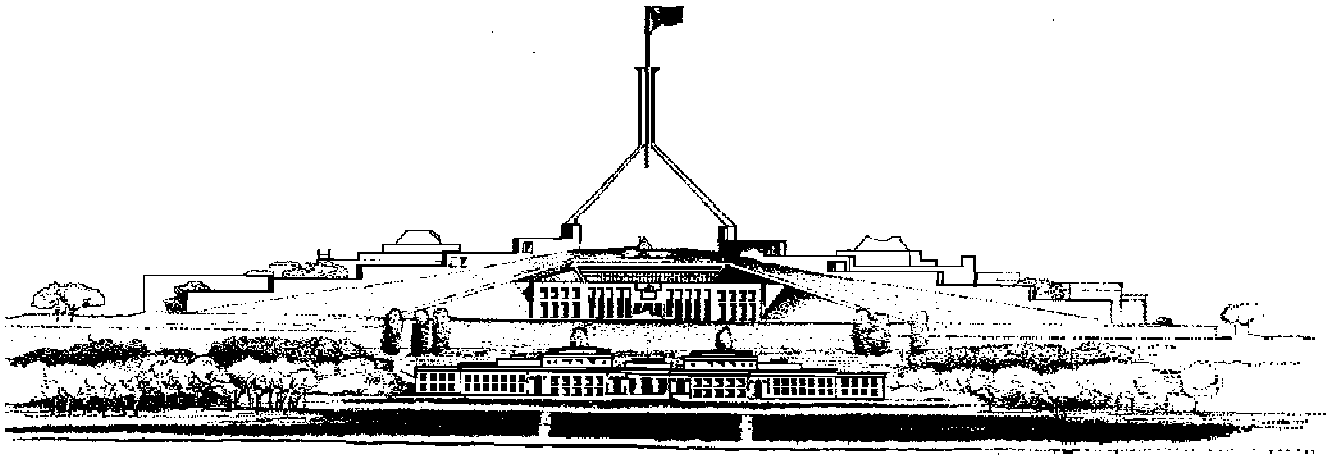
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



SENATE

Official Hansard

MONDAY, 23 NOVEMBER 1998

THIRTY-NINTH PARLIAMENT
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE SENATE
CANBERRA

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Monday, 23 November 1998

The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 12.30 p.m., and read prayers.

CHILD SUPPORT LEGISLATION AMENDMENT BILL 1998

First Reading

Bill received from the House of Representatives.

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

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

Bill read a first time.

Second Reading

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (12.31 p.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The Child Support Legislation Amendment Bill 1998 contains substantial measures which form part of the major reform package to the Child Support Scheme announced by the Government on 30 September 1997.

The package addresses most of the concerns raised by the Joint Select Committee on Certain Family Issues and underscores the fundamental principle that parents are primarily responsible for the financial support of their children. The Government, through these measures, will not intrude unnecessarily into people's lives. It provides a safety net to ensure children are adequately supported and the community does not carry an undue burden.

Parents' capacity to provide financial support

The administrative formula will be modified by increasing the liable parent's exempted income, including an allowance for a shared care child and reducing a carer's disregarded income. It also increases a parent's taxable income by adding back rental property losses and including exempt foreign employment income. Child support payable by a parent with a subsequent family will reduce the income used in calculating Family Allowance entitlement

The bill introduces a minimum child support liability of $260, including provision to withhold from income support payments.

It also provides for a more accurate assessment through using the most current taxable income, thereby eliminating the requirement to apply an inflation factor. In addition the date by which a person may lodge an estimate of income is extended to 31 July and the Registrar will be able to reject an estimate where it does not accurately reflect the person's income.

Assessments are to be modified to take into account certain kinds of parents' agreements as to care arrangements, both factual and lawful daily care of a child and a step-child where a liable parent has a legal duty to maintain the step-child.

The bill reduces the complexity of the departure from assessment process, clarify the rights of parents to exchange information and the circumstances under which hearings will be granted. The Registrar will be able to initiate a departure when satisfied that a parent's financial circumstances are not accurately reflected in their child support assessment.

Parents' rights and responsibilities

The bill will provide the following rights:

. either parent may apply for an administrative assessment of child support

. the Registrar may suspend disbursement of child support where the Family Court has been asked to make a decision

. parents may choose privately pay and collect child support by agreement at any time and the Registrar may require parents to move to private collection where satisfied that regular payments are likely to continue

. a parent may elect to end their administrative assessment where the Secretary to the Department of Social Security has granted an exemption

. a child support assessment or agreement may continue until the end of the school year if a child turning 18 is a full-time student

. information shown on an assessment notice in relation to children of a liable parent will be limited

. parents may object to all decisions of the Registrar made in relation to administrative assessments

. greater onus on parents to notify changes in circumstances.

Flexible and streamlined administration

The bill contains improvements to streamline administration of the Scheme and provides greater flexibility to meet parents' particular circumstances. These improvements include:

. removing retrospectivity in relation to the commencement of a liability
. enhancing payment options for liable parents
. providing flexibility in how information is provided
. allowing the Registrar to offset debts between parents.

Non agency payments

Arrangements for direct (non-agency) payments in lieu of a child support liability have been changed in order to make them more flexible and allow payers more choice in the form in which child support is paid by them, while protecting payees and meeting the basic needs for children.

The important reforms in this bill will represent the second stage of this Government's response to the Joint Select Committee on Certain Family Law Issues. Other changes were introduced in 1997.

I commend the bill to the Senate.

Senator WOODLEY (Queensland) (12.32 p.m.)—I am happy to speak first on the Child Support Legislation Amendment Bill 1998. The bill we are considering today introduces a number of changes to the Child Support Scheme, most of which the Democrats welcome. I have found this bill to be one of the most difficult and most controversial pieces of legislation that I have had to deal with in my time as a senator. That is because there is personal involvement of so many people. In a sense, everyone has a personal involvement or experience to relate in relation to child support, divorce or issues to do with the custody and support of children.

The subject matter is highly emotive, and I have had a great many very distressing phone calls from both custodial and non-custodial parents and their partners. I cannot underline that strongly enough because, in a sense, this legislation goes to the very deepest meaning of what it is to be human—that is, it goes to relationships between husbands and wives or between partners, the future of children and their custody, et cetera. There is nothing more emotive or closer to the heart of people than this issue. I presume that every senator, every parliamentarian, in this place has had those same phone calls. The problem for us is that they come from both sides of the debate, so it is very difficult to get a balance between the phone calls.

It is not possible for any of us to deal with the contents of this bill in a completely neutral and objective way. I am sure that we are influenced, at least to some extent, by our own life experiences—no matter how hard we try not to be. If today we were asked to declare our own personal interest in this bill, I am sure that the majority of us—if we were honest—would have something to declare. Certainly, both in my professional and in my personal life I have experiences which reflect on this legislation. The problem for us is that we are never able to arrive at proper legislation by working from individual cases. That is very hard for people to understand, and sometimes we need to remind ourselves about it.

If we simply took an individual case and tried to write legislation to fit it, we would then end up with legislation which possibly did not fit anyone else's situation. I underline the fact that legislation can never be written simply from the point of view of the cases that we deal with. I recognise that for government that is one of the big issues. I know that I have raised individual cases from time to time and have beaten the government around the ear about them, but even as I do that I recognise that in the end legislation cannot be written from the point of view of individual cases, even though they do inform the debate. I think it is important that some of these issues are on the record as we struggle to come up with decent legislation. So it is a good starting point to be reminded that few of us remain untouched by issues such as these.

We know that the Child Support Agency is the subject of many complaints from both non-custodial and custodial parents. These complaints come to the Commonwealth Ombudsman and to federal members of parliament. It is interesting to note that the joint committee which examined the effectiveness of the Child Support Scheme in 1993 and 1994 received the largest number of submissions ever received by any parliamentary committee. Yet whilst there has been a recognition by both the previous Labor government and the coalition government of the shortcomings of the Child Support Scheme, until recently there seems to have been a reluctance by both governments to address these issues and—let me add—by the Democrats and all political parties, because of

the difficulty of getting some kind of agreement on the issues.

Many of the shortcomings of the Child Support Scheme were identified by the major parliamentary inquiry held back in 1994. The Democrats were represented on this committee by former Senator Sid Spindler, and I believe it was something that really got very close to him as he listened to the evidence which was given. Some of the changes we are considering today are based on those which were recommended by this committee although in some cases the coalition has not gone as far as the report of the committee would have gone, and I can understand why.

While the changes which are before us today will go some way towards addressing the enormous number of complaints we receive about the operation of the Child Support Scheme every year, we believe there is still a lot of work to be done on the current scheme before we can say that it serves the custodial parent, the non-custodial parent or the children involved. One of the real problems we have in many of these cases—and I say this really out of my experience as a counsellor and a minister of religion—is that children end up almost as commodities or bargaining chips. That is a tragedy in our society. I guess it is impossible to avoid that because they do become part of the struggle between partners, but we ought, as far as possible, to write legislation which protects children from being bargaining chips in these kinds of disputes.

The Democrats appreciate many of the difficulties parents face because of the existing legislation dealing with child support and we recognise the importance of continuing to work towards developing a system which serves separated families better. In particular, I believe more effort needs to go into addressing the fact that a significant proportion of custodial parents still receive no financial assistance from their former partners at all.

In conclusion, I think this bill today and the number of very distressing letters and phone calls I have received in relation to the bill reiterate something I have felt very strongly about for a long time: that is, more resources and more effort need to be directed towards encouraging people to think twice about the responsibilities involved in having children. That is not an original statement. Someone once said that we spend enormous amounts of money on training people for occupations and giving them all kinds of skills through education to address all sorts of issues in life, except for one of the biggest issues that any person will face—the issue of dealing with relationships. That is one thing that we are very thin on in terms of pre-marriage counselling or pre-relationship counselling.

As a clergyman, of course, I have to take some of the blame for that. I do not believe that I could say that in every case where I have married people there has been adequate preparation. But there is no doubt that we have really got to do a better job in preparing people for marriage, for becoming parents and certainly in understanding the implications of any relationship that they enter into.

I believe that, while we are in a very tight economic situation, nevertheless more resources and more effort need to be directed towards encouraging people to think twice about the responsibilities involved in having children. In particular, we need to find ways to encourage people to recognise and take the responsibilities which go along with parenthood seriously, because at the moment we are seeing too many lives shattered through separation and family trauma. I have seen and tried to mitigate, by way of counselling, the damage caused by family breakdown. I sincerely believe that a lot of this damage—and a lot of the issues we are dealing with today—could be reduced through targeted marriage enrichment and through pre-marriage and pre-relationship counselling in our schools, particularly our high schools. If these were quality education campaigns we would be able to mitigate at least some of the effects of the legislation that we are dealing with.

We will be opposing one measure contained in this bill today: the section which would allow non-custodial parents to pay 25 per cent of their child support liability in in-kind payments. I indicate that, should our opposition to that fail, we will be supporting the Labor Party's amendment along those lines. We acknowledge the desire of many non-

custodial parents to have a direct influence on how the money they pay for the support of their children is spent, but we have decided—this was the subject of a big debate in the party room; I am not going to say I actually won the debate on this one, but I support the party room decision, of course—that the case against this measure which has been put to us by custodial parents is a valid one. The issue many custodial parents have in relation to this change which is being proposed is that it will give non-custodial parents a degree of control over their lives that they will not be comfortable with. This is particularly important in cases where there has been a history of domestic violence or other forms of abuse.

