both short-term and long-term strategies for industry development.

The government's first obligation was to act to repair the environment for business—an environment that had been destroyed after 13 years of Labor. Our actions have already led, for instance, to lower interest rates. Another essential step was to begin reforming the labour market to deliver the much needed flexibility for employers and employees. The minister has indicated that our top priorities for industry policy now are to facilitate support for R&D and seek market access for firms. I know that Senator Cook will probably ask a supplementary question, 'Why did you reduce the R&D?' He knows, as everyone else knows, that the R&D, at 125 per cent, is still world competitive.

The minister points out that our first priority is to implement a clear investment strategy for this country, and the strategy will feature policies that ensure Australia is a welcoming and competitive environment for investment. Investment will be facilitated by a pro-business agenda in relation to infrastructure services, in particular the waterfront, business deregulation and labour market reform.

As another priority, the government will continue to support R&D. We will act to strengthen the relationship between researchers and business so that the 'D' part—the development part—of R&D becomes commercial reality. This government also places priority on helping to create an opportunity for Australian companies by pushing for full and fair access to world markets. Our trade liberalisation must be balanced by progress in other countries. Through the employment subcommittee of cabinet, the government will develop policies to meet these priorities. We will also continue to facilitate structural change in the economy through policies for sectors such as the TCF, automotive, IT&T and pharmaceuticals.

Senator COOK—Madam President, I ask a supplementary question. Thank you for that, Minister, but will you actually answer the question: is Jeff Kennett right when he says that the lack of an industry policy will cause international commerce to bypass Australia, or is he not? How many more Australian businesses will go broke and how many more Australian workers are going to lose their jobs whilst we wait for the review of industry programs, recently announced by John Moore, to report? Minister, can't you guarantee that this won't be just another audit commission type exercise to justify further slashing of spending on industry and on job creation programs?

Senator PARER—The interesting remark, if I am correct, that I heard Jeff Kennett make was that one of the problems which the new coalition Howard government has is the intransigence of the Senate in implementing the programs on which we went to the election. If you want to sheet home blame to anyone, sheet it back to yourselves. You are the ones who are causing the problems. We have major programs before the Senate and these unholy alliances are making it difficult to get them through.

The general public is quite aware of this. They know what people on the other side are doing. Instead of thinking of the future of this country and the benefits that can be offered

to this country by the policies of the coalition government, you are hell bent on making life difficult for your fellow Australians. You have lost the plot. You were completely out of touch with the public before the last election and you have not learnt.

South-East Fishery

Senator CALVERT—My question is also directed to Senator Parer, the Minister for Resources and Energy. On 29 October, you told the Senate that you had established a working group to recommend adjustment options for the south-east fishery, which we know is the major supplier of fish to the Melbourne and Sydney fish markets. Is it true that the working group has found a period of disastrous mismanagement that has created chaos within the Australian fishing industry? Is the report an indictment of at least three Labor ministers who continually ignored requests, advice and pleas from the fishing industry?

Senator PARER—Senator Calvert has always had a concern about the south-east fishery and, might I say, quite rightly so. When the Howard government took office we inherited an absolute disaster in the south-east fishery. The disaster is just one more example of the ineptitude and mismanagement of the previous Labor government and why you were thrown out on 2 March. Since 1992 the fishery has been managed by a system of output controls called individual transferable quotas.

Senator Sherry—What about the states?

Senator PARER—You know, when Senator Sherry had the job for a while, he said, 'My name's Nick Sherry; call me Senator.' The previous Labor government completely botched the transition to quotas and did nothing to fix its mistakes. The result was endless wrangling, litigation and uncertainty. The previous Labor government put the fishery in the too hard basket, apparently hoping that if they buried their heads in the sand the problem would go away. In fact, it got worse with every day that passed.

To salvage the fishery, I appointed a small working group, made up of people from within the fishery industry, AFMA and the department, chaired by David Trebeck. The report that they prepared is an indictment of the previous Labor government. I might say that the only Labor minister who comes out of this report with any credibility is John Kerin, and look what they did to him.

It makes clear that the previous government hopelessly mishandled the introduction of the ITQ system. The quota allocation formula they used meant that some operators suffered a massive reduction in the value of their fishing entitlement. The Labor government yet again deceived the people about the amount of quota they would be allocated. At least one operator received less than half the quota allocation he was told he could expect.

Simon Crean was the minister who mishandled the introduction of the quota system. In 1991 the industry urged him to delay introducing the system in view of the extreme haste and uncertainty that was involved. The chairman designate of AFMA urged Mr Crean to slow down, but Mr Crean went ahead with the quota allocation anyway with absolutely disastrous results. The new management plan started collapsing immediately. Seven weeks after approving the plan, Mr Crean had to write to the chairman of AFMA asking him to review the system.

Since 1992 there have been at least eight internal or public reviews into the various aspects of the fishery. Mr Beddall was the minister responsible for fisheries from the start of 1994 until the fall of the Labor government. In 1993 and 1994 a Senate committee, which Senator Ferguson and Senator Chapman were both on, the South-East Trawl Management Advisory Committee, and the chairman of AFMA, all advised the government to establish some sort of adjustment program for the fishery. Mr Beddall's only response was to say that he was examining the issue—and he was still examining it when the election came two years later.

The working group has produced an important and thought provoking report. It consulted extensively with affected fishing operators, and the government will make a decision after comments by the industry. I table the report, which is a complete indictment of the previous government and in particular Mr Simon

Crean, Mr Michael Lee and Mr David Beddall.

Constitutional Conference

Senator BOLKUS—My question is directed to the Leader of the Government in the Senate, Senator Hill, representing the Prime Minister. Minister, has your attention been drawn to comments by Senator Minchin who yesterday on radio 5AN with Julia Lester said:

> . . . our research, after the election, revealed that hardly anyone knew that we'd promised to hold a Convention, let alone to have it half elected. So you know, I think, in the light of that, we've got to reflect on what we've said.

Minister, is this yet another example of the difference between a core promise and a non-core promise? Is it the case that all promises made by the coalition prior to the last election will now be subjected to private Liberal Party research to determine whether they can be broken? When will the parliament be informed as to whether an elected convention will proceed and when?

Senator HILL—Apparently, unlike Senator Bolkus, I was not listening to Adelaide radio yesterday; I was here working. But on the basis—

Opposition senators interjecting—

The PRESIDENT—Order! I imagine Senator Bolkus wants to hear the answer and his colleagues should remain quiet enough for him to do so.

Senator HILL—I would be somewhat surprised if that is an accurate reflection of what Senator Minchin said. If Senator Minchin said that, in government, we must reflect on the policy statements that we made in the election and then look to a form of implementation that takes into account the cost that might be involved, that ensures widespread consultation, and ensures that the public are properly educated and informed as to the various options that are open, I would not be at all surprised to hear that that was the case.

Further statements will be made by the government on its program for giving the people the opportunity to express a view on a republic in the near future. We have said that we believe that a convention, within which there is the opportunity for public participation, is a good way to inform and educate the public on these very complex matters. We have said that there will be a plebiscite and we have set down a time frame for that. You can be assured that we will keep that promise because we are a government, in distinction to the former government, that actually believes in keeping promises. We make promises; we believe the people have an entitlement to see them implemented. That is the way we progress these matters. I hope that is helpful to the senator.

Senator BOLKUS—I can understand that Senator Hill is surprised to hear those quotes, but let me read them again. Ms Lester said:

> But Nick Minchin, it's probably one of the things that got you lots of votes. Can you just change your mind like that?

Senator Minchin replied:

> I don't . . . look, in fact, our research, after the election, revealed that hardly anyone knew that we'd promised to hold a Convention, let alone to have it half elected. So, you know, I think, in the light of that, we've got to reflect on what we've said—

I table this document, and I ask you, Minister: why is it that you cannot offer greater support to your colleagues from South Australia than they gave you in your preselection battle in Boothby?

The PRESIDENT—Senator Bolkus, are you seeking leave to table that document?

Senator BOLKUS—Yes.

Leave granted.

Senator HILL—Senator Bolkus obviously misinterpreted what Senator Minchin said. What he was no doubt saying was that there will be a convention and there will be a plebiscite, and this is a government that keeps its promises.

Small Business: Capital Gains Tax

Senator SANDY MACDONALD—My question is directed to the Assistant Treasurer. Minister, I refer to the announcement by the Treasurer yesterday that the government will remove the 'like kind' business test for the capital gains tax rollover relief measure available to small business when selling as-

sets. Could the minister explain the benefit to small business that the government's CGT reforms will bring? Could the minister also please outline the reaction from the small business community to this very worthwhile initiative?

Senator KEMP—Thank you for that important question and the concern that it reflects on this side of the chamber for small business and the need to encourage small business. The changes announced by the Treasurer yesterday prove yet again that this government delivers for small business. We have delivered on the election promise on the CGT reform for small business 110 per cent.

This government's CGT rollover relief will provide a very substantial boost to small business, encouraging further expansion and employment in this sector of the economy. This extension of this measure will provide an additional $50 million to small business in 1998-99 on top of the $150 million announced in the 1996-97 budget.

The government views this as an investment decision. Small business, as we have always argued, is a good investment for the Australian economy. It is an investment that Labor, through their economic mismanagement, high interest rate policies and general neglect, managed to considerably run down.

Small business knows that, unlike Labor, the coalition understand the concerns of the small business sector and are willing to listen and, most importantly, to deliver on our promises. The response from small business to our announcement speaks for itself. Robert Bastian, the Chief Executive of the Council of Small Business Organisations of Australia, is reported in today's *Financial Review* as saying:

> It is bloody fabulous, an excellent gesture for small business.

He went on to say:

> The recognition of this concern of the business community gives a psychological lift which far exceeds the $50 million input by the Government. The Government has listened to small business and this is an important initiative to make the CGT rollover provisions effective.

He went on to say:

> It's an important step in increasing confidence in small business and freeing up investment.

John Martin, Executive Director of the Australian Chamber of Commerce and Industry, is reported as saying:

> As a result of this measure small businesses will be liberated to expand and to apply entrepreneurial flair into new fields of enterprise.

The ACCI's chief executive, Mark Patterson, was reported as saying:

> said the decision highlighted the difference between the Coalition Government and its predecessor.
>
> 'These guys have a really good understanding of small business.'

Perhaps the most telling comment came from the Institute of Chartered Accountants small business spokesman, Mr Curt Rendall, who, the *Financial Review* notes:

Finally, the Small Business Coalition chairman, Mr Tom Muecke, said the change was further encouragement to confidence and expansion of the small business sector following the positive signals from the recommendations of the small business deregulation task force.

I think it is fair to say that the reactions to our CGT initiatives from the small business sector have been fantastic. The response, I believe, has been thoroughly deserved. It is good policy and we have delivered on our promises, as I said, 110 per cent.

Senator SANDY MACDONALD—I ask a supplementary question. Minister, is it also true that the government has decided to extend the period for reinvestment of the proceeds from the disposal of an asset to 12 months before disposal and 24 months after disposal? Do these decisions mean that the operation of the capital gains tax rollover relief measure will be much simpler for taxpayers to understand?

Senator KEMP—Yes, that is a substance of the decisions as well. It will be far, far simpler for small business to understand, and that is why it has received this very strong welcome from the small business community. When you ally this decision with the moves in interest rates and low inflation, you can see that this is a government which is on track

and a government which is concerned about small business.

Port Hinchinbrook Development Project

Senator FAULKNER—My question is directed to Senator Hill, the Minister for the Environment. Minister, I refer you to your press release of 27 November in which you admit that the deed of agreement which is supposed to guide the Port Hinchinbrook development is not being complied with in a number of respects. Have you done anything other than write to Dr McPhail from the Great Barrier Marine Park Authority to ensure the deed is complied with? What action can and will you take to ensure the deed is actually complied with?

Senator HILL—The advice I received from the Great Barrier Reef Marine Park Authority was that the deed was not being complied with in relation to a failure to appoint an independent monitor and the failure to put in place a turbidity control plan that had the authority's agreement. Upon receiving that advice, I instructed Dr McPhail to take all action to enforce the deed. When I say 'instructed', it was what I expected even though the GBRMPA is a separate statutory body. As you will recall, Senator, I earlier said that I expected to be informed if on any occasion there was a failure to comply with the obligations by the party.

Since then, I have discussed the matter with the relevant Queensland minister Doug Slack, who has a different interpretation of the deed. Their argument is that an independent monitor is in place; otherwise—in the argument of the Queensland government—the deed is being complied with.

Obviously, there is a difference in interpretation. I am anxious that the matter does not get bogged down in legalese. I have therefore taken steps to have that matter clarified at an administrative level as well as settling the question of law. I hope that can be resolved in the very near future. I am certainly doing everything possible to have that. They do not seem to me to be very complicated matters that need to be settled. I cannot see any reason to be fighting over interpretation when the Queensland government and the Commonwealth both say they are seeking to achieve the same outcome. That is the attitude of Minister Slack as well, so I am sure we can get that issue fixed quickly. In the meantime, I might add that the advice of GBRMPA is that they do not have any reason to believe that as a result of the internal works that have taken place on the project—not the works as alleged earlier last week in this place—there has been any significant environmental cost.

Senator FAULKNER—Madam President, I ask a supplementary question. Minister, in question time on 27 November you said:

> Mr Williams must comply with his legal obligations, both under Queensland law and in accordance with the deed we have entered into. If he fails to do so, we will take action to enforce it.

So, in the light of those guarantees, do you consider that writing a letter to the head of one of your statutory agencies is sufficient action on your part to enforce the deed of agreement? Is it sufficient action on your part to have an informal discussion with Doug Slack from Queensland? I also ask, Minister: who is clarifying this issue that you described in question time today as one that is not complicated? Who, on behalf of the Commonwealth, is providing you with this interpretation? *(Time expired)*

Senator HILL—I wonder whether Senator Faulkner listened to the answer that was just given. I say to you again, Senator, every step is being taken to properly enforce the deed. If there is a quarrel over interpretation between two governments, the sensible thing is to settle that quarrel—I have suggested it be done administratively. It is being settled primarily between the two ministers, their officers and the bureaucracies, and with the statutory authorities playing a role as well. Yes, Senator, I have said and I have repeated to the chief executive of GBRMPA that I expect the deed to be complied with—no ifs, no buts, no maybes. I expect them to take whatever action is necessary to enforce the obligations that have been made by other parties to the deed.

Greenhouse Gas Emissions

Senator KERNOT—My question is to the Minister for Resources and Energy. I have some questions on the information you pro-

vided—thank you—on the Megabare economic model which the government is using to model the costs of acting on greenhouse gas reduction. Firstly, does the Megabare model incorporate the costs of not acting on greenhouse, costs such as higher insurance premiums, increased transmigration costs, increased health costs relating to tropical disease and increased costs to agriculture from extreme weather events? Secondly, what job losses are projected by the model? Thirdly, what does Megabare predict to be the effect of adopting greenhouse targets on agriculture, processed agricultural goods, manufacturing and services output? Finally, can the minister explain the relationship between a half per cent reduction in real gross national expenditure in the year 2020—which you have referred to—and an Australian family's savings account in 1996?

Senator PARER—Senator Kernot, you have asked a whole range of questions. The Megabare model is a world accepted model. These models do not just appear from within the Bureau of Agricultural and Resource Economics; they have to be agreed to by experts in other places in the world. I suspect that Senator Kernot is receiving advice from someone who has some objections to the Megabare model. It is a highly technical model; it is an economic model, as Senator Kernot would know. When Senator Kernot talks about health costs, she is making assumptions that there are going to be those sorts of changes. These sorts of things are canvassed—and there is the possibility.

One of the things that we do not disagree with—we on this side have never disagreed with it—is that there will be some changes because of the increase in greenhouse gases. We do not walk away from that. But to what extent they will happen, no-one is too sure and to try to argue—and I see the occasional scare campaign run in the odd paper—that you are going to get malaria in Canberra, for example, is nonsense. They are the sorts of bizarre things you pick up from time to time from the more extreme in the community. With regard to jobs, there is no doubt that we have an obligation in this country to address greenhouse gas emissions but in a way that is fair and equitable.

Senator Kernot—Are there job losses involved?

Senator PARER—Under the proposal made on fixed targets there would undoubtedly be job losses within Australia. If you want to argue about the Megabare model, let the two experts get together and do that; I am not prepared to get into that technical stuff. But I do accept, as do most other reasonable people within the community, that Megabare is a model that has accepted integrity. If you are going to get a reduction of six per cent in gross national expenditure within this country, compared under that system with a reduction of one per cent, for example, in the United States, you are going to have job losses.

With regard to agriculture, I have seen varying comments about that. I have seen—and you have probably seen it too, Senator Kernot—that, with increased CO_2 emissions, we may get rainfall changes, which will help those marginal areas with an increase in rainfall.

Senator Panizza—Hear, hear!

Senator PARER—Senator Panizza says, 'Hear, hear!' He is one of those people who has a marginal farm—that is a real conflict of interest. I have also seen that increased CO_2 emissions will lead to faster growth. You have probably seen that as well, Senator Kernot.

The Megabare model calculated that the six per cent reduction in GNE would, in today's prices for a family of four, have the effect of reducing their savings by something like $7,900. I have forgotten what the exact figure was, but it is of that order. For each individual, it would be something like $1,700.

Senator Kernot—$1,900, I think you said last week.

Senator PARER—Yes, $1,900.

Senator KERNOT—Madam President, I ask a supplementary question. I thank the minister. I think there is a lot there to pursue over the coming days. The point of my question was this: what is in the model on which you are basing important policy deci-

sions? You say this is a world accepted model. Has it been refereed internationally and what are the comments of the referees? Was the model substantially funded by the coal industry? Is the head of ABARE, the proponent of Megabare, the same person who told the Royal Institute of International Affairs in London that allowing the small island states of the Pacific to be inundated with rising sea levels and relocating their populations, while industrial nations do nothing, may be the most economically efficient way of dealing with climate change?

Senator PARER—I understand it was refereed internationally.

Senator Kernot—Can you tell me the details?

Senator PARER—I will seek more advice on exactly what comments were made.

Senator Kernot—Thank you.

Senator PARER—As to whether Megabare itself was funded by the coal industry, I doubt it but I will check. ABARE is an arm of this government. It is made up of people who have absolute integrity when it comes to scientific matters. I do not think anyone would dispute that.

Senator Kernot, when you go down the track of talking about flooding Pacific islands, you are again running that scare campaign about what is going to happen. Let me say to you that the biggest problem with confronting and addressing the global issue—and Senator Hill has referred to this on a number of occasions—is the fact that we have a group of countries called the annex 2 countries. When you are looking at the CO^2 emission growth—*(Time expired)*

Pensions

Senator GIBBS—My question is directed to the Minister for Social Security. What advice has the department provided to you on the negative impacts of the budget measure you describe as stopping double payments arising when a customer transfers from an allowance to a pension? Could the situation arise, because of this measure, where a woman on a parenting allowance escaping domestic violence is denied payment of the sole parent pension for up to a fortnight? Would any special benefit paid to her during this period have to be paid back to the department from the woman's future pension payment? Might women be forced to return to abusive domestic situations because of this measure?

Senator NEWMAN—The situation is currently that people can receive both an allowance and a pension for the same period. That is what the legislation provides for. Therefore, there can be double payments. The attempt is being made to rectify that situation, because it does result in overpayments to people which have to be clawed back. That is, I think, an undesirable outcome, and I am sure honourable senators would agree that we should be doing all we can to prevent people getting into difficulties financially.

The difficulty arises because pensions are payable on a fortnightly basis, while allowances are paid from the date they are claimed. There is an attempt to overcome that anomaly which is already in the system. I think that will be beneficial to the recipients, whom we all care about.

Senator GIBBS—Madam President, I ask a supplementary question. Isn't it true that under this budget measure a convicted perpetrator of violence just released from gaol would be entitled to receive a double payment of special benefit and then commence JSA—while his former partner, even with dependent children, could receive only one pension payment over a period of almost four weeks? Is this fair?

Senator NEWMAN—That is based on a false premise. There is no longer a JSA.

Taxation: Charitable Organisations

Senator HARRADINE—My question is directed to the Assistant Treasurer. What action is the government proposing to take when considering the Industry Commission report No 45 on charitable organisations in relation to indirect taxes on charities, in relation to the abolition of the capital gains tax on bequests of property to charities, in relation to the refund of imputation tax credits on tax exempt charities and in relation to the income tax exempt status of charities?

Senator KEMP—As Senator Harradine indicated, the IC produced a final report on charitable organisations. That was made available to the former government in June 1995. The former government announced its initial response and released a report on 27 September 1995. The government will provide a final response to the charities report in due course.

Senator HARRADINE—Madam President, I ask a supplementary question. In relation to the government's declared intention to remove the income tax exemption of charities which distribute funds overseas, what steps has the government taken? Won't that involve the removal of the tax exempt status for the major Christian churches and Islamic charities, all of which distribute funds to charitable works overseas?

Senator KEMP—As I indicated in the response to the first part, the government will be providing a response. Senator Harradine raised another issue in relation to charities and the distribution of funds overseas. Senator, I will look closely at what you have said and I will see if I can provide a more detailed response.

Legal Aid

Senator McKIERNAN—My question is directed to the Minister representing the Minister for Justice, Senator Vanstone. Minister, are you aware of reports that cuts to legal aid funding are forcing a growing number of defendants to plead guilty to criminal offences and, according to Justice Nicholson of the Family Court, are placing the welfare of children at risk? Is it a fact, Minister, that the logjam of unrepresented people in the legal system will lead to longer delays? Is it also a fact that the withdrawal of funding will lead to delays for women and children seeking to obtain family court intervention orders? Is it a fact that the survey by the Federation of Community Legal Centres revealed that understaffed community legal centres are being forced to refer clients to law students because no qualified lawyers are available? Is it also a fact that the survey revealed that people with intellectual disabilities are trying to represent themselves before our courts? Will you, Minister, now concede that the legal aid system is in crisis as a consequence of your cuts? *(Time expired)*

Senator VANSTONE—I thank the senator for his question. Let me say, firstly, that I am aware of comments to the effect of those you have cited. I have not had any comments of Justice Nicholson specifically drawn to my attention. I will take the matter back to the Attorney-General and ask him if Justice Nicholson has been good enough to make his views known to him or whether, as perhaps has been the case in the past, he has chosen to make his comments publicly known. As soon as I know that and I can give you the Attorney's response, I will come back on his response, specifically, to Justice Nicholson's remarks.

Let me come back to the general question, which I think is also contained in your more specific list of questions, and that is as to the redistribution of legal aid responsibility in Australia. This government has decided that it is about time the states acknowledged their responsibility for funding legal aid matters where they relate to state offences.

Senator Robert Ray—I thought family law was a federal responsibility.

Senator VANSTONE—Yes, I appreciate that, Senator Ray, thanks very much. I am answering the question generally as to legal aid cuts. I am certainly not aware of people with intellectual disabilities seeking to represent themselves. Should the Attorney have anything to add with respect to that matter, I will come back.

In general, as I say, the Commonwealth firmly believes that the states do have to pick up their responsibilities with respect to matters that are state offences. With respect to matters that are federal matters and the extent to which there are delays, let us not pretend, Senator, that any delay in the provision or adequacy of legal aid was ripe and rosy under your government because it simply was not.

The provision of funds to those in need of legal aid is a constant problem. It is a constant problem, one faced by the previous government and one faced by this government. But I will ask the Attorney if he is aware of Justice Nicholson's remarks and, if

he has anything to say about it, I will come back to you with it.

Senator McKIERNAN—Madam President, I ask a supplementary question. Thank you, Minister, for taking that part of the question on notice and promising to bring it up with the Attorney. There are a number of other elements of the question that I would also ask you to take up with the Attorney and report back to the Senate on. Further, I ask: if, indeed, the Attorney or the government is claiming a mandate for these horrific changes, did you give notice to the electorate, or even to your colleagues in the state government, prior to the election, that you were going to emasculate the legal aid funding system in the manner in which you have done so?

Senator VANSTONE—There are a number of things that happened prior to this election. One of them was an invitation extended by the then Leader of the Opposition to the then Prime Minister to open the Commonwealth books and see whether you guys were telling the truth about how much money was in the bank. That was an invitation that was quite specifically declined by your people.

In fact, you were touting around before the election telling everybody the budget was in the black. That was a big lie that you went with before the election. 'Re-elect us,' you said, 'Everything's okay, the budget is back in the black.' So we know how much truth is told on the other side.

Senator, let me remind you: which was the party that went to the people and said, 'We won't sell the Commonwealth Bank?' Which party was it that did that? Oh! Which party? That party.

Wildlife

Senator FERRIS—My question is directed to the Minister for the Environment. Australians can be justifiably proud of our nation's diverse wildlife, but there is widespread concern about threats to several of our most unique native animals. Could the minister please inform the Senate of recent actions taken by the government to address these threats?

Senator HILL—Certainly, this issue may—

Opposition senators interjecting—

Senator HILL—This issue may be of no interest to the Labor Party, but I can tell you it is of interest to many thousands of Australians. Those many thousands of Australians are pleased with the initiatives we are taking to protect some of our unique wildlife, and this question gives me the opportunity to bring the Senate up to date in relation to some of those initiatives.

Opposition senators interjecting—

The PRESIDENT—Order! There are far too many interjections from the opposition.

Senator HILL—The fact they want to ridicule this issue shows just how out of touch they have become, Madam President. In relation to the protection of the dugong, you will remember, Madam President, that I indicated I had taken steps to prohibit all forms of gill netting in Shoalwater Bay in Queensland.

I am pleased to say that we took a step further last weekend at the ministerial council meeting for the Great Barrier Reef when at my request the council considered a package of possible measures designed to further protect the dugong. The council agreed to list nine interim dugong protection areas to form the basis of a sanctuary system. These areas include the Hinchinbrook area, Cleveland Bay, Upstart and Inch bays, the Newry region and Hervey Bay. In addition, two further regions are being considered. Furthermore, on the basis of good science, we have been told to consider that there should be such a dugong protection area at least every 200 kilometres up the Queensland coast.

The full details of exactly what protection regime will be put in place for each of those sanctuary areas is to be determined over the next couple of months. Queensland also agreed to legislate as soon as possible to require attendance at all offshore set fishing nets which is a very good major reform. Furthermore, we agreed to a realignment of patrols to focus on high risk areas to the dugong. We have also required agencies to report by the end of February on other threats to the dugong of shark netting, habitat loss and indigenous take. Madam President, you

will see from that our commitment to protect this now very endangered animal. You will recall I said that over some 1,200 kilometres of Queensland coastline it is believed there are only 1,700 animals remaining alive. So the matter is urgent and this government is acting.

The second matter I wanted to bring to your attention related to koalas, Madam President. As you will know, koala numbers have reduced very substantially and over much of Australia is, in fact, in real terms, endangered, although, at the same time, there are areas of overpopulation.

Senator Sherry—This is Kangaroo Island.

Senator HILL—In particular, we have addressed the issue of Kangaroo Island where there is an overpopulation. In cooperation with the South Australian government, we have agreed to a program which will include fertility control, translocation of koalas and revegetation of habitat as an urgent project to help overcome that problem with a much more satisfactory outcome than that which was being advocated by some and that was a culling of koalas, which of course is unacceptable to the vast majority of Australians.

The community is also invited to contribute financial support to that in the same way as the Commonwealth is committed to contribute $150,000. That strategy adopted for koala conservation on Kangaroo Island is consistent with the national strategy for conservation adopted last weekend. The real issue though is the loss of habitat, the importance to restore habitat and there is no better way that the Senate can help in doing that than to pass our natural heritage trust bill to give us the funding finally for some revegetation of Australia and to protect native habitat.*(Time expired)*

Senator FERRIS—Madam President, I ask a supplementary question. Could the minister please explain how these actions reflect the government's commitment to protecting our natural environment.

Senator HILL—The supplementary gives me a chance to say a little bit more about the importance of the Natural Heritage Trust. As Senator Faulkner knows, the major problem faced by Australian native wildlife is the loss of habitat and the loss of native vegetation. Under the natural heritage trust bill, $380 million will be invested in that revegetation over a period of—

Opposition senators interjecting—

The PRESIDENT—Order! There are far too many interjections for anybody to properly hear the answer.

Senator HILL—five years for restoring Australia's natural vegetation, reinvesting in our streams and waterways, helping with the problems of salinity and all the other major environment problems that Australia faces. It is an investment in the future that will be applauded by all Australians.

There is an opportunity now coming up quick for the Senate to join together and commend the government for its initiative by saying we want to be part of this national project.*(Time expired)*

Opposition senators interjecting—

The PRESIDENT—Order! Senator Hill! Your time has expired for answering the question.

Senator Hill—I am sorry, I cannot hear because of the rabble.

The PRESIDENT—I can understand—there is so much noise from the opposition. I was trying to tell you, Senator Hill, that the time for answering the question had expired.

Logging and Woodchipping

Senator MURPHY—My question is directed to the Minister for Resources and Energy representing the Minister for Primary Industries and Energy. I remind the minister of a statement from his senior minister when announcing the new woodchip licences in October, when he said export licence conditions would require all exporters to give preference to woodchip sourced from sawmill residues and silvacultural thinnings. Minister, I put it to you there are no conditions in the new licences that require exporters to give preference in sourcing, and I ask: will the government now amend the licences to ensure there is? Will the government take action to ensure that exporters comply with those new changes?

Senator PARER—Madam President, I—

Senator Robert Ray—I'm lost, yes.

Senator PARER—You're right.

Opposition senators interjecting—

The PRESIDENT—Order!

Senator Faulkner—Another folder; come on.

The PRESIDENT—Order! We will proceed, Senator, when there is sufficient silence to enable me to hear you.

Senator Herron—Madam President, on a point of order: it is very difficult over this side to actually hear anything let alone a question because of the noise on the other side. So I would ask you, Madam President, to speak to them so that Senator Parer has a chance to review his question.

Honourable senators interjecting—

Senator Faulkner—Madam President, on the point of order—

The PRESIDENT—Order! I did not hear what the point of order was.

Senator Faulkner—On the point of order, Madam President I understood that Senator Herron was indicating that it was difficult for him to hear anything: we certainly did not hear anything from Senator Parer either, basically because he said nothing because he did not know how to answer the question.

The PRESIDENT—Order! There is no point of order.

Opposition senators interjecting—

The PRESIDENT—Senator Parer, we will wait until there is silence in the chamber.

Senator PARER—As Senator Murphy said, the new hardwood chip licences encourage value adding processing by encouraging exports for woodchips sourced from sawmill residues and silvaculture thinnings.

I think that what Senator Murphy is alluding to is that he wishes to see some encouragement—

Senator Murphy—I raise a point of order, Madam President. I did not say that the licence had conditions.

Senator Panizza—That is not a point of order.

The PRESIDENT—Order! Senator Panizza!

Senator Murphy—The point of order is to assist the minister representing Mr Anderson. What I read out for Senator Parer was that the minister had said the licences would contain conditions. I put it to Senator Parer that there are no such conditions in the licences.

Senator Panizza—Sit him down.

The PRESIDENT—There is no point of order.

Senator PARER—Thank you, Madam President. I might say that I had great difficulty understanding the first part of the question.

Senator Faulkner—It was pretty obvious because you did not say anything.

Senator PARER—I could not hear it because your big mouth should have a hook in it, Senator.

Senator Schacht—Is that a professional observation as minister in charge of fisheries?

Senator Bolkus—Get him to withdraw the hook.

Senator PARER—We'll try a gaff next time.

Senator Faulkner—That is the biggest gaffe. You are about 10 on the Richter scale of gaffes.

The PRESIDENT—Senator Faulkner!

Senator PARER—As I was about to say in regard to the question by Senator Murphy and the point he made about Minister Anderson's statement, I have not seen the statement by Minister Anderson, but I will refer it to him for his response. I presume the basis for your question, Senator Murphy, which may explain the supplementary question that you may well ask, concerns downstream processing, which, I know, is of interest not only to you, Senator, but also to Senator Calvert and Senator Gibson—

Senator Faulkner—Let us have another two minutes of waffle.

Senator Kemp—You used to be able to.

Senator Faulkner—I was good at it; he is not.

Honourable senators interjecting—

Senator PARER—Senator Murphy nods because that is what Senator Murphy is interested in. Senator Faulkner could not give a damn—hence these inane remarks from the monkey, while the organ-grinder sits up the back calling the shots.

Opposition senators interjecting—

The PRESIDENT—Order!

Senator PARER—Perhaps Senator Faulkner and other Labor people may allow Senator Murphy to hear this answer because he is interested in it. He may be the only person on the other side who is interested in what the hell is going on in Tasmania. Certainly, Senator Faulkner is not. This is the basis of the question: what Senator Murphy is doing is speaking the language of the coalition because the coalition has a vested interest in downstream processing. It is something that I personally have been pushing well before I came into this place. It is a pity that Senator Murphy was not speaking the same language for 13 years when they were in government—when they went down the road not of creating real jobs but of destroying jobs.

Opposition senators interjecting—

The PRESIDENT—Order!

Senator Murphy—I raise a point of order, Madam President. I have been watching the clock and waiting for Senator Parer to actually answer the question, and time had almost expired. I would like an answer to the question. The point of order is that Senator Parer has not answered in any way, shape or form the question that I asked.

The PRESIDENT—The time has expired for answering the question. Do you wish to ask a supplementary question?

Senator Murphy—Yes, I do, Madam President.

The PRESIDENT—Order! It must be almost impossible for *Hansard* to hear what is going on with the level of noise in the chamber.

Senator Murphy—I made the point to Senator Parer that the licences currently have no conditions—

Honourable senators interjecting—

The PRESIDENT—Senator Murphy! I cannot hear you!

Senator Murphy—I made the point to Senator Parer that the licences currently have no conditions that require preferential sourcing. I asked: will he ensure that the government now amends the licences to make that occur and will it take action to ensure that exporters comply with it. I further ask: once you have found out, Minister, that there are no such conditions, how does Mr Anderson's statement stand with Mr Howard's ministerial code of conduct?

Honourable senators interjecting—

The PRESIDENT—Order! All sides of the chamber! Silence!

Senator PARER—Madam President, I have already answered the first part of the question.

Senator Hill—And well answered too.

Senator Faulkner—You really are a comedian, aren't you!

Senator PARER—As for drawing some long bow with regard to the Prime Minister's code of conduct, that is typical of the inane sort of questioning we are getting from these people from the other side, who have not yet learned that they are in opposition. You have been there for eight months, and yet you come up with this silly sort of questioning which has no relevance whatsoever to the subject matter in hand.

DISTINGUISHED VISITORS

The PRESIDENT—I draw to the attention of the Senate the presence in my gallery of the Joint Committee on the Family from the Parliament of the Republic of Ireland, led by Mr Paul McGrath. I trust that you will enjoy your visit to this parliament.

Senator Kemp—What is Jim McKiernan doing up there?

Senator Faulkner—Interloper.

The PRESIDENT—Order! I trust that you will find the experience worth while and that

Senator McKiernan will also in due course return to his place amongst us.

QUESTIONS WITHOUT NOTICE

Austel

Senator ALLISON—My question is directed to the Minister for Communications and the Arts, Senator Alston. Minister, last December Austel tabled a major review of the telecommunications national code containing 57 recommendations. A new code was to be put in place by 1 July this year. Seven months after Austel's review, you issued a draft code largely ignoring those recommendations. You then asked Austel to conduct another public inquiry and, a few weeks ago, you said that there was no need for a new code because planning processes would be put in place by 1 July. Yesterday you announced another code and another inquiry—this time by your department. Why did you not frame the new code based on Austel's August report, and why did you not make that report public? Why do we need a third inquiry, and why is it to be conducted by your department? And will you admit that this whole matter has been a complete fiasco?

Senator ALSTON—On the advice that we have had, in order to introduce a new code that contains tighter restrictions which benefit the environmental concerns of many residents and in order for that code to substantially diverge from the matters contained in the earlier public inquiry, it is necessary to go through the same process. Otherwise the Commonwealth would be exposed to legal liability. I would have thought you might appreciate the significance of that, but having read your press release of yesterday I see that you have not the slightest idea of what legal liability is about.

Senator Allison put out a press release headed 'No legal basis for maintaining telecommunications carriers' immunity from state and legal laws.' She then purports to quote from what could not even charitably be described as legal advice, although she pretends it is. That 'legal advice' says that it may well that be an action could be brought in respect of promissory estoppel—a rather technical concept which some in this parliament may have some idea about. It says:

> Whether a carrier would be successful with such a claim would involve a very detailed legal analysis beyond the time and resources of this Law Group. It is also complicated by the fact that the legal doctrine is in a state of legal flux in Australia. Suffice to say that it would be one option to be considered by a carrier and I could readily understand the carrier looking at this legal doctrine. All I can say is that it would be a very involved and lengthy litigation. While not, in any way, anticipating the Commonwealth's reaction, the Commonwealth might prefer to offer an ex-gratia compensation.

That is an absolutely extraordinary proposition. What it is really saying is that the Commonwealth could be faced with such lengthy and complex litigation that it might as well throw in the towel and write out a cheque for hundreds of millions of dollars to cover the possibility of legal liability. Yet Senator Allison has the gall, or the unmitigated ignorance, to put out a release suggesting that there is no basis for claiming legal liability.

You really ought to take a good look at yourself. If a lawyer gave you that advice he would be struck off. It is simply nowhere good enough. You clearly are not interested in the legal implications of decisions that are taken in this area but we are, and the advice we have had is that it would not be proper for the Commonwealth to expose itself to liability in that way. If you were to simply proclaim a new code, then you would run a very significant risk because it would contain matters that had not been canvassed in the public arena.

If you ask me why it is that we did not proclaim the earlier legal advice it is probably because you have been going around telling people like the Australian Local Government Association that you would move to disallow it. In other words, any attempts that we might make to actually tighten the code to provide greater protection would be the subject of a disallowance motion in this chamber. If that is not your position I would very much welcome you saying that in public because that is certainly the Australian Local Government Association's position. On that basis it

was necessary for us to go back and revisit the outcome of that public inquiry.

As you would know, yesterday was the culmination of a process that resulted in 20 specific enhancements to the existing code—a very substantial advance on the current position, providing many significant improvements for residential consumers but stopping short of what you want, and that is to stop the roll-out dead in its tracks. In other words, you couldn't give a damn about exposing not just the carriers but consumers to the likelihood that they would not get the benefit of lower cost local phone calls, access to the Internet or cable television. If you are not interested in that, I am sure others are. *(Time expired)*

Senator ALLISON—I ask a supplementary question. I thank the minister for his answer. I am so glad that he has quoted from that legal advice. I will go on to quote some other remarks from the same paper by the Parliamentary Library Law and Public Administration Group researcher:

> It is my view that the Parliament could, if it wished, repeal in part or in full the immunity that carriers have from State laws in section 116 of the Telecommunications Act 1991. On basic legal principles I am satisfied that the repeal would not give rise to legal liability by the Commonwealth.

So I ask you, Minister: when will you admit that there is nothing impeding the government from removing the immunities and enforcing proper planning procedures immediately except a sheer lack of political will?

Senator ALSTON—Clearly it is not even worth your while enrolling in law school because you would not understand the basic proposition. What you have tabled—and you now call it a paper, and that is what it is; it is in no shape or form legal advice—concludes by saying:

> I make the observation that others, particularly the carriers, may not agree with all of my views.

If that it is not the ultimate disclaimer of no care, no responsibility I do not know what is. It also goes on to say: As noted above, there may be the promissory estoppel problem, but that is always a possibility.

Putting aside the fact that it is not very grammatical, you are stuck with a piece of advice that is telling you that you could be confronted by litigation so lengthy and so complex that the Commonwealth might be best advised to simply write out a blank cheque—and you maintain that that constitutes saying that there is no risk of legal litigation. It is beyond comprehension. I cannot understand how you could have the cheek to get up and ask a supplementary which simply ignores all that I have just told you. You can smirk as much as you like, but it is about time you actually faced up to the facts of what you are saying.

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

Greenhouse Gas Emissions

Senator PARER—During question time Senator Kernot asked me a couple of questions in regard to Megabare; one concerning the referee and the other funding. In regard to refereeing domestically, Megabare was refereed by the Centre of Policy Studies at Monash University. Internationally it was refereed by Randy Wigle of Wilfred Laurier University in Canada. He is a world renowned specialist in greenhouse policy.

Madam President, the advice I have is that Megabare is accepted in the work of the energy modelling forum of Stanford University. As regards funding, the development of the model was funded by a range of government departments such as the Department of the Environment, Sport and Territories, the Department of Industry, Science and Technology, the Department of Primary Industries and Energy, the Business Council of Australia and industry groups including the New South Wales Coal Association. But no funding was provided by those groups or by any of the industry groups, I understand, in regard to the research associated with the Megabare model.

Department of Social Security

Senator NEWMAN—Madam President, I took a question on notice yesterday from Senator West on market research. I seek leave to incorporate a response in *Hansard*.

Leave granted.

The document read as follows—

RESPONSE TO THE QUESTION BY SENATOR WEST ON MARKET RESEARCH

In Question Time on 3 December Senator West asked me about customer research conducted by the market research firm, Yann Campbell Hoare Wheeler.

I am advised that Yann Campbell Hoare Wheeler has conducted customer research for the Department of Social Security. This company, and others regularly conduct market research for the Department as part of the normal operation of any organisation which seeks the views of its customers on matters of service delivery.

The firm of Yann Campbell Hoare Wheeler was employed by DSS on a number of occasions during the period June 1995—December 1996.

The question from Senator West did not identify which particular market research consultancy from Yann Campbell Hoare & Wheeler she had received a complaint about.

However, I am advised that the Department follows a number of guidelines in these instances, which have not changed following the change of Government.

In relation to selection of survey respondents, contracted market research firms largely recruit directly through their own resources or professional recruitment agencies.

Additionally, as needed by the projects, there have been occasions where DSS customer listings have been provided to market research firms to enable better and more accurate targeting. The usual practice when the Department conducts a survey is to write to customers giving them the option of ringing a 1800 number to advise if they do not wish to participate in the survey. This practice reflects a view of good customer service rather than being a requirement of the law.

The Department is not in breach of the confidentiality provisions of the Social Security Act or the Privacy Act Information Privacy Principles where a release of information occurs in the course of proper administration of the Social Security Act.

On a recent occasion, Yann Campbell Hoare Wheeler conducted research on behalf of the Department to ascertain the views of customers on possible extended opening hours for Teleservice operations. On rare occasions, as in this instance, there is insufficient time to allow for a letter to be issued offering the customer a chance to opt out. In those cases where a customer does not respond to or receive such a letter, they still retain the right to decline to take part in the survey, as is the case with general market research industry practice and this particular survey.

In all such situations, I am advised that the privacy of DSS customers is safeguarded through the contractual arrangements between the Department and the market research firm in question and by the provisions of the Social Security Act and the Privacy Act.

Charitable Organisations

Senator KEMP—Senator Harradine asked a supplementary question regarding the government's budget announcement relating to the restriction on distribution to overseas organisations by charitable trusts. In the budget we announced that we would introduce legislation to counter tax avoidance through the use of tax exempt bodies distributing funds offshore. One of those measures related to restrictions on distributions to overseas organisations by charitable trusts.

We announced that we would maintain the current tax exemption for genuine charities but would introduce legislative amendments foreshadowed by the previous government to counter tax avoidance. We announced that the operation of section 23J(2) would be amended so that a charitable trust will only be allowed to distribute its funds without losing its income tax exemption to any charity in Australia. Additionally, we announced that the charitable trust would be allowed to use its funds for charitable purposes undertaken directly by the trust in Australia in accordance with its trustee. Charitable trusts established before 7.30 p.m. on 20 August would not be affected by the measure.

The announcement made it clear that domestic charities that are exempt from Australian income tax under section 23 will retain that exemption. Consequently, there will be no tax liability on distributions by charitable trusts to these organisations.

The budget night announcement of the Treasurer (Mr Costello) on this measure stated that the government would release an exposure draft of the legislation for the measure as a priority and would undertake consultations before introducing the legislation into the parliament to ensure that bona fide charitable organisations are not detrimentally affected. I understand that consultations have been taking place, and that the exposure draft will be released shortly.

Industry: Research and Development

Logging and Woodchipping

Senator COOK (Western Australia) (3.12 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Resources and Energy (Senator Parer), to questions without notice asked by Senator Murphy and Senator Cook today, relating to woodchip export licences and industry policy.

In referring to the question that Senator Murphy asked, can I say that this set a world record for the Senate. Never has a minister stood in his place for so long, opened his mouth for so long but said so little. Even when he came to grips with the question, the minister said nothing sensible at all. So in this question time we have witnessed one of the greatest displays of incompetence that we have ever seen on the ministerial front benches in this chamber—and that is a big statement but justifiable given the events of today. This is indeed the Jim Short road of ministerial conduct.

When the minister answered the question that I put to him, the answer again was what we have got used to hearing from the government. It was an answer that was just words, words, words, without any meaning at all. This government has got to the position where it thinks that it is engaging in intellectual debate in this country if it says just anything. It does not matter what the meaning is of what it says. For example, when I asked the government, 'Where is your industry policy', the minister replied, 'Look at the opposition frustrating the budget in the Senate'.

They are just words, Mr Deputy President, because, as you know, in this chamber the biggest lie that is being spread is that this Senate is frustrating the budget processes. It is not. The budget bills are through with one amendment. Yet we have from the government all of those words, words, words about frustration. It is not true.

My question, however, was about industry policy in Australia. It was about how we make Australian companies more internationally competitive. At the base of that concern is jobs for ordinary Australians. If companies are more competitive, if they grow, if they are able to export better, then they employ more people, so the question of industry policy is a vital one for any government. We know now, given the economic forecasters' latest monitoring responses, that the last budget has undershot its forecasts on economic growth for the country. We know that it has overshot its forecasts on unemployment. Growth is down; unemployment is up.

We know as well that that means that aggregate demand is down. The demand for product in the domestic economy is weak. People do not have a market to sell their goods to, and that means higher unemployment. We know as well that in this last budget the government chopped all of its industry support programs. It junked the DIFF scheme; it cut out the export market development grants scheme; the R&D syndication scheme is gone; the 150 per cent tax deduction incentive for research and development in effective terms has been cut in half; the ITES scheme has been abolished; Austrade and AusIndustry have been cut back.

In today's Hobart *Mercury*, the Incat Corporation, one of the best examples of Australian manufacturing excellence, announced in a headline, 'Incat jobs hinge on bounty decision'. This government has a bill before the parliament to cut out the ships bounty. As surely as the government votes for that, it votes for unemployment in this industry and in many other industries in Australia. These industries have made a compelling case, before the Senate committee of inquiry into this area, that jobs will go if these bounties go. This government wants these bounties to go; ergo, it wants jobs to go.

Senator Panizza—Oh, fair go!

Senator COOK—In an economy like that in Tasmania, or in an economy like our own in Western Australia, Senator Panizza, that means jobs of highly skilled quality go and they never come back. Australians lose those jobs.

We know that the Australian dollar is now at an almost record level in terms of its exchange rate with the US dollar. It is trading at 82c. Australian companies cannot export on the international market with a dollar that

high. In those circumstances, what does the government do? It says, 'We'll look into it.' What action? 'We'll look into it.' What program? 'We'll look into it.' What can companies do when they ask, 'How do we plan in the future for growth in employment when the government says, "We'll look into it"?' That is all the government is saying.

Yesterday Jeff Kennett, to his credit, came out and attacked this government because of its lack of industry policy and because the pharmaceutical industry in Victoria is on the line. Another industry of high quality, highly skilled specialist jobs, in which Australia has an international competitive advantage, is on the line because the signal from the government is not to do anything, to sit on its hands or to inquire further. Action is required, but silence comes from the government. *(Time expired)*

Senator ABETZ (Tasmania) (3.17 p.m.)—The Senate is taking note of answers provided by Senator Parer to questions from Senator Cook and Senator Murphy. It is interesting to note that Senator Cook should use as the centrepiece of his remarks concern about jobs for ordinary Australians. Let me simply remind you of your record, Senator Cook. When you had the stewardship of the Australian railway system, jobs in that area, from 1983 to 1995, went from 9,200 to 2,500—a superb record from Labor.

When did we first get one million unemployed in this country? It was under the previous Labor government. Don't come in here and try to hector us about how to create employment opportunities. We know how to create employment opportunities. That is why we immediately embarked upon a review of the woodchip licences which is now guaranteeing jobs in the forest industry. Senator Murphy seeks to undermine that. He and his colleagues on the Labor side voted to defeat the new regulations, which would have cost literally hundreds and thousands of jobs of ordinary forest workers right around this nation.

Senator Murphy still parades himself as the president of the CFMEU forests branch in the state of Tasmania. Two Saturdays ago I happened to be at Triabunna, where the local population was celebrating 25 years of the Triabunna woodchip mill. I can tell you that I did not see Senator Murphy there. I know why: he would not have been invited. He would not have been welcomed by the ordinary workers. As all the reports show, in the town of Triabunna—just as a Tasmanian example—75 per cent of business relies and grows on the presence of the woodchip mill, the forest workers and the employment they gain from the mill. But you set out in this place to sabotage the initiative of this government.

No matter where we look, the Labor Party's record on employment is a disaster. What did they leave us with? A $10 billion deficit. What did the Leader of the Opposition (Mr Beazley), the now would-be Prime Minister, tell us on 31 January 1996? Mr Beazley commented about the budget and said, 'We believe that we have a surplus now and we expect that surplus to improve as our figures indicated over the next three to four years.' That is what he was telling us in January 1996. We invited you people to open the books; you refused. We know why you refused. Because you knew the answer and you knew that what Mr Beazley said on 31 January 1996 was completely and utterly false.

As soon as we got into government we found that you had left us with a legacy of $8 billion—a surplus in Mr Beazley's terms. I suppose you would say that the one million unemployed that you created during your term was somehow full employment. Given Mr Beazley's approach to a $10 billion budget deficit as being a surplus, you would view the figure of one million unemployed as being full employment. Nobody believes you. Hasn't it sunk in to you people over there? Senator Mackay has told you, your national president has told you and your national secretary has told you that the Labor Party is not believed by the Australian people.

When you try to come in here and hector us, after 13 years of failed government, as to how we ought run the country, I suggest that you take a deep breath and give us the opportunity to run government—just for a little while. Even the only Labor leader in office,

Premier Carr, has told you, 'Don't try to act like a minority government.' Allow us to get on with the job, get with our policies and deliver jobs, sound economic management and a future for the people of Australia. That is what we are delivering on. That is why we are getting the support in the polls at the moment. We will continue to deliver for ordinary Australians.

Senator MURPHY (Tasmania) (3.21 p.m.)—Today I asked Senator Parer a question about woodchip licence conditions. I pointed out to him that despite Mr Anderson, Minister for Primary Industries and Energy, announcing on 31 October that he had issued the new licences, he said that the licence conditions would require all exporters to give preference to woodchips sourced from sawmills. The reality is that the new licences do not have any such conditions. They simply are not in there. They used to be in the old licences. When we were in government, the licences said that they must ensure that all operations for the production of woodchips for export under the licence are conducted in accordance with the requirements of the Commonwealth proposed Tasmanian interim forests agreement and that they give preference to certain types and/or sources of material—in descending order, woodchips sourced from sawmill residues, reject logs, logging residues, silvicultural fittings and silvicultural residues.

The conditions in the new licences make no mention of that. I think Mr Anderson has a question to answer in regard to the ministerial code of conduct, which requires ministers in their dealing with the public to be honest. The minister would have known full well that there was no such condition in the licence at that time, because he signed the licences prior to his making the statement. So he has some responsibility either to apologise to the public, because he issued licences and said they had conditions in them but they did not, or to resign.

Senator Abetz talked about employment. The reason I asked the question in the first instance is that there is about 100 people in Victoria right now whose employment in the sawmilling industry is threatened. Why is that the case? It is because the new conditions in the licence allow the major exporters both in Victoria and New South Wales to refuse to take sawmill residues as source material. That is a fact.

It is a pity that a few of the government members—if they reckon that they are so concerned about employment—do not take this issue up. We have heard nothing from the government members, even though the union has written to a number of them raising this very issue that relates to two sawmills in Victoria. This is not only going to happen in Victoria, but it is also going to happen in Tasmania.

The government must amend the licences now to ensure that they contain conditions that require appropriate preferential sourcing. That is, if the government is as committed as Mr Anderson said it is in that same statement:

> This approach gives effect to the Government's commitment to place greater emphasis on encouraging domestic value-adding . . .

If that is what the government is truly on about, it should amend the licences. Further, the government should take action against the current exporters who are breaching the intent of what the minister said was supposed to be the case. Under the old licence conditions and regulations that we had in place, the government could take action to the extent that it could revoke the licence that was in place.

We ought to be looking at sawmilling and further processing in this country not only for employment but also for import replacement. I have heard many government senators get up here and talk about import replacement and what a grand job it is doing in respect of employment. But, as I said, there are at least 100 jobs clearly under threat as a result of this government's conditions in the licences that are currently in place for export woodchips.

Not only is this important from the point of view of employment but also the minister said, when announcing the woodchip licences, that there would be no additional trees cut down. The government increased the volume of export woodchips from 5.25 million tonnes to 6.25 million tonnes. There is now less sawmill residues being sourced—and will

continue to be less unless the government does something about it—than there ever was in the past.

In terms of the arguments I have heard from the government about employment and about our situation with woodchip licences, this government is now in a position to cause more loss of employment in the sawmill industry than ever was the case as a result of any forests being locked up through conservation pressure being put on the previous government. That is the current position which the Victorian senators ought to take note of—I notice Senator Patterson is in here. I hope that Senator Parer has gone away to look into the licence conditions. *(Time expired)*

Senator PATTERSON (Victoria) (3.26 p.m.)—It amazes me that the Labor Party has the gall to come in here and raise an issue about unemployment and what our policies will do to the number of people who will be unemployed. We only had to see when they were in government and looking at the issue of woodchip licences how this parliament was absolutely surrounded by people from all over Australia, particularly people involved in the woodchipping industry, telling them how their villages and towns would be decimated as a result of the way in which the Labor Party handled the issue. You only have to look at how they handled ANL and what happened in that. Everything they touched was a disaster.

For the Labor opposition to come in here and talk about unemployment is just mind-blowing, because under Labor Australia suffered the worst recession in 60 years. Unemployment peaked at 11.2 per cent—it was just appalling to stand here—and nearly one million Australians were out of work. They have the gall to come into this chamber and go on about our policies and what it will do to unemployment.

During Labor's recession, some 434,000 full-time jobs were lost. Labor had this Working Nation scheme that was going to create jobs and that was going to solve the problem of unemployment. It was a disaster. It cost billions of dollars, and we did not see real outcomes in terms of real jobs. We saw people being pushed through from one job program to another. This is what small business was crying out for: every time we went into a small business we were told, 'Reform the industrial relations system. That will enable us to give people jobs.' But Labor did not have the fortitude nor the ability to do it. They were dominated by the union movement. They could not actually do anything about it.

We said that we would reform the industrial relations system. People have been saying to us over and over, 'Get that legislation through the Senate so that we can create real jobs for people.' The current industrial relations system—the industrial relations system under which small businesses were operating under Labor—was such that they were not in a position to employ people; they were discouraged from employing people.

For the opposition to come into this chamber and to talk about the fact that our policies are going to have an effect on unemployment, let me say you have not learned the lesson. You only have to look at the seat of Eden-Monaro—a Labor seat that you lost because you did not listen to the people. In particular, you did not listen to a lot of those people along the Sapphire Coast—Eden and those areas—whose jobs depended on the forest industry. They knew what you were doing. All the small businesses that were associated with those jobs, they too realised that under Labor there was no hope.

That was the message that you were given on 2 March—that your administration had been appalling; you had mismanaged the industrial relations system; you had mismanaged the economy and left this country with a foreign debt that we cannot jump over; you had left us with a $10 billion interest repayment every year on the public debt that you chalked up. And you have the gall to come in here and talk to us about jobs and unemployment.

Under Labor, we saw the rich getting richer and the poor getting poorer. You talked about unemployment. Let us look at another measure—that is, the measure of a level of income. We went, when Labor was in power, from tg place in the world to 22nd in terms of Australia's level of income. That is the record

you left us with: from 10th to 22nd. I could go on and on. What about industrial relations? What about health? We saw private health insurance decline. We have got chaos because you were not prepared to make the hard decisions. You were never prepared to make the hard decisions on any issue and, in particular, on issues that affected jobs and job creation.