Senator CHRIS EVANS (Western Australia) (12.44 p.m.)—I concur with a lot of what Senator Woodley said about the Child Support Legislation Amendment Bill 1998, particularly in relation to training for parents. I found that parenthood was the most demanding job I ever took on and the one that I was least prepared for, so I think his comments are very apposite.

In 1994 the Joint Select Committee on Certain Family Law Issues handed down its recommendations on reform of the Child Support Agency system. The committee had received some 6,000 submissions, a record number for any Australian parliamentary inquiry. The committee made 163 recommendations for reform of child support, particularly to what was felt to be an inflexible and unsympathetic treatment of non-custodial parents. Some of the committee's recommendations were incorporated into the Child Support Legislation Amendment Act (No. 1) 1997.

The bill we are considering today takes the reform of child support a step further, guided by the general intent of the committee's recommendations. As we are about to debate significant changes to the child support system, I would like to put on record the joint committee's interpretation of the objectives of child support policies, because I think sometimes those initial objectives do get lost. These are that non-custodial parents share in the cost of supporting their children according to their capacity to pay, that adequate support is available to all children not living with both parents, that Commonwealth expenditure is limited to the minimum necessary for ensuring those needs are met, that work incentives to participate in the labour force are not impaired, and that the overall arrangements are not intrusive to personal privacy and are simple, flexible and efficient.

The opposition believe that child support policy must be designed primarily to assist children and alleviate their poverty. While we believe that the operation of the CSA requires further reform, some criticism of it has been unbalanced and we recognise its achievements in producing a very high compliance rate. I do not have the comparative international figures to hand, but I think it is widely accepted that Australia's compliance rate and system are seen as being fairly impressive. It is often said that the success of the CSA is partly because the agency derived its authority from its location in the Australian Taxation Office.

While I recognise that there is some potential for policy integration benefits as a result of the CSA relocating to within the Department of Family and Community Services, it will be interesting to monitor whether or not that benefit is actually realised and whether or not the CSA suffers from the break in the link with the Taxation Office. That is the background to the matter before us today. The opposition generally support this bill to the extent that it follows the sound principles set out in the joint committee's recommendations. I will discuss our amendments later, but we support many of the key features of the bill.

We support the move to repair the income base by adding negative gearing and exempt income but think the government should go further. If we are serious about providing adequate child support, we must look at all forms of tax minimisation strategies that impact on it. There is a case for trying to bring the abuse of trusts and income splitting within the scope of child support assessment. These issues cannot all be taken up today, but I intend pursuing them at a later time.

We support the attempt to boost the living standard of the families of subsequent relationships by taking greater consideration of

child support liability in calculating family allowance entitlement. The child's welfare must be our major concern. The opposition support those measures in the bill which are designed to allow the agency to be more prompt, sympathetic and flexible when reassessing child support liability in response to changing circumstances. The committee did find evidence that the agency needed to be better at doing this.

We support making it easier for parents to enter into private payment arrangements as it is best to minimise bureaucracy wherever possible. The opposition support—and I think originally proposed—that liable parents be able to choose independently to make non-agency payments to a maximum of 25 per cent, but we do feel that greater control is needed over this than is currently provided in the bill before the Senate.

We will be moving several amendments, which I will discuss in the committee stage, but I will make some comments now. The bill proposes several alterations to the formula used to calculate the child support liability of non-custodial parents which are designed to produce more realistic and up-to-date assessments of liability. The opposition support the government's proposal to reduce liability by 10 per cent so as to ease the financial burden on liable parents, particularly those with dependent children from subsequent relationships, but we are convinced that the proposed compensation for custodial parents is inadequate.

Under the current act, an amount based on the pension is exempted from liable income. The bill, as it stands, increases the liable parent's exempt income by 10 per cent. This means that the payers will pay less child support, other things being equal. For custodial parents receiving more than the minimum family allowance, some but not all of this reduction will be made up by an increase in family allowance. The compensation will be only partial because, under the family allowance maintenance income test, 50c of family allowance is lost for each dollar of child support which exceeds the threshold. So custodial parents are only compensated for half of their reduced child support. The bill also reduces the custodial parent's disregarded income. Currently this is based on average full-time adult weekly earnings. The bill substitutes it with all-employees' average weekly earnings. Therefore disregarded income would fall from around $39,000 to around $30,000.

These effects are partially alleviated by the proposal to reduce the taper rate for payees earning above the disregarded income amount from one dollar for each dollar earned above that mount to 50c in the dollar, but this will compensate payees who are earning significantly more than the old disregarded income amount. Payees who earn between the new figure and slightly above the old amount will receive less child support. The opposition will seek to redress that problem by moving an amendment to increase the maintenance income test threshold so that low income custodial parents are adequately compensated in family allowance for losses in child support.

The bill modifies the calculation of liability by adding rental property losses—negative gearing—and foreign income. This is essential not only to provide much needed resources that are hidden by income minimisation schemes but to reinforce the principle that parents must continue to provide for their children, according to their means. We support these measures and propose to include fringe benefits. It is my understanding that the government intends to address this issue in one of its tax package bills, but we believe that the income base needs to be repaired as soon as possible and that it is appropriate to do it in this bill. Consistent with our position on fringe benefits and liability, the opposition will move to include fringe benefits in the calculation of the custodial parent's child support entitlement.

We believe that more needs to be known about the interaction of fringe benefits and child support. We will move an amendment to establish an inquiry into the effect of social security fringe benefits on the relative disposable income of liable and custodial parents and the minimisation of liability through salary sacrifice arrangements. But certainly from my own electoral experience and the

number of constituents I see, an emerging area of concern is where non-custodial parents have an income that does not reflect the reality of the situation.

Senator Newman—Custodial parents can have that problem too.

Senator CHRIS EVANS—I accept, Minister, it can work both ways, but I have had serious concerns raised with me about how this is operating. I think it is a problem generally throughout the taxation system, but it has had a real impact in the child support area in recent times with the spread of these sorts of arrangements through the community—some of which are, I might add, supported and encouraged by state governments which then come and complain to the Commonwealth that they do not get enough Commonwealth funding.

The bill proposes a number of measures designed to make child support more responsive to changes in parents' income and other circumstances. Presently, the registrar assesses the liable parent's income as it was two years before the date of assessment. The bill would instead make the assessment based on the year preceding the date of assessment, and contains other provisions designed to allow the registrar to revise assessments more promptly.

We seek to strengthen these reforms by amending the bill so as to allow a liable parent who expects that his or her income will be at least 15 per cent lower than the previous year to elect to have child support liability based on an estimate of current income. The liable parent would be obliged to notify the registrar if it later transpired that their income had differed from this estimate by more than 15 per cent. Given the importance of flexibility, we will move an amendment to require the registrar to adjust an assessment if notified that the liable parent's income has increased or decreased by 15 per cent.

Accurate disclosure of income is essential to the fair operation of the child support system. We will endeavour to amend the bill to increase the responsibility of both parents to report conscientiously any changes in income and other circumstances. At present, there is a penalty for deliberately providing false information. It is the opposition's belief that false information provided recklessly—that is, without reasonable care or with wilful disregard—should also be an offence.

The bill would allow 25 per cent of payments to be made in 'non-agency' form. For example, a liable parent might opt to pay school fees. This measure originates in an opposition amendment moved in the House earlier this year. Our aim is to give non-custodial parents some discretion in how child support payments are used. But we also believe that there is a need for some checks and balances as there is a potential for inappropriate non-agency payments. The bill allows the registrar to disallow such payments in special circumstances.

I have received advice that the established meaning of 'special' in this area of law is unusual. The opposition will seek to remove the word 'special' so that the registrar can disallow payments held to be inappropriate for a particular family without having to be satisfied that such payments are uncommon. Our amendment is intended to provide the registrar with greater flexibility in making determinations when called upon to do so.

Child support is one of the most emotive issues that we as parliamentarians have to deal with. There are administrative complexities, but what makes the issue difficult is the need to balance the rights and needs of custodial and non-custodial parents and those of the children of first and, increasingly, subsequent families of liable parents. Most people would agree with the principles that child support policy should reinforce, where necessary, the obligation of parents to provide for their children, while avoiding excessive bureaucracy and extending a safety net of income support where needed. But simply stating these principles is enough to remind one of how in reality they tend to conflict. Child support is an area which requires ongoing reform in the light of our experience.

As I have said, the opposition believes the bill deserves support, subject to amendment. It contains some creditable measures designed to reduce the inflexibility which has caused hardship for liable parents, to allow non-custodial parents some control over the

spending of child support resources and to provide for the needs of the subsequent families of liable parents. But substantial changes will need to be made to the bill, particularly to compensate custodial parents for the proposed reduction in child support liability, to enhance the registrar's capacity to intervene when non-agency payments become objectionable and to improve the income base by including fringe benefits.

I am hopeful that in the committee stage we can work collectively to improve the bill.

Senator MARGETTS (Western Australia) (12.56 p.m.)—In a joint media release by the Minister for Family and Community Services and the Assistant Treasurer it was stated that the changes embodied in the Child Support Legislation Amendment Bill 1998 underscore the principles that children are the financial responsibility of their parents and that the government should not seek to intrude unnecessarily into people's lives. To distil these principles means that the government is out to ensure that parents pay their fair share so that no-one is getting anything for free and that the Child Support Agency should improve its efficiency by having only a bare minimum role.

There is no argument that these roles are legitimate in principle. Quite clearly, these goals do have a place in the debate around child support. The Greens (WA) believe, however, that these two principles are not the most important underlying principles of child support—indeed, they distract from the crux of child support. The Greens (WA) believe that the phrase 'child support' suggests that the true underlying principle should be to ensure that children are adequately supported as they go through their formative years. It makes sense, then, that the emphasis of child support should be on support payments and that the whole emphasis of the Child Support Scheme should be on the child and the child's welfare.

It makes sense that the principles driving legislative change should be what is in the best interests of the child and how we can best reduce and avoid child poverty. It makes sense that child support welfare should be the final touchstone by which to judge the scheme, not issues of compliance or administrative efficiency. The Greens (WA) analysis of this bill puts the child's welfare at the forefront of the debate rather than as some kind of second order issue that somehow will magically be taken care of.

On a broader social level, the Child Support Legislation Amendment Bill essentially exacerbates the gap between the rich and the poor. Like so many of the government's initiatives, this bill does little to directly address the overwhelming social issue that largely stands behind the phenomena of single parents, and that is poverty. Issues like poverty are left to that magical trickle-down effect of their economic policies that we still are waiting to see.

Let us look at the formula. The Greens have major concerns with the changes to the child support assessment formula. The changes fail to address the real issue around child support: the poverty of many children living in sole parent homes.

A study published by Birrell and Rapson in October 1998—I note the gender use here; instead of non-custodial or custodial they talk about the differences between women and men—revealed on page 46 that 75 per cent of female sole parents have to make do with less than $500 per week, whereas only 20 per cent of partnered women must live on that income; that is, well over 257,000 sole parent families are trying to live on around $25,000 a year. ABS statistics outline that the median income for female sole parents is $349 per week and for male sole parents is $469 per week. Clearly, this is a meagre amount to try to bring up a family on, especially when society is heading down the user-pays path in education and in many other things.

The Social Policy Research Centre at the University of New South Wales—and this was commissioned by the minister for social security—outlined that a modest but reasonable budget for a sole parent with two children, privately renting, would be $692.92 per week. Even with a reduction for public housing, most single parents and their children are living significantly below this level. Furthermore, the latest figures for the Brotherhood of St Laurence show that in December

1997 a sole parent pensioner with two children was living $39 per week below the poverty line. It is clear that many children and single parents are living well below the poverty line. It is also clear how difficult it must be for these children to search for the hero inside themselves, as the government would have them do.