All you were prepared to do was to borrow more and more money, sell the Commonwealth Bank, sell Qantas, and never use that money to retire debt. All you did was use it to spend, spend, spend. And you spent much of it on job creation programs that went nowhere, that gave people false hope. *(Time expired)*

Senator CHILDS (New South Wales) (3.32 p.m.)—I also wish to speak to the motion to take note of Senator Parer's answer to Senator Cook's question. Yesterday, the headline in the *Financial Review* was: 'Official: flat economy'. That really summed it up. This government has dragged its feet on the development of a national plan for industry. That is what that question from Senator Cook today was all about.

This government has cut industry assistance and, naturally, it is getting a reaction from industry. Senator Parer in his reply referred to short term and long term strategies in the government's program. I can remind him of the short-term things—the abolition of bounties, the export market development grants, the cuts to DIFF, the Development Import Finance Facility, and $600 million cuts to research and development. Senator Parer had the gall to talk about the government's plans for research and development when they have made such savage cuts. Of course, they have cut even the fundamental issues of Austrade and Ausindustry.

In the short time remaining to me, I want to highlight some examples. Of course, the cuts to bounties are very significant.

Senator Campbell—You guys cut $50 billion out of the Australian economy—$50 billion cut out.

Senator CHILDS—Senator Campbell interjects, but the premier of his state has joined Premier Kennett in criticising this government, because they are embarrassed by their federal counterparts. The approach of this government to industry policy is very ideological. I mention as an aside the analysis of the shipbuilding industry, which showed a net return to the government. I say to Senator Abetz, who made an impassioned defence of the government: 'Incat'. That sums up the problem for Tasmanians, because it is a vital industry for Tasmanians. I say to Senator O'Brien that, of course, the provision of additional jobs will be hurt.

Industry Commission reports have stated that bounties should be allowed to run their course, which is what occurred under the Labor government. But this government is driven by its ideological beliefs, so it must move into this area. This is epitomised by the approach of the government in that they are not concerned with the practicalities of industry and the need for industry to be able to plan, because in this bounty decision they are attempting to make sure that industry cannot plan or know where it stands.

There has been a leadership change in South Australia. People might ask: why has Brown been replaced by Olsen? The reason is that in the last 12 months new capital expenditure has fallen sharply and is almost at 1991-92 recession levels. Investment in manufacturing is down 11.9 per cent, and 25 per cent in all industries. That is the real reason. If Premier Brown was the problem, he has now been replaced by the industry minister, who was equally culpable for the terrible problem that South Australia has at the moment.

I want to speak about South Australia because it is affected by a particular aspect of the bounty—that is, the book bounty, which is dear to my heart. I was involved when the book bounty was first developed in an attempt to help this specialised industry. We know that exports of Australian books have increased by over 200 per cent over the last 12 years. Seventy per cent of the books published are for export, so they are earning us export dollars.

A company called Griffin Press broke through into the Japanese market. For their

pains, they are now being paid back—they have 90 fewer employees today than they had at this time last year. They are looking to lay off one-third of their work force. That is what Griffin Press in Adelaide is facing today. This is a direct result of the government setting out to destroy a niche industry, a specialised part of the printing industry. Only a movement of shipbuilders and book producers will overcome that.

Senator CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (3.37 p.m.)—Mr Deputy President, I cannot allow a senator who was in the previous government for the last 13 years to get away with such a statement about what this government is doing for business and industry, when he sat there quietly, watching the previous Keating government put up interest rates for many businesses to over 30 per cent. He watched it preside over the highest interest rates on the globe, bar Spain, and the second highest prime bank rates, right up until the last federal election in March. Only a few years ago he saw former Prime Minister Mr Hawke and then Treasurer Mr Keating put interest rates up to the highest level in the world with four, five, six per cent increases in a period of months.

I have just had the illuminating pleasure of reminding myself of that period—people better not forget it—by reading John Edwards's excellent work about former Prime Minister Keating in which he describes the gross economic mismanagement of that period. I did not hear Senator Childs get up here and stick up for industry in Western Australia, South Australia or Tasmania when his former Treasurer, then to become Prime Minister, screwed those businesses into the ground. Hundreds of thousands of businesses across this country went out of business. Hundreds of thousands of families were destroyed by Labor's economic policy and Labor's ignorant, stupid policies towards industry.

Labor said, 'We have these plans; we have these industry policies.' But what was the result of those policies? Hundreds of thousands of families were put out of work, and tens of thousands of businesses were put out of business. I will not stand having guys like Senator Conroy—Senator Ray's mate, who is from Victoria—get up here and make such statements.

Let's talk about industry policy in Victoria under John Kernot and John Cain. Senator Childs referred to South Australia and what is happening there. He said that former Premier Brown and Premier Olsen are the architects of what has happened in South Australia—when they have been in power for only three years after his former Labor friends in South Australia sent the State Bank broke!

Senator Vanstone—Four billion dollars.

Senator CAMPBELL—Yes. I recommend to Senator Conroy and Senator Childs that they read John Edwards' book about Mr Keating. John Edwards was inside the former Prime Minister's office for many months during those crucial times and describes what the recession and the bad economic policies which caused that recession did to this nation. I do not have the figure in front of me but he said that they ripped something like $50 billion—I stand to be corrected, but it was some tens of billions—out of our economy and destroyed businesses. That $50 billion, in John Edwards's words, will never be returned because of Labor's industry policies and policies on business.

You do not create good business by bad economic management. You do not create good business and good industry by having the highest interest rates in the world. You do not create good industry and good businesses by having an inflexible labour market. You do not create good industry and good business by spending tens of billions of dollars a year more than you earn in taxes. You do so by having a sensible fiscal policy, a sensible monetary policy, a sound pro-business tax system and by having a flexible labour market with fair and sensible protections for the low paid.

That is what this government is about. So when Senator Conroy and Senator Childs ask us about industry policy, they should speak with a straight tongue, not a forked tongue, and have a keen eye on history. It is not all that long ago that those guys destroyed

industry and businesses in this country. *(Time expired)*

Question resolved in the affirmative.

The DEPUTY PRESIDENT—The time for taking note of answers has expired.

COMMITTEES

Economics Legislation Committee

Meeting

Motion (by **Senator Ferguson**)—by leave—agreed to:

That the Economics Legislation Committee be authorised to hold a public hearing during the sitting of the Senate on Thursday, 5 December 1996 from 10.30 am until 11.30 am to take evidence for its inquiry into the provisions of the Taxation Laws Amendment Bill (No. 3) 1996.

BUDGET 1996-97

Consideration of Appropriation Bills by Legislation Committees

Additional Information

Senator PANIZZA (Western Australia)—On behalf of Senator Crane, I present further additional information received by the Rural and Regional Affairs and Transport Legislation Committee in response to the 1996-97 budget estimates hearing.

COMMITTEES

Scrutiny of Bills Committee

Report

Senator CONROY (Victoria)—At the request of Senator Cooney, I present the 12th report of 1996 of the Senate Standing Committee for the Scrutiny of Bills. I also lay on the table *Scrutiny of Bills Alert Digest No. 14 1996*, dated 27 November 1996.

Ordered that the report be printed.

Membership

The DEPUTY PRESIDENT—Order! The President has received a letter from the Leader of the Government in the Senate seeking to vary the membership of committees.

Motion (by **Senator Campbell**)—by leave—agreed to:

That senators be discharged from and appointed to committees as follows:

Economics Legislation Committee—

Discharged: Senator West.

Environment, Recreation, Communications and the Arts Legislation Committee—

Appointed: Senator Lundy.

Discharged: Senator Childs.

Environment, Recreation, Communications and the Arts References Committee—

Appointed: Senator Hogg.

Discharged: Senator Ray.

Finance and Public Administration Legislation Committee—

Appointed: Senator Mackay.

Discharged: Senator Lundy.

Participating member: Senator Lundy.

Finance and Public Administration References Committee—

Appointed: Senator Mackay.

Discharged: Senator Bishop.

Legal and Constitutional Legislation Committee—

Discharged: Senator Ray.

Treaties—Joint Standing Committee—

Appointed: Senator Cooney.

Discharged: Senator Carr.

HIGHER EDUCATION LEGISLATION AMENDMENT BILL 1996

In Committee

Consideration resumed.

The CHAIRMAN—The committee is considering items 23 to 25, and the question is that the items stand as printed.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (3.45 p.m.)—Yesterday Senator Carr asked me if there were any institutions which had sought to take their reduction in load vis-a-vis undergraduates. I think he asked that because I indicated that the government's clear intention is that with the one per cent cut in the forward estimates next year, three per cent the year after and one per cent the year after that, we were not expecting universities to teach the same number of students for less dollars. We have said that they could drop load, and the first port of call had to be at the postgraduate coursework level, for which the previous government, Senator Carr's government, had

already introduced a full fee paying opportunity for Australians, which they have been taking up voraciously.

The answer to your question is that 13 institutions requested that some part of the reduction in load against forward estimates announced in the higher education statement be at the undergraduate level. No universities will be allowed to reduce undergraduate places in 1997 below forward estimates levels because of announced funding reductions. Five of those institutions which requested undergraduate reductions will be allowed to reduce their undergraduate load targets to some degree in 1998 and/or 1999. In addition, some other institutions which did not formerly seek lower undergraduate load targets will be given the opportunity to do so if they wish in those years.

Funding decisions and profile outcomes for 1997-98-99 for individual institutions will be announced as usual in the funding report at the end of the year, which is not expected to be delayed in any way. As I understand it, Senator Carr, you asked about that funding report at either the estimates or the committee hearings of this bill.

The other question that you asked, that went into detail, comes to the matter we are now on, which relates to the HECS repayment threshold. You asked: what was the government's expectation as to people who would be affected? The numbers I am about to give you relate to the numbers that we expect would be affected if the bill were to go through without amendment.

I have flagged for you before that Senator Harradine has raised concerns about families. I think you actually raised this morning the concept of students and their families. Senator Harradine has come up with what the government thinks is a very sensible amendment. It is somewhat expensive and I do not know that we have yet had the opportunity to calculate the reduction in the number of people that would be affected were Senator Harradine's amendment to be passed. I do want to indicate that we would certainly support Senator Harradine's amendment because it does properly address—we believe—the situation that was raised. I think I indicated this earlier in the debate.

There was genuine and proper concern raised for graduates or continuing students who were earning money but nonetheless had a dependent family. That would be of particular concern with deserted wives—now called sole parents—with a couple of kids who were going back to reskill and to get a degree, perhaps to go into teaching or whatever. They would suffer as a consequence of the threshold being shifted down to $20,700 as we had hoped. Frankly, if Senator Harradine's amendment is passed, the consequence will be that the numbers affected will be changed quite dramatically. We have not had the opportunity to count that.

If the bill were passed unamended, 150,000 existing HECS debtors would commence repayments—that is, HECS debtors who now earn less than the current level. In addition, about 160,000 debtors would move into slightly higher threshold ranges and would therefore be required to pay more each year than they would otherwise have done. I think those figures would be substantially amended by the amendment which Senator Harradine has moved.

I would like to make a suggestion I believe is quite sensible. That is that we look at item 8, as we are now, and at the same time turn our minds to item 16 on the agenda, which is either Senator Harradine's amendment or Senator Stott Despoja's amendment. The government would support Senator Harradine's amendment and not Senator Stott Despoja's amendment. It is item 8 and item 16, Senator Carr, that deal with the whole concept of threshold. If you are happy, I suggest we try and have a cognate debate on those matters and deal with it all in one.

Senator STOTT DESPOJA (South Australia) (3.50 p.m.)—Minister, could you just clarify those figures again? Were you talking about the number of students who would be immediately affected by the reduction in the threshold as being around 150,000? I am sorry, I did not hear those figures properly. I apologise for being late to this debate.

In regard to your procedural suggestion, I would prefer for us to deal first and fore-

most—and separately from item 16—with number 8 on the running sheet.

Senator BOLKUS (South Australia) (3.51 p.m.)—I ask Senator Stott Despoja to have another look at this. Item 8 and item 16 can be handled together, item 16 being an amendment to item 8. I think that is the way that we would approach it. That way, we would get to the outcome that the minister wants and do it in the right sequence as well. So long as item 16 is seen as coming before item 8—

Senator Stott Despoja—Item 21 and 20 as opposed to No.8 on the running sheet—that which relates to 8 and 21.

The CHAIRMAN—I could not quite hear, Senator Stott Despoja. There is a strategy that the committee could use if it so wished, and that would be to debate items 8 and 16 cognately, but put the questions separately as we go. If that is the wish of the committee, we will do so.

Senator CARR (Victoria) (3.52 p.m.)—Could we have the names of the 13 institutions that have sought your permission to take their cuts out of the undergraduate load, the five institutions that have been granted permission to take cuts out of the undergraduate load, and the numbers involved for each institution?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (3.52 p.m.)—I will have a look at past practice in terms of what the previous government did as a consequence of ever being asked to release information from the funding report. I might be able to get that advice quite quickly and look at it. All I can tell you is that I do not have that information now as to either what the past practice was or which institutions they are. I do not have that up here, but I will come back to you quickly on that.

Senator CARR (Victoria) (3.53 p.m.)—On the other issue of the numbers you have indicated who would face higher levels of debt as a consequence of these amendments, could I ask: if Senator Harradine's proposition involves cost to the government of some $15 million, how many of those 160 persons facing higher debt levels would be affected? How many of the 155,000 existing debtors would have debts commence more quickly and would be affected?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (3.54 p.m.)—I am not trying to be rude. We are trying to shorten the debate since there has been some anxiousness about the length of it. I have already covered that matter. I indicated when I was giving the other answer that we have not yet had the opportunity to get those assessments made. People are trying to work on that and if it becomes available, I will certainly make it available.

Without giving you specific numbers, I can give you some indication of the impact of Senator Harradine's amendment which might be helpful. In the *Tax Pack* at page 101 there is an indication of how you work out the medicare levy that you pay, in particular where you get the exemption. As I am advised, a consequence of Senator Harradine's amendment would affect persons who are married or in a de facto relationship and have no children. Senator Carr raised the point about family income. The government acknowledged earlier on that the question of people with children or families is of some concern. But we believe that it is perfectly fair to ask individual students at that income to pay.

As I am informed, someone with no dependants earning up to $23,478 does not pay the medicare levy and consequently they would not be required to pay back their HECS. Their HECS would not cut in at that point. Because of the way Senator Harradine's amendment is drafted, if a family has one child you would look at the upper limit—there are two limits—in the *Tax Pack*. If they have one child they would not pay back until they were earning $25,749. With two children they would not start paying back until they reach $28,019. There would actually be some particular benefit to those students who have three or four children, although I cannot tell you how many of them there are.

Certainly, Senator Carr and others have raised the fact that students with children—and in particular those returning to higher

education or going back later in life to higher education who have three or more children—would not pay back. This is an extension of the existing situation under the previous government's rules, but they would not pay back until they earned $30,289. In the event that there are still a significant number of people who have four children, they would not pay back until they reach $32,560 as their family income.

Whilst Senator Harradine's amendment is expensive, as best we can calculate, it is nonetheless a valid point. If you are a family with dependants, then the burden will be felt more acutely. In dollar terms it will not be higher and I accept what Senator Stott Despoja says, that it is the cost of a movie ticket a week to those on an income of $20,700. I would still say that it is not a lot to a single graduate who has a job in the public service, is a medical practitioner or a teacher. It is different once you start talking about them living in a family situation, de facto or otherwise. If they have children either at the age Senator Carr referred to when people are starting to have their families, or from the other aspect where people are returning to higher education later in life when they are in their thirties and have two, three or four children, this is a very sensible amendment. For that reason we would be happy to support it.

Senator Harradine's amendment puts the issue of the threshold for HECS repayment in an entirely different light. Effectively it means that there is not one single threshold that applies to all individuals and that the level depends upon the family circumstances of each individual. As I have indicated, the threshold would be higher than the current level for some HECS debtors with family responsibilities. It would be an added boost to existing HECS debtors with children. For example, take the case of a graduate recruit with three small children and a spouse who is not in employment. The family has an income of around $29,000 annually from which under the current provisions a HECS repayment of $16 a week is deducted. As a consequence of Senator Harradine's amendment, despite a general lowering of the threshold, this family would gain by being spared the HECS repayment until the breadwinner received a salary increase or the family had two breadwinners.

Senator Carr—You would have to have three kids.

Senator VANSTONE—Yes. I was using an example there of someone who had three kids. Under Senator Harradine's amendment the overall effect of the new threshold is not necessarily to lower it. It lowers it for some and for others, those with families, it raises the threshold from what we were planning and hoping to have. A family with four children would be able to earn up to $32,560 a year before being required to commence their HECS repayments. I would have to believe that in the case of a family with six children this is when someone has returned to university after having had their children. I could not see that she would get a degree at an early age and have six children, but some people manage these things. Let us take it that it is a person who, having had six children, is returning.

Senator Carr—A 19-year-old.

Senator VANSTONE—I do not know. I do not want to delay the debate by going into the endless possibilities. Such a family could earn up to $37,100, and that is perfectly appropriate, because the only sort of person that I can think of that is going to have six kids is probably going to have been out in the work force a while and have moved up in the income levels before being required to pay HECS. It would save that family about $39 a week until they got to that point.

I do not know if Senator Carr is aware of the significance of the family income considerations. Earlier today, Senator, you claimed the proposed lower threshold would mean that people repaying HECS at this level would be below the poverty line if they had dependants. However, with Senator Harradine's amendment, they would not commence repayment at the new threshold if they had dependants. They simply would not. Senator Carr, as I recall, also made reference to the family formation process.

Senator Carr—Yes, I did.

Senator VANSTONE—Yes, you did. What you did not mention was that the system of HECS repayment introduced by Labor ignored family circumstances, and that is why the government is attracted to Senator Harradine's amendment, because it in fact takes account of family circumstances and is, therefore, of immediate attraction to this government.

Senator Stott Despoja also made reference to families. However, the amendment that Senator Stott Despoja has moved is geared to the circumstance of the individual low taxpayer. If I understand the effect of this amendment correctly, it means that a spouse in a high income family would qualify for the HECS repayment exemption regardless of family income. That is, Senator Stott Despoja, with your proposed amendment, an exemption would be provided to the spouse of a high income earner because that spouse's income was not high, whereas Senator Harradine's amendment does take account of family income and of the number of dependants. For that reason we think his amendment is more appropriate.

Senator Stott Despoja, if you have a different view, I would be grateful if you could clear that up for us. I would be interested to hear from you if you genuinely believe that your amendment is better than Senator Harradine's. As I understood it when you were raising it this morning, you were referring to families whose interests were a matter of concern and should be safeguarded, yet your amendment actually only refers to individual income and does not take account of families whatsoever, whereas Senator Harradine's is pitched, as is the Medicare levy exemption—an exemption designed, incidentally, by the previous government—to families as a whole.

Senator Bolkus—Do you want this bill before Christmas?

Senator VANSTONE—This is a new matter and Senator Carr did ask for an explanation of it. As it is a new matter, I have tried to canvass all the views I want to put in one answer. I would not expect that I would have to comment any further unless something that I have said needs further explanation. I hope it does not.

Senator CARR (Victoria) (4.03 p.m.)—Minister, I explained that the cost of these proposals to the government is $15 million. You still will secure well in excess of $800 million out of these measures.

Senator Bolkus—Ninety-four per cent.

Senator CARR—Senator Bolkus draws to my attention that it is 94 per cent. I might have to explain why the opposition will be opposing these measures. This is a measure that does appear to be superficially attractive because it does present all the aura of compromise. But the truth of the matter is that, when you look at it a bit more carefully, you will notice that there are other aspects to this proposal.

The key point is that the Medicare thresholds are linked to total family income rather than the taxable income of the person with the HECS liability. What we are in fact looking at here is the income of two persons, not necessarily just the income of one.

If we take the case of the so-called 'battling family'—of which this government is very fond—with children and an income in the low to mid-$20,000, it is hard to envisage many cases where the spouse is not earning at least several thousand dollars in additional income to make ends meet. This would have to be added to the income of the primary earner, generally putting them over the Medicare threshold. They would then be subject to the full impact of the government's greater tightening of the repayment schedule with the whole threshold structure moved down.

Because of the above factors, the additional cost of Senator Harradine's proposals compared to the government's proposal is in fact quite modest. I would assert, Minister, and would ask you to refute this, that the cost of this proposal is $15 million in a full year, which, of course, would still allow the government to achieve the bulk of its savings from this general threshold measure. That is in excess of some $800 million over the three-year period. There would be huge numbers of losers and a high percentage of them would be battlers. A further factor constraining the cost of Senator Harradine's proposal is that most people repaying HECS have zero or one child. Is that not a fact?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.06 p.m.)—Senator, you may be right. We do not have the information available at this stage on how many have zero or one child. I simply make two points to you. Firstly, as I understand it, you indicated that the Medicare levy exemption relates to total family income. That is technically not correct. It operates on the combined taxable income of the individual and the spouse.

Senator Carr—But two persons?

Senator VANSTONE—Yes, I have not made any secret of that. But it is the taxable income, and that may make a significant difference.

As to how many students have no children or one child, I cannot tell you. But I can tell you, as I did before, that if there were two students who were married, or shacked up together sufficiently to be regarded as being in a de facto relationship, their limit would be $23,478. If they had one child, their repayments would not need to commence until $25,749.

This has been raised by you, Senator Carr, by Senator Stott Despoja and by others, about sole parents—formerly referred to as deserted wives—who go back to university and others who go back to university later in life. While I would expect the bulk of students or graduates paying back to have zero children or one child, concern has been expressed as to the other portion of the student community who would, in all probability, have more children.

I expressed some concern about the number of families with six children who go back. I accept that. I am just outlining for you the Medicare levy exemption, as designed by your government, and indicating this government will accept Senator Harradine's amendment because it takes account of both the taxable family income and the number of dependants. We think that is an appropriate exemption to make.

Senator Carr—Is the total cost, though, $15 million?

Senator VANSTONE—The indication that you give is roughly right. We have calculated, as best we can at the moment, that the cost would be $15.6 million.

Senator MARGETTS (Western Australia) (4.08 p.m.)—The use of language has been quite interesting in this debate. We have heard previous bills in relation to families; we are going back to legislative forms of breadwinner and now, apparently, de facto relationships will be defined as 'shacked up together'. That is an interesting form of language.

I would like to make some mention in relation to this change of the threshold. The government wants to get rid of the voluntary payment system to make way for compulsory payments from $20,000 per annum onwards. This goes against the objective of HECS, which was to defer payment until the person could afford to pay their debt with an amount set at average weekly earnings, which is around $26,000 per annum. The Greens are opposed to low income earners having to pay back their HECS debts early. The Greens prefer progressive taxation as the means for repayment on the grounds of fairness and equity.

In relation to item 25, the minimum repayment threshold is being lowered to $20,000, which moves a further $817.4 million of the financial burden onto students. Again, this goes against the objective of HECS, which was to defer payment until the person could afford to repay their debt with an amount set at average weekly earnings.

The Greens are opposed to low income earners who cannot afford to pay being forced to pay off their HECS debts. Many women fall into the category of being between $20,000 and $26,000, with reports that many people would never be able to pay off their HECS debt because they earned under average weekly earnings. The government is really scraping the bottom of the barrel by going after those low income earners in this way.

If you combine it with the changes that have occurred as a result of the industrial relations bill that was recently passed—I do not call it workplace reform because my definition of reform is a change for the better, and I do not think it was—there will be, in my opinion, a greater number of workers, and

we include those people with the least bargaining power, who will fall under that category. It is the cruellest cut of all that the government is going to go chasing after that group which it has created and make their situation worse as a result of these changes.

There are two potential changes. My preference is to oppose the schedule. We are yet to vote on that; is that correct?

The CHAIRMAN—In relation to items 23 to 25?

Senator MARGETTS—Yes.

The CHAIRMAN—We have not voted on those yet.

Senator MARGETTS—So we have not voted on them, no. I would prefer to leave any comments on consequential amendments to find out whether or not the Senate believes that we should or should not remove the thresholds. I can count, but I think it would be more appropriate to wait to see what the democratic process does. I will be happy to continue my comments in relation to the proposed amendments if this amendment to oppose the changes to the HECS threshold is defeated.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.12 p.m.)—Senator Margetts, it is not correct to say that we want to get rid of the discount for people who pay earlier. I have two points to make. Of course, if you shift the level down to that which we expect it to be, the discount offered by the previous government for paying earlier will not be available—that is, the two per cent.

The mere fact that the previous government indicated that, if you started paying at that rate, you would get some discount indicates the previous government expected there would be some people who would prefer to avail themselves of that opportunity and get rid of the debt. More importantly, we are retaining the mechanism whereby those people who might want to pay earlier get a 15 per cent discount for payments of $500 or more.

Senator MARGETTS (Western Australia) (4.13 p.m.)—Very briefly, there are two issues there. There might well be people who, in my estimation, may never earn enough to have to repay their HECS debt. There are not many people who like to continue to live with a HECS debt over their head but, if they never earn enough to equitably be required to pay back their HECS debt, it is my opinion that shifting the goalposts so their situation becomes worse by having extra payments to make is not fair.

There will also be situations where basically the choice will be taken away from people. For the categories of people for whom that is the case about when they pay it, there are not any real savings from the government because, for those categories of people, the governments are getting benefits anyway—they are getting interest, they are getting penalties.

The reality is it is a bit like the situation that occurred in trying to get everyone to pay life memberships for health clubs. Just shifting a threshold so people pay earlier does not necessarily mean you get a great deal more money. It really just means you change the timing of receiving that money. If it does mean a large amount of money, the only explanation is that you are getting people who might normally be considered to be under the income where it would have been considered fair for them to pay. That is a really rotten way to go.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.15 p.m.)—I have some information for Senator Stott Despoja that I ask her to consider before we choose between either of the two amendments put forward. Senator, you might consider that your amendment would actually lift the HECS threshold for low income earners to $24,450. That is less generous than Senator Harradine's proposal for any HECS debtors who are the sole income earners in families with one or more children for whom the threshold will be increased to $25,749 for one child, $28,019 for two and $32,560 for three. That may invite you to address the question of whether, under the pretence of helping families, you are simply trying to save individual students without family commitments from having to pay back to $24,500. But if you are genuinely

looking at helping those students who do have family commitments, then you must understand that Senator Harradine's amendment is, in that sense, more generous.

Senator STOTT DESPOJA (South Australia) (4.16 p.m.)—I do understand that $28,000, which is roughly average weekly earnings, would be more generous to students, graduates, families and singles and that is where the threshold should stay. That is my preferred position, as it is of the Australian Democrats. But thanks to various suggestions that operating grants would be cut further, we are dealing now with the lesser of the two proposals.

I acknowledge the minister's comments and I acknowledge that in some circumstances Senator Harradine's amendment would bump up the threshold to the levels that you put forward for those people with dependants. But I am also conscious of how many people would be affected by the two threshold proposals under No. 16. Would the minister have any information on the number of people who would be assisted under the Democrat amendment as opposed to Senator Harradine's proposal?

I reiterate: $28,000 is where it should stay. If the government really was concerned about families, as opposed to just getting its legislation through and doing whatever it has to get it through, we would not be debating this issue at all. And I loved Senator Hill's comment in question time today about this government wanting to keep its promises because so far today I think your government has broken about four promises that it made to the higher education sector before the election, including maintaining the threshold. So why do we not maintain it, Minister?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.18 p.m.)—Senator, on coming to office, having asked for the books to be opened prior to the election and the previous government flatly refusing to, we discovered a very significant deficit. We do not walk away from the difficulty of fixing that, which means some difficult decisions have to be made. You are putting the proposition that graduates should not have to pay a penny back until they earn average weekly earnings—and you understand how an average works—and that means more than most other Australians, in fact, about 60 per cent. In other words, you are saying to graduates, 'Not only will you get the degree, the lifetime recognition of your capacity, the international recognition of your capacity, a better income earning capacity, a more secure working pattern and all of those other things. But guess what? We do not actually expect you to pay any of your contribution until you earn more than 60 per cent of income earning Australians.' We think that is unreasonable, considering that only 15 per cent of the population have had the advantage of a higher education, and for that reason we are prepared to shift it down.

I just point out to you that I think Senator Harradine's amendment is better. It takes account of both family income and the number of children in a way that yours does not. It clearly follows that yours, which is targeted to individuals irrespective of the wealth of their spouse or de facto, does not care that someone could be married to a millionaire and have a lower income themselves. You would still be happy to say to that person, 'You deserve an exemption, poor sweet thing.' Taking account of family income is a very sensible proposal and the government has recognised that vis-a-vis the Medicare levy. And we should recognise it in the HECS: when people have family commitments, we should take account of the family income and the number of children. For those reasons, I think Senator Harradine's amendment is better. But clearly, since yours is targeted at individuals, it would affect more. I do not know how many more. If I had that information, I would tell you.

Senator HARRADINE (Tasmania) (4.21 p.m.)—It is rather odd for the committee to be talking about my amendment when I have not even moved it.

Senator Bolkus—You have circulated it. We all know about it.

Senator HARRADINE—Yes, I have circulated it. I am not going to go over the matters. In fact, when the time comes to move it, I will simply do so. I am not sure whether

this is the time to go into further detail about the amendment, but lest you think that I will not raise another couple of points about it, I will make the point now that I will. If we want to go on with the particular motion that the clauses stand as printed, I am happy to vote on that.

The CHAIRMAN—Senator Harradine, an arrangement had been made to deal with item No. 8 and then move to 16 where your amendment is, because they were all on the same topic and there was a cognate debate. But that does not mean when we get to your amendment you cannot speak to your amendment again.

Senator HARRADINE—I accept that, Mr Chairman.

Senator BOLKUS (South Australia) (4.22 p.m.)—If Senator Harradine does have questions to ask in respect of his amendment that may affect the flow of the debate in the Senate, then he may like to consider asking them now.

Question put:

That items 23 to 25 stand as printed.

The committee divided. [4.26 p.m.]

(The Chairman—Senator M.A. Colston)

Ayes	35
Noes	33
Majority	2

AYES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Calvert, P. H.
Campbell, I. G.	Chapman, H. G. P.
Colston, M. A.	Coonan, H.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J
Gibson, B. F.	Harradine, B.
Heffernan, W.	Herron, J.
Hill, R. M.	Kemp, R.
Knowles, S. C.	Macdonald, I.
Macdonald, S.	McGauran, J. J. J.
Newman, J. M.	O'Chee, W. G. *
Panizza, J. H.	Parer, W. R.
Patterson, K. C. L.	Reid, M. E.
Short, J. R.	Tambling, G. E. J.
Tierney, J.	Troeth, J.
Vanstone, A. E.	Watson, J. O. W.
Woods, R. L.	

NOES

Allison, L.	Bolkus, N.
Bourne, V.	Brown, B.
Carr, K.	Childs, B. K.
Collins, J. M. A.	Collins, R. L.
Cook, P. F. S.	Cooney, B.
Crowley, R. A.	Denman, K. J.
Evans, C. V.	Faulkner, J. P.
Foreman, D. J. *	Forshaw, M. G.
Gibbs, B.	Hogg, J.
Kernot, C.	Lundy, K.
Mackay, S.	Margetts, D.
Murphy, S. M.	Murray, A.
Neal, B. J.	O'Brien, K. W. K.
Ray, R. F.	Reynolds, M.
Schacht, C. C.	Sherry, N.
Stott Despoja, N.	West, S. M.
Woodley, J.	

PAIRS

Brownhill, D. G. C.	McKiernan, J. P.
Crane, W.	Bishop, M.
MacGibbon, D. J.	Conroy, S.
Minchin, N. H.	Lees, M. H.

*** denotes teller**

Question so resolved in the affirmative.

Senator HARRADINE (Tasmania) (4.30 p.m.)—by leave—I move:

Schedule 1, page 8 (after line 30), after item 24, insert:

24A At the beginning of subsection 106Q(1)

Insert "Subject to subsection (7),".

Schedule 1, page 11 (after line 9), after item 26, insert:

26A At the end of section 106Q

Add:

(7) subsection (1) does not require a person to pay an amount for a year of income if, under section 8 of the *Medicare Levy Act 1981*:

(a) no Medicare levy is payable by the person on the person's taxable income for the year of income; or

(b) the amount of Medicare levy payable by the person on the person's taxable income for the year of income is reduced.

26B Application of amendments made by items 24A and 26A

The amendments made by items 24A and 26A apply to the 1997-98 year of income and later years of income.

This amendment seeks to lift the repayment threshold for families. The repayment threshold at present under the legislation would be $20,700. This amendment seeks to recognise

the fact that quite a number of graduates have and will have under this legislation a HECS debt. It recognises the fact that the repayment threshold should acknowledge and take account of the number of dependants in a family. It uses the Medicare levy principles.

We in the Senate, and particularly me, are not the government. The government had a measure—we have been discussing it for some considerable time—to lower the repayment threshold. Although that is unpalatable, nevertheless I considered that it was my duty to raise another matter with the minister, and that is the question of the capacity to pay of persons with dependants, that is, graduates who have a HECS debt and who have dependants.

Senator Vanstone, on behalf of the government, immediately recognised that matter. I acknowledge her assistance in that regard. It is a recognition by the minister of the importance the government attaches to families. The practical outcome is listed in the Social Security Medicare paper, which I have. It means that the threshold for the graduate, if he has a wife or if she has a husband, is $23,478. If they have one child the threshold before any repayment is required is $25,749 taxable income. If they have two children it is $28,019. With three children it is $30,289 and with four children it is $32,560. That is where the Medicare document runs out. I heard the minister say that if there were six children—it would be difficult to know how that would be the case, except in the case of mature age students—the repayment threshold would be $37,500.

I hope that the amendment is carried. There is no need for me to expand on it because it has been expanded upon during the previous discussion. The point has been made that this bill will mean a cost of $15.6 million as currently assessed by the department. I would like to ask the minister to outline to the committee—I understand the government accepts my amendment—what would be the weekly repayments of the HECS debt for a family with one child, two children or three children. I would be interested to know.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.36 p.m.)—Two pieces of information are relevant. I have just asked the advisers to find one of them. If we are not able to find it perhaps you could ask me another question and I will come back to it. Your amendment may be even better for HECS debtors than people understand as a consequence of the earlier debate. An example was given where you have a combined income of, let us say, $28,019 with two children. That is the cutting point if you have two children. If you were a sole income earner, a sole breadwinner, and you earned the total family income you would start paying then and you would pay at the level of an individual on the HECS repayment scale. If you were earning more than $27,289 you would be paying 4.5 per cent, which is $25. That is, you would cut in at that point.

The point that might not be understood by some is the point raised by Senator Carr—and I did not realise the significance of this point when he raised it—

Senator Carr interjecting—

Senator VANSTONE—The significance is that your point was in favour of Senator Harradine's amendment. As he rightly pointed out, if families on low incomes had someone else earning money to bring their income up to $28,019 then that would be the point at which they would lose the exemption. The repayment threshold relates to the individual HECS debtor. If a family's total income was $28,019 and one person was the sole breadwinner then they would pay 4.5 per cent of their income—that is, $24 a week. However, for those persons in the category that Senator Carr referred to where a second income earner earns a bit of money to top up the family income, the situation would be different. Take as an example someone who earns $21,831 and whose spouse earns the rest. They would pay at 3.5 per cent which is $15.

Senator Robert Ray—What does that work out at in disposable income though?

Senator VANSTONE—I think the point made by Senator Harradine's amendment is that disposable income is very much affected by the number of children you have. That is why we think it is a sensible amendment.

Senator BOLKUS (South Australia) (4.39 p.m.)—Minister, I know that you have given a figure on the savings from this amendment of some $15 million a year. Does this not amount, over the three-year period in the context of your overall savings proposal of $800 million, to less than six per cent? If this measure goes through, are you not still going to achieve a 95 per cent success rate in terms of what you sought to achieve with this legislation? In other words, does $15 million not amount to 5.5 per cent of what you were seeking to achieve? Are you not going to get more than the overwhelming bulk of savings through if this pup goes through the Senate?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.40 p.m.)—I have not made that calculation. I have no reason to doubt the calculation you have made. It may well be in the ballpark. I simply indicate to you that the government willingly accepts Senator Harradine's amendment.

Senator Bolkus—Why wouldn't you?

Senator VANSTONE—Because it is a proper recognition of the costs to families of having children, it is a recognition of family income and it takes those things into account. You may well realise, and Senator Harradine no doubt will take the opportunity to make other people realise this too, that, if this amendment passes, HECS debtors with, say, three children—and there will be a significant number of those; I cannot give you the exact number—will be relieved of the requirement to pay back HECS.

Senator Harradine—Their current HECS debt.

Senator VANSTONE—Their current HECS debts. This is a reduction in the savings that the government will achieve, but, at same time, it is important to note that we happily endorse that reduction. I am not sure whether the Treasurer (Mr Costello) feels the same way. We think it is a sensible acknowledgment of family circumstances. It does mean that some families who, under the previous government's proposals, would be paying their HECS back would, as a consequence of Senator Harradine's amendment, have a delay in paying their HECS back, which I imagine they will welcome.

Senator STOTT DESPOJA (South Australia) (4.42 p.m.)—The Australian Democrats once again believe that if this government was concerned about families and people with dependents they would have left the threshold at $28,000, at the average weekly earning figure. I think it is a pretence that the government is supporting this amendment because it is concerned about families and individual circumstances.

What I believe Senator Harradine's amendment demonstrates is that the tax system does recognise that there are some groups in our society, some categories, that should be exempt from payments. The Australian Democrats, as the minister referred to earlier, proposed an amendment—not an amendment that we considered perfect or the best amendment because we far preferred the idea of the threshold staying at its current or former level—that sought to take further the principle that some people should be exempt. As you recognised in your comments before we divided, in fact the amendment proposed by us would affect more graduates and more people in our community by seeing the threshold raised to around $24,450.

The taxation system recognises that low income earners should have their taxation payments reduced. I believe that as part of the 1993 budget process a low income earners tax rebate was introduced. This rebate is paid in full to all taxpayers earning less than $24,700 and phases out to $24,450. The amendment that you referred to earlier and that we proposed in light of Senator Harradine's amendment was that a person in receipt of the low income earners taxation rebate would not have to pay back their HECS. This would have the effect of reducing the threshold at which graduates begin to repay their debt from $28,000 to $24,450, but it is now roughly $20,000 per annum. If the threshold for the low income tax rebate is raised, then so too will be the threshold for tax.

You were unable to give us an understanding of how much this would cost, but I have no doubt that the proposed Democrat amendment would cost far more than Senator

Harradine's amendment; otherwise, I suspect the government may have considered it. I acknowledge that there is support for Senator Harradine's amendment, but I would like us to at least acknowledge why that amendment is being supported.

I cannot believe that this government is genuinely concerned about dependants and family circumstances. I have to ask: Minister, when you referred to weekly repayments of the HECS as being the price of a movie ticket, were you suggesting that it is a lot or it isn't a lot? To me, it seems roughly the same as what your government is promising in the form of the family tax package. Mind you, what some families will get per week as a result of your family tax initiative will be completely countered by the increase in HECS and other payments that families are expected to endure.

Is it a big deal or isn't it? You keep telling us that the amount families will get through the family tax initiative is a huge amount. We have concerns with Senator Harradine's proposal, but we also acknowledge that we are now in desperate circumstances. We are doing our best to alleviate the many harsh aspects of this legislation.

Senator MARGETTS (Western Australia) (4.46 p.m.)—Given a choice between the two amendments—I have looked at them—my preference would be to support the proposed amendment of Senator Stott Despoja. I gather we will not have a chance to vote on Senator Stott Despoja's amendment if this amendment gets support first. That is interesting because when you, Mr Temporary Chairman, first said the Senate wants that put forward, I do not know that the Senate was asked about what choice it had. There was no choice in putting the amendments so that means we choose one or the other. We have not heard from Senator Colston so, in reality, if it ends up being a choice between one or the other, I am not sure that we actually know where the numbers lie on this amendment.

The TEMPORARY CHAIRMAN (Senator Calvert)—My understanding is that, if the motion of Senator Harradine is voted on and is agreed to, then the amendment of the Democrats cannot coexist. Therefore, Senator Harradine's amendment will remain.

Senator BOLKUS (South Australia) (4.47 p.m.)—On the opposition side, we had our opposition to this because we thought there was absolutely no valid reason for the government to do what it has done either for good policy reasons or in contravention of a breach of commitment. We would have been supporting the Democrats' amendment because it would have been a second option—although not a good one in that it still would have allowed a fair amount of money to be ripped off students. We do not see that the amendment of Senator Harradine will really alleviate the problem of many people. We do not think it has all that much merit. As I say, 95 per cent of the government's breach of promise will still flow through if this amendment gets up.

The TEMPORARY CHAIRMAN—If Senator Harradine's amendment is carried, then that is it. If it is not carried, then Senator Stott Despoja has the right to move her amendment.

Amendments agreed to.

The TEMPORARY CHAIRMAN—We return now to No. 9. Senator Stott Despoja is to move Democrats' amendment No. 11. The question is that Democrat amendment No. 11 be agreed to.

Senator STOTT DESPOJA (South Australia) (4.49 p.m.)—I seek advice from the minister and her advisers. I did withdraw earlier amendments about the basic charge and the statutory charge in regard to the OLA because they primarily achieved the same purposes as the opposition amendments. But as this amendment relates to the maximum study units for a student under the Open Learning Agency, I am wondering whether your advice—we have had conflicting advice—suggests that this was a contingent amendment and should be removed. I am assuming I can go ahead with it. If there is news to the contrary, it might be appropriate for us to hear from the minister now.

Senator BOLKUS (South Australia) (4.50 p.m.)—Our amendments Nos 10 and 11 in the cognate debate list go to items 17 to 21 on

the schedule. Senator Stott Despoja's item No. 9 also goes to item 21. We are opposing item 21 having any force. Senator Stott Despoja, you might try to amend item 21, but our opposition to it might be the more appropriate way to go. That is embodied in items Nos 10 and 11 on the running order.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.50 p.m.)—I have two pieces of advice. Firstly, I have a suggestion that we take up what Senator Bolkus referred to and deal cognately with the debate at least on items Nos 9, 10 and 11. They are all dealing with the same area. Secondly, as I understand it, Democrat amendment No. 11 is consequential on amendment 12 succeeding. That might take us to another part of it.

Senator STOTT DESPOJA (South Australia) (4.51 p.m.)—I seek further clarification: is amendment No. 12, being the government request in relation to the charges for OLA, the one to which you are referring?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.51 p.m.)—I am referring to Democrat amendment No. 12. It is listed as item 13 in our running sheets.

The TEMPORARY CHAIRMAN—It has been suggested that the debate on items 10 and 11 take place, and then we will get to some formalities so that we can put the amendments and have the vote. Is that what the minister presumes is the way to go? Otherwise, I will put the amendment that the Democrats have moved and get that out of the way.

Senator BOLKUS (South Australia) (4.52 p.m.)—If we put Nos 10 and 11 on the running list together, then we can handle No. 9 together with No. 13. That might be the best way to do it.

The TEMPORARY CHAIRMAN—Okay.

Senator BOLKUS—The opposition is opposed to items 17 to 21. For us, these proposals would completely deregulate fee charging for open learning courses. Item 17 allows the Open Learning Agency to charge whatever level of fees that it likes. Items 18 and 19 remove all reference to the fees in the agreement between the Commonwealth and the Open Learning Agency. Items 20 and 21 limit the amount an open learning student will be able to receive in the form of a HECS type loan to recover course costs to an amount set at current HECS for eight units per study.

What we are concerned about here is that we are tackling a system which was broadened under Labor—the open learning system—to widen access to higher education, taking advantage of the strengths of those universities specialising in distance education and also taking the maximum advantage of new technologies, new learning media and so on. In these measures, this government is seeking to turn open learning into a Trojan Horse for what is obviously its preferred model for education funding. They want to set up a fully deregulated fee paying scheme with minimal assistance to disadvantaged students.

We required that open learning charges, for instance, be set at no more than the standard HECS fee for the same unit offered by the conventional means. We also provided a funding mechanism, the open learning deferred payments scheme, to help students defer this expense with a HECS type arrangement. In comparison, the government is proposing to remove all constraints on fee charging through the measures contained in this bill. It will also be severely limiting access to the open learning deferred payments system loan. The students, for instance, will only be able to access loans up to the old schedule of standard HECS charges per unit. The difference between this and whatever the agency chooses to charge by way of a full fee will have to be met up front.

Once again, we are concerned that the government has gone down this route without analysis, without policy review, and that it is basically motivated by an ideological fixation. We see no good rational reason for taking the course the government is taking. For those reasons, we will oppose schedule 1, items 17 to 21.

Senator STOTT DESPOJA (South Australia) (4.55 p.m.)—The Democrats also oppose the measures in regard to open learning and the differences between the basic and statutory charges in this bill. Although we had

originally moved amendments that made those two charges one and the same, we will be supporting the opposition amendments designed to repeal the relevant section. In many respects, the Democrats' fears regarding the deregulation of the open learning sector have been confirmed by some of the information we heard here yesterday, including the notion that the Open Learning Agency—to use the minister's terminology—had not acted in a lawful way and, in doing so, had breached its agreement with the Commonwealth. We have very good reasons to be concerned about the continued and flagrant deregulation of that sector.

By allowing the Open Learning Agency to set the basic charge, which is different from the charge that a student can defer through the open learning deferred payment system, essentially, we are letting a private company have free rein to charge what it likes. I think we are in danger of losing the valuable contribution that the Open Learning Agency has made to higher education in this country by continuing to allow deregulation of that sector. As Senator Bolkus pointed out, the intent, the direction and the purpose of this entire piece of legislation is that we should deregulate the fee paying sector at basically every level—not just postgraduate but undergraduate and through the Open Learning Agency. For that reason, I reiterate the Democrats' concerns and indicate that we will be supporting the opposition's opposition.

Senator MARGETTS (Western Australia) (4.56 p.m.)—The Greens oppose the government's proposal to allow the Open Learning Agency of Australia, or OLA, to charge up-front fees in addition to the basic charge. The government proposes to subsidise students only for the basic charge, while the OLA will be free to charge unregulated amounts above that amount which will have to be paid in full by the student as an up-front fee.

This measure will have a large detrimental effect on the participation of people from disadvantaged backgrounds in higher education. It is also a prototype for a similar voucher system to be imposed on a mass scale on the higher education system. The Greens are opposed to up-front fees of any measure in the higher education system.

We have heard from the government on various issues in relation to competition policy and how it would be interesting to know why we assume that the more we privatise a section, the more we slip away from public interest. Here we go; here is an ace example of exactly how that happens, because the government can take a step back and say, 'We have to allow them to raise revenue in other ways. Therefore, we do not have to take responsibility for what fees they charge.' Here is a prototype for the higher education system. Let us just sit back and watch. Certainly, we will be watching very carefully to see in what other ways this is done over time. We will be opposing them equally.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (4.58 p.m.)—If I can just briefly respond, I want to make the point that funding to OLA under the previous government would have ceased at the end of this year. It is amazing to me that the Democrats, the Greens and the opposition—who profess to be interested in open learning being available—would seek to put amendments that will, in the absence of government subsidy, limit what a private company could charge.

We think it is inappropriate for a government to set the fees of a privately owned company. Senators need to understand that, by accepting these amendments, they will be seeking to limit the fees that a privately owned company—that is no longer going to have government subsidy—can charge in a way that the government cannot limit with other companies. So long as senators understand how they are voting.

The TEMPORARY CHAIRMAN (Senator Calvert)—The question is that items 17 to 21 stand as printed.

Items 17 to 21 agreed to.

Senator CARR (Victoria) (5.00 p.m.)—We have now been discussing these matters for in excess of 13 hours. We are very conscious of the legislative program at this juncture of the year. We have expressed our views as

forthrightly as an opposition can. We understand where the numbers lie. I do not want it to be concluded from this that we are in any way stepping back from our opposition to the changes that have occurred. But in view of the voting patterns that have been established here, it is the view of the opposition that Nos 12, 13, 14, 15, 18 and 19 on the running sheet can probably proceed much more quickly than has been the case until this time. We cannot speak for other parties on this matter, but we will not seek to divide on those matters. However, we will seek to divide on Nos 17 and 20—that the guidelines be made disallowable. I foreshadow that we will also be opposing the bill at the third reading stage.

The TEMPORARY CHAIRMAN (Senator Childs)—It is proposed that the committee deal with No. 12 on the running sheet.

Request (by **Senator Vanstone**) proposed:

That the House of Representatives be requested to make the following amendment:

(1) Schedule 1, item 20, page 8 (line 5), omit "$326", substitute "$332".

Senator STOTT DESPOJA (South Australia) (5.03 p.m.)—I am keen to facilitate the process but I do have a question on this matter. As I understand it, this government request relates to the open learning fees. Can the minister outline why there was the discrepancy, as far as you understand, between $326 and $332—the figure that was charged? Will the $6 be repaid to students? If so, when? Why did it take so long for this to be discovered?

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (5.04 p.m.)—The final figures were not available when the bill was drafted. When the final figures became available, it was clear that it was in those students' interests to make this request to make that change. As a consequence, we added the request, which is advantageous to students.

Senator Stott Despoja—I thank the minister. We support the request.

Request agreed to.

Items 22 and 26 agreed to.

Amendment (by **Senator Vanstone**) agreed to:

(3) Schedule 1, page 11 (after line 6), after item 25, insert:

25A Subsection 106Q(5)

Omit "(4)", substitute "(4A)".

25B Application of amendments made by items 25 and 25A

The amendments made by items 25 and 25A apply to the 1997-98 year of income and later years of income.

Senator BOLKUS (South Australia) (5.04 p.m.)—I move:

(5) Schedule 1, item 27, page 11 (lines 12 and 13), omit paragraph (c), substitute:

(c) guidelines issued under subsection 13(1), sections 20A, 26 or 27, paragraph 35(7)(b), subsection 36(3) or 39(4) or section 40A.

This amendment ensures that guidelines made under the act are disallowable instruments. We are concerned that this be the case. I do not need to talk at length but I do want to say—

Senator Harradine—I think you should.

Senator BOLKUS—Thank you, Senator Harradine. There are quite a number of issues that will be addressed in the guidelines. The real mechanics of the operation of the government's proposals will be reflected by way of the guidelines in what I think is an unprecedented manner.

We have given the government a blank cheque in respect of a number of issues and those issues should be addressed in the guidelines. For instance, issues such as the application of the 25 per cent figure are going to be critically assessed and will be of concern to the education sector as well as to the general public, students and parents. We are concerned that the HECS amendments will need finer tuning—the guidelines for fee charging and so on. As I said a few seconds ago, a whole range of issues need to be addressed.

We are concerned that so far the government has developed its proposals without due and adequate consultation with the sector involved. Amendments were moved here the other day imposing obligations on the sector.

When asked whether those amendments were distributed, whether they were the subject of consultation, we were told 'no'.

We do not want to allow a situation to continue whereby critical issues will be addressed without the capacity for the parliament to be able to review them and without the capacity for the public and interested parties to have some say. If the government does not give them a say, we want a situation to prevail whereby, through the mechanisms of the Senate, those people might have an input. Those are also the reasons why we want these guidelines to be disallowable.

There is another matter which I raised earlier today. The government is keen to introduce a legislative instruments bill. The Attorney-General (Mr Williams) has already given notice of that. The opposition, having had some ownership of this legislation as well, would not frustrate it. If that happens, the guidelines that we are talking about here will be disallowable. So I do not think the government should object to the concept of disallowability by way of principle, because in any event the impact of its legislation will be to make such guidelines disallowable. We do not want a situation whereby, for an interim period, there is a lack of accountability.

If the guidelines are set now, and with the proposed legislative instruments legislation not having effect until some time next year, we think it would provide for greater consistency and greater understanding in the community for one regime to apply. Let us make the guidelines disallowable now and then, when the Legislative Instruments Bill has effect later on, the disallowability can be further reinforced.

It is in the interests of accountability and transparency that we are very keen to ensure that guidelines made under this legislation are disallowable. Senator Vanstone might say that we did not do it before the election and did not do it in respect of postgraduates. But we are talking about a totally new regime which, if you look at the track record of this government, will need close scrutiny. It has not had that scrutiny so far and it needs that close scrutiny into the future.

Given the number of issues involved here and the importance of them, I do not think there is any reason that this Senate should not adopt this level of accountability. If you are worried about precedent, let me say again: there are a lot of outstanding issues that need to be developed and we are asking the government to do things the right way and provide the opportunity to ensure accountability.

As I said, there cannot be any opposition in principle, given the effect of the Legislative Instruments Bill, nor should there be opposition in practice, because unless we do what the opposition wants now we will be in a situation where, for a short interim period, there will be no accountability but, after that bill comes through, there more than likely will be accountability. I think there are good reasons for us to insist on the Senate having a capacity to keep an eye on the government in this area, particularly because of the government's track record since the election.

Senator MARGETTS (Western Australia) (5.09 p.m.)—The Greens (WA) support the higher education guidelines being disallowable instruments for many of the reasons that have been outlined by Senator Bolkus. We have always opted for an open democratic process, and in such an area, where we have seen so far in this debate many aspects of higher education being changed in a dramatic way, and the principles being changed in a dramatic way, it is very important that the community has the means via the Senate to oversee those changes.

Senator STOTT DESPOJA (South Australia) (5.10 p.m.)—I rise to endorse the comments made by previous speakers. The Australian Democrats support these guidelines being disallowable instruments, as we have since 1989. I am glad that Senator Bolkus acknowledged that the former government should have done that. Originally, they had guidelines determining postgraduate fee paying places. But even though the guidelines were introduced in 1989, they were changed often—in 1990, 1992, 1993 and 1994. We have had no assurances that the same thing will not happen for undergraduate fee paying places or that we will not see the absolute

deregulation of that sector, as we have seen with the postgraduate fee paying sector.

There are still many unanswered questions in this debate, such as what conditions will govern the charging of full cost and undergraduate fees. I would like to see some kind of draft outline of the guidelines at this stage. Like all Democrats, I insist on accountable and transparent processes. We will be strongly supporting, as we have always done in this place, that these guidelines be disallowable instruments.

Senator HARRADINE (Tasmania) (5.11 p.m.)—I feel that part of the Senate's function is, as *Odgers* says, to probe and check the administration of laws and then to exercise surveillance over the executive's regulation making power. The minister will need to have very weighty and influential arguments to advance against this particular motion.

She could say to the Labor opposition that they did not do this when they were in government. I have heard Senator Vanstone time and time again upholding the right of the parliament over the executive government in these matters. I would have thought that, of all people, Senator Vanstone, with her involvement in this area, would give due consideration to the motion and maintain her unsullied record in this particular area.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (5.15 p.m.)—I can give Senator Harradine three good reasons. I do not discard the first, which is that when the previous government introduced fees for postgraduate places the whole thing was done with non-disallowable regulations. But I agree that that is not a hugely substantive point.

The second point to make, which was made earlier vis-a-vis the government's amendment to put the two limits into legislation, is that the government has done that as an indication of its bona fides. It is legislatively bound to ensure that the guidelines produced satisfactorily meet those limits, which is the point of concern vis-a-vis fee-paying students.

If this bill is passed, that legislative requirement will be placed on the relevant minister. The parliament is thereby putting a much stronger check on the executive by accepting the government amendments. Those government amendments were moved as a consequence of senators saying, 'We're not sure about this; if you put this in non-disallowable regulations, heaven knows what could happen.' Senator Colston was one of the people who raised this concern with me.

As a consequence of that, and as an indication of the government's bona fides, we were prepared to put those commitments into the legislation. That is what distinguishes it from the past practice of the previous government. But I think the more important point is that one of the arguments the sector has raised with respect to the need to get this—

Senator Harradine—Of certainty; I heard you say that before.

Senator VANSTONE—Of certainty—exactly. I have acknowledged in the past that the capacity of universities to sell places to Australian students does not provide money to this budget. But it does provide money to the universities. It is very clear that there is quite strong opposition. This is a finely balanced decision of the Senate to allow universities to sell those places to Australian students and thereby get income.

I described the government's integral package, Senator Harradine—I am not sure if you were here—as an architect's plan with an accounting seal of approval. One of the key aspects of allowing universities to sell these places is that it does give them that opportunity for further income, an income that they may well use to meet the staffing salary claim, which I do not say is justified in its totality, but on a university by university basis there are clearly justifications for some academic pay rises. This gives universities the capacity to raise some income to do that.

If we now vote to make the regulations in relation to this disallowable, despite the fact that the government has put those two key commitments into legislation—the minister is at risk if the minister makes regulations that do not comply—they have to be thought through very carefully because it is a significant change. I am not sure when these regulations will be available, but certainly not immediately. If the regulations are disallowed

when we bring them forward, the universities cannot sell the places, so you put an enormous opportunity for the Senate to reconsider not the detail of the regulations but giving universities that opportunity. I do not mean to suggest by this that senators would rehash the debate on the in principle issue of whether universities could sell places to Australian students but, if the Senate was so minded because of whatever and the regulations were not passed, the universities would not be able to sell places. In effect, what you are giving is the chance for the parliament, as constituted later in the year—and we do not know what changes may take place—to reconsider this matter.