Single mothers and children living in poverty generally receive very little assistance from the fathers. Birrell and Rapson have reported that 78 per cent of custodial parents actually receive less than $4,000 per annum from the non-custodial parents and almost half—that is 47 per cent—of all custodial parents receive absolutely no contribution. It is difficult to know exactly the reasons for this lack of contribution, but it is likely that it is a combination of the fact that over 46 per cent of men who had little education were on incomes of less than $16,000 and another 30 per cent were receiving between $16,000 and $32,000. There is also a prevalence of income minimisation techniques.

What is the government's answer to this stark issue of poverty? First of all, they have required that all non-custodial parents make a minimum contribution of $260 per year—I will come back to that later. They have increased the non-custodial parent's excluded income by 10 per cent to 110 per cent of the single pension rate, they have drastically decreased the amount of exempted income for the custodial parent from $37,424 to $29,598 and they have cut out automatic child-care costs as an addition to exempted income.

Essentially, the effect of these changes is that low income non-custodial parents—who are overwhelmingly women; around 87 per cent on the 1990 ABS statistics—living on the poverty line will sink further into poverty. It will leave some custodial parents and their children with less child support payments, which may or may not be made up by increased social security payments. As Birrell and Rapson notes, it will lessen the payment of liabilities of non-custodial parents on high incomes—I wonder who this is playing to?—yet have little positive effect on the situation of most of the female sole parent pensioner payees because their former partners are overwhelmingly amongst lower income men. This a familiar set of outcomes: the poor get poorer and the rich get richer.

Birrell and Rapson unequivocally found exactly what many Australians would think is commonsense: poverty, unemployment and low education are directly correlated with a whole host of other social problems, including sole parenting. Yet this bill represents another of the government's economic and social programs that constantly increase the gap between the rich and poor. The blinkered and ridiculous reliance on the trickle down effect defies commonsense and also defies the evidence.

The narrow focus on growth related economic indicators disguises the real trauma that is present in our society due to the unequal distribution of wealth. These comments that I am making foreshadow the second reading amendment that I am planning to move. This amendment will postpone any further consideration of the Child Support Legislation Amendment Bill 1998 until after the passage of the government's tax bills. I tend to avoid using the words 'tax reform bills' because the definition in my dictionary says 'a reform is a change for the better'.

The Institute of Social and Economic Research at Melbourne University has already identified that the tax package is likely to have a regressive effect on sole parents and children, whereas those without children, including non-custodial parents, will see an improvement in their circumstances.

In addition, this bill creates poverty traps for low income people as they move off social security, which obviously creates disincentives to work. Sole parent incomes are dropping with a decline in work force participation rates of sole parents from 49 per cent in 1995-96 to 41 per cent in 1996-97. Polette's study in 1995, quoted in Fincher's 1998 book *Poverty Then and Now*, identified sole parent pensioner families as having the highest proportion of all family types of individuals with effective marginal tax rates above 60 per cent. This issue of poverty traps is something the government claimed it wanted to address in its tax package. Despite Senator Newman's unsympathetic comments

quoted in the *Sydney Morning Herald* on 20 May 1998 that single mothers' lives do not enable them to have high incomes—

Senator Newman—What?

Senator MARGETTS—That was the quote. Professor Birrell estimates that poverty traps or reduction in payments will affect around 50,000 working women who currently earn between $26,000 and $41,000.

The tax package is highly likely to change substantively by the time it goes through the Senate. It is unequivocal that current Senate players will not agree to the package as it stands, so it is highly likely to change and it is likely that a reasonable Senate inquiry will go ahead. It is crucial to know the effect of the tax package on sole parents and children so that the impact of these changes to child support can be more accurately assessed. We have to know what we are dealing with.

Let us return to the issue of the minimum payment of $260 per year, or $5 a week. To emphasise the principle of parental responsibility the government have introduced a heartless, hypocritical and purely ideological change. This proposal is to introduce a minimum payment of $260 per year, regardless of the amount of income the non-custodial parent is receiving. This change has serious assumptions at the heart of it, the same assumptions that have been at the heart of many social security changes including Work for the Dole and the Gestapo-like crackdown on the so-called welfare cheats. It assumes that people on social security payments are trying to avoid responsibility and to bludge off all the hardworking tax paying Aussies—and so we should make them pay something at least. It assumes that $5 per week is a drop in the ocean, which I am sure it is for many members of the coalition. But it is not for someone on unemployment benefits who receives only $160.75.

It reminds me of comments by the Minister for Communications, Information Technology and the Arts when responding to a question I asked about the proposed full sale of Telstra. He scoffed at my suggestion that the further sale of Telstra would not benefit many more mum and dad shareholders and blithely said, 'If you don't have a spare three or four dollars I suppose you can't afford to buy a share in Telstra.' It is this kind of silver spoon mentality that is behind this change. It displays a heartless disregard for the shoestring budget that unemployed people live on. Not only is it heartless but it is completely hypocritical. This change is quite clearly ideologically based as it is in direct contrast to other aspects of the bill.

The government has responded to concerns that the self-support component of the payer's income is not enough to live on. This rate is set at the single pension rate each year, which was $9,006 in 1997-98 or $173.20 per week. So what was this government's response? It was to increase the self-supporting component by 10 per cent, regardless of how high the income of the paying parent was. This contrast is beyond belief.

On the one hand the government is recognising that for a person with employment and actually earning above the rate of the pension, the pension is not enough to live on, but that for a person on a pension or unemployment benefits the social security benefits are $5 per week more than enough to live on. This is highly questionable logic, to say the least. More importantly, it will impact on some of the poorest people in our society—those who can ill afford to be hit again.

I want to talk about child support minimisation. The Greens (WA) certainly recognise some positives in changes to the formula. The attempts to stem minimisation of taxable income are certainly a step in the right direction. However, these changes do not go far enough. The Greens (WA) would like to see the government follow the 1992 Child Support Evaluation Advisory Group's recommendation that a much wider variety of loopholes be addressed for the purposes of calculating income for child support assessment purposes. In fact, the Greens are keen to see the government investigating issues of tax minimisation and evasion on a much broader and more thorough basis.

On top of the formula changes, there are a raft of administrative changes. Some of these are positive, in particular the proposed mediation, education and self-help programs. However, the Greens (WA) have some major

concerns: first, about the moves to make private collection of child support compulsory and, second, about the ability of the non-custodial parent to make 25 per cent of their child support payments in kind.

Currently the carer or liable parent can look to the CSA to assess and collect their child support. Under the bill the private collection will become compulsory if there has been a period of at least six months where the payer has made regular and timely payments to the CSA. The primary focus of this measure is clearly to reduce the administrative costs to the government rather than to ensure the child's well-being is given top priority. Ensuring child support is collected effectively and that conflict between parents is minimised would be in the best interests of the child. This is exactly what the CSA does at the moment. This system has a degree of flexibility, allowing movement to and from the CSA for collection of payments, allowing child support agreements to be entered into and providing a financial safety net for children.

One of the major reasons for setting up a Child Support Scheme in the first place was the low compliance rate. Apart from the potential to increase conflict between parents and thus stress for the child there are a raft of other issues, including problems with enforcement of child support arrears. The carer parent will need legal assistance to enforce arrears, as does the CSA when it commences enforcement proceedings. Many carer parents will look for assistance to legal aid or community legal centres, neither of which is funded to take more work of this kind. This may well result in carers being unable to access legal assistance, and the children will miss out. Child support arrears may just not be collected due to the inconvenience and stress associated with debt recovery. This means children will miss out again. Increased pressure on the courts and all court users will be a result. Possibly there will be an increase in child contact difficulties when payment and contact are done at the same time.

Let me get to the 25 per cent payment in kind. The Greens (WA) also have major concerns about manipulation, uncertainty and cashflow problems with the ability of the non-custodial parent to unilaterally pay 25 per cent of their liability in non-cash forms. If this proposal is accepted I would like to see more certainty and regularity in the non-cash payments so that, at minimum, the custodial parent is informed in advance which bill or expense is being paid.

My contribution shows just what the issues are and why we are left with a great dilemma as to the actual outcomes for single parents and, in particular, for children. I would like to move a second reading amendment which I think is reasonable and fair and, for the best outcome for the children, is the only course we should be taking. I move:

> Omit all words after "That", substitute: "further consideration of the bill be postponed till after the passage of the bills implementing the Government's proposed taxation reforms".

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (1.15 p.m.)—I thank senators for their contributions, particularly Senator Woodley and Senator Evans, who clearly understand the need for improving a system of support for Australia's children that was introduced originally by the Labor government, with the support of the then coalition opposition, and that has obviously been in need of some repairs, maintenance and improvement. All of us, as members of parliament, would well understand that. I am disappointed that Senator Margetts has chosen to take the tack she has in this debate because, by her attempts to delay the passage of this legislation, she is really saying that it is okay to play games with children's lives.

This legislation has been needed now for at least four years. In November 1994 many of the recommendations which are in this legislation were made by the joint select committee of the parliament. In March 1995 the previous government tabled an interim response to 53 of the recommendations, but no action was taken at that time. The incoming coalition government announced reforms to the scheme in September 1997 and we tabled a response to the joint select committee's report in November-December 1997. The legislation we

are dealing with now was introduced into the House of Representatives in March this year. Further government reforms were announced in May this year and the legislation passed through the House of Representatives in May this year. The bill only lapsed because the election was called in August, before the Senate had a chance to debate the legislation.

It was the government's intention that these families—particularly, these children—would have had, at last, the entitlements that that joint select committee of the parliament recommended back in 1994. But, by your thoughtless amendment, Senator Margetts, you would delay any action on this until after the middle of the year 2000. It is a nonsense to do that to families who are crying out for reform of child support. I cannot understand how you can possibly even consider putting your name to such an amendment.

Most of the amendments to the existing scheme have been welcomed by both the Democrats and the opposition. As Senator Woodley said, most of the people who make contact with those of us in parliament are people who have been through the wringer of a family break up. They have had contact with the Family Court. They know about the ongoing difficulties associated with rearranging their lives and the hurt that comes from seeing loved children almost split in two because of the inability of parents to live together and continue to love each other.

When this government looked at trying to do something about child support in Australia we were very concerned to produce a package which built very closely on the recommendations of the joint select committee. We wanted a package that was balanced, fairer and more equitable than what the joint select committee, and many other Australians, considered had been the outcome of the original package of child support measures.

Senator Woodley made a very important point about how thin on the ground we are in respect of pre-marriage education and pre-marriage preparation. It is something which this government is very concerned to address. Our commitment to this is symbolised by the new portfolio we created, for which I am the senior minister—the ministry of Family and Community Services.

There have been small programs—such as adolescent mediation, parenting skills and pre-marriage preparation—in several different portfolios at the federal level. Of course, a lot of these services are provided at state and community sector levels. But, really, as Senator Woodley was saying, if Australia is going to be serious about making sure children do not end up in these circumstances, we need to make sure that marriages are stronger from the beginning and are supported as they go along, that people do not have children unless they are really wanted and that parents know how to look after children, cherish them and give them the love that they badly need. A civilised society can do no better than make sure that children born to Australian families grow up with two loving parents.

Senator Evans was quite right in saying that the objectives of the child support legislation tend to get lost. He went through them carefully, so I will not repeat them now. He questioned also what he called the break in the link with the tax office. In answer to Senator Evans, it would be true to say that the government will not be wanting to do anything which would diminish the effectiveness of the Child Support Agency. The link with the tax office is very much in our minds in determining exactly how its arrangements will be carried out into the future.