Senator Bolkus—There is not much time this year for changes.

Senator VANSTONE—Sorry, next year. Universities will want to go ahead. They want certainty. They want to plan on the opportunity to have this income and they want to know that that can be done. While the money from this does not come to us, it does go to the universities. They genuinely need some certainty that they are going to have this opportunity. They do not have that certainty until the regulations are approved. I reminded some people this morning that the Australia card was undone by the regulations not being approved.

It is not a case of my being unwilling at all to canvass widely the detail of the regulations and to consult and get them right. I maintain that commitment, Senator Harradine, absolutely. I have not gone through a reasonably difficult period of months to sell what I think is a good plan that has been devised and I have not argued that very difficult case in order to muck it up by crummy regulations. I intend to make sure those regulations are right. What I am urging you not to do is to give the Senate a further opportunity to say no to something that today I believe they are going to say yes to. I think that creates uncertainty that the sector does not need.

Senator CARR (Victoria) (5.19 p.m.)—Minister, you made a couple of points in terms of your view that these guidelines should not be disallowable. You basically say this is the experience from the past. We say to that, 'Let us learn from the past. Let us not accept that in itself as being a reason to discount this proposition.' You say that there is a legislative guarantee that you have introduced. I say to you that that is hopelessly inadequate, for the reasons I intend to demonstrate to you.

The fundamental point though, Minister, is one that you stated yourself earlier today, where you said that the power of parliament is limited only by the will of the parliament to do something. Of course, what we are seeing here in this provision is a proposition which delegates the authority of the parliament to you to do as you see fit. That is all very well if we can be certain that there is certainty in your responses. We cannot be certain of that, and I would say to senators that have to cast a judgment on this that we cannot be certain for a number of reasons.

First and foremost, I say to you that as of 8 November the answers to questions I put to your officers at the employment, education and training committee hearing revealed that there is yet no completed draft of these proposed guidelines. They are not written yet. We have to presume that what you say on the public record is what is going to occur, despite all the vagueness and ambiguity of that position.

We have to assume that the commitments this government gives can be relied upon when we have had clearly demonstrated time and time again that the word of this government cannot be relied upon. No matter what, there is a whole range of excuses you can come up with to change your mind.

We start from the very simple proposition, Minister, that you say that in the legislative framework there is a guarantee that fees be limited to 25 per cent of students undertaking courses of study. Yet there is no clear definition of 'course of study'. You assert that there is some definition within the existing framework but that is not clear by a long shot. There is considerable and substantial dispute as to what is actually meant by a 'course of study'.

We can have the circumstances I have indicated this morning where a Bachelor of Engineering can go to a Bachelor of Engi-

neering Mechanical or a Bachelor of Engineering Electronics by another name. It is possible to channel all fee paying places into one high demand specialist degree area contained within the broad category of Bachelor of Engineering course structure—a simple proposition predicated on the presumption of one definition of course of study other than the one you would suggest is appropriate at the moment.

Another course of study definition might go to the basis of a degree or a diploma course. Under those circumstances, I indicated this morning—and I think you have agreed—it is technically possible to exclude HECS liable students altogether from some subjects: computing units, for instance, in arts faculties would not be regarded as compulsory and therefore could be placed on a full fee paying basis. I also suggested to you this morning that there are questions that relate to the way in which there is a monitoring of undergraduates in full fee paying courses. You say it is up to the statistics.

On the question of whether or not there are guarantees that the fee paying guideline penalties will be enforced, you say you will have to have a look at that. These matters are all very vague. I come to the issue of ancillary fees, the incidental and additional services. There are no caps in anything you have said. We do not know, for instance, whether these fees will include the use of the library facilities; access to advice on courses or careers; access to information, advice and student accommodation; tutorial assistance; access to student health or counselling services; access to one-to-one consultation with academic staff; Internet or e-mail access; use of computer facilities; the lodging of complaints or the gaining of access to grievance procedures; course infrastructure costs, materials, field trips and basic photocopying arrangements; access to language support services; or access to student personal records.

What I suggest to you, Minister, is that there is an enormous amount of vagary in what you have been proposing to us. On that basis, it is very difficult for you to put to us a proposition that we should buy a pig in a poke. I therefore ask all senators to support a proposition to make these guidelines disallowable instruments.

Senator HARRADINE (Tasmania) (5.24 p.m.)—I thank the minister for what she had to say. Of course, the inclusion in legislation of a particular proposition, such as the 25 per cent, is far better than leaving it to disallowable delegated legislation. I agree with that and I commend the minister for what she did in respect of that. I would just like to say that surely anyone with eyes to see would see that if the Senate has given the government the go ahead, much as people may not like to have done that, the institutions have that certainty. I would have thought it would be obvious that there would need to be some sort of substantial error included in the guidelines to suggest that those guidelines, as delegated legislation subject to disallowance, be disallowed.

As the minister has guaranteed to the Senate that there would be widespread discussions and consultations before the guidelines are developed and finalised I accept that. Then it is even more unlikely that if they were disallowable instruments they would be disallowed by either chamber of the parliament. I say to the minister and to the committee that I am not convinced to vote against the propositions that have been put forward by the opposition for these to be disallowable instruments. In other words, I vote for the amendment.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (5.26 p.m.)—There are only two things that I would like to respond to briefly. I refer Senator Carr to page 165 of the 1996 version of the DEETYA publication 'Selected Higher Education Statistics' where there is a very clear definition of a higher education course, which is the definition that I think would be suitable. I think that was referred to in passing this morning.

Senator Harradine, I understand what you say. You rightly identify my own interest in the parliament having the capacity to keep a check on the executive. I simply ask you to consider that the depth of feeling on the other side vis-a-vis this matter is such that you need to ponder two circumstances that could easily eventuate next year. As I understand it, there

may be a senator in this place against whom a constitutional challenge may be raised and be successful. Labor, if they thought there was an opportunity to do that, may well take that up at some time. They could do that. It is easily foreseeable that a senator could have a constitutional challenge to their entitlement to sit. That could happen.

If that did happen and, at the same time, just one other senator—perhaps an independent such as you, if you were motivated by my arguments to support this—were absent and therefore not paired, the political will could be there, for no other reason than the crass politics of the day, to deny the passage of those regulations. That could happen and I am concerned that that would happen. You understand that. I just wanted to highlight that point to you.

Senator BOLKUS (South Australia) (5.28 p.m.)—That is essentially clutching at straws. I know we do have a problem with Senator Ferris and her status here but no-one is challenging that. We made it clear all the way through that if that matter is taken to court, a pair is available to her. The government in recent history is the only organisation in this place that has suspended pairs for a short period. Minister, I think you are talking fantasy here. The bottom line is not in any way affected by the arguments you put up.

Senator STOTT DESPOJA (South Australia) (5.29 p.m.)—I think the inference that other members in this place who object so strongly to the charging of undergraduate fees are simply going to tamper with regulations for the fun of it overlooks the purpose of those guidelines as they currently stand and as they would be in regard to undergraduate fee paying students; and that is to look after students' interests as well as look after the interest of the university. They govern things such as those Senator Carr has pointed out, including ancillary services and, as we have seen in former guidelines, whether or not there is a prohibition on fee charging for research degrees or what have you. The idea is not to tamper with these regulations but to make sure that the interests of the students and the universities are secure. I do not understand how the minister can believe that by virtue of making them disallowable instruments these would be any less important to us or serve any less an important role or function.

It will simply give the parliament—senators—a role in ensuring that those interests are being protected. I really resent the inference that we would want to play with them for political purposes when, in actual fact, the guidelines are incredibly important in ensuring that students and institutional rights are protected. It is appropriate that the parliament has a role in ensuring that those rights are protected, and that they are protected through an accountability mechanism and a transparent mechanism that gives us some say.

Question put:

That the amendment (**Senator Bolkus's**) be agreed to.

The committee divided. [5.35 p.m.]

(The Chairman—Senator M.A. Colston)

Ayes	34
Noes	34
Majority	0

AYES

Allison, L.	Bishop, M.
Bourne, V.	Brown, B.
Carr, K.	Childs, B. K.
Collins, J. M. A.	Collins, R. L.
Cook, P. F. S.	Cooney, B.
Crowley, R. A.	Denman, K. J.
Evans, C. V. *	Faulkner, J. P.
Foreman, D. J.	Forshaw, M. G.
Gibbs, B.	Harradine, B.
Hogg, J.	Kernot, C.
Lundy, K.	Mackay, S.
Margetts, D.	Murphy, S. M.
Murray, A.	Neal, B. J.
O'Brien, K. W. K.	Ray, R. F.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Abetz, E.	Alston, R. K. R.
Boswell, R. L. D.	Calvert, P. H.
Campbell, I. G.	Chapman, H. G. P.
Colston, M. A.	Coonan, H.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J
Gibson, B. F.	Heffernan, W.
Herron, J.	Hill, R. M.
Kemp, R.	Knowles, S. C.

NOES

Macdonald, I.	Macdonald, S.
McGauran, J. J. J.	Newman, J. M.
O'Chee, W. G.	Panizza, J. H. *
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Short, J. R.
Tambling, G. E. J.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	Woods, R. L.

PAIRS

Bolkus, N.	MacGibbon, D. J.
Conroy, S.	Crane, W.
Lees, M. H.	Minchin, N. H.
McKiernan, J. P.	Brownhill, D. G. C.

*** denotes teller**

Question so resolved in the negative.

Senator STOTT DESPOJA (South Australia) (5.38 p.m.)—I withdraw Democrat amendment No. 15, standing in my name.

The CHAIRMAN—We will now move to No. 19 on the running sheet.

Senator HARRADINE (Tasmania) (5.39 p.m.)—I move:

(1) Page 11 (after line 18), at the end of the Bill, add:

Schedule 2—Amendment of the Income Tax Assessment Act 1936

1 Subsection 51(6)

Repeal the subsection, substitute:

(6) A deduction is allowable under subsection (1) in respect of the net amount of expenses of self-education but where such a net amount relates to a higher education contribution imposed under the *Higher Education Funding Act 1988*, the amount is an allowable deduction only in a year of income when payment of a higher education contribution is made and only to the extent of that payment.

In this subsection:

expenses of self-education means expenses necessarily incurred by the taxpayer for or in connection with a prescribed course of education.

net amount of expenses of self-education means the amount ascertained by subtracting from the total amount of expenses of self-education incurred by the taxpayer in the year of income the sum of any payment or payments (other than a payment the amount of which has been, or will be, included in the assessable income of the taxpayer of any year of income) received by the taxpayer, or that the taxpayer was entitled to receive, in the year of income, from the taxpayer's employer, or from any other person, in respect of expenses of self-education that were incurred by the taxpayer.

prescribed course of education means a course of education provided by a school, college, university or other place of education, and undertaken by the taxpayer for the purpose of gaining qualifications for use in the carrying on of a profession, business or trade or in the course of any employment.

2 Section 82A

Repeal the section.

This is a very important amendment—not, of course, that all of the others have not been, but this is matter of some principle. The amendment I am moving concerns the tax deductibility of self-education expenses. It seeks to have the HECS repayment as a tax deduction in the hands of the taxpayer.

It is a basic matter of principle of both fairness and a requirement of economic efficiency that all costs incurred in gaining income should be deductible for the purposes of income tax. This general principle is reflected in section 51(1) of the Income Tax Assessment Act, which provides that all losses or outgoings which are incurred in producing assessable income are deductible, except to the extent that they are capital or of a private or domestic nature.

For many years taxpayers have sought to claim self-education expenses under section 51(1) of the Income Tax Assessment Act. In many cases they have succeeded. For example, a teacher upgrading qualifications, an articled clerk studying law, a doctor studying for professional qualifications and an accountant doing compulsory continuing education would all be able to point to the relevant nexus between the expenditure and the gaining of income.

In some cases the tax office might try to argue that self-education expenses were in the nature of capital outlay and that a degree of qualification was some kind of capital asset. However, as we all know, brain cells are neither permanent nor saleable and the High Court, in passing, has tended to doubt the view that the improvement of one's mind constitutes a capital expenditure.

In other cases taxpayers were not so successful in establishing a sufficient nexus between their self-education expenses and the derivation of income. This particularly discriminated against school leavers undertaking courses prior to seeking employment who could not point to an existing income producing activity.

In April 1972, the McMahon Liberal government decided to overcome such pointless and economically irrational debates by ensuring that the first $400 of self-education expenses were deductible so long as there was a general relation to present or future income producing activities in a trade or a business or as an employee. It is important to remind honourable senators here, as I did in the second reading debate, that it was the McMahon Liberal government which first introduced that measure to overcome the pointless difficulties which were in fact raised by the then Treasurer or the taxation department at that time. It seems that Treasury, Finance and Tax do not change their spots at all, but it was the McMahon Liberal government that did that. The first $400 of self-education expenses were deductible.

I should also point out that, where education or training expenses are borne by an employer in training employees, those expenses are generally deductible irrespective of whether it is a rich company or whether it is a moderately successful or even an unsuccessful company. For example, if BHP runs an in-house training course for metallurgists and brings in some university lecturers to run the course, those expenses are deductible.

However, section 51(6) of the taxation law violates the basic principle of section 51(1) and denies deductibility to HECS charges even when they would normally be deductible on general principle. Section 82A also denies deductibility for otherwise deductible education expenses under $250. Both of these tax measures are unfair, unintelligible and inefficient. They create a bias against self-improvement by employees in the performance of their jobs. They are hardly consistent with the creation of a skilled and flexible labour force and, to that extent, only contribute to the problems of unemployment.

It is, in my view, hypocritical for the Treasurer (Mr Costello) or anyone else to argue that there should be more private investment in education, or that higher charges for education are justified because education is linked to income and then turn around and say none of those expenses should be deductible. But that is what precisely happens now. I hope that the Senate will seriously look at this question because the current situation is illogical.

The government is saying there should be more private investment in education and that higher charges for education are justified because education is linked to income. If they turn around and say that none of these expenses should be deductible, then that is unfair and unjust. That is why I am moving this amendment. One might ask why it has not been moved before. This is the occasion, I believe, to move it—when there is an increase in the HECS charges.

The amendment that I have moved picks up, I believe, the original intent of the deduction for self-education expenses introduced by the Billy McMahon government in 1972, and I want to pick that up and make it general. I should stress that deductibility is appropriate here because we are talking about the costs of earning an income, not some sort of concession. It is no more a concession than allowing workers to depreciate their tools of trade or claim union dues as a deduction.

If, as is appropriate, practising doctors, lawyers, public servants or other professionals can claim deductions for costs of work-related conferences, as they do, it is equally appropriate that students seeking to gain an income by fitting themselves for entry to employment or a profession should be allowed tax deductibility for their HECS payments. I commend the proposition to the Senate.

Senator CARR (Victoria) (5.49 p.m.)—The opposition has considered this matter carefully; it is obviously worthy of careful consideration. However, we are not able to support Senator Harradine's proposition, on the basis that we believe it is not the most effective policy instrument to use to achieve the ends that Senator Harradine is seeking to achieve.

If relief from HECS is to be provided, tax deductibility is not the most effective means to achieve that end, simply because it provides the greatest benefit to the better off, that is, those in the highest marginal tax band. Administratively, it does not seem to the opposition to make a lot of sense if we are to say that HECS debts should be recouped through the tax system, given that the HECS debt itself is a tax surcharge in the first instance. It is a fairly circular proposition to impose a tax surcharge and then make it tax deductible.

Senator STOTT DESPOJA (South Australia) (5.50 p.m.)—The Democrats also have concerns with Senator Harradine's amendment. While we are sympathetic to the general intent of Senator Harradine's amendment—and we acknowledge there are problems in the treatment of HECS by the taxation system—we believe that the amendment before us has a regressive effect by leaving high income earners to contribute less towards the cost of their education than low income earners. A high income earner would be able to claim a deduction of HECS payments at 48.5 per cent of the cost, whereas a lower income earner earning less than $38,000 per annum would only be able to claim it at, I believe, 35.5 per cent. That would make a huge difference towards how much people would pay for their course and how much of it would end up being taxpayer funded.

My office has done a spreadsheet of three situations: people earning $30,000, $37,500 and $50,000 at a constant rate and facing, say, a $20,000 HECS debt and paying it off at the statutory rate. The person on $50,000 faced the lowest HECS bill at just around $11,289 but received the largest number of tax deductions of $10,631. The person on $30,000 had the highest HECS bill of around $16,638, with just $9,157 in tax deduction. And the person on $37,500 paid a HECS bill of $14,713 but received tax deductions of only $8,097.

Our concern relates to that regressive element of Senator Harradine's amendment, but that is not say that we do not believe there should be a greater interface between HECS and the taxation system. Perhaps, Senator Harradine, we could talk at a later date about your amendment being restructured to meet those basic tests of fairness and equity. We would be happy to consider that when we deal with further legislation, but at this stage the Democrats will not be supporting the amendment before the chamber.

Senator MARGETTS (Western Australia) (5.53 p.m.)—I can certainly see the attraction in the amendment that Senator Harradine has put before the Senate. A lot has been said by the government in relation to why students should pay more of their own education fees. Most of that argument has been about it being a private benefit, although we had it acknowledged in the Senate on the second day by the minister that there is a public benefit as well. But, given the level of emphasis there has been by the government on the level of private benefit and how it is fair that people pay more for more private benefit, it does seem quite extraordinary that they might not support this—whereas, from an equity point of view, I have reservations about supporting it myself.

It would seem that the government might be hoist with their own petard if they do not support the amendment or consider supporting it with some form of percentage tax deduction, because that is what they have been saying all along. The reasons that they have been giving about making access to higher education less equitable are that there is a high level of private benefit gained from it and that it is an investment in people's earning capacity for the future. Those have not been the arguments put by this side of the chamber, but they have been the arguments put again and again by the government. As I say, whilst I find difficulty in supporting the amendment, I would think that the government are hoist with their own petard in not supporting it. It will be interesting to see what the rationale is for the government not supporting it in that sense.

Senator VANSTONE (South Australia—Minister for Employment, Education, Training and Youth Affairs) (5.56 p.m.)—The government clearly supports the general principle of encouraging individuals to invest in themselves and, by offering some sort of tax

deductibility of the cost of such investments, you would be encouraging individuals to invest in themselves. That is of course the key principle—that is, the principle of encouraging individuals to invest in themselves—behind the decision to allow universities to provide full fee places to Australian undergraduate students.

We believe it is important that individuals and corporations have incentives to invest in human resource development. However, within the existing framework of HECS, the proposed amendment would have, as senators have indicated, undesirable regressive effects. Its greatest benefit would be to those with larger incomes. It would mean that the benefit obtained by higher income earners would be higher than that obtained by low income earners.

Bearing in mind the significant government subsidy already received by students in courses such as medicine and dentistry, it is not possible to justify the benefit of an additional incentive for these students when they graduate. I recognise that some people do not see the government's contribution towards, for example, a medicine degree, as being an incentive or a subsidy, but it is in fact a subsidy. Senator Stott Despoja and I are obviously going to have more arguments on other days about the degree to which the provision of higher education is a subsidy to the wealthy—to the top end of town, if I can put it loosely that way.

Senator Harradine, as I say, the government supports the principle of encouraging people to invest in themselves. We simply say that this is a very regressive way of doing it that you are suggesting, where the benefit would go to those with higher incomes. I also point out that, with respect to students who are paying their HECS contributions, that is just a contribution to the full cost, the rest of which is paid by other taxpayers and is in itself an incentive or subsidy. And the additional subsidy provided to HECS paying students is the possibly very long term, with no real interest rate charged on the contribution. With those two subsidies to HECS students in mind, the government thinks it would be inappropriate to provide a third subsidy. The primary reason is the regressiveness of this incentive.

Senator HARRADINE (Tasmania) (5.57 p.m.)—I can count as well as anybody else can, so I am not going to delay the committee much further. But I am extremely disappointed about this matter. I feel that the amendment would have provided substantial relief for taxpayers when faced with the HECS debt. It is being suggested that this measure is regressive, but it is better than nothing, might I suggest.

Senator Bolkus—There was a better alternative a little while ago.

Senator HARRADINE—No, it is better than nothing. You could vote for it and we could possibly get this through. Okay: for the person that is on $50,000 it is going to mean a saving—and I am indebted to Senator Stott Despoja for raising it with the committee—in repayments of virtually $10, 631. For a taxpayer on $40,000, it is going to be $9,157 and for the taxpayer on $37,500 it will be $8,000. It is $10,000 for one, $9,000 for another and $8,000 for another, and you are not voting for it. This tax deductibility will give the taxpayers that advantage—it is going to save them that much. So it may be slightly regressive, but then the people on $50,000 are actually paying more tax—they are in a higher bracket. That is how it runs and that is the problem with it.

I think Senator Carr said that the HECS debt was a tax surcharge. It is not; it is actually paid into the education system. The beauty of what I am putting forward is that it is not going to take anything out of the education system. It will be forgone taxes that the taxation department and the Treasury will not get. The minister should vote for this with both hands because it is not going to take anything out of her budget, it is not going to take anything out of the education system, but it will relieve the burden on those graduates when they come to pay their taxes when they reach the repayment level.

So I am disappointed, but I am grateful that many honourable senators who have spoken have recognised the principle. I think Senator Margetts referred to the statement made by the government over the period that we have

been debating this issue. The government has said that it wants to increase the HECS debt because of the great personal benefit that comes from education expenses in the way of employment opportunities. I think the minister has put that forward as an argument for increasing the HECS debt—that there is far less unemployment amongst university graduates, and she is right. That shows the government's thinking. If it is logical to charge a person on the basis not of what it costs to provide something and not on that person's income but merely on statistical expectations—

Senator Stott Despoja—Perceived income.

Senator HARRADINE—Yes, on their perceived income—what the person's future income may turn out to be. Why is it not appropriate that the payment for that should be tax deductible in accordance with general tax principles?

Senator BOLKUS (South Australia) (6.03 p.m.)—Senator Harradine, I cannot let you get away with that. We have had 13½ hours of debate. You come in at the last moment with a proposal which is uncosted—which you acknowledge. To understand the implications you had to rely on Senator Stott Despoja. If the sort of money you are talking about, the cost to revenue, is going to be available, then time and again over the last 13½ hours we have had progressive resolutions. This is the most regressive way to do it. If you are going to spend that money, try to find a better way of doing it. Do not come in here at this moment and ask us why we are not doing it.

If you wanted to act in a progressive way rather than in this regressive way you would have, for instance, maintained the HECS threshold or accepted a moderate proposal which would have cost revenue more than your proposal did. You were sold a pup, Senator Harradine. That was one way of doing it. You would have, for instance, opposed differential fees and the banding of courses if you really wanted to make some impact on the system. Or maybe you would have opposed full fee payment for graduates.

But there have been opportunities throughout this debate for you to have come in and spent that money in a non- regressive way. For instance, we could even have argued and railed against the decrease in funding for universities. But unfortunately, Senator Harradine, this is the most inequitable of all alternatives. It is for that reason that we are opposing it.

In regard to this argument of no cost to the education system, everyone in this country knows that education policy has come second in this debate. The cost to revenue has been the driving force. The figures were set, and Senator Vanstone had to then go out and chop and cut to try to work to those figures. Your proposal imposes a cost to revenue. That has been the main game here. If education policy had come first then the minister would have had the reviews, the analyses, the public consultations to get to these sorts of proposals. That was not done. A decision was made to cut the funds and impact on revenue. As a consequence, we have had all these flow-back decisions. So Senator Harradine, I know you want to try it on us at this stage of the debate but we think—

Senator Harradine—I did it very gently, though.

Senator BOLKUS—You were gentle. So am I, but 13½ hours later we have had a lot of opportunities to act much more progressively.

Senator HARRADINE (Tasmania) (6.06 p.m.)—Senator Bolkus, I had a faint hope that the government, that the minister, might support this. I am aware of the fact that all of this is a question of cost to revenue and she has had to do some very unpalatable things. But I thought this would be an ideal way to get back at Finance and Treasury. It is an ideal opportunity for her to stand up and shaft the bureaucrats who run these things.

Senator Bolkus—They have been shafted too. The bureaucrats who run education; they have been done over too.

Senator HARRADINE—No, I am not talking about education. I am all in favour of them keeping as much money as they can. I am talking about Taxation and Treasury and Finance. But, be that as it may, I did appeal to former icons of the Liberal Party. In my

speech during the second reading debate I appealed to—

Senator Bolkus—Billy McMahon.

Senator HARRADINE—I actually quoted Sir Robert Menzies. I pointed out that it was Billy McMahon who cut through all of this nonsense and did establish the $400. I point out to Senator Bolkus, the Labor Party, the Democrats and the Greens that all I did just a moment ago was say, 'All right, it is better than nothing.' I think there is a substantial benefit with this measure in that it would be based on the principle of the deduction of self-education expenses. I will leave it at that.

Senator STOTT DESPOJA (South Australia) (6.08 p.m.)—I too feel it necessary to put on the record, as has Senator Harradine has done, my disappointment with this debate. I think Senator Bolkus is correct that there were many other ways that you could have provided—to use your word—'relief' for students or aspiring students when it came to fees and charges. Senator Bolkus outlined that you could have supported the maintenance of the threshold at its current level. You could have opposed up-front, full cost fees being charged by universities. You could have opposed the overall increase in the HECS debt. You could have opposed the introduction of differential HECS. I believe that would have been a much fairer and more progressive way to ensure that these students were provided some relief.

One honourable senator in this place has said that there are many reasons for opposing tertiary fees. If fees are charged for second and higher degrees we will discourage people in Australia from retraining and updating their skills. In a rapidly changing society, it is imperative that we allow people to have the opportunity to update their skills, but some will not be able to do so if there are tuition fees for second or higher degrees. Among those disadvantaged would be married women. That same honourable senator said that it took a far reaching government, and perhaps one particular person in that government—he was referring to the Whitlam government—to say, 'No, fees are not the answer. The answer is to abolish fees.' Finally, that same honourable senator acknowledged that fees were 'a great leap forward in the tertiary education field'.

I would like to endorse the comments made by Senator Colston in this place when he opposed the introduction of tertiary fees by a former coalition government. I acknowledge that his words were as true in 1981 as they are now. I am very sorry that this debate has resulted in measures that will see people, especially from traditionally disadvantaged backgrounds, penalised and their access to education somewhat reduced. I think Senator Harradine's proposal, as Senator Bolkus said, is perhaps one of the more regressive measures when it comes to providing relief for students.

Senator MARGETTS (Western Australia) (6.11 p.m.)—There will be an opportunity at the end of this debate—that is, at the third reading stage of the debate—for Senator Harradine to vote with us and to acknowledge the fact that there are very few things in this bill which you could say are commendable. Most of them are far from commendable. There is still the opportunity for Senator Harradine and Senator Colston to vote with us at the third reading stage. This would make sure that the voice of the community is heard in relation to these kind of issues and, basically, the regressive nature of these changes is properly dealt with.

Senator HARRADINE (Tasmania) (6.12 p.m.)—I accept everything that has been said, but I believe that with respect to this measure and this area of education the government had made up its mind about what it was going to do. I accept that it needed more money for that purpose and it decided to get it in a particular way. I am now even more firmly of the view that this is the opportunity for giving relief to the people upon whom this increase in HECS has been imposed and those people who pay HECS and have a debt.

This is the opportunity to vote on that particular matter. I hope that honourable senators realise that despite what has happened and despite the reflections that have been made on what I have done. This is an opportunity to give relief on the basis that expenditure for the purpose of income generating activity should be tax deductible. It is

tax deductible for the BHPs of this world, but it is not tax deductible for the people who have to pay HECS.

Question put:

That the amendment (**Senator Harradine's**) be agreed to.

The committee divided. [6.18 p.m.]
(The Chairman—Senator M.A. Colston)

Ayes	2
Noes	53
Majority	51

AYES

Colston, M. A.	Harradine, B. *

NOES

Allison, L.	Bolkus, N.
Boswell, R. L. D.	Bourne, V.
Brown, B.	Calvert, P. H. *
Campbell, I. G.	Carr, K.
Chapman, H. G. P.	Childs, B. K.
Collins, J. M. A.	Cook, P. F. S.
Coonan, H.	Crowley, R. A.
Denman, K. J.	Eggleston, A.
Evans, C. V.	Ferris, J
Foreman, D. J.	Forshaw, M. G.
Gibbs, B.	Gibson, B. F.
Heffernan, W.	Herron, J.
Hogg, J.	Kemp, R.
Kernot, C.	Knowles, S. C.
Lundy, K.	Macdonald, I.
Macdonald, S.	Mackay, S.
Margetts, D.	McGauran, J. J. J.
Murphy, S. M.	Murray, A.
Neal, B. J.	Newman, J. M.
O'Brien, K. W. K.	Panizza, J. H.
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Reynolds, M.
Schacht, C. C.	Sherry, N.
Short, J. R.	Stott Despoja, N.
Tambling, G. E. J.	Troeth, J.
Vanstone, A. E.	Watson, J. O. W.
Woodley, J.	