Senator Evans also said that we should go further with income minimisation, and I agree with that very strongly. That is why I was so very pleased when the government announced, before the election, that an important element of our tax reform will be that fringe benefits will have to be shown on tax certificates. That was important to me in a variety of areas in my portfolio when I was the minister responsible for social security. I also had, at that time, the policy responsibility for child support. I could see that this was a way of dealing with what had been quite a difficult issue for the agency and for parents, in that either member of a former couple can salary package these days. The growing practice in the private and the public sector of people salary packaging has all sorts of

implications for taxpayer funded benefits of one kind or another and, of course, for assessment of child support liability.

So, I agree with Senator Evans that we should go further with income minimisation measures in as far as they affect child support, but, of course, they are coming. They will be part of the tax reform legislation. In the format that the government is proposing to have those group certificates it will make it very much less troublesome for the parents to be able to document their total income package for the benefit of the Child Support Agency.

There is no great need to deal any more with what Senator Margetts has said, except for this: she threw a quote from the *Sydney Morning Herald* across the chamber, to which I took exception. My recollection is that the article she was probably quoting from was one in which I had been talking to the journalist about issues to do with women who are lone parents. I pointed out to the journalist that women in our society generally tend to have lower incomes than men—the gap is narrowing but that is still the fact—and that lone parents are frequently poor—a point that Senator Margetts has been making in her own contribution. I was pointing out not that that is a desirable outcome but that it is a fact. That was by way of answer to a very highly paid journalist to remind her that people in her situation are atypical. I would be very grateful, Senator, if when you next look at that *Sydney Morning Herald* article you look at it in that context because I assure you that that was the context in which the interview took place.

There was a flurry of articles at about that time by two or three highly paid female journalists who are not at all in the same position as most of the lone parents who are getting support and who will continue to get support, many of them for the first time, under this amending bill.

You referred to people on social security benefits having to pay $5 a week towards the support of their own children and that that was somehow saying that, in the government's mind, pensions and benefits are $5 more than they need to be. That is a lot of twaddle and you know it. In Australia today, 150,000 parents are getting no child support because the other parent is on some form of pension or benefit. I do not believe that Australians would regard the priority of $5 a week towards the support of a child that you helped bring into this world—

Senator Margetts—Get real!

Senator NEWMAN—I am the one who is real, Senator; you are the one who is lost in fairyland. Five dollars a week. What is the price of a packet of fags, Senator? Do you know that?

Senator Margetts—I don't smoke.

Senator NEWMAN—Nor do I, but I know that it is more than $5 a week to keep your child. I say to every parent in Australia: whatever your financial position your first responsibility, your first priority, must be to contribute to the cost of rearing the children you helped bring into the world. Senator Margetts, you are alone in this chamber, thank goodness, with your view on that. Most senators would regard that as being a fair and reasonable thing to do.

One hundred and fifty thousand people will be paying $5 a week in future that they have not been paying before. It is sick that you would suggest that that was not something which should be at the head of any parent's list of priorities. I am amazed that you would suggest otherwise. I am also amazed that you would think it is reasonable to defer consideration of this legislation, as you have proposed in your second reading amendment.

Amendment not agreed to.

Original question resolved in the affirmative.

Bill read a second time.

Ordered that consideration of this bill in committee of the whole be made an order of the day for a later hour of the day.

EDUCATION SERVICES FOR OVERSEAS STUDENTS (REGISTRATION OF PROVIDERS AND FINANCIAL REGULATION) AMENDMENT BILL 1998 (No. 2)

Second Reading

Debate resumed from 12 November, on motion by **Senator Kemp**:

That this bill be now read a second time.

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (1.28 p.m.)—I continue my remarks from last week on the Education Services for Overseas Students (Registration of Providers and Financial Regulation) Amendment Bill 1998 (No. 2), which extends the sunset clause on current administrative arrangements required of providers under the ESOS Act. Previously the Democrats have supported the extension of the sunset clause for a further two years while consultation continues with the industry regarding service provision for international students, and we will support this extension. However, there has been evidence presented to the recent Senate inquiry which compounds fears that the current system needs to be improved, that there are problems with it and that this need grows more and more urgent as the sector grows larger and more competitive.

The evidence presented to the Senate committee made it clear that current schemes were inadequate to assist students in the eventuality of a collapse of a private provider. While tuition may be continued, the cost of books and relocation costs, including travel, accommodation bonds and the like, are usually far higher than the residual fees paid to the training provider. The current scheme fails to recognise that such costs, which occur in the real world when a provider collapses, must be paid for from the student's pocket or by an ex-gratia payment by the tuition assistance schemes. We would seek to further investigate that.

In addition, it is clear that the current scheme of utilising individually controlled trust funds is a huge expense to the sector in both government charges and compliance costs, which at the end of the day do not always provide real benefits. The Department of Employment, Education, Training and Youth Affairs and other peak bodies confirmed in the hearings that the usual situation is that there is little or no money in such funds when a college collapses. Given the cost of such regulations to the private providers—it is in the order of millions of dollars annually, as is the cost to consolidated revenue—while the reimbursement to students is about $20,000 to $30,000 annually, options need to be investigated urgently.

The number of students involved in the sector is expected to have greatly increased by the next time this chamber investigates this bill and debates the extension of the sunset clause. That growth is to be commended. As a result of hard work by many in the sector, the number of overseas students studying in Australia has increased from 21,118 in 1988 to 151,464 in 1997, with 77 per cent of Australia's international students coming from countries in the Asian region.

Earlier this year Dr David Kemp, the minister, predicted that revenue from Australia's export education and training industry was estimated to increase by $1.27 billion by the year 2001. It is expected that the number of overseas students studying in this country will rise by around 19.5 per cent. This is expected to increase the total revenue from international students from $3.22 billion last year to $4.49 billion in the year 2001.

About 75 per cent of international students study at university, TAFE or private colleges, and the remaining 25 per cent are engaged in education programs offered in our schools and English language training centres. I note that the minister's press release of 11 May 1998 stated that the bulk of student growth is expected to come from our universities, with an expected increase in student numbers of 38 per cent—that is, from 64,188 last year up to around 88,600 by the year 2001.

Part of this growth will be facilitated by one of the measures contained in this bill—namely, the provision of $21 million over the next four years to fund Australian Education International, the current configuration of the former Australian International Education Foundation, and we commend that. The government's decision to provide up to $5.7 million a year for each of the next four years marks a further reduction in DETYA spending on international education and its promotion. I understand that, according to budget papers, this is not actually a new allocation of funds but a redirection of discretionary funds that were formerly available to the industry.

While I commend the government's support, however minimal, to promoting our

education and training export sector, I note that there are still many serious problems confronting this sector. Those problems and issues cannot simply be dealt with by an extension of the sunset clause. The Democrats note with some concern that the 1997 federal budget contained no initiatives to assist the education export industry in the wake of the Asian economic crisis, nor has there been any recourse, any money allocated—as far as we have been able to see—certainly any programs that have eventuated as a result of the so-called Hanson One Nation factor or any recognition of university funding cuts and changes to student visa arrangements—all of which may be damaging for the sector.

While the government seems content to simply extend the sunset clause, the sector is not content with the current situation. The Australian English language training industry has lost ground to New Zealand and Canada over the past 18 months. ELICOS blames this on the 'highly restrictive terms and conditions applying to students and tourists entering (or trying to enter) Australia for English language training, and the ELICOS Association has called the Australian government "lethargic" on education exports'.

Ironically, the New Zealand Minister for Education has stated that Australian research demonstrates that part-time work was an important factor in foreign students' choice of a study destination and has accordingly changed the approach in that country, while we are in the process of making it more difficult for students to work and study here. I note that the National Liaison Committee for International Students are bitterly disappointed with the results and processes of the recent DIMA review of student visas and that, despite their attempts to be consulted, they were not contacted by DIMA to play any role in this review. I understand that, originally, DIMA looked at abolishing work rights altogether, and this has particularly grave implications for postgraduate international students and will threaten their ability to undertake postgraduate research work.

The final result of the review has been to impose further financial impediments in this economic climate. The DIMA report has recommended that a range of new visa charges be introduced, including a $50 additional work visa if students do choose to work part time and a $120 transfer fee if a student wants to transfer from one institution to another. There are other costs that we consider impediments as well, such as the compulsory medical check-ups, et cetera, prior to the renewal of a visa.

The Democrats sympathise with the statement made by the NLC maintaining that this practice has the likely potential of becoming a hidden fee for a large number of students where internship and industrial attachments are compulsory to the course. It is expected that the most disadvantaged international students will be in the TAFE and postgraduate research areas.

The Democrats also agree with the national liaison committee's assessment:

> . . . it is naive to think that the imposition of a $50 fee will solve the problem of overstayers and dishonest students who work instead of study . . . The way to solve the problem is not in liberally recruiting international students and then charging them all sorts of additional fees but in ensuring that only bona fide students who are pursuing an Australian education are recruited.

Our competitors in the UK, the US, Canada and New Zealand do not charge for students to similarly alter their course other than the relevant institutional fees. Of course, I could go on in relation to university cuts and the funding crises in those institutions, and the impact that that potentially has on our export sector, not only on institutions for domestic students but on the quality of courses and bridging courses, et cetera—those kinds of things made available to overseas students when they get here. If they are paying those huge fees, they have every right to have a quality and appropriate education.

Another issue that threatens this sector is the so-called Hanson or One Nation factor. The issue, I think, that threatens Australia's reputation as an international education provider is that feeling—whether it is based on fact, fear, misrepresentation, media reports or whatever—that sense of rising intolerance in the Australian community. I suggest that we cannot dismiss that. Certainly, as Senator Carr would attest, when the Senate committee

looked into this matter, the ESOS bill, we were amazed at the reports from a number of providers. Some of the reports, not only from students but also from providers, were saying that one of the reasons that students were not actively seeking out education opportunities in Australia, but in particular in Queensland—this is where the majority of this evidence came from—was due to the reports and perhaps even the hysteria surrounding this issue.

Given that, the Democrats do ask the government to initiate an independent inquiry into the act to ensure that next time we address this issue of the extension of the sunset clause we are working in a way that will further the sector. I think there are a number of issues—not just the race debate, not just cuts to universities, not just additional fees and charges, but also the fact that providers are not happy with some of the administrative arrangements that the national liaison committee, the peak body representing international students in Australia, has concerns about as well.

Prior to allowing the passage of the ESOS Bill, the Democrats seek an assurance that, firstly, the government agree to appoint an independent person to inquire into the ESOS Act and make recommendations to the government, and that the terms of reference of this inquiry should be to make recommendations as to how the act can be amended better to achieve better and more realistic protection for overseas students, a reduction in the compliance costs to the education sector and self-regulation, that is, with a professional code of ethics and conduct of this vital export industry.

Secondly, the head of this inquiry should, we believe, be appointed by the minister and it should not necessarily be run by the department, and the report should be tabled in the parliament by the minister. Thirdly, the inquiry should be required to report back preferably by early next year, in 1999, and the government should undertake to respond to the recommendations within the normal timetable for responses to committee reports, and preferably have legislation into the parliament to enable a new regime to operate from 2000.

I believe that the government has provided a blueprint in an associated area. The Migration Agent Authority, previously run by the department, is run by the Institution of Migration Agents, the professional body of migration agents. Similarly, the peak bodies should run this compliance requirement with the legislative backing for these bodies to enforce a code of conduct. There is no point in having a code of conduct unless it is enforceable and enforced. The migration agents' code of conduct is authorised by the requirements of the Migration Agents Regulations 1998, No. 53, schedule 2, regulation 8, and the Migration Act 1958, subsection 314(1).

The Democrats believe that signals are vitally important. Now is the time to send some positive signals to the vital export sector, and the signal should be that the Australian government is intent on relieving the sector of some of the heavy regulatory costs but at the same time extending legislative protection to cover the real disadvantages suffered by some overseas students in the event of the collapse of a trading company. I move the following second reading amendment:

> At the end of the motion, add: "but the Senate calls on the Minister for Education, Training and Youth Affairs to establish an urgent, independent inquiry with terms of reference to include the provision of greater protection for students, investigation of lower compliance costs, and the promotion of the sector's self-regulation with a professional ethical code".

Senator CARR (Victoria) (1.41 p.m.)—In speaking to the second reading amendment moved by Senator Stott Despoja, I express, on behalf of the opposition, our view on this question. Senator, your interest in this matter is, of course, acknowledged across the chamber. However, in view of the importance of this matter, it would have been easier for us to assist on the merits of this proposition if we had actually been consulted about it prior to its being lodged in the chamber. You would also be only too well aware that the motion you put before us today calls for an independent inquiry by the minister. In the

view of the opposition, that is a tautology which cannot be supported by our vote on the floor of the chamber.

Senator Stott Despoja—I am not so cynical yet.

Senator CARR—You would be only too well aware, Senator, that Professor Raoul Mortley's report on Asian deflation and Australian education has yet to be released. This report focused specifically on the Asian region, which is an area of great interest to our export industries. It was able to highlight, as Professor Mortley himself said, that there was, at best, likely to be little growth in our numbers from 1996 onwards. However, Professor Mortley's report has never been released, so the reasons for the little growth cannot be discussed based on an examination of that independent report. So I find it somewhat odd that the Democrats would propose yet another independent report to this government, which, as I say, has such a long history of suppressing independent analysis of important educational issues.

The Senate committee unanimously resolved that there should be a further inquiry. I have no doubt that there will be a further inquiry and that that will be a detailed inquiry which has much broader terms of reference than that which is being proposed by the Democrats' amendment here today. For instance, issues that need to be considered are the effectiveness of the present administrative arrangements and whether or not the decline in DETYA staff in this particular division by over 50 per cent allows for an effective administration of the act.

I maintain that, despite the best intentions of DETYA officers, they cannot possibly do it. They cannot possibly do the work that is required to protect Australia's international reputation, given the current economic circumstances, given the prospects for greater strain on our international educational exports as a result of the economic downturn, particularly in Asia but also in other parts of the world, and given the enormous strain that that is placing upon providers of educational services to ensure that our high standing and our reputation for quality educational services will not be put at risk by shysters and crooks operating in this industry. We have been able to demonstrate through the Senate processes that there are a number of people currently operating in the industry in a manner which is unethical and is totally inappropriate to Australia's best interests. I say that it is not possible for the department to monitor these developments effectively with 50 per cent of the staff.

I also say that a range of other issues need to be considered. These issues include: the lack of funding for research into the export industry; the current impact of the processing costs of student visas; the lack of communication between the regulatory authority and the tuition assistance schemes; and the particular impact that that lack of communication has on our capacity to pick up problems before they emerge in terms of the continuing viability of private providers.

Other issues include: the proposed removal of various types of exempt status from the act; the need to increase international student awareness of quotas; and the need to address the profound and damaging impact of unethical marketing practices that are currently occurring within the industry—and in my judgment, given the economic circumstances, they are likely to get worse. There needs to be an examination of the ways in which students can recover debt and the need to allow students to be represented in debt recovery processes.

As I said—and it is not just my view—the Senate committee unanimously resolved that these matters required further investigation. That also included the question of extending quotas to providers operating outside Australia and the need for clear provision of guidelines for the protection of students in Australia, and the ways in which students operating in Australia could have access to redress in regard to misleading or deceptive conduct by providers.

These issues were all canvassed in the Senate report and were unanimously agreed to by senators serving on that committee—Senator Stott Despoja amongst them. For those reasons—and given the hour, I will not proceed much further to argue this case—I would suggest that, given the lack of consul-

tation, given the inadequacies of the proposed terms of reference, and given the history of this government when it comes to the question of proper and appropriate public discussion and review of administrative decisions and the need for genuine public debate about these questions, it is not possible for this government to maintain an independent review of matters of such vital importance to Australia's future. For those reasons, I humbly suggest, Senator Stott Despoja, that it might be better if in future you talked to us about these matters before you brought them in here.

Senator ELLISON (Western Australia—Special Minister of State) (1.47 p.m.)—The Education Services for Overseas Students (Registration of Providers and Financial Regulations) Amendment Bill extends the sunset clause of the Education Services for Overseas Students (Registration of Providers and Financial Regulations) Act from 1 January 1999 to 1 January 2002. The objective of this act is to ensure that the courses provided for overseas students in Australia are of a high standard.

The other aim of this act is that pre-paid course fees of overseas students are used by providers for that very purpose and that, furthermore, taxpayers' funds are not required to recompense overseas students who have suffered financial loss through the actions of educational providers. The ESOS Act, as it is known, also provides the criterion of registered courses used for the issue of overseas students visas.

It is perhaps not widely known that the education sector provides $3.4 billion worth of income to Australia by way of export each year. It is important that Australia maintain internationally its reputation for providing high standard educational services. The ESOS Act is the key national element in relation to this. It provides a cooperative framework in allowing the federal government to work with states and territories in the provision of these services.

The extension of the life of the ESOS Act has the overwhelming support of the stakeholders in the industry, who recognise that this legislation has achieved its primary objectives of ensuring the quality of Australia's educational offerings, protecting overseas students' pre-paid course money, and guaranteeing overseas students the education and training for which they have paid fees.

The amendment bill was referred to the Senate Employment, Education and Training Legislation Committee, which heard evidence from the department and peak industry bodies on 16 July this year. The committee's report recommended that the bill be passed without amendment and that the department hold consultations with the stakeholders. It mentioned that, as a matter of priority, the issues raised in this report be the subject of consultations between the Commonwealth, state and territory governments and the representatives of the education export industry, addressing in particular the need for greater conformity between states on the issue of registration requirements.

The government is proposing that it carry out such consultations and that, in the extended life of the ESOS legislation, there be consultation with the very sector which is providing the service. In those circumstances, the government cannot agree to the amendment moved by the Democrats. The government is of the view that the consultation and review process which it has set out is sufficient. It would also refer to the fact that recommendation No. 3 of the Senate committee was that the Senate refer to the Senate Employment, Education and Training Legislation Committee for inquiry and report matters relating to the operation of this legislation. Senator Carr alluded to that.

The government is saying that we will carry on consultations and reviews of this legislation but, as well as that, the Senate committee has stated that there should be parliamentary scrutiny. In the view of the government, this is more than an adequate review and scrutiny of the process. The proposal by the Democrats is not necessary. Having said that, I thank senators from the opposition and the minor parties for their contributions. I commend the bill to the Senate.

Amendment not agreed to.

Original question resolved in the affirmative.

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

Sitting suspended from 1.53 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Profiteering

Senator SHERRY—My question is to the Assistant Treasurer, Senator Kemp. Minister, I refer to the government's plans to turn the ACCC into the price police in order to prevent excessive profit taking from the GST, and in particular the statement:

> In measures designed to counter excessive profiteering, the Government will legislate to provide the ACCC with special transitional powers to formally monitor retail prices.

Can the minister explain the difference between excessive profiteering and normal profiteering, and how the ACCC will therefore determine what is acceptable profiteering and what is non-acceptable profiteering?

Senator KEMP—I think that this announcement by the government was widely welcomed. It is clear that in the phase when we move from the old tax system to the new tax system issues are going to arise. One of those issues is the fact that in many areas the prices of goods will come down—a point which I do not think was well canvassed by the Labor Party in the last election. In their scare campaign the Labor Party omitted to make it very clear that in a wide range of areas prices will come down. I am pleased that a recognition of that is implicit in Senator Sherry's question. The government is concerned to see that in this transitional phase there will not be excessive profit taking. The body that we think can play a very important role in monitoring this is the ACCC—hence the announcement you quoted by the Treasurer. The ACCC has a great deal of skill in this area. It has exceedingly competent people on board, and I have no doubt that they will be able to very effectively measure this.

Senator SHERRY—Madam President, I ask a supplementary question. I will be interested to see whether Senator Kemp can guarantee what he is saying. Minister, given that business cost structures vary from business to business and that the imposition of a GST will result in myriad changes to those cost structures, how will the ACCC determine what is a legitimate change in cost structure as opposed to an illegitimate change in order that it can determine whether a business is profiteering or not?

Senator KEMP—As I pointed out, the ACCC has a great deal of experience in this area.

Senator Conroy—You must be joking.

Senator KEMP—The ACCC has a great deal of experience and the skills on board to deal with this. I am delighted that there is at last a concession from the Labor Party that for a large range of goods and services the prices will fall, not rise, because of the very important tax reforms that we are proposing and that we hope the Senate will pass promptly.

Private Health Insurance: Rebate

Senator PAYNE—My question is to the Leader of the Government in the Senate, Senator Hill. A key commitment of the government during the recent election campaign was to give all Australians a 30 per cent rebate if they took out private health insurance—the equivalent of around $750 for an average Australian family. Will the minister outline the benefits of this measure to Australia's health system in addressing the serious decline of private health insurance which the Labor Party comprehensively failed to address in its 13 years of government?

Senator HILL—Yes, the Labor Party continues its ideological prejudice against private health care—in stark contrast with the position of the government. The government is committed to a strong public health sector, and it demonstrates that by its record $31.3 billion of funding for public hospitals over the next five years. It is also committed to a strong and healthy private sector in relation to health. A key plank in ensuring that we can maintain that health in the sector is the 30 per cent rebate which was promised at the last election.

We need to reflect upon what the situation was when we came to government. Because of Labor's prejudice against private health

and its policies inaction, the situation was very poor. In fact, in 1983 when Labor came to government, 70 per cent of Australians had private health insurance. Thirteen years later, it had been reduced to 35 per cent. The cost of premiums under Labor increased by an average 12 per cent. Between 1986 and 1988 they went up by a staggering 40 per cent. They left 100,000 people on waiting lists. This was the lamentable state of private health care in this country when the coalition came to government.

We implemented initiatives to remedy the situation. I am pleased that it is now said that if we had not taken those initiatives in the last term of government a further 200,000 Australians would have left private health care. So the steps we took certainly did not achieve everything we would have wished of them, but if we had not taken them—and they were opposed by Labor—the situation would be in dire straits today.

We have said that we need to build on those initiatives by the promise we made, and that is to give a 30 per cent rebate—something that Australians have constantly said that they need more than anything else to encourage them to take out private health care or to remain in private health care. By their doing so, by their remaining in private health care, pressure is taken off the public health system and all Australians are enabled not only to have the benefits of choice but to be better assured of having the highest quality health care that Australia can afford. That is why we are committed to this initiative. We regret Labor's attitude to it. I would only say to Labor that perhaps they should again listen to their former health minister, former Senator Richardson. He said the other day:

> I wish Labor would stop this silly notion that it doesn't matter if private health care collapses.