*** denotes teller**

Question so resolved in the negative.

The CHAIRMAN—The question is that the bill, as amended, be agreed to, subject to a request.

Senator MARGETTS (Western Australia) (6.24 p.m.)—I was asked to say this. I do not think this is going to be a bill where people want people to make a third reading speech. So I would like to say it now. It is only very short. I would like to quote briefly from an article explaining and attempting to predict the outcome of this debate. The quote is from Nigel Snoad, who is the President of the Postgraduate Students and Research Association of the Australian National University. He stated:

> The pressure from the government has, even over the past six months, resulted in a change in focus by universities. Words like education, learning, quality, questioning, and free thinking, are either vanishing or being prefaced by terms such as market, leverage, image, marginal cost and client. Students are becoming a mass market item.
>
> This is not the fault of the ANU—it's one of the last places to make this shift, they are a result of a forced change in the purpose of universities that will come with the passage of the Bill; a transition from the goal of creating a questioning and inquisitive society of university graduates to one whose inevitable end result are individuals who focus on debt, jobs and themselves above all. The mission of universities changes from being a place of public learning and free thought to being professional private training schools for industry. This is the lesson to learn from the de-regulation of postgraduate fee paying. Undergraduate fees are the fat end of this wedge into the heart of learning.

Mr Chairman, I think that says it all.

Question put:

That the bill, as amended, be agreed to, subject to a request.

The committee divided. [6.30 p.m.]
(The Chairman—Senator M.A. Colston)

Ayes	34
Noes	32
Majority	2

AYES

Alston, R. K. R.	Boswell, R. L. D.
Calvert, P. H. *	Campbell, I. G.
Chapman, H. G. P.	Colston, M. A.
Coonan, H.	Eggleston, A.
Ellison, C.	Ferguson, A. B.
Ferris, J	Gibson, B. F.
Harradine, B.	Heffernan, W.
Herron, J.	Hill, R. M.
Kemp, R.	Knowles, S. C.
Macdonald, I.	Macdonald, S.
McGauran, J. J. J.	Newman, J. M.
O'Chee, W. G.	Panizza, J. H.
Parer, W. R.	Patterson, K. C. L.
Reid, M. E.	Short, J. R.

AYES

Tambling, G. E. J.	Tierney, J.
Troeth, J.	Vanstone, A. E.
Watson, J. O. W.	Woods, R. L.

NOES

Allison, L.	Bolkus, N.
Bourne, V.	Brown, B.
Carr, K.	Childs, B. K.
Collins, J. M. A.	Collins, R. L.
Cook, P. F. S.	Cooney, B.
Crowley, R. A.	Denman, K. J.
Evans, C. V.	Faulkner, J. P.
Foreman, D. J. *	Forshaw, M. G.
Gibbs, B.	Hogg, J.
Kernot, C.	Lundy, K.
Mackay, S.	Margetts, D.
Murphy, S. M.	Murray, A.
Neal, B. J.	O'Brien, K. W. K.
Ray, R. F.	Reynolds, M.
Schacht, C. C.	Sherry, N.
Stott Despoja, N.	Woodley, J.

PAIRS

Abetz, E.	Bishop, M.
Brownhill, D. G. C.	West, S. M.
Crane, W.	Conroy, S.
MacGibbon, D. J.	McKiernan, J. P.
Minchin, N. H.	Lees, M. H.

*** denotes teller**

Question so resolved in the affirmative.

Bill reported with amendments and a request; report adopted.

TAXATION LAWS AMENDMENT BILL (No. 2) 1996

Second Reading

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

That the bill be now read a second time.

Senator SHERRY (Tasmania—Deputy Leader of the Opposition in the Senate) (6.33 p.m.)—The Taxation Laws Amendment Bill (No. 2) 1996 is essentially an omnibus bill and provides for changes to 10 specific items, from offshore banking units through to a technical correction in capital gains tax. The two items that I will comment on are the introduction and provisions dealing with the forgiveness of commercial debts and the extension of the use of tax file numbers, TFNs, by superannuation funds. These changes were announced by the previous Labor government, but due to the Senate cut-off rule, the irresponsible actions of the present government and the eventual proroguing of parliament, they were never dealt with.

Government senators interjecting—

Senator SHERRY—You may laugh, but it is a serious matter, given the tax rorting that has occurred due to the government's actions.

In respect of the forgiveness of commercial debt, these changes were announced by the former Labor government in the budget in May 1995 in order to ensure the appropriate tax treatment of a commercial debt that is forgiven. They are anti-avoidance in nature. There is some irony in dealing with this measure today given that it was a Labor government budget measure announced last May. The Liberal government has the gall to claim obstruction and to complain about the way in which its budget has been treated—quite illegitimately, I would argue—when we are dealing today with a tax avoidance measure announced by the Labor government in May last year.

As the law currently stands, there are no specific provisions relating to debt forgiveness. As a result, there is no taxation liability for the effective gain made by the debtor when a debt is forgiven, while the creditor is usually entitled to a deduction or capital losses for the amount of the debt forgiven.

These changes will not see the debtor treated as if they have received a taxable gain; rather, they will apply the forgiven amount to reduce other deductible amounts that the taxpayer would take into account when determining their taxable income. These other amounts include deductible revenue losses, deductible capital losses, deductible expenditure such as depreciation, plant and equipment, and the use of the net forgiven amount to reduce the cost basis of reducible assets.

As I said earlier, we wholeheartedly support this measure to rid the tax system of what has become a means to exploit an unintended tax minimisation loophole that has existed in the tax legislation for many years and, as I understand, under many governments.

We now finally see the current government picking up Labor's reform, which somewhat helps to restore integrity to some areas of the

tax system through this measure. It is a major change—these amendments and those announced and introduced by Labor during its period of government. The other major change is the commencement time of these provisions. As I said earlier, we announced that these amendments would apply from 9 May 1995 and introduced legislation to achieve this. The coalition has acknowledged the merits of these provisions—that is, the desirability of closing the loophole—but it has deliberately allowed a further window to allow people to rort the system between 9 May last year and 28 June this year, that is, for the whole of the 1994-95 tax year and for almost all the 1995-96 tax year.

I notice that the assistant Treasurer (Senator Kemp) is now in the chamber. He had the gall to complain about alleged delays in his budget yet the government has delayed this measure for over a year. How can the Liberal government have a priority of delaying anti-tax avoidance legislation when at the same time it is terminating other programs that we have been dealing with in the budget, such as the Commonwealth dental program, and cutting higher education funds and numerous other measures.

Unlike the government, Labor in opposition wants to see all tax minimisation schemes abolished. The government is dragging its feet over the issue of high wealth individuals. It has identified only $100 million as being recoverable, as opposed to the $900 million per year identified by the Labor government. This shows that the level of this government's commitment to wiping out tax minimisation practices is not very high. You must wonder whether the government is truly committed to stamping out such arrangements. Is it more concerned about upsetting its Liberal mates than about the maintenance of an equitable taxation system?

The second issue I wish to make comment about is that of tax file numbers, TFNs. These changes are amendments introduced by Labor to streamline and improve the administration of superannuation, thereby reducing the cost. The changes will allow the ISC to obtain TFNs from the Australian tax office when permission to quote a person's TFN has been voluntarily given—and I emphasise that. Importantly, no sanctions apply for not providing a TFN.

Unlike the current government, the previous Labor government was committed to an efficient and streamlined superannuation system, of which this legislation is but a small reminder. This government is seeking to impose the most cumbersome, ill-conceived and illogical superannuation administrative change known as the superannuation surcharge, which is code for a new $1.5 billion Howard-Costello tax on superannuation. The government claims that it is committed to a more streamlined and efficient superannuation system, yet through this surcharge it is seeking to emasculate the superannuation system, making it as administratively complex and cumbersome as it can and adding tens of millions of dollars in costs.

Senator Kemp—Nick, you lost that one. Be a gracious loser.

Senator SHERRY—We will see who ultimately loses the battle, particularly given the reaction from the electorate and industry that we have had. This new tax will cost the ATO an extra $18 million to collect, and that is before consideration is given to how much it will cost superannuation funds to administer and the cost to national savings and retirement accounts of millions of Australians. Grab the money and run is the attitude of this government in respect to superannuation—and damn the costly consequences.

The government's change to the superannuation system has nothing to do with introducing administrative ease or efficiency. In contrast to Labor, it is more to do with a revenue tax grab to prop up its unfunded promises made during the election—at least, those it intends to keep; the core promises, not the non-core promises.

We have the ironic situation of the Prime Minister, Mr Howard, and the Treasurer, Mr Costello, boasting that they will reduce red tape for small business. But the surcharge will massively increase the red tape for the superannuation industry and a range of small businesses.

Senator Kemp—Your option will; the Sherry option will.

Senator SHERRY—We will see what the options are when the committee has evaluated the proposals that the government is putting forward. I do not think Senator Kemp will be smiling so much. If he had been listening to industry, he certainly would not be smiling at the moment.

The provisions in this bill improve the operating environment for the superannuation industry. It obviously stands in contrast with the government's budget proposals which actually worsened the operating environment for the superannuation industry.

I will be moving a second reading amendment which highlights a number of the government's broken promises on a number of budget related items. We are taking this opportunity to highlight certain promises broken by the government. The amendment picks up a number of themes.

Firstly, the government boasts that it is a low tax government; it has not broken the iron clad promises it made before the election. In fact, it will collect an additional $5.5 billion in individual tax collections as compared with the last Labor budget. Senator Kemp might recognise that I am using the approach the government took when in opposition, when it referred to our alleged tax increases. It is the same principle.

Total tax collections are up $8.6 billion in 1996-97. Senator Kemp might like to verify that figure. He need look no further than his own budget overview and economic outlook. He can roll his eyes because that is a staggering figure. And they will be up a further $7.8 billion in 1997-98.

Then we had the government's betrayal of the provisional tax uplift factor. They were going to lower it only for the 1996-97 year, then let it revert to the original 10 per cent in future years. It was Labor, together with the other minor party opposition senators, which successfully amended the bill to ensure that the uplift factor remained lower for future years.

As I said earlier, the superannuation surcharge is just a new $1.5 billion tax grab. Senator Kemp might like to quote us his election manifesto—no new taxes, no increase in existing taxes. We all know: this is a surcharge, not a tax.

Then there are the new revenue measures of $979 million in the 1996-97 budget, rising to almost $2 billion in 1997-98. The added impact on Australians is $260 per taxpayer over the next two financial years. Senator Kemp might like to look at the budget overview and economic outlook for the revenue measures that will occur over the next three years. He might have some feeble excuse for the fact that tax revenue will increase from $125 billion in 1996-97 to $151.6 billion in the year 1999-2000. I will repeat those figures because it is hard to believe, given the rhetoric we had from the government when it was in opposition—

Senator Kemp—You are a sore loser.

Senator SHERRY—I am not a sore loser. I know very well we lost, Senator Kemp. But it is the sorts of arguments that you put in opposition and now seek to refashion and try to excuse in government that are interesting to us and should be highlighted to the Australian taxpayer. In 1996-97, there will be $125 billion in tax collections, rising to $151.6 billion in the financial year 1999-2000. If we look at a correct comparison, in 1995-96 the tax revenue percentage of gross domestic product is 23.9 per cent, rising under the Liberal Party over the next four years to 24.5 per cent. You might try to explain that in light of your absolute commitments in your election manifesto not to increase existing taxes. We know the standard answer. It is all a surcharge.

Senator Kernot—And the states do it for you.

Senator SHERRY—And the states do it for you. That is right. Or it is in the form of a user pay charge, for example, the Great Barrier Reef access charge.

They are the sorts of issues I wish to highlight in this debate. We will be supporting the legislation. We will be moving the second reading amendment, as I have outlined. I am mindful of the time and the budget pressures, unlike you who kept us

waiting for over a year on one of the measures we are dealing with today. For over a year people have been able to rort the system due to your delays.

We will give this legislation the appropriate consideration it should have had last year when it was included in our budget. We will not be frustrating the government's proposals in respect of this legislation, particularly as one of the measures was one of our delayed tax avoidance measures that you allowed to continue on for over one financial year and allowed millions of dollars to be rorted out of the tax system due to your irresponsible approach to budget measures last year. I move:

At the end of the motion, add:

", but the Senate condemns the Government's betrayal of election promises by its decision to:

(a) change the tariff concession system so that businesses will have to pay higher taxes on a greater range of their inputs (raising $300 million in revenue);

(b) limit the reduction in the uplift factor on provisional tax to 1996-97 alone;

(c) impose a new $1.5 billion superannuation tax;

(d) increase tax collections in 1996-97 by $8.6 billion or 4.5 per cent in real terms and then a further $7.8 billion or 3.4 per cent in real terms in 1997-98; increase income tax on individuals by $5 526 million or 9.1 per cent (approximately 6.4 per cent in real terms); increase tax revenue from 23.9 per cent GDP in 1995-96 to 24.3 per cent GDP in 1996-97; and

(e) introduce major revenue measures in the 1996-97 Budget with a net impact of $979 million and further net impact of $1 955 million in 1997-98 (costing each Australian taxpayer more than $260)".

Debate (on motion by **Senator Campbell**) adjourned.

ORDER OF BUSINESS

Government Documents

Motion (by **Senator Campbell**)—by leave—agreed to:

That consideration of the Taxation Laws Amendment Bill (No. 2) 1996 take precedence over consideration of government documents today.

TAXATION LAWS AMENDMENT BILL (No. 2) 1996

Second Reading

Debate resumed.

Senator KERNOT (Queensland—Leader of the Australian Democrats) (6.48 p.m.)—As Senator Sherry said, this is one of those omnibus tax bills we get from time to time. We get them this time every year, as I recall. The omnibus bill contains several measures. It contains a measure for new rules governing the forgiveness of commercial debts. It contains a second measure to allow extended use of tax file numbers for superannuation purposes. The amendments referring to that will allow trustees to request members to provide tax file numbers and to use those tax file numbers for the very limited purposes of identifying other accounts if, and only if—and that is a really important qualification—other information is not sufficient to identify the account.

Democrats are always nervous about the extension of the use of tax file numbers. However, we have considered this carefully. We have a letter from the Privacy Commissioner and we believe that the use of tax file numbers for the purposes of identifying and amalgamating multiple accounts is an appropriate use. Amalgamation of multiple accounts is an essential element of the policy response to the small amounts problem to ensure that employees do not end up paying several sets of fees on small and unviable accounts. We think amalgamation is in the best interests of employees and therefore that proper identification of accounts is an essential part of such amalgamation.

My office has been advised by the government that the Privacy Commissioner has been fully consulted on these provisions. I will be seeking further assurances from the minister in the committee stage that the access to tax file numbers created by this bill will be only for these purposes and not for any other purposes.

The third measure in the bill increases the exemption for minor fringe benefits to $100. This fulfils an election pledge. The Democrats will be supporting it. In doing so, I take the opportunity to state that the Democrats be-

lieve that the fringe benefits tax law is too complex, too far reaching and that the government should find some fairer means of raising revenue than continually cobbling together inappropriate extensions to FBT.

That is what the last government did. You avoid the big revenue raising question and seek and eke out every little nook and cranny of charges and fees and levies that are available to you and raise your revenue that way. That has to end some time.

The fourth measure in the bill will allow offshore banking units to invest up to 10 per cent of their funds in Australian assets, but still retain concessional tax arrangements available to offshore banking units. This provision will make it easier for foreign banks to invest foreign funds in Australian assets and in so doing retain tax concessions.

In the second reading speech, the minister says that this measure has the potential to bring about a large increase in the level of offshore funds managed by Australian banks and enhance the development of Australia as a financial centre in the Asia-Pacific region. The second reading speech then goes on to say that the amendment will enable global fund managers to offer more balanced global portfolios with a small component of Australian assets. This amendment will extend the already concessional tax treatment that many foreign investors get in Australia. Already, we lose about $700 million a year in lost company tax because dividend withholding tax does not apply to fully franked shares owned by non-residents.

We lose somewhere between $200 and $1 billion a year on interest withholding tax, according to tax experts like Barbara Smith, because of wide holes in the withholding tax net. Up to now, offshore banking units have received concessional tax treatment because their transactions, which have only concerned offshore money between non-residents, just happened to occur in Australia. This is all part of the globalisation of financial markets. Transactions can now occur anywhere a modem and telephone line operate.

With this bill the concessional tax treatment will be extended to allow limited investment in Australian assets. I think this does raise the wider question of the foreign investment debate. The Democrats are not opposed to foreign investment, nor are we opposed to seeking to ensure that Australia gets a share of the large and growing international financial services industry. But, in doing so, in setting up financial rules, in setting up our tax rules and in setting up our foreign investment rules, it is really depressing the way governments past and present have not in our view made sure that Australia's national interests come first.

Let me cite some evidence. Over the past decade, the level of foreign ownership of Australian assets has risen dramatically. Net equity investments in Australia have risen from about eight per cent of GDP in this time to 17 per cent of GDP. The flow of dividends from this higher level of investment is one of the fastest growing negatives on the current account. That is something that is frequently overlooked; but that is the end result of a lack of rules that put Australia's national interests first.

Indeed, virtually all our current account deficit in recent years comes from interest repayments on foreign debt and dividend payment on foreign equity. Yet, in the name of global financial markets, instead of looking at the national interest we are asked to say, 'More, more; come on in more and more.' With this bill we are giving just a little bit of an opening to foreign banks and offshore banking units.

Prime Minister Howard has just returned from Manila, offering to APEC on behalf of Australia to lift what few restrictions we have on foreign investment. Treasurer Costello is out there pushing the Treasury line that all the Australian financial sector needs is less regulation and all will be well. 'Consumers will be fully informed and able to look after themselves,' he says. 'Let's forget about the 1980s; let's ignore the warnings from the Australian Consumers Association and even from the Reserve Bank; let's just forget about the need for some form of consumer protection.'

So the big picture that we are fond of referring to under this bill is to pull down the fences, the remaining small barriers, and

invite every financial shark to come on in. It is true that globalisation has potential for gains but it also has huge potential for costs. We do need to ensure that we look after our own national interest—what others call our economic sovereignty—as much as we can. We have to put the interests of the Australian people first, ahead of the interests of the financial markets. We believe there is scope to do that even within a globalised economy, without compromising free trade or integration of global markets.

I expect that this section of the bill will pass with coalition and Labor support. That is the same voting pattern—one of the best kept secrets in Australian political history, that coalition of Labor, Liberal and National—that started privatisation, unilateral tariff reductions, financial deregulation, tax cutting, reducing foreign investment guidelines, introducing dividend imputation for non-resident shareholders and all of the other ludicrous—I think you could call them right-wing—policies that have contributed a great deal to our losing economic sovereignty. The most dramatic evidence of that loss is the ever rising current account deficit and our rise in net foreign liabilities. The bill also moves to repeal section 261 of the tax act, which deals with secured offshore lending agreements, allowing superannuation funds to claim deductions for investments in pooled superannuation trusts and adding two additional funds to give deduction rules.

Senator Margetts has circulated a second reading amendment seeking to delay the operation of the bill until the government moves to introduce an alternative minimum company tax. The Democrats are strong supporters of alternative minimum company tax. Indeed, I have spent quite some time over the years in various budget submissions, particularly to Ralph Willis when he was Treasurer, trying to persuade the Treasurer of the merit of this. In the United States the 20 per cent rate was introduced by that radical Ronald Reagan; so it is a terribly radical idea and I am surprised the coalition does not want to embrace something like this with the name Reagan on it. This 20 per cent alternative minimum company tax rate raised tax collections by eight per cent. That eight per cent came from those companies that had had such successful tax planning operations that their tax payments were almost voluntary donations to the government.

There are quite a few Australian companies which have achieved a similar level of tax. Newscorp, because of its very high level of gearing, is one of them. The tax office, to its credit, increased its auditing activities among major companies, and in most recent years this has resulted in most of those companies cleaning up their acts, so to speak. But the most recent figures I have seen suggest that some companies are still able to reduce their average tax rates to 10 per cent or 15 per cent—below most of the other major companies. I have no doubt that the legislation to set up this tax arrangement will be complex. Given that our tax system is not as riddled and rorted as that in the United States in the area of company deductions, there is certainly an argument that it would not raise as much here as it did there.

But even if it succeeds in raising company tax collections by just four per cent—by forcing those who are not paying their fair share to do so—then that would be an extra $800 million in revenue. That $800 million represents as much as the HECS and social security cuts would raise in a year. But we will not look at doing it this way, will we?

In closing, can I say that the Democrats share Senator Margetts's concern that people in low income Australia—the disadvantaged, the aged, the sick, the indigenous and the unemployed—are the Australians shouldering the unfair burden of the cost of deficit reduction. It is an unfair share they are being asked to pay.

This government, if it was truly interested in sharing the pain, as the rhetoric goes, should look at closing tax concessions which are not serving their purpose or which the nation cannot afford. Dividend imputation should be reviewed, as should the alternative minimum company tax proposal, as should tax avoidance on interest payments, as should the tax deductibility of interest payments, as should infrastructure borrowing tax concessions and as should tax sheltering using

family trusts and close-kept company structures.

That would be a much fairer way than cutting away large slabs of the social security safety net, cutting out dental services to the poor, cutting funding to public schools and public hospitals, and all the other myriad nasty, harsh and unfair measures that this Senate has had to consider with this budget. With the reservations I have expressed, the Democrats will support this bill.

Senator MARGETTS (Western Australia) (7.01 p.m.)—As has been mentioned, this is an omnibus tax measures bill that has not attracted much interest on substantive issues other than the issue of the indexation of small fringe benefits. We have heard both major parties claiming this bill as their own.

Senator Sherry—Partly.

Senator MARGETTS—As partly their own, so, obviously, it will pass. There are some issues raised by measures in this bill, and they should not be ignored simply because they are not as big as HECS, the treatment of migrants or industrial relations.

This bill extends incentives to offshore banking units. These are institutions involved in exploiting the globalisation of the economy to pursue mainly speculative goals while escaping tax and regulatory regimes.

Efforts have been made to try to reduce money laundering and other activities of dubious social value. Such activities are facilitated by institutions based in tax havens, whose purpose is to move large volumes of money around for foreign customers to foreign destinations.

The concessions for offshore banking units, or OBUs, were originally given so that they could compete with tax haven nations in attracting OBUs here. This is the economic aspect of the race to the bottom. Because some countries decided to allow a company to operate within its borders while returning little or nothing to that nation, we have decided we must compete and also invite companies to exploit Australia. We are talking about financial institutions which make deals for non-residents to make investments outside of Australia. We are inviting them to use Australia as an address so that they can escape tax obligations in other countries. What use is this? How can it possibly help Australia? How does encouraging such behaviour help anyone in reality?

This bill allows such OBUs to compete against Australian banks and other OBUs to invest in a limited manner within Australia on behalf of non-residents. I am not at all certain what benefit this gives Australia other than attracting companies specialising in large-scale international tax avoidance.

In relation to the FBT changes, it is obvious that the current interpretation of small fringe benefit tax benefits is $50. It is not legislated or regulated; it is just an interpretation. It is an interpretation the Australian Taxation Office might change any time it likes if there seem to be compelling reasons. I am really not sure why the government and the ALP deem it important to override the judgment of the ATO and make a legal statement that FBT benefits under $100 are exempt. The ALP in the House went as far as to propose an amendment to index the $100 so that it would increase with inflation. I am not sure who would benefit from that except, perhaps, the bigger players. I think I have to reserve judgment on whether or not we are actually going to benefit industry in general.

The third issue in this bill is the provision of tax file number information to the superannuation industry. Tax file numbers, or TFNs, are the de facto Australia card. You do not need to include your tax file number on every paper you sign, but you need to do so on an increasing number of them to get access to basic services or equitable treatment. Tax file numbers are required for most social security payments, including things like home childcare allowance and family payment, which are not welfare payments but are meant to be universal benefits relating to children or a dependent spouse.

This means that behind the tax file number is not only all of a person's economic information but also personal information on our families, children and relationships. In the interest of identifying people who are purchasing items that are beyond their declared income, either because of tax cheating, pro-

ceeds of crime or corruption, nearly every transaction—from savings and superannuation accounts to property purchase or rental to ownership of a vehicle or yacht or even international travel tickets—is increasingly under scrutiny. Having access to the data matching information behind the tax file number is becoming the equivalent of having access to a complete economic profile of a person—what they spent, what they spent it on and when.

At some point this moves from an economic profile to a social and behavioural one. Where you live, where you go for holidays, whether you are a saver or a spender, who you write cheques to, what you buy on plastic, what kind of car you drive, who you live with and what their relationship is to you are all accessible through the tax file number. Perhaps—just perhaps—there is justification for this massive invasion on everyone's privacy in the interests of pursuing criminals, corrupt officials and real tax cheats. But this bill allows access to this information to commercial interests in the private sector as well as to the government.

Officially, superannuation funds are not supposed to look at this other information. In real life, people do not always limit themselves to what they are supposed to do. There is decided commercial value in personal information, particularly information that can be broken down and used to create profiles. A black market for such information has existed for some while.

I have been assured that members of the fund do not need to give their tax file numbers, but this was made a nonsense of in division No. 3—that is, the method of quoting tax file numbers. In section 299Q, on page 91, an employee is taken to have quoted his or her tax file number to a trustee where the trustee is informed of the number by the employer. This is choice?

When I was given a briefing, I queried those giving me the briefing and they assured me it was voluntary. When 299Q was subsequently pointed out, the answer was that supply of the tax file number to an employer is voluntary. This is disingenuous because the choice to give the tax file number to a bank or an employer is a coercive choice, since failure to give the number means a person is taxed at punitive rates. I will bring up details of this later in the committee stage. I do not consider giving an employer a tax file number to be voluntary in the true sense of the word.

It is like a choice to work under exploitative conditions or to stave. One may starve, but the choice is hardly free. Since supply of the tax file number to an employer is not voluntary and is taken to be a voluntary agreement to also supply the superannuation trustee, I cannot see that supply to the trustee is really voluntary.

I will also say that I start having real doubts about assurances when we have this double speak about coercive choice. When information is used ethically, scrupulously or with integrity, obviously there is choice. If it is used only for intended purposes to protect the citizens, that is fair enough, but the use of language does seem Orwellian and this makes some of the other assurances somewhat suspect.

Tax file numbers provide power—that is, the power of information, holding a large body of personal information about people which they cannot access and cannot tell how it is used. I understand that the Democrats are keen to keep up their credentials as opposing tax cheats and so support the tax file number use and data matching. I ask them to consider that there are few ideas more dangerous than a good moral principle indiscriminately applied. There is a place where attempting to pursue the good has evil results. In the worst police states, the trains often do run on time.

The two issues here are not irresolvable. There are many things I dislike about tax file numbers, but a measure forbidding the tax office from giving superannuation funds access to information other than address and information about other superannuation contributions may address some of my concerns about giving commercial enterprises access to tax file number information. A rewrite of division No. 3 to ensure that trustees really must have explicit permission of the employee would go a long way to assuring us that getting the tax file number really is voluntary and non-supply has no

penalty attached. Just the fact that there is a sheet for people to fill in is not enough, in my opinion—and that sheet does not exist yet, as far as I know, except in draft form. Until these issues are resolved, the Greens will oppose the tax file number part of this bill.

Minimum corporate tax is the third issue, and we will have a second reading amendment to ask that this bill be withdrawn and redrafted to include some version of a measure similar to the United States corporate alternative minimum tax. The US version simply states that an alternative tax set at 20 per cent of the book profit of a company is payable where otherwise a company's tax obligation would be less than the figure.