Most Australians would like to see Labor stop this silly notion that it does not matter if private health care collapses. They would like to see Labor finally stop being so negative and come out and say, 'This is a reform that is well worth while and well deserving of support; a reform that you took to the Australian people at the last election and a reform that we will therefore let you implement during the course of this session.' This is the opportunity for Labor. Stop being so negative; stop the carping. Take the opportunity to come onto the positive side and support this government by providing an initiative that will enable so many Australians who want to remain in private care to be able to afford to do so.

Goods and Services Tax: Banking Services

Senator HUTCHINS—My question without notice is directed to the Assistant Treasurer, Senator Kemp. Minister, how much would the financial benefit be to Australia's major banks from allowing their services to be GST free as opposed to input taxed? If their services are GST free, will the banks be required to pass on the savings that GST-free status would confer as opposed to those services being input taxed?

Senator KEMP—It is quite clear in the documents you should have in relation to the government's tax reform program that most financial services will be input taxed.

Senator Robert Ray—All of them?

Senator KEMP—Except, of course, Senator Ray, where there is a specific fee for service, and in that case that can be apportioned by the particular organisation in question.

Senator Conroy—What about all the outsourcing they have been doing?

Senator KEMP—Senator Sherry wants to get onto outsourcing.

The PRESIDENT—Order! Senator Conroy, it is a question that has been asked by a Labor senator.

Senator KEMP—I am sorry, Senator Sherry.

Senator Sherry—What about the super tax?

Senator KEMP—He wants to get into super tax now.

The PRESIDENT—Order! Senator Kemp, it is a question asked by Senator Hutchins, and Senator Conroy should be ignored.

Senator KEMP—Senator Hutchins, as I have said, financial services in general are

input taxed, except where there is clearly a specific fee for service, and the apportionment between those two areas can be done in a reasonably straightforward manner. As to the issue that you raised about cost savings being passed on, one thing we are particularly proud of in this government is the actual cost of borrowing from banks. Mortgages particularly have come down very dramatically compared with the levels they were at under the previous government.

Some people say that one of the reasons why we were able to get such strong support from many young families was the fact that interest rates which under the Labor Party had reached, I believe, a maximum of 17 per cent—perhaps you can confirm that that is the case—came very substantially down to between six and seven per cent. As far as the cost to the individual of being able to borrow from banks is concerned, this government has delivered in spades.

Senator HUTCHINS—Madam President, I ask a supplementary question. How will the government ensure that the GST paid by the banks is not passed on to customers or consumers via increased bank fees and charges?

Senator KEMP—Senator, I just pointed out to you that in most cases financial services are input taxed. Of course, at the moment, many banks pay wholesale sales taxes, as you would be aware. As the previous government put up those wholesale sales taxes, it had a significant effect on the costs of the banks. We are carrying out a major reform program in relation to the taxation of financial services. We have looked very extensively around the world to see what is the best system we can put in place at this stage. That is precisely what we have done. In relation to general bank costs and the passing on of those costs to individuals, one of the things we have done is create far more competition in the area of financial services. *(Time expired)*

Economy: Growth

Senator PARER—My question is directed to the Assistant Treasurer, Senator Kemp. Minister, the government's strong economic policies and structural reforms have been praised by the OECD and the International Monetary Fund.

Opposition senators interjecting—

The PRESIDENT—Order! Senator Parer, I need to hear the question.

Senator PARER—Thank you, Madam President. The boy can't help himself. The praise of the OECD and the International Monetary Fund reflects Australia's continued economic growth, including solid employment growth, notwithstanding the Asian economic fallout. Minister, what are the factors that have led to this impressive outcome, and what other initiatives are needed for the Australian economy to maintain this strong growth?

Senator KEMP—I thank my colleague Senator Parer for that question. Senator Parer is right: not only has the economic management carried out by this government been widely welcomed in the Australian community—and I think the results of the last election attest to that—but also we have been delighted to receive some very strong endorsements from a variety of commentators. As Senator Parer mentioned, we have received endorsements which were contained in what is called the Public Information Notice, which was issued last week by the International Monetary Fund, and in the OECD's latest projections. In particular I draw the Senate's attention to the fact that the IMF executive directors commended the Australian authorities for implementing sound macro-economic policies and structural reforms which have built the foundation for what they recognise is Australia's impressive record of strong growth and low inflation in recent years.

Senator Cook interjecting—

Senator KEMP—They noted, Senator Cook, that the fiscal consolidation and monetary policy framework have contributed to a fall in long-term interest rates. They also supported the current macro-economic policy mix which the government has put in place, noting that it would help 'minimise the adverse effects of the Asia crisis on Australia'. They praised the high standard for fiscal transparency and accountability set by Australia's Charter of Budget Honesty and, at a time of international financial turmoil,

described our financial sector reforms as 'path-breaking'. IMF directors strongly endorsed the government's tax reform package, saying that the government's reform will enhance efficiency while protecting the revenue base from continued erosion. Directors also cautioned against granting concessions that would introduce distortions and erode the benefits of tax reform.

The Australian economy also receives strong endorsement from the OECD in *Economic outlook: 64 projections*. The OECD projects that Australia's economic growth over the next two years will exceed that of the United States and the European Union and will be well above the OECD average—and I am delighted with the strong support that clearly these projections are receiving from the Labor Party. The OECD projections are broadly consistent with our forecast contained in the pre-election economic and fiscal outlook. These projections highlight the fact that the Australian economy is performing strongly, compared with other industrial economies, despite the effects of the Asian financial and economic crisis and the more general global financial turbulence that we are witnessing.

We are delighted, of course, to receive this strong endorsement and we have also—as I have said—received very strong endorsement from the public. Over 170,000 jobs have already been created in 1998 and there has been a trend that has seen employment growth for 17 consecutive months. While the monthly figure will jump around a little bit, the October unemployment rate is the lowest since September 1990, since before Mr Keating was the Prime Minister. *(Time expired)*

Goods and Services Tax: Books

Senator CONROY—My question is to Senator Kemp, the Assistant Treasurer. Has the minister's attention been drawn to the letter in the industry magazine *Australian Bookseller and Publisher* from A.K. Neville of Book City Shepparton?

Senator Ferguson—Oh!

Senator CONROY—It's a very nice place. Is the minister aware of the unfair anomaly facing independent book retailers, where a high rate of GST will apply to a full-price book while major retailers actually use books as 'loss leaders'—sold at a loss to attract customers to buy other items—thereby attracting a small GST? Is the minister aware that the wholesale price of a Tom Clancy hardback might be $20.32 while the recommended retail price is $36.95, attracting a $3.69 GST? To attract customers, Target may retail the book at a loss, at $18.95, attracting a GST of only $1.89. I ask if you can answer A.K. Neville's question: 'Why should my customer pay more GST than a customer of Kmart, Big W and Target?' *(Time expired)*

Senator KEMP—I suppose the only surprise in that particular question was the implication that Senator Conroy reads books. That has come as a big surprise over here I would have to say. Senator Conroy, there is one book which I think you really should read from cover to cover. Will you do me a favour—through you, Madam President—and do so? This is a book which is entitled *Tax reform: not a new tax, a new tax system*.

Senator Conroy—Don't mention the GST! It's $3.69 against $1.89.

The PRESIDENT—Order! There are far too many interjections. It is your question, Senator Conroy. You are shouting for it to be answered; you should at least listen to what is being said.

Senator KEMP—Thank you, Madam President. Indeed you are quite right: I am answering the question for Senator Conroy. The question was in relation to books. We have now learnt that Senator Conroy can read books, and in his reading I suggest that he read from cover to cover a new book that was issued mid-year called *Tax reform: not a new tax, a new tax system*. Senator Conroy, that book outlays the government's reforms. It outlays the logic for the government's reforms. It outlays the compensation packages which are available and it outlays the very important changes we are proposing to make.

You mentioned this bookseller in Shepparton. One of the big benefits that the tax reform package will provide to people in Shepparton is not only the major tax cuts which we are offering as a part of this package but also the cuts in heavy duty excise—which are of major benefit to rural and re-

gional Australia—as distinct, for example, from the Labor Party policy where some of these excises were to be taxed at 43c. So we are offering an 18c saving, Senator Conroy.

If you are talking in general terms about rural and regional Australia, they are—as Senator Boswell will confirm—very big winners under the tax reform package. As I have said, there will be areas as a result of this tax reform package where the prices of some goods will fall and the prices of other goods will rise. The net effect of that is calculated in the proposals that we have put forward and the very significant compensation which we are now paying.

I would say to the bookseller in Shepparton that he will benefit from a better functioning tax system. He will benefit from a better functioning economy. There will be many areas in rural and regional Australia where the bookseller and his customers will receive major benefits from the tax reform package that this government has put down. I think, Senator Conroy, that what you want to do is look at the whole picture of tax reform, not just a narrow area. Basically, the election was fought over tax reform. The Labor Party wanted to make it a referendum on tax reform, and we happen to be over here and you happen to be over there.

Senator CONROY—Madam President, I ask a supplementary question. Minister, has Mr Vos explored this unfair anomaly of low tax loss leaders as it applies to small business people? If so, what is his solution and, if not, why not? The people of Shepparton want to hear your answer this time.

Senator KEMP—The people of Shepparton considered very carefully the tax reform debate, and the people of Shepparton gave their views at the last election. Overall, the coalition won very handsomely and you happened to lose. We are bringing in a new tax system, a tax system which is a fair tax system, a tax system which we revealed to the Australian people. A major election was held on that tax system.

Senator Faulkner—On a point of order, Madam President, I think Senator Conroy asked Senator Kemp a very direct supplementary question as to whether Mr Vos had looked at this anomaly. Perhaps you could ask Senator Kemp to break his duck and have a crack at answering it.

The PRESIDENT—I have a couple of comments for Senator Kemp. Firstly, address your remarks to the chair and, secondly, I would point out the question that was asked of you by Senator Conroy.

Senator KEMP—The people of Shepparton are, if I am correct, in the electorate of Mrs Sharman Stone—the electorate of Murray. The people of Shepparton in the electorate of Murray voted to elect—*(Time expired)*

Senator Faulkner—I was going to take a point of order, Madam President. If the minister does not know the answer, he should take the question on notice.

The PRESIDENT—You can debate that later, Senator, I am sure.

Industry: Government Policy

Senator MURRAY—My question is to the Minister for Industry, Science and Resources. Has the minister had the opportunity to read all or some of the following reports: the Mortimer report on economic growth, the Stocker report on science policy, the Goldsworthy report on the development of information industries, the Senate Economics References Committee report on promoting Australian industry and the industry reports by the Business Foundation, the Allen Consulting Group, the Metal Trades Industry Association and the Australian Academy of Technological Sciences and Engineering?

Honourable senators interjecting—

The PRESIDENT—Order! Just a moment, Senator Murray. I need to hear the question, and senators will cease speaking so loudly.

Senator MURRAY—Did the minister recently tell the ACCI at their dinner that it was the job of government to get out of the way of business? Does the minister realise that all those reports recommend a far more interventionist and activist role for government than it presently pursues? Can the minister spell out his policy agenda for industry?

Senator MINCHIN—Thank you, Senator Murray, for your question. You were present

at the speech I gave to the Australian Chamber of Commerce and Industry. I think a number of other Labor members were there, as well as some of my colleagues on this side. I did give an overview of my general attitude to industry policy, as well as a range of other matters. I did indicate at one stage in that speech that I thought the general disposition of government should be to seek from business evidence of how we can get out of the way of business rather than evidence of how we can further prop business up. But of course that was not all that I said, as Senator Murray would know.

I did indicate in that speech those aspects of government industry policy as outlined in that profound and excellent statement by the government in November 1997, Investing for Growth; and those areas where we do believe it is appropriate for government to take an active role in relation to industry, and they are particularly in relation to innovation, where the government is investing an enormous amount of time, energy, resources and funds in promoting innovation in this country through a range of programs. We are also doing that in relation to investment. We do believe that the government should take an active role in the promotion of investment in this country. We set up last year the Invest Australia agency. We have Bob Mansfield doing a lot of outstanding work in that area. We also believe the government should take a very active role in market access through the promotion of exports, which is the way for Australian industry to prosper.

So we have a very comprehensive industry policy. It is based on a sensible and enlightened approach that is about facilitating adjustment to a much more open market economy, but doing so in a way that does allow industry to make that adjustment.

Senator MURRAY—Madam President, I ask a supplementary question. Minister, there is a view that those reports were pigeonholed by Treasury and that the government is doing far too little. Does the minister have the brief to be subordinate to Treasury or will he counter its narrow financial policy influence by championing a strategic industry perspective and much more investment than he is currently engaged in?

Senator MINCHIN—The government will adopt a whole of government approach. It is not a matter of one portfolio or another dominating. The government's industry policy was, as I say, clearly outlined in Investing for Growth, which was a response to the Mortimer report—a very good report by David Mortimer. The Investing for Growth document, which was released a few months after that report, adopted many of the recommendations made by David Mortimer. It is a constructive, activist approach to industry policy, and one designed to ensure that Australian industry is competitive—if only the opposition in this country would help us by ensuring that Australian industry is competitive by supporting our tax policy, which industry overwhelming supports.

Goods and Services Tax: Sale of Farm Businesses

Senator FORSHAW—My question is directed to Senator Kemp, the Assistant Treasurer. I ask the minister: will the GST apply to a business such as a farming business that is not sold as a going concern? If so, will the margin system of calculating the GST apply? What valuations will need to be undertaken, and when, to calculate the level of GST?

Senator KEMP—The question was in relation to the sale of land from an agricultural or farming business.

Senator Robert Ray—We heard it!

Senator KEMP—I am glad you did hear it, Robert Ray, and thank you for the interjection. There is no GST on the sale of a farm business if it is sold as a going concern to another farmer or for the purposes of farming. There is no GST when a farm is subdivided and sold as smaller farms, to operate independently or to be incorporated into an existing farm business. There are substantial benefits for the farming industry—

Senator Conroy—Not as a going concern.

Senator KEMP—I have answered the question.

Senator Forshaw—What happens if a farm is not sold as a going concern?

Senator KEMP—If it is not sold, then there is no GST. That is an astonishing question. I do not know who gave you that question on the questions committee, but if a farm is not sold no GST is payable, and that is the answer to the question.

Senator FORSHAW—Madam President, I have a few supplementary questions, but I will ask one. I remind the minister that the question was directed to whether or not a farming business was sold not as a going concern?

Senator Ferguson—What do you mean?

The PRESIDENT—Order! Senator Ferguson.

Senator Ian Campbell—What is it then? If it's not a going concern, it's not a farm.

Senator FORSHAW—Businesses can be sold either as going concerns or not going concerns.

The PRESIDENT—Order! There are far too many interjections on my right. I am entitled to hear the question that is being asked and Senator Kemp is also.

Senator FORSHAW—Madam President, my supplementary question is: is the minister aware that in New Zealand there have been a number of court cases contested on what constitutes the meaning of the term 'a going concern' with respect to the application of a GST? Given this, what model or definition does the minister believe is best to use to determine what is a going concern, or will the government fund a number of test cases in order to allow the courts to determine the question?

Senator KEMP—Madam President, it would probably be a help for the senator to wait until the bill is introduced. The bill will outline these general arrangements. Senator Forshaw, it is not unusual for people to challenge the law—they are entitled to challenge it—but I suggest it would be best if you wait until the bill is released to the public.

West Papua: Massacre

Senator BROWN—My question is addressed to the Minister representing the Minister for Foreign Affairs. I refer to the massacre of people on the wharf at Biak in West Papua on the morning of 6 July this year, which has been reported widely—including in the reports of Lindsay Murdoch in the *Sydney Morning Herald* and in the *Age*. I ask the minister: what information does the government have about this massacre and the subsequent murder of up to 137 people aboard an Indonesian ship, where they were taken offshore from Biak following the raising of the West Papuan flag on the morning of 1 July in Biak? What form of protest has the government made to the Indonesian authorities and what moves is the government making to ensure a full, open and independent international inquiry into this shocking set of events. *(Time expired)*

Senator HILL—Madam President, the honourable senator refers to an event in July of this year. I do not have a brief on that. I will seek advice and give him an answer as soon as possible.

Senator BROWN—Madam President, I ask a supplementary question. I inform the minister that this has been front page news in Australia, although he does not know about it. In seeking advice, would he find out when the government approached two Australians, Mr Paul Meixner and Ms Rebecca Casey, who were in a house adjacent to the wharf when the original massacre took place? Will the minister be able to report back either to me or to the Senate about the safety of up to 20 political prisoners, including Dr Filip Karma, who were dragged from the wharf or from their homes and have been charged with rebellion following the massacres by the Indonesian troops?

Senator HILL—As I said, Madam President, I will refer the matters to the minister and get a response.

Goods and Services Tax: Public Housing Rents

Senator CHRIS EVANS—My question is directed to Senator Kemp, the Assistant Treasurer. Minister, will public housing rents be input taxed in the same manner that private residential rents will be input taxed? Will state governments receive a GST exemp-

tion from building inputs that are used to provide public housing? If not, how will state governments recover the extra capital costs of public housing due to the GST? Will they be required to increase public housing rents and increase public housing subsidies, or will they have to cut services?

Senator KEMP—As far as I am aware, discussions are occurring with state governments on the issue of public housing. If those matters have been resolved, I will come back and inform the Senate as to current arrangements. In relation to input taxing, governments can get input tax credits. One of the big pluses of this tax reform package is the big advantage that it provides to governments in this area. If there is a specific arrangement relating to public housing, I will also deal with that in my response.

Senator CHRIS EVANS—Madam President, I ask a supplementary question. I appreciate the minister is going to find out how the new taxation regime will work in relation to public housing but, given that many states automatically increase public housing rents in conjunction with CPI increases in social security payments, how will the federal government ensure that public housing rents will not increase as a result of the government's inflationary GST?

Senator KEMP—As I said, as far as I am aware that is one of the issues which have been raised with state governments. The government is anxious, as we have made clear, that people who are entitled get the compensation packages which we have introduced. Senator, I will see whether I can provide you with some specific information on that matter.

Telstra: Privatisation

Senator TIERNEY—My question is to the Minister for Communications, Information Technology and the Arts. Minister, the highly successful one-third sale of Telstra resulted in 1½ million Australians becoming direct shareholders in one of Australia's greatest companies. Is the minister aware that certain political parties are now advocating that Telstra be broken up? Minister, can you assure the Telstra shareholders and the public generally that the government does not support such privatisation by stealth?

Senator ALSTON—There is no doubt that the privatisation of one-third of Telstra has been one of the great Australian success stories. We did not invent privatisation; that mob over there were going down that track many years ago, but they did not really care what they did with the proceeds. They were quite happy to splash them up against the wall whereas we applied them to such things as debt retirement. Most importantly, what we did was to sell off one-third of Telstra in such a way that it made a great deal of sense not just for the shareholders but for the economy at large. One of the critical things was that we were prepared to commit to selling Telstra as a going concern; in other words, give it the opportunity to have a full spread of services, give it the opportunity to go offshore, give it the opportunity to be a great national champion. What have we had since the election by way of an alternative approach? For 2½ years we had an absolute policy desert from the Labor Party. Since then we have had an absolute policy bazaar—spell that any way you like. The latest contributor is Senator George Campbell. As we all know, George has had a deep and abiding interest in this area so what he says has to be taken seriously. He said in the *Australian Financial Review* the other day:

> I have heard arguments—they have some merit—that we ought to consider breaking up Telstra into a number of separate identities serving specific regions within Australia.

He is not on his own, because the latest communications shadow minister, Mr Smith, basically recycling Senator Schacht's press release from last November, says that we need a fundamental reassessment of the public policy framework in Australia. I have to say they are both at odds with the 'big angel', to coin a Lathamism, because what Mr Beazley is now on about is that he stands by Old Labor. There is no third way for him. We will be lucky to get one-third of the way to policy reform under Mr Beazley. He says:

> I am determined as Labor leader that we understand the real strength of our policy approach from the last term and when we were in government.

He does not say much about the election campaign so I suppose he is not owning up to the capital gains tax and the four-wheel drive initiatives. What he is claiming is the privatisations that occurred when he was the minister. Other than that, he is not interested in policy reform. Senator Lundy, who happens to be the shadow minister assisting the shadow minister for industry and technology on information technology—in other words, the shadow minister for jumping at shadows—said in a debate during the election campaign, when asked about Labor's intention to sell off MobileNet:

> We won't entertain any structural separation of Telstra at this point in time.

I was there; I heard it. They fell off their chairs. They could not believe that someone had let the cat out of the bag. Unfortunately for Senator Lundy, it did not get a very big run. It certainly deserved to. This is a consistent policy thread in the Labor Party. They are all on about breaking it up and flogging it off in pieces. Why do they want to go down this path? Quite clearly, it is about what the unions will wear. Most of these none-core assets, as Mr Keating used to call them, are essentially non-unionised. So you can have the best of both worlds: you can get your hands on the goodies, you can spend the money on any policy initiative you want and you can flog off the things that do not really matter anyway, because they are not paying their union dues. So that is Labor's approach. It is an appalling performance. It ought to send shivers down the spines of those 1½ million shareholders that Senator Tierney referred to and it also ought to put the rest of the world on notice as to what sort of government they would get from Labor if Labor were allowed to get into office and get their hands on assets such as Telstra. This company deserves every chance. You heard what Mr Blount had to say about it recently. He does not like varying degrees of interference. If this is not the ultimate form of interference, I do not know what is. *(Time expired)*

Senator TIERNEY—Madam President, I ask a supplementary question. Minister, could you let the Senate know what would be the effect on regional Australia if this disastrous policy advocated by the ALP were implemented, and could you also outline to the Senate what would happen in terms of Telstra's international competitiveness if it were broken up?

Senator Robert Ray—Madam President, I take a point of order. I think the first part of that question was out of order, given all the previous rulings on ministers commenting on opposition policy. The second part was in order.

The PRESIDENT—It is not appropriate to comment on opposition policy. The second part of the question is in order.

Senator ALSTON—I think what Senator Tierney made clear in his first question, and which Senator Ray no doubt feels exquisitely embarrassed about, is that I am being asked whether the government would go down that path. The answer is unequivocally no because we are not in favour of having a whole bunch of little Telstras out there in regional Australia, all struggling to make ends meet, all not interested in doing anything other than the bare minimum. What we have at the moment is a system that works very well with universal service obligations and cross-subsidy arrangements funded by the rest of the industry on a pro rata basis. All that would go out the window simply to accommodate the expediency of the union demands; in other words, the good old union tail wagging the wholly owned ALP dog. That is not in the best interests of people in rural and remote Australia, it is not in the best interests of shareholders and it is certainly not in the best interests of the economy. The last thing you want is to find that you have a whole series of companies that simply cannot cope. *(Time expired)*

Goods and Services Tax: First Home Owners Scheme

Senator COOK—My question is to the Assistant Treasurer, Senator Kemp. I refer to the government's First Home Owners Scheme, which would provide only $7,000 to help first home owners offset the regressive impact of the GST.