This effectively sets a floor below which tax cannot be minimised, regardless of clever accounting. Company tax is currently 36 per cent yet, in respect of reported profits upon which dividends are paid, many major corporations pay less than five per cent effective rates of tax on these reported profits. For example, information for 1992-93 sourced from the Australian Stock Exchange indicates that James Hardie Industries paid half of one per cent effective tax, ERG Australia paid an effective tax rate of 3.24 per cent while News Corporation paid only 6.15 per cent effective tax on its profits. Lend Lease was a big player with an effective tax rate of nearly 17 per cent. A minimum tax does not represent a reduction of tax; it is an alternative way of assessing tax that sets a limit on how much tax can be minimised through clever accounting and cumulative government subsidies, incentives, deductions and rebates.

In the United States, such a minimum corporate tax has an effect mainly on corporations with assets of over $10 million. It has minimal effect on smaller corporations and virtually no effect on small businesses which have limited ability to minimise tax and already effectively pay the full tax on their profits. The biggest effect is on the largest corporations which are best at minimising tax. Revenue from the alternative minimum tax in the United States accounts for about eight per cent of their revenue from company tax. The estimate of the financial impact in Australia is that it would add about $1 billion annually to revenue.

The measure has broad public support and groups as diverse as the ACTU, the CPSU, ACOSS, the Australian Consumers Association, ACF and other environment groups, ACFOA and other aid groups, the Federation of Ethnic Community Councils of Australia and the National Coalition of Aboriginal Organisations have directly, or through the National Community Forum on Unemployment in 1994, called on government to implement this measure.

We have put this measure as a second reading amendment rather than a legislative committee stage amendment because we feel it is proper for the Senate to request such an measure. The actual form of its implementation is liable to be complex, and we understand that. We believe it should be left in the power of government. We are hoping to see expressed a clear intention of the Senate that corporate tax minimisation should be limited and that the resulting billion or so dollars in revenue currently lost should be recovered.

The second major amendment we have is to change dividend imputation from currently 100 per cent to 50 per cent. If our measure to set a limit on corporate tax minimisation is defeated, it is hard to see how it can be claimed that corporations pay full tax on their profits and, therefore, tax should be taken as fully paid on dividends reflecting that profit. In any case, articles periodically appear which compare the book profits on which dividends are based with the rates of tax paid and indicate that many large corporations are paying a fraction of their tax obligations, often effectively less than five per cent of profits. In such a case, it is offensive to impute that 36 per cent of profit has been paid as tax and therefore should not be paid through dividends. Few other nations offer 100 per cent imputation of tax paid on dividends.

Dividends, as an income source, accrue primarily to the richest 10 per cent of the population. A 100 per cent dividend imputation is a tax break to the rich. Because of the distribution of shares, the impact of dividend imputation was a hugely regressive measure

in terms of vertical equity—and that means the redistribution of income.

A report by Phillip Raskall of the Social Policy Research Centre includes pertinent information based on annual taxation statistics which separate income by source. Initially, when dividend imputation was introduced in the 1987-88 tax year, there was a corresponding increase in dividend income for those in the 'over $500,000 per annum' income level, from $15.3 million in 1986-87 to $163.3 million in 1987-88 to $834 million in 1988-89. The pattern of dividend payment reflected the relatively tax free nature of dividends. The average tax paid by an individual in this income bracket in those years decreased, from $492,800 in 1986-87, to $306,700 and then to $147,700 in the following two years. This is a major income shift for the purpose of tax minimisation and a very effective means of minimising taxes for the wealthy.

There were major revenue shortfalls in both 1987-88 and 1988-89. They were explained by the fact that the impact of dividend imputation was 'underestimated'. The effect, based on GENI coefficients, was to cost revenue approximately $1,159 billion and reduce the progressive attributes of taxation by 7.7 per cent in 1987-88. The effect for 1988-89 was to cost revenue $1,730 billion and reduce the progressive effects on taxation by 12.2 per cent.

I believe that 100 per cent dividend imputation is unjust, regressive and unrealistic and goes against the general practice of OECD nations in respect of dividends. My amendment will propose to reduce the tax imputed to be already paid on dividends from 100 per cent to 50 per cent. The revenue implications would be an increase somewhere in the vicinity of $700 million to $1 billion annually.

In revenue implications, we are effectively offering the government $1.7 billion to $2 billion in revenue with these amendments. They are measures with broad community support, measures asked for especially by the social justice, labour and environmental sectors. We imagine that government would have little political difficulty supporting these measures. They are measures which act to address the problem of accumulation of wealth and the erosion of equity and a sense of fairness in Australia.

Senators may also have noticed that I have put up a private member's bill to amend the customs legislation dealing with government proposed changes to the diesel rebate scheme—a measure to increase revenue by a further $1 billion per annum through the elimination of the diesel fuel rebate scheme for mining.

If the government rejects these revenue measures designed to counter tax minimisation by big corporations, and by the rich, and to eliminate a major form of corporate welfare, then it has no grounds whatever to claim the Greens or the Senate are fiscally irresponsible. The Senate has little control over positive measures to increase revenue. This is the government's province generally. What we can and will do is to ensure that the government, in pursuing its largely ideological program in the function of government, does not destroy equity or the ability of people to act together politically for their common good.

We will also attempt to ensure that the government focus on easy targets like migrants, students, the old, the young, the unemployed and disenfranchised, does not result in making their burden greater. It is not appropriate for government to turn cannibal on the weakest members of society. It is, in my opinion, also not appropriate for government to abandon all principles of government as provider of universal services desired by the public.

No doubt this government will reject our measures. Hopefully other parties will not. But if government does reject our measures, and turn away from about $2 billion in this bill alone, please do not come to us indignantly about us trying to stop you from taking $55 million by leaving people without adequate dental care, or trying to stop you from pilfering $2.8 million in pencil money for homeless secondary students. You cannot argue that your need is so great that the poor are expendable, when you continue to give massive handouts to the rich. I foreshadow

the second reading amendment standing in my name.

Debate interrupted.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Childs)—Order! It being 7.20 p.m., I propose the question:

That the Senate do now adjourn.

Youth Suicide

Senator FERRIS (South Australia) (7.20 p.m.)—I rise tonight to speak in the adjournment debate on a matter of some sensitivity. As Christmas is approaching and it is a time for families and a season of goodwill, I would ask my colleagues to spare a thought for those families who this year will sit at the Christmas table with a young person missing.

Four hundred young people, young men and women, this year chose to take their own lives and hundreds more attempted to do it. There is now a very clear link between attempted suicide and those who finally succeed and I would ask us all to consider that over the last 10 years, 23,000 Australians took their own lives. Apart from the tragic waste of resources and human life, when you think about it, it is almost a significant regional town that just suddenly disappears.

There has been a dramatic increase in youth suicide in Australia since the 1980s—a 42 per cent increase for males, young men aged between 15 and 24, who make this tragic decision. Suicide is now the second most common cause of death among young people in Australia. In fact, it is second only to road fatalities.

Country areas are particularly hard hit. Small towns are devastated by the loss of one of their very special extended families. The netball team, the football team, the local church and the wider community all feel the brunt of this tragic decision made by a distressed young person.

There are now increasing rates of youth suicide, to the extent that young Australians are known as the 'suicide generation'. We have the highest rate in the Western world. I ask you: how could this happen in such a bountiful country where we have such wonderful resources and there are so many advantages for all of us? How can it be that we have the highest suicide rate in the Western world, and why is suicide so often seen as the last resort in life's stresses and strains?

There is of course no simple answer, but the focus must be on positive prevention. It is a high priority of this government and it was a priority of the previous government, but still the tragic loss goes on. There is continuing support for the Here for Life project, which allowed $13 million for this project, and the Minister for Family Services, Judi Moylan, has made it a personal priority of hers.

The minister recently announced a further $19 million in this year's budget, of which $6 million will be used to provide very valuable telephone counselling by understanding people who will talk to a distressed young person who is contemplating a dreadful decision. Already the agencies which have been the recipients of this money have taken thousands of calls. I understand that up to 3,000 calls can be expected in a single year.

The waste of young lives is always a tragedy. It is particularly so at Christmas time. My own extended family has been touched by this tragedy in the lead-up to a previous Christmas, and the family simply never recovers. My thoughts are with those families who this year will be touched for the first time.

The coalition has targeted this issue as one of major importance. There can be nothing more important than young people and giving them the feeling that it is worth being here with us all for a long time. I am very pleased that the ongoing funding and the constant review of this issue will turn around what is a national disaster and will provide our young people with the confidence to choose life, so that they are here with their families this Christmas and for many into the future.

Social Security Payments

Senator GIBBS (Queensland) (7.25 p.m.)—I take this opportunity during the adjournment debate to bring to the Senate's attention an unexpected, yet extremely serious consequence of a budget measure within the Social

Security portfolio. The budget measure to which I refer is the move to stop double payments arising when customers transfer from social security allowances to pensions.

Previously, customers transferring from period based payments to payday based payments were paid the allowance up until the day before their first pension payday. These people are now paid only up until the day before they qualify for the pension, normally the day they apply. The department estimates that this measure is likely to affect some 100,000 people each year, saving more than $5 million this financial year alone.

While no-one would advocate the double payment of benefits to people seeking financial assistance, I suspect the impact of this measure needs to be thought through more fully. Rather than simply ending double payments, these changes may halve the amount of money paid to new claimants for sole parents pension for almost the first four weeks.

One example that I have been made aware of concerns a woman with three children under the age of 11, who was seeking financial assistance just after pension day. That she was heavily bruised around the face and upper body suggested she had been the victim of domestic violence. She was initially offered the special benefit but, when she was told that it would be deducted in full from her first pension in almost a fortnight's time, she elected to wait until the next pension day. I am told she declined the offer to see a social worker but accepted a referral for assistance with food.

Counter staff were extremely worried about her immediate future and that of her children, as the local women's shelter was full. It was feared that she returned home to her abusive partner, as the barriers put in her way may have appeared insurmountable in her highly vulnerable state.

Ironically, a convicted perpetrator of violence released from gaol qualifies for a double payment of newstart allowance. His former partner, with dependent children in tow, may receive only one pension payment in just less than four weeks. People released from custodial facilities obviously face very serious disadvantages and special assistance is warranted, but it should also be given to women and children seeking financial support.

Another example brought to my attention concerned a woman who received newstart because her partner did not want to look for work. He had a drug problem and was in receipt of PGA-FP for eight children from one to eight years of age. The woman and her children fled the family home on a weekend after a severe episode of domestic violence, approached Social Security and saw a social worker. As she had just received her newstart payment in theory if not in fact, she was able to apply for only two days' newstart before the pension payday and this had to be recovered.

In these cases the evidence of domestic violence was plainly visible. Often women may present without such obvious indications of violence but suffering the effects of other forms of violence and intimidation. Staff will not always necessarily be able to identify situations where violence has been involved in the woman's decision to seek income support.

Timing is critical in responding to domestic violence. When a victim of violence has been pushed to the point where they seek outside assistance that is the time when intervention is most necessary and most likely to succeed. With regard to the first incident I spoke of, sadly it was at such a time in this woman's life that no assistance was forthcoming. In short, she was simply told that if she wanted to escape her husband's violence she and her children would be expected to live on a fortnight's pension for almost four weeks.

So as a direct result of this measure, this woman was left with no real alternative other than to return to her abusive husband. It would be difficult for us to imagine the dejection she must have felt on that day, the day that she joined the growing number of nameless victims of this government's drive to destroy our social welfare safety net.

Clearly, neither the government nor the department foresaw this measure's impact on those seeking access to the sole parent's pension to escape domestic violence. Of the 100,000 people this measure is expected to

affect this year, I imagine that very few of them would find themselves in such desperate need as the woman to whom I have referred. With no money, no support and nowhere to turn, where are these women and children expected to go?

So I ask the government and the minister to reconsider this measure in light of the consequences I have outlined. Surely the government can find a way to assist this small number of people in such desperate need without affecting the millions of dollars expected to be saved by this measure. To not do so would betray the Prime Minister's commitment to protect the most vulnerable in society.

Literacy

Senator ALLISON (Victoria) (7.33 p.m.)—I rise again to talk on the subject of literacy. I want tonight to add some balance to the remarks that those who want to damage our state education system are making by saying that schools are failing our children. In New South Wales, schools have been testing basic skills in literacy and numeracy since 1988. I want to bring to the Senate some of the results of that testing. In 1992, out of a cohort of 55,000 children, only 58 so-called 'illiterate' children were identified. It is useful to note that these children would have been approaching 14 in 1995-96 and, therefore, would have been part of the population that Dr Kemp so inaccurately referred to when he said that 30 per cent of year 9 students could not read. Some 99.9 per cent of these children could successfully locate specific information in texts; 60 per cent of them could read between the lines of more complex tests. It is difficult to explain the results that Dr Kemp suggests are commonplace in our state schools, looking at these results.

In Victorian schools, students have been subject to a similar kind of testing program called the LAPS for the last two years. Whilst I do not necessarily support the idea that LAPS testing is either useful or appropriate, it is interesting to note that the Premier, Mr Kennett, saw fit to congratulate students and teachers on the LAPS results. In New South Wales the Higher School Certificate examination scripts have been evaluated for quality of writing, spelling and grammar but there have been no reports of any serious decline in these, despite the increased numbers of students staying on at school. Standardised tests of intelligence had to be renormed upwards in the 1970s and 1980s because too many students were falling in the upper levels. These are essentially sophisticated tests of reading as well as IQ. If literacy skills were in decline, I think they would have been renormed in quite the opposite direction.

They are also a wide range of other indicators in everyday life that we can look at. They certainly cannot sustain the idea that there are declining standards of literacy or the hypothesis that is so often spouted that modern teaching methods need to be scrapped. Tens of thousands of students have been literate enough to qualify for university places but are turned away each year because quotas are filled. If schools are failing how come so many more of our graduates qualify for university entrance? There is an increase in the relative number of first-class honours degrees which have been awarded over the last decade. I suggest to you that illiterate students are not awarded firsts.

Per head of population, Australians and New Zealanders buy more books than most other nations on earth. Does that suggest to you that they do not read them? Per head of population Australian readers support more technical journals than most other countries in the world, so we are not just talking here about Mills & Boon that they are buying.

Per head of population the numbers of children's books that are written, published and sold in Australia are higher than for any other country in the world. How could we develop such a reputation if it were not for the fact that children are reading?

Australian children's literature and Australian children's authors are amongst the world's most highly regarded. Children's author Roald Dahl received so many thousands of well written, deeply thoughtful letters from Australian school children that he had to hire extra secretarial staff to deal with them. On his last visit to Australia he stated that Australia's children were the world's most highly literate readers of his work. He is not

the only children's author who has received bags of mail from Australian school children.

More and more North American teachers are coming to Australia to visit our schools to see how Australian teachers produce such highly literate students. Why would they be prepared to travel halfway around the world if our teaching methods are so ineffective?

Current Australian literacy methods are being exported to the USA, creating a multi-million dollar per year export industry for Australia. Given the range of options that capitalist societies such as North America have, they are not inclined to spend big dollars on educational methods that will not succeed. Australian teaching methods and ideas are being eagerly adopted and adapted in North America by whole state systems and hundreds of school districts, as they try to overcome the educational damage of 50 years of the back to the basics or the three Rs mentality that has been wrought on their country. If it is back to the basics, which is what Dr Kemp seems to be talking about, why are more and more North American school systems looking to change.

I suggest there is no evidence that levels of literacy are declining. For that matter, there is no evidence that they are not going forward. If the proponents of system wide testing cannot interpret even simple statistics—if they cannot develop valid tests—then why should they be trusted to run amuck with tests from which they intend to make major and ill-considered changes to our system.

I agree that there are too many children who are not getting enough help with literacy, but we need to ask whose fault that is. Perhaps it is governments that have taken whole layers of curriculum advisers out of the system in the name of short-term economic gains. Perhaps it is governments that have opted always for short-term catch-up approaches to dealing with children experiencing severe literacy problems. Perhaps it is governments that have failed to provide sufficient funding to sustain an effective support system for failing children. Perhaps it is governments which have constructed school environments so that teachers do not have time to reflect and think about their teaching. Perhaps it is governments that have increased the size of classrooms so that teachers have no time to give failing students the support they deserve and then defended the larger class sizes with transparently invalid statistics as we have seen Dr Kemp do. Perhaps it is governments which have not provided effective in-service support to enable teachers to know how to deal with children who are experiencing severe failures.

Who do we blame? Is it going to be the teachers who are usually working beyond the level at which such a system deserves, or even deigns to, support. If we do blame the teachers—and I feel that is what this government is tending to do—and after we have yelled and screamed at them and taken even more resources from them, what then? What is the government going to do about this? When does the government have to take responsibility for the fact that services are not all there?

Schools need more help to ensure that they can effectively deal with children who are slipping through. The real question here is not whether or not children are literate; it is: when are those services going to be provided by the government to make sure that the needs of the small group of students who do not manage in the system are met? I suggest that this is something that the government needs to address.

Anglo-Australian Observatory

Senator COOK (Western Australia) (7.41 p.m.)—It is unusual for me to speak on the adjournment, but I do so tonight because listed on the *Notice Paper* today were papers for tabling by the government. In order to consider several bills before the parliament in time for the Senate to rise for the Christmas recess, the time to speak to those papers was shunted forward. I may not have the opportunity, when these items next come up, to speak to the annual report of the Anglo-Australian Observatory covering the year 1995-96.

This report was one of those to be tabled today. On first glance, it appears not to be a matter of huge significance. I think it is, however. I want to take this opportunity to

say a few words not only about the Anglo-Australian Observatory but also about Australia's role in astronomy in this region as well as the world.

The Anglo-Australian Observatory is a collaboration between astronomers in Australia and the United Kingdom. Australia is one of the few southern hemisphere nations which has a global reputation for excellence in astronomy. Many of Australia's astronomers are considered first rate in world astronomy. They are recognised by their peers internationally as being leaders in their field. We have high prestige in this branch of science.

Not surprisingly, given our geographical position in the world, we are able to view parts of the heavens that are not always accessible in the northern hemisphere. Given the lack of cloud cover over our nation at times, we are able to view the heavens optically as well as through radio-telescopes. This collaboration between Australia and the United Kingdom has worked extremely well. New discoveries have been made because of that collaboration. This is regarded internationally as a significant joint venture between two nations.

The Anglo-Australian telescope, which is operated by this collaboration at Siding Springs, has a first rate international reputation. Indeed, I think it was the Anglo-Australian telescope located at Honeysuckle Creek which, when the Apollo mission landed on the moon, provided the world's first pictures of man's first footprint on the lunar surface. When those historic words were uttered—'One small step for man, one giant leap for mankind'—Australia heard them first. That message was broadcast through Australia to the world and we were the receiving ground station at the time. When President Nixon spoke directly to that lunar mission he did so through Australia. That is just one small window on the type of work that we do and that we do not have wide recognition for. We are well recognised as being leaders in the field of astronomy.

The reason that I wanted to speak tonight is—having established the importance of this field of scientific endeavour—to say something about the future of astronomy. I do so because I had the privilege over the last two years of the previous government to be the science minister, and that enabled me to take some interest in this field.

Australian scientists do achieve a level of international eminence well above Australia's size or clout in the world. I have said that before in this chamber. We create annually about two per cent to three per cent of all the world's new scientific knowledge when our population, or our GDP, is far less significant than that by world standards. So we are more creative of scientific insights than almost any other nation in the world.

There is a separate argument here, however: that we enable foreigners to commercialise the science we originally discover and to sell back to us the commercial products, the sophisticated manufacturing or service commodities, that spin from that science. That is a failing that the previous government sought to address in its innovation statement announced by the then Prime Minister, Mr Paul Keating, in Melbourne on 6 December 1995—a year on Friday—which included a whole series of proposals which would strengthen Australia's ability in basic science.

In large, our creativity is in discovering, at the frontiers of science, new knowledge. But putting behind that the necessary structures to more effectively commercialise those scientific insights for the benefit of the Australian community and for the benefit of humankind more generally is a whole area that, from time to time—perhaps on the adjournment—I will wish to speak and enlarge on. I feel strongly that the role of science in Australia is not as well understood, does not receive the same national recognition and is not celebrated as well as are our endeavours and excellence in other fields of achievement.

Until Australia realises that we are a first-rank nation and does not take that performance for granted but actually backs our science, seeks to understand it better, encourages more students to enter the field of scientific study and encourages more graduates to find productive careers in Australia, then Australia will not be taking full advantage of the significant achievement we have before us. It is a fine example of intellectual

achievement, but is not one, as I have said, that we have necessarily well understood and backed with the sort of national enthusiasm that we have in other areas.

In the field of astronomy, the issue gripping the world at the moment concerns the European Southern Observatory. This is a new telescope being constructed in Chile. I am informed that it can only be constructed there because the mountains in Australia do not have the necessary height above sea level to create the rarefied atmosphere for full achievement of its astronomical objectives.

Australia was invited by the proponents of that scheme to be a co-sponsor. In the innovation statement last year, the then Labor government announced a significant upgrade for the Australian telescope—the funds necessary to maintain our own telescopes to continue working and in modern order. We undertook to negotiate with the Europeans a way of participating as a partner, when we had funding available to us, in the European Southern Observatory in Chile. It is very important that we do participate in that project. If you miss a beat in the field of science, you have to work so much harder to catch up with the technology being deployed here and the discoveries that participation in a world ranking project such as this bring.

Australia would normally have been a centre in the world where the Europeans and others would look to in order to help create and manufacture the technology from which this telescope would be built. If we do not participate in this project, we will not have that commercial advantage and we will not maintain the industrial base necessary to make highly complex technology that can measure in the very finest shades, such as more than a nanosecond, nanogram or whatever fine degree of measurement necessary in the field of astronomy—and they are the finest of all. That sensitive scientific instrumentation will be lost to us, and the ability to create that technology is endangered. If we do not participate in the studies that the scope, when it is up and running, can conduct we will be so much further back in the pack.

We had negotiated a position in which it was foreseeable that Australia could join in the European Southern Observatory. It is regrettable that the current government has scotched that. Now we are out and we have lost that advantage. We are now back in the ruck and are not able to recapture it, I fear. I hope the government in its next budget will see the error of its ways and correct that.

The next step the astronomers of Australia see, beyond the European Southern Observatory, is to build a telescope in Antarctica; an Australian enterprise this time—probably a multinational one—preferably at the South Pole. Australia could then lead the world in world-breaking astronomy. It might be a remotely operated scope. But, by missing out on the vital step in Chile, we put beyond achievement the step of the next generation of telescope. I think that is a great problem for this nation. *(Time expired)*

Senate adjourned at 7.51 p.m.

DOCUMENTS

Tabling

The Parliamentary Secretary to the Treasurer (Senator Campbell) tabled the following government documents:

Anglo-Australian Telescope Agreement Act—Anglo-Australian Telescope Board—Report for 1995-96.

Equal Employment Opportunity (Commonwealth Authorities) Act—Equal employment opportunity program—Reports for 1995-96—

AIDC Ltd.

Australian Broadcasting Corporation.

Department of Industry, Science and Tourism—Annual review of small business 1996.

Treaties—List of multilateral treaty action under negotiation or consideration by the Australian Government.

The following documents were tabled by the Clerk:

Banks (Shareholdings) Act—Regulations—Statutory Rules 1996 Nos 257-259.

Bankruptcy Act—Rules—Statutory Rules 1996 No. 252.

Corporations Act—Regulations—Statutory Rules 1996 No. 251.

Family Law Act—Regulations—Statutory Rules 1996 No. 253.

Federal Court of Australia Act—Regulations—Statutory Rules 1996 No. 254.

Industrial Relations Act—Rules of Court—Statutory Rules 1996 No. 262.

Judiciary Act—Rules of Court—Statutory Rules 1996 No. 260.

Remuneration Tribunal Act—Determination No. 16 of 1996.

Student and Youth Assistance Act—Regulations—Statutory Rules 1996 No. 255.

Wheat Marketing Act—Regulations—Statutory Rules 1996 No. 256.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Tourism: Environmental Protection and Management

(Question No. 262)

Senator Murray asked the Minister representing the Minister for Industry, Science and Tourism, upon notice, on 11 October 1996:

(1) Is there a joint Government/industry working group or committee currently in operation, through or in conjunction with the Tourism Council of Australia, which is looking at environmental protection and management as it relates to the tourism industry.

(2)(a) What is the name of the working group; (b) what are the objectives or terms of reference of the working group; (c) who is representing the Government on the working group; (d) at what stage is the working group in fulfilling its objectives or terms of reference; (e) how is the working group conducting its deliberations; (f) is the working group receiving submissions; if so, from whom; (g) is the working group conducting hearings; if so: (i) are they open or closed, and (ii) with whom are the hearings taking place; and (h) has the working group or committee published any findings or interim findings.

(3)(a) What are the key recommendations of the National Strategy for Ecologically Sustainable Development in relation to tourism; (b) who is responsible for the implementation of these recommendations; and (c) how are they being implemented.

(4)(a) What are the key recommendations of the National Tourism Strategy in relation to the environment; (b) who has responsibility for implementing the recommendations; and (c) how are they being implemented.

Senator Parer—The Minister for Industry, Science and Tourism has provided the following answer to the honourable senator's question:

(1) No joint committee has been established, but an officer from the Department is represented on Tourism Council Australia's Environment Committee and the Department is represented from time to time on committees established by the industry dealing with environmental protection and management as it relates to the tourism industry.

(2) Not applicable for parts (a) to (h).

(3)(a) Information on this question is contained in Chapter 7 of the National Strategy for Ecologically Sustainable Development, Commonwealth of Australia 1992.

(b) Responsibility for implementing tourism recommendations of the National Strategy for Ecologically Sustainable Development rests primarily with both the State/Territory and Commonwealth Tourism Ministers in consultation with other Ministers as appropriate, depending on the objectives of the recommendations.

(c) The recommendations are being implemented in accordance with the National Strategy for Ecologically Sustainable Development and as described in the Reports on the Implementation of the National Strategy for Ecologically Sustainable Development, Commonwealth of Australia, December 1993 and July 1996.

(4)(a) Information on this question is contained in Chapter 7 of Tourism: Australia's Passport to Growth, A National Tourism Strategy, Commonwealth of Australia 1992.

(b) The previous government's National Tourism Strategy is currently under review in the context of broader government policy.

(c) Information on this question is contained in 2(b).

Radiocommunications Equipment

(Question No. 270)

Senator Allison asked the Minister for Communications and the Arts, upon notice, on 17 October 1996:

(1) What are the terms of reference of the Inquiry into the Health Effects of mobile Phones and Other Radiocommunications Equipment, and are they to be made public.

(2) How will the committee which will oversee the inquiry, announced on 15 October 1996, be appointed and will it have representation by all interested parties.

(3) Why has the Government allocated a 4-year time frame for the inquiry.

(4) What percentage of the mobile phone tower network will have been created within 4 years.

(5) Can a breakdown be provided of how the $4.5 million will be used.

(6) Will the terms of the inquiry include the health effects of high voltage power lines.

(7) Is the Government's contribution to the World Health Organisation's re-examination of existing research to be funded from this $4.5 million.

Senator Alston—The answer to the honourable senator's question is as follows:

(1) The Government is providing $1m per year over the next 4.5 years ($4.5 million) to implement a research and information program to address community concerns about exposure to electromagnetic energy (EME) occurring in the radiofrequency (RF) range of the spectrum.

The program involves the public dissemination of up-to-date information about RF EME public health issues; continuing Australian participation in the World Health Organisation's project to assess the health and environmental effects of EME exposure; and the establishment of an Australian research program to examine RF EME issues of particular relevance to the Australian environment, to complement overseas research activities.

(2) The RF EME program will be coordinated by the officials committee on EME Public Health Issues. The committee currently comprises representatives from the Departments of Communications and the Arts and of Health and Family Services, the Spectrum Management Agency, AUSTEL, the Australian Radiation Laboratory, the Therapeutic Goods Administration and the CSIRO.

(3) The Government plans to review the RF EME program in 1999/2000 in accordance with normal program review processes. The Government considers that the timeframe it has established will provide appropriate information necessary for a meaningful assessment of the program.

(4) I am advised that the development of the mobile phone towers networks is based on, among other things, the market penetration of mobile phones. As the networks are constantly evolving and it is difficult to anticipate what customer demands will be, it is not possible to predict the size of the networks in four year's time.

I am advised that the market in Australia has the potential to double by the year 2000.

(5) The RF EME program has been allocated $1m per year over the next four years, plus a pro rata amount of $500,000 for the remainder of the 96/97 financial year. As stated above, the RF EME program has 3 elements: public information, WHO participation and research. The bulk of the money will be spent on research.

(6) The RF EME strategy is specifically targeted at addressing issues relating to the 100 kHz to 300 GHz range of the radiofrequency spectrum. Power lines are a separate issue. Power lines operate in a much lower frequency range and consequently interact in very different ways. I am advised that the electricity industry has its own research and information program in place.

(7) As stated in the joint media release of 15 October, the RF EME program will fund continuing Australian participation in the World Health Organisation International Electromagnetic Field Project.

Foreign Military Personnel: Training in Australia

(Question No. 285)

Senator Margetts asked the Minister representing the Minister for Defence, upon notice, on 29 October 1996:

(1)(a) How many Bangladeshi military personnel have been trained in Australia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; (c) what are the names and positions of the personnel trained; and (d) which military college or institution provided that training.

(2)(a) How many Bangladeshi military personnel have been trained by Australians in Bangladesh for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; and (c) what are the names and positions of the personnel trained.

(3)(a) How many Thai military personnel have been trained in Australia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; (c) what are the names and positions of the personnel trained; and (d) which military college or institution provided that training.

(4)(a) How many Thai military personnel have been trained by Australians in Thailand for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; and (c) what are the names and positions of the personnel trained.

(5)(a) How many Papua New Guinean military personnel have been trained in Australia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this person-

nel; (c) what are the names and positions of the personnel trained; and (d) which military college or institution provided that training.

(6)(a) How many Papua New Guinean military personnel have been trained by Australians in Papua New Guinea for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; and (c) what are the names and positions of the personnel trained.

(7)(a) How many Malaysian military personnel have been trained in Australia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; (c) what are the names and positions of the personnel trained; and (d) which military college or institution provided that training.

(8)(a) How many Malaysian military personnel have been trained by Australians in Malaysia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; and (c) what are the names and positions of the personnel trained.

(9)(a) How many Philippines military personnel have been trained in Australia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; (c) what are the names and positions of the personnel trained; and (d) which military college or institution provided that training.

(10)(a) How many Philippines military personnel have been trained by Australians in the Philippines for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; and (c) what are the names and positions of the personnel trained.

(11)(a) How many Indonesian military personnel have been trained in Australia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; (c) what are the names and positions of the personnel trained; and (d) which military college or institution provided that training.

(12)(a) How many Indonesian military personnel have been trained by Australians in Indonesia for the 1994-95 and 1995-96 financial years and what are the projected figures for the 1996-97 financial year; (b) what is the nature of the training of this personnel; and (c) what are the names and positions of the personnel trained.

Senator Newman—The Minister for Defence has provided the following answer to the honourable senator's question:

(1) to (12) The nature of training provided to Bangladeshi, South East Asian and Papua New Guinean military personnel falls into the following broad areas: professional military skills; technical skills; officer development; management; language training; and training techniques. I do not intend to discuss the details of individual personnel trained by the Australian Defence Force (ADF).

Data for the training provided to Bangladeshi, Thai, Papua New Guinean, Malaysian, Philippines and Indonesian military personnel by the ADF in Australia, and in the countries concerned, is given in the following tables.

Training Provided to Bangladesh Military Personnel in Australia

Establishment	1994-95	1995-96	1996-97 (Est'd)
Navy			
HMAS *Cerberus*, Jervis Bay	1	-	1
Army			
Land Warfare Centre, Canungra	-	-	1
Air Force			
Directorate of Flying Safety, Canberra	1	-	-
Total	2	-	2
Training provided to Malaysian Military Personnel in Australia by Navy (RAN)			
HMAS *Cerberus*, Melbourne	3	4	3
HMAS *Watson*, Sydney	1	1	1
HMAS *Penguin*, Sydney	6	4	5
HMAS *Creswell*, Jervis Bay	1	4	4

Establishment	1994-95	1995-96	1996-97 (Est'd)
Training Centre East, Sydney	1	3	3
HMAS *Stirling*, Perth	-	2	2
HMAS *Albatross*, Nowra	-	-	1
Total Navy	12	18	19
Training provided to Malaysian Military Personnel in Australia by Army			
Army Logistic Training Centre, Bandiana	4	2	7
Army Training and Technology Centre, Mosman	-	1	1
Australian Defence Force Helicopter School, Fairbairn	-	-	2
1 Commando Regiment, Mosman	-	-	1
Air Movement Training and Development Unit, Richmond	-	-	12
Army Maritime School, Mosman	1	-	1
Army Command and Staff College, Queenscliff	2	2	2
Defence Force School of Music, Watsonia	1	-	2
Land Warfare Centre, Canungra	1	-	-
Military Police School, Ingleburn	-	2	1
Parachute Training Centre, Nowra	-	1	1
Royal Military College, Duntroon	2	2	2
School of Armour, Puckapunyal	-	2	-
School of Army Aviation, Oakey	-	1	-
School of Artillery, North Head	2	1	-
School of Infantry, Singleton	1	1	-
School of Military Engineering, Holsworthy	3	1	1
School of Military Intelligence, Canungra	3	1	4
School of Signals, Watsonia	1	-	-
School of Military Survey, Bendigo	-	1	-
Special Air Services Regiment, Swanbourne	-	-	11
Total Army	21	18	48
Training provided to Malaysian Military Personnel in Australia by Air Force (Royal Australian Air Force)			
Logistics Command, Williams	-	3	-
RAAF College, Williams	2	-	-
36 Squadron, Richmond	9	-	14
Air Movements Training and Development Unit, Richmond	2	2	-
503 Wing, Richmond	5	3	4
School of Air Traffic Control, East Sale	4	-	4
School of Air Navigation, East Sale	3	-	-
School of Photography, East Sale	-	1	1
Directorate of Flying Safety, Canberra	-	1	2
RAAF Staff College, Fairbairn	1	1	1
481 Wing, Williamtown	-	4	-
RAAF School of Technical Training, Wagga	6	3	7
1 Central Ammunition Depot, Orchard Hills	2	4	3
RAAF Security & Fire School, Amberley	1	2	3
501 Wing, Amberley	4	4	2
Aircraft Research & Development Unit, Edinburgh	-	3	-
Total Air Force	39	31	41
Training provided to Malaysian Military Personnel in Australia by Central Defence and Other Organisations			
Australian Defence Force Academy, Canberra	4	7	8

Establishment	1994-95	1995-96	1996-97 (Est'd)
Australian College of Defence and Strategic Studies, Canberra	1	1	1
Joint Services Staff College, Canberra	4	4	4
Australian Defence Warfare Centre, Williamtown	12	14	12
HMAS *Creswell*, Jervis Bay	1	1	1
Integrated Logistic Support Management, Canberra	0	8	4
Monash Mount Eliza Business School, Melbourne	0	1	0
Total Central	22	36	30
Total Training in Australia	94	103	138
Training provided to Malaysian Military Personnel In-Country			
Army			
School of Infantry, Singleton	16	-	-
Air Force:			
Air Base Butterworth	-	1	-
Qualified Flying Instructor, Alor Setar	-	*	*
English Language Instructor, Alor Setar	-	-	*
Training Technology Development Project at Institut Latihan Ikhtisas TUDM, Penang	-	75	-
Total training in-country	16	76+	*
Note: * Training numbers for this activity not available. Training is conducted in Malaysian establishments and figures are not readily available from their systems.			
Total training for Malaysia	110	179+	138
Training provided to Thai Military Personnel in Australia by Navy (RAN)			
HMAS *Cerberus*, Melbourne	3	-	2
HMAS *Watson*, Sydney	-	-	2
HMAS *Penguin*, Sydney	4	3	4
HMAS *Creswell*, Jervis Bay	-	-	4
Training Centre East, Sydney	-	-	9
Total Navy	7	3	21
Training provided to Thai Military Personnel in Australia by Army			
Army Logistic Training Centre, Bandiana	10	7	9
Army Training and Technology Centre, Sydney	4	-	3
Australian Defence Force Academy, Canberra	-	6	-
1 Commando Regiment, Mosman	2	5	2
Army Command and Staff College, Queenscliff	2	4	1
Land Command Battle School, Tully	40	-	40
Land Warfare Centre, Canungra	4	-	3
Military Police School, Ingleburn	1	-	1
Royal Military College, Duntroon	2	2	1
School of Armour, Puckapunyal	1	1	1
School of Army Aviation, Oakey	-	-	1
School of Artillery, North Head	4	2	9
School of Infantry, Singleton	2	6	3
School of Military Engineering, Holsworthy	10	2	5
School of Military Intelligence, Canungra	5	5	6
School of Signals, Watsonia	1	-	3
Special Air Services Regiment, Swanbourne	-	-	2
School of Military Survey	4	-	-
School of Army Health	1	-	-

Establishment	1994-95	1995-96	1996-97 (Est'd)
Total Army	93	40	90
Training provided to Thai Military Personnel in Australia by Air Force (RAAF)			
RAAF College, Williams	2	-	1
36 Squadron, Richmond	-	9	-
Air Movements Training and Development Unit, Richmond	-	2	-
503 Wing, Richmond	4	-	1
3 Hospital, Richmond	1	-	1
School of Air Traffic Control, East Sale	-	2	-
School of Air Navigation, East Sale	1	1	-
Directorate of Flying Safety, Canberra	-	-	1
RAAF Staff College, Fairbairn	2	1	1
RAAF School of Management & Training Technology, Wagga	2	-	1
RAAF School of Technical Training, Wagga	2	-	3
1 Central Ammunition Depot, Orchard Hills	-	2	1
RAAF Security & Fire School, Amberley	-	3	1
501 Wing, Amberley	-	-	2
Institute of Aviation Medicine, Edinburgh	2	1	3
Combat Survival Training School, Townsville	2	-	1
Total Air Force	18	21	17
Training provided to Thai Military Personnel in Australia by Central Defence and Other Organisations			
Australian Defence Force Academy, Canberra	9	20	14
Australian College of Defence and Strategic Studies, Canberra	1	1	1
Australian Defence Force Warfare Centre, Williamtown	6	14	14
Joint Services Staff College, Canberra	2	2	2
Integrated Logistic Support Management, Canberra	-	5	2
Monash Mount Eliza Business School, Melbourne	3	2	3
Australian National University, Canberra	3	2	-
Total Central	24	46	36
Total Training in Australia	142	110	164
Training provided to Thai Military Personnel In-Country			
Army			
Directorate of Infantry—Army	16	-	-
School of Military Engineering, Holsworthy	21	-	-
Land Command Battle School	-	60	-
Air Force:			
Qualified Flying Instructor at Royal Thai Air Force Flying School	*	*	*
Total training in-country	37+	60+	-
Note:* Training numbers for this activity not available. Training is conducted in Thai establishments and figures are not readily available from their systems.			
Total training for Thailand	179	170	164
Training provided to Philippines Military Personnel in Australia by Navy (RAN)			
HMAS *Cerberus*, Melbourne	2	7	5
HMAS *Watson*, Sydney	-	2	-
HMAS *Penguin*, Sydney	4	3	3
HMAS *Creswell*, Jervis Bay	-	3	3

Establishment	1994-95	1995-96	1996-97 (Est'd)
Training Centre East, Sydney	2	3	6
RAN Missile Maintenance Establishment, Kingswood	-	-	12
Total Navy	8	18	29
Training provided to Philippines Military Personnel in Australia by Army			
Army Logistic Training Centre, Bandiana	3	10	9
Army Training and Technology Centre, Sydney	8	-	1
Army Command and Staff College, Queenscliff	2	1	1
Land Command Battle School, Tully	-	35	0
Land Warfare Centre, Canungra	1	2	1
Military Police School, Ingleburn	2	2	1
Royal Military College, Duntroon	1	1	1
School of Armour, Puckapunyal	2	1	1
School of Artillery, North Head	1	2	2
School of Infantry, Singleton	6	5	4
School of Military Engineering, Holsworthy	1	2	-
School of Military Intelligence, Canungra	4	3	2
School of Signals, Watsonia	2	-	1
School of Military Survey, Bendigo	1	-	-
Total Army	34	64	24
Training provided to Philippines Military Personnel in Australia by Air Force (RAAF)			
RAAF College, Williams	3	2	2
36 Squadron, Richmond	10	-	5
503 Wing, Richmond	8	4	-
3 Hospital, Richmond	2	1	2
School of Air Traffic Control, East Sale	1	-	-
Directorate of Flying Safety, Canberra	1	2	2
RAAF Staff College, Fairbairn	1	1	1
RAAF School of Management & Training Technology, Wagga	4	2	4
RAAF School of Technical Training, Wagga	-	1	2
1 Central Ammunition Depot, Orchard Hills	2	2	1
RAAF Security & Fire School, Amberley	-	1	1
501 Wing, Amberley	1	1	1
Institute of Aviation Medicine, Edinburgh	-	1	-
Total Air Force	33	18	21
Training provided to Philippines Military Personnel in Australia by Central Defence and Other Organisations			
Australian Defence Force Academy, Canberra	4	4	3
Australian College of Defence and Strategic Studies, Canberra	1	1	1
Australian Defence Force Warfare Centre, Williamtown	12	12	12
Joint Services Staff College, Canberra	2	2	2
Integrated Logistic Support Management, Canberra	-	1	6
Monash Mount Eliza Business School, Melbourne	4	3	3
Australian National University, Canberra	1	2	2
Total Central	24	25	29
Total training in Australia	99	125	103
Training provided to Philippines Military Personnel In-Country			
Army			

Establishment	1994-95	1995-96	1996-97 (Est'd)
Army Logistic Training Centre, Bandiana	20	-	-
Army Training Command, Sydney	-	30	80
Land Command Battle School, Tully	-	-	40
Total training in-country	20	30	120
Total training for the Philippines	119	155	223
Training provided to Indonesian Military Personnel in Australia by Navy (RAN)			
HMAS *Cerberus*, Melbourne	3	1	2
HMAS *Watson*, Sydney	-	1	1
HMAS *Penguin*, Sydney	5	2	4
HMAS *Creswell*, Jervis Bay	-	1	-
Training Centre East, Sydney	1	2	-
RAN Missile Maintenance Establishment, Kingswood	-	-	12
Total Navy	9	7	19
Training provided to Indonesian Military Personnel in Australia by Army			
Army Logistic Training Centre, Bandiana	1	-	-
Army Training and Technology Centre, Sydney	-	1	1
ADF Helicopter School, Fairbairn	-	1	-
Army Command and Staff College, Queenscliff	2	1	1
Land Command Battle School, Tully	-	41	40
School of Armour, Puckapunyal	2	2	2
School of Artillery, North Head	5	3	6
School of Infantry, Singleton	2	1	2
School of Military Engineering, Holsworthy	1	2	-
School of Military Intelligence, Canungra	-	8	1
School of Signals, Watsonia	3	1	1
Land Warfare Centre, Canungra	46	-	-
School of Aviation, Oakey	-	19	-
School of Army Health	1	-	-
Special Air Service Regiment	25	-	-
Total Army	88	80	54
Training provided to Indonesian Military Personnel in Australia by Air Force (RAAF)			
36 Squadron, Richmond	-	-	14
503 Wing, Richmond	4	-	-
3 Hospital, Richmond	-	1	1
School of Air Navigation, East Sale	-	2	3
Central Flying School, East Sale	-	1	1
Directorate of Flying Safety, Canberra	-	2	1
RAAF Staff College, Fairbairn	2	1	1
RAAF School of Management & Training Technology, Wagga	1	4	3
RAAF School of Technical Training, Wagga	-	-	3
501 Wing, Amberley	2	2	4
Institute of Aviation Medicine, Edinburgh	-	2	3
Total Air Force	9	15	34
Training provided to Indonesian Military Personnel in Australia by Central Defence and Other Organisations			
Australian Defence Force Academy, Canberra	2	-	4
Australian College of Defence and Strategic Studies, Canberra	2	2	2

Establishment	1994-95	1995-96	1996-97 (Est'd)
Australian Defence Force Warfare Centre, Williamtown	7	8	14
Joint Services Staff College, Canberra	4	4	4
Integrated Logistic Support Management, Canberra	-	-	2
Royal Melbourne Institute of Technology	2	-	-
University of Wollongong	4	-	-
HMAS *Creswell*, Jervis Bay	1	1	1
Defence Science & Technology Organisation, Canberra	-	12	13
Total Central	22	27	40
Total training in Australia	128	129	147
Training provided to Indonesian Military Personnel In-Country			
Navy			
Navy Staff and Command School, Jakarta	32	-	1
Army			
Directorate of Infantry, Army, Singleton	-	70	-
Army Headquarters, Canberra	-	24	-
Land Command Battle School, Tully	-	-	40
Air Force:			
Flying Safety Workshop, Headquarters TNI-AU, Jakarta	-	67	-
Total training in-country	32	161	41
Total training for Indonesia	160	290	188
Training provided to Papua New Guinean Military Personnel in Australia by Navy (RAN)			
HMAS *Cerberus*, Melbourne	2	3	2
HMAS *Watson*, Sydney	10	5	3
HMAS *Penguin*, Sydney	1	4	1
HMAS *Creswell*, Jervis Bay	1	-	-
Training Centre East, Sydney	6	-	-
Total Navy	20	12	6
Training provided to PNG Military Personnel in Australia by Army			
Army Logistic Training Centre, Bandiana	24	22	27
Army Training Technology Centre, Sydney	2	-	-
ADF Helicopter School, Fairbairn	-	3	-
17 Const Sqn, RAAF Scherger	-	9	9
Army Malarial Research Unit, Holsworthy	-	-	1
Land Warfare Centre, Canungra	3	4	6
Royal Military College, Duntroon	12	10	10
School of Army Aviation, Oakey	9	-	2
School of Infantry, Singleton	2	1	2
School of Military Engineering, Holsworthy	4	9	14
School of Military Intelligence, Canungra	3	2	2
School of Signals, Watsonia	2	-	3
Command and Staff College, Queenscliff	2	1	2
School of Army Health, Portsea	2	-	-
Soldiers Career Management Agency, Melbourne	2	-	-
Army School of Transport	1	-	-
Total Army	68	61	78
Training provided to PNG Military Personnel in Australia by Air Force (RAAF)			
RAAF College, Point Cook	2	-	-
6 Hospital, RAAF Williams	3	1	-
503 Wing, Richmond	1	-	-

Establishment	1994-95	1995-96	1996-97 (Est'd)
Central Flying School, East Sale	-	1	-
RAAF Staff College, Fairbairn	1	1	1
RAAF School of Management & Training Technology, Wagga	2	-	-
RAAF School of Technical Training, Wagga	7	-	-
501 Wing, Amberley	2	-	-
Institute of Aviation Medicine, Edinburgh	-	1	-
Total Air Force	18	4	1
Training provided to PNG Military Personnel in Australia by Central Defence and Other Organisations			
Australian Defence Force Academy, Canberra	3	2	1
Australian Defence Warfare Centre, Williamtown	2	1	2
Joint Services Staff College, Canberra	1	1	3
HMAS *Creswell*, Jervis Bay	1	1	-
Australian Maritime College	26	-	-
Total Central	33	5	6
Total training in Australia	139	82	91
Training provided to PNG Military Personnel In-Country			
Navy			
HMAS *Cerberus*, Melbourne	20	-	-
Army			
School of Signals, Watsonia	38	-	-
RAEME Training Centre, Bandiana	36	-	-
Directorate of Psychology—Army, Canberra	10	-	-
Army Logistic Training Centre, Bandiana	-	40	-
Land Warfare Centre, Canungra	-	24	20
Australian Maritime College	-	-	12
Total training in-country	104	64	32
Total training for Papua New Guinea	243	146	123

Second World War: Australian Servicemen Killed and Buried in Indonesia

(Question No. 293)

Senator Neal asked the Minister representing the Minister for Defence, upon notice, on 1 November 1996:

(1) What arrangements has the Department made to investigate and confirm the documentary evidence provided by Major Tom Hall RFD ED since 1992, to the Department and the Chief of the General Staff of the Australian Army, regarding the unmarked graves of Australian and American servicemen, killed and buried in Indonesia by Japanese forces in a series of war crimes, during the Second World War.

(2) Can detailed information be provided as to what steps have been taken by the Department to investigate and confirm the documentary evidence provided by Major Tom Hall to date.

(3) Can an outline be provided of what steps in the investigation of that evidence remain, if any.

(4) Can an estimate be provided of when the investigations of the documentary evidence provided by Major Tom Hall will be completed.

(5) Can a detailed explanation be provided of any delay which the department has encountered in its investigations and the cause of any such delay.

Senator Newman—The Minister for Defence has provided the following answer to the honourable senator's question:

(1) Major Tom Hall has been researching since 1958, the events of Operation Rimau, which was one of a number of raids conducted as special operations during the Second World War. In response to Major Hall, the Department has acted on a number of matters related to Operation Rimau. The Department organised, in conjunction with the Department of Veterans' Affairs and the Royal Navy, the identification and burial of two members of Operation Rimau at Kranji War Cemetery,

Singapore on 27 August 1994. The two members of the operation were killed by the Japanese on Merapas Island, south of Singapore in late 1944. The Department has also provided legal advice regarding current legislation and Military law relating to alleged war crimes.

The statement that Major Hall has provided documentary evidence to the Department of Defence since 1992 is not strictly correct. Correspondence from Major Hall to the Department of Defence commenced on this matter in mid February 1993. His letter included as attachments, copies of letters that Major Hall had sent to and received from the Commonwealth War Graves Commission and the Office of Australian War Graves. Major Hall sought action from the Department when he wrote to the Minister for Defence on 20 March 1995, clearly stating that he was seeking assistance from the Minister to have commemorative markers placed at the burial sites that he had identified during his research.

Major Hall provided a summary of his research to Army Headquarters in late January 1996 after a request from the Office of the Minister for Defence to provide any further information he may have on the matter. This summary covered the events that led to the deaths and burial of certain members of Operation Rimau at Dili and Surabaya, Indonesia. Documentary evidence was provided in a letter that Major Hall sent to the Chief of the General Staff dated 8 August 1996. This evidence was in the form of photocopies of interrogation reports recorded by War Crimes investigators.

(2) As a result of the information provided by Major Hall, the Army Attache in Jakarta undertook a visit to Dili, Timor in the period 8-15 October 1995, to search for the grave sites of Warrant Officer Second Class Jeffery Willersdorf and Lance Corporal Hugo Pace, as well as another Australian, Lieutenant Eric Liversidge who had not been involved in Operation Rimau. With the information provided by Major Hall, and with the help of the Indonesian authorities and an elderly Dili resident, the Army Attache visited the suspected site of the burial at Tiabesse, Dili. Unfortunately, he found no visible signs of the graves of the Operation Rimau men or of those of the Timor natives who Major Hall described as having been buried in the same area. A copy of the Army Attache's report was provided to Major Hall on 17 January 1996.

Additionally, following receipt of the summary of information provided by Major Hall in late January 1996, a member of the Army History Section visited Major Hall's residence on 26 February 1996 and spent eight hours examining some of the source documents which Major Hall has obtained during his lengthy research. Following this visit, the Army Historian suggested that Major Hall should visit Canberra, at the Department's expense, to discuss the way ahead in progressing the issue. The invitation was extended in a letter to Major Hall dated 15 May 1996. Major Hall has not replied to this invitation.

(3) The process for investigating the validity of information provided to the Department concerning the location of remains of Australians listed as missing-in-action is initiated by the investigation of documentary information provided.

Once reasonable cause is established, further investigation is initiated. In this case, the Army requested investigation by the Army Attache, Jakarta. The Departmental policy requires that 'investigating authorities must assess the feasibility of successfully recovering any remains given the information provided, the size of the area to be searched, sensitivity to local issues (for example, the need to disturb other grave sites in order to recover unknown remains) and the reliability of the informant'.

In regard to marking the graves of Australians and Americans killed at Surabaya Java, Major Hall advised the Department that the area where he suspects the remains are located is in a restricted Indonesian Naval Base. To date, action has not started to progress this search of the naval base due to the sensitivity of the site and a lack of hard evidence to support an approach to the Indonesian authorities. However, should investigations lead Army to accept Major Hall's claim, contact would be made with Indonesian authorities and local organisations to gain permission to place commemorative markings in part of a cemetery that lies close to the restricted area.

(4) The investigation of the documentary evidence will be completed following the Army Attache, Jakarta revisiting Dili in late December 1996 and visiting Surabaya. No date has been set for the visit to Surabaya at this stage, but it is expected that a visit may be organised early in 1997, subject to the approval of Indonesian authorities. The Army Attache has been requested to advise the Department of the practicality of placing commemorative markers in a suitable location near the burial sites. Following this advice, the options will be examined, in consultation with the Department of Veterans' Affairs and other interested parties. Because of the need for consultation, it is unlikely that a decision would be reached before mid-1997.

(5) There have been delays in the investigation of matters referred to the Department of Defence by Major Tom Hall. For example, the Army Attache's visit to Dili was delayed on two occasions by local authorities. In the main, however, the Department has endeavoured to keep Major Hall advised of progress by telephone calls and by letter, the last being sent to Major Hall on 31 October 1996. Major Hall may have, albeit unintentionally,

contributed to the delay by having initiated correspondence with several different areas of the Department, thereby creating some uncertainty as to the manner in which it should be dealt with.

Comcar

(Question No. 320)

Senator Bolkus asked the Minister representing the Prime Minister, upon notice, on 20 November 1996:

(1)(a) Is it a fact that Comcar was rarely used during the visit to Australia by the President of the United States of America (Mr Clinton); and (b) is it a fact that no Comcar was used for official presidential requirements in Sydney and only 5 cars were used in Canberra.

(2) Was it a decision of the department not to use Comcar or did the Department of Administrative Services indicate that they did not have enough resources or could not for some other reason do the job.

(3) What was the reason of either department not to use Comcar.

Senator Hill—The Prime Minister has provided the following answer to the honourable senator's question:

(1) The Department of the Prime Minister and Cabinet liaised with Comcar in the usual way with regard to transport requirements for the visit. The breakdown of vehicles provided is as follows:

Canberra
Motorcade
Comcar vehicles = 8
Comcar arranged contractor vehicles = nil
Ancillary vehicles
Comcar vehicles = 10
Comcar arranged contractor vehicles = 2
Sydney
Motorcade
Comcar vehicles = 2
Comcar arranged contractor vehicles = 4
Ancillary vehicles
Comcar vehicles = 4
Comcar arranged contractor vehicles = 1
Port Douglas
Motorcade
Comcar vehicles = nil
Comcar arranged contractor vehicles = nil
Ancillary vehicles
Comcar vehicles = nil
Comcar arranged contractor vehicles = 6

(2) As stated above, the Department of Prime Minister and Cabinet dealt with Comcar in the usual way with regard to transport requirements for the visit. As is the case with any visit by the President (whether within or outside the United States of America), the United States Government provides their own vehicles for the use of the President and Mrs Clinton and other members of the party. Accordingly, no Comcars were used for the President or Mrs Clinton (as was the case for the visit by President Bush in 1992).

In accordance with the guidelines covering Guest of Government visits at Head of State level, the Australian Government offered to provide four vehicles to the visiting party. That offer was accepted. Additional vehicles beyond those provided by the United States Government and those provided by Comcar, were arranged by the United States Government direct with Australian hire car companies.

(3) See answer to (2)

Visit to Canberra by the President of the United States of America

(Question No. 335)

Senator Brown asked the Minister representing the Prime Minister, upon notice, on 25 November 1996:

With reference to the visit to Canberra by the President of the United States of America (Mr Clinton):

(1) Were private hire cars used in the presidential cavalcade in preference to Comcars.

(2) If private cars were used: (a) were the drivers of the cars adequately trained, and by whom; (b) what was the cost of such training and who paid it; (c) what was the overall cost of hire and incidentals; (d) were no Comcar vehicles or personnel available; (e) if a Comcar alternative was available, it being the case that such personnel are already trained for such duties, why was it not used; (f) which hire car companies were used; and (g) from which cities did the cars originate.

Senator Hill—The Prime Minister has provided the following answer to the honourable senator's question:

(1) The motorcades in Canberra and Sydney consisted of some vehicles provided by the United States Government, some vehicles provided by Comcar, and the remainder were vehicles hired from commercial hire car operators by the United States Government. There are no Comcar vehicles in Cairns/Port Douglas.

(2)(a), (b), (c), (f), and (g) The use of hire cars was a commercial transaction between the United States Government and the hire car company(ies). I am therefore unable to answer these questions.

(d) Comcar vehicles and personnel were available and were used in Canberra and Sydney.

(e) For an official visit by any Head of State, the Australian Government provides four vehicles for the use of the party. On the occasion of the visit by President Clinton, four Comcar vehicles, or Comcar arranged contractor vehicles, were provided in accordance with the normal guidelines.