Senator Abetz—Only! Very generous!

Senator COOK—I note the interjection. Will you confirm that the average price of a home in Sydney is $260,000, on top of which an extra $7,590 is payable in stamp duty, and that the HIA estimates that housing prices will rise by $16,000 and increase by even more in Sydney? Isn't it a fact that $7,000 is woefully inadequate and it will not even cover the cost of stamp duty on the transaction? Why do you want to punish first home buyers with such a regressive tax when they are the ones least able to afford it?

Senator KEMP—What the government has done is to offer a really historic measure to first home buyers, a measure which will certainly provide appropriate compensation. The figure that was calculated was $7,000. I know there will always be debates in that area, but that is the figure which the government believes is fair compensation to first home buyers.It is worth while reflecting on what has happened to housing prices and the cost to people of buying a home over the last decade or so. With the very high inflation which occurred under the Labor government, I cannot recall that any compensation was offered to first home buyers at all. Equally, when housing interest rates soared to 17 per cent under a Labor government—and were going north—I cannot recall any compensation being offered by your government, of which you were a minister. No compensation was offered to first home buyers or indeed to any other home buyers. The people that were particularly severely hit by your policies were often young couples trying to buy their first home.

Not only have we delivered exceedingly low interest rates but also housing affordability has improved for purchasers. As I said in response to an earlier question, that is one of the reasons why the government enjoyed such strong support from young couples, particularly because they know that we are a low interest rate government and they know that the Labor Party is a high interest rate government. They appreciate the price stability which we have brought to the overall economy as a result of our policies. Again, that was one of the reasons why this government was able to enjoy such strong support from young home buyers.

We went to the election with this policy. This was well canvassed in the election. The $7,000 assistance was widely appreciated and was one of the comprehensive packages that we offered. As I have said, the Australian public have made a judgment. The Australian public decided they wanted a visionary government, they wanted a government that would offer tax reform, they wanted a government which had a strong record in economic management, and they wanted a government which put particular focus on delivering low interest rates for young families and for business.

As a former minister in the Keating government, it ill becomes you to stand up and to pretend to shed some tears over the plight of young home buyers. Young home buyers are particularly supportive of this government. They are particularly supportive of the package which we have brought forward and they are particularly supportive of our record.

Senator COOK—Madam President, I ask a supplementary question. Minister, I remind you that we are not introducing a GST—you are. I also remind you that it was Labor that broke the back of inflation in this country, not you. Minister, isn't it also a fact that the government's meagre $7,000 will be more than accounted for by the GST payable on sales commission, on solicitors' fees, on mortgage approval fees, and on building inspection reports and a pest inspection report, and that first home owners will not have any of the $7,000 available to them to spend on their first house?

Senator KEMP—There was one thing that was right about that question. Yes, we were the ones that were seeking to bring in tax reform, and the Labor Party was not. On that part of your question, Senator, you were dead right. It is astonishing that a man who was a senior minister in a former government which presided over interest rates of 17 per cent at some time for young home buyers gets up and pretends to show concern. When you get up, Senator Cook, and apologise for your disgraceful performance in government, when you get up and congratulate us on delivering

record low interest rates, then we can have a debate. We are on the side of young home owners—you are the people who are opposed to them.

Education: Teacher Shortages

Senator ALLISON—My question is to the Minister representing the Minister for Education, Training and Youth Affairs. I refer to a recent report by the Australian Council of Deans of Education which shows that next year there will be a shortage of 4,500 teachers in this country. Isn't it the case, Minister, that the Senate Employment, Education and Training References Committee warned your government about this shortage a year ago, and that you refused to acknowledge the problem? Isn't it the case that the training of teachers is your responsibility? How are you going to find the teachers for the thousands of children, particularly in country areas, who will miss out? Will you take urgent steps to waive up-front fees for teachers to retrain, and will you remove HECS fees to encourage teachers to enter the profession?

Senator ELLISON—It is well known that in our policy at this election we announced funding for the upgrading of professional standards of teachers. That was widely welcomed by both the teaching profession and those involved in the education sector. We recognise that you have to keep up scrutiny and keep the attention on the upskilling of our teaching profession, and we announced that, Senator Allison. That was something which was not a policy from the opposition. That shows that the government is committed to addressing the needs of teachers in Australia today.

In relation to the question of HECS, there is no connection between HECS and the number of teachers today. That is a furphy which has been floated frequently by the Democrats. That has not impacted on undergraduate places. In fact, undergraduate places in universities have grown in Australia, and that flies in the face of Senator Allison's allegation that the HECS fee is causing undergraduate positions to drop. There is no correlation between HECS fees and the number of teachers.

Senator ALLISON—I ask a supplementary question, Madam President. Minister, your own DEETYA report in June this year on skills and shortages confirms the report by the deans, and confirms that there are already shortages of teachers in maths and science in all areas and chronic shortages of teachers in country areas. So how can your government continue to deny that this is a problem? Minister, will you acknowledge that your government's youth allowance legislation will require a further 1,400 teachers next year who will be impossible for many schools to find? Will you postpone the start-up date for young people being forced back into schools until this teacher shortage is resolved?

Senator ELLISON—There is no indication that there is a teacher shortage caused by the youth allowance. We have given young Australians an opportunity to stay on at school rather than go into the wider community without sufficient skills to obtain work. We are addressing the declining retention rates which were a legacy of the previous government. The youth allowance will look after those young Australians who want to gain further skills before looking for work. There is no question of that causing any reduction in the number of teachers.

Superannuation: Revenue Collection Shortfall

Senator CONROY—My question is to Senator Kemp, the Assistant Treasurer. Has the Assistant Treasurer seen the official revenue figures from the Australian Taxation Office for the government's 15 per cent superannuation tax? Is he aware that the ATO collected only $347 million in revenue from the new tax—$133 million short of the estimated $480 million—in the 1997-98 financial year? Why is there a $133 million shortfall? Isn't this just another indication that this new Liberal tax is a super dud?

Senator KEMP—At last a question on the superannuation surcharge. It has been a long time in coming in this chamber. When you get up and attack the superannuation surcharge you should declare an interest. Senator Conroy, you should have declared an interest.

The PRESIDENT—Senator Kemp, your remarks should be directed through the chair.

Senator KEMP—Thank you, Madam President, but I suspect that we cannot discuss—

Senator Chris Evans—That's right because those of us on this side of the chamber pay tax.

Senator KEMP—Thank you for confirming that. I know this hurts, but the fact of the matter is that one of your colleagues stood up and asked a question in which he has a direct interest. Senator Conroy, you should have said, 'I am a parliamentarian and I am on a pension scheme to which the superannuation surcharge applies and I am calling it a dud.' Frankly, Senator Conroy, I assume that you have received your assessment and that you understand precisely the level of that and what that means.

I am very glad that the issue of the superannuation surcharge has been raised. The Labor Party supported the superannuation surcharge in the lower House. Then when it came to the Senate there was the backflip led by Senator Sherry. The Labor Party in the Senate then opposed the superannuation surcharge. During the election, the Labor Party became one of the biggest supporters of the superannuation surcharge, so we backflipped again on the old superannuation surcharge. Mr Beazley was on record, and everyone was going to pay their surcharge, so there was another backflip. Now we are into the third or fourth backflip and the Labor Party are now deciding that maybe they will attempt to crank up a campaign.

Assessments have been issued and the government will collect approximately the money that it forecast. There has been a delay in collections, in part because we are responding to requests from the industry.

I mentioned three or four backflips of the Labor Party. I did hear that the Labor Party were now going to oppose the surcharge and abolish it. Senator Conroy, I did check with your official spokesman as to whether that was the case—that the reports given to me were correct. I now understand that the Labor Party position is that they still support the superannuation surcharge. So when Senator Conroy stands up it would be helpful if he could clarify it once and for all. We are all waiting on this side for the clarification.

Senator Sherry—Madam President, I raise a point of order. The question very specifically related to the reason for the $133 million shortfall—not all the other waffle that Senator Kemp is going on about. Can't he answer the question? There is a $133 million shortfall in the collection of this new tax.

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

Senator KEMP—I have indicated that the government intends to collect approximately the amount that was originally forecast. I indicated that for the first year there had been some delay, in part because of requests from the industry. But we are all waiting on this side for Senator Conroy to stand up and clarify whether the Labor Party supports the superannuation surcharge or not. Are we all listening to Senator Conroy?

Senator CONROY—Madam President, I ask a supplementary question. Can the minister confirm that the cost to the superannuation funds of collecting the $347 million in revenue from the government's new tax was $160 million? Can the minister inform the Senate of any other tax in Australian history that has cost $160 million to raise $347 million?

Senator KEMP—Madam President, did he duck the question? I asked him to clarify, for the sake of the record, whether the Labor Party continues to support the superannuation surcharge and Senator Conroy ducked—

Opposition senators interjecting—

The PRESIDENT—Order! Senator Kemp, the question is to you, not from you to Senator Conroy.

Senator KEMP—We were just seeking clarification of the Labor Party's position. I know that it is difficult for the Labor Party to say. Senator Conroy, can I refer you to a recent bulletin that was put out by APRA. In relation to the cost of the collection of the surcharge, this bulletin analysed administrative costs of major funds over the last year. There had been a rise in administrative cost—not a big rise; from memory, about $3.50 per

account—but, because of the productivity changes and gains, they were not able to find any additional cost to the surcharge.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Implementation

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (3.03 p.m.)—I move:

That the Senate take note of the answer given by the Assistant Treasurer (Senator Kemp) to questions without notice asked today.

The government says that it wants its GST legislation through this Senate by 1 July—before those senators elected at the last federal election on 3 October have a chance to take their seats in this chamber. It wants the legislation, it says, as a matter of urgency. It claims it has a mandate. It claims it is able to answer the issues that ordinary Australians are concerned about in a GST. That is why it has spent $17 million of taxpayers' money in glossy publications—to try to force-feed a GST to the Australian electorate. Today in question time we asked the responsible minister—

The DEPUTY PRESIDENT—Order! There is far too much noise in the chamber.

Senator COOK—Thank you, Madam Deputy President. I notice that the Assistant Treasurer is now leaving the Senate chamber. Well may he do so. We asked him in question time today six questions that occur to ordinary Australians about what this government intends to do in the fine print of how it would implement a GST. He answered none of them—not a single one of them. He could not, he certainly would not, and he absolutely did not, answer any of those questions at all. These are not difficult questions to answer. Australians would expect their government to have, at its fingertips, the answers to these questions.

Let us go to the first question that Senator Hutchins asked today. He wanted to know what the definition of 'excessive profits' would be, so that if a company wanted to excessively profiteer from the introduction of a GST, they could be brought to book. That is a fair question. If we are policing the introduction of a GST to make sure Australians are not ripped off, then what is the difference between 'reasonable profits' and 'excessive profits'? Can the government answer that? It has no definition for 'excessive' or, if it does, it was not telling us today; certainly, by his conduct, the minister does not know.

We asked him, 'Will the banks pass on any savings to their customers that they receive by getting a reduction in the GST?'—a reasonable question—'and if they do not, will the government ask them to; and if they will not, will the government force them to?' It is not as if banks are running poor in this country. It is not as if people who use banks are not entitled to consideration. Did he answer that question? No, of course he did not. It is a reasonable question for Australians to be asking.

My colleague, Senator Stephen Conroy, today asked the minister a question about booksellers. The major chains are discounting titles in Australia in order to attract customers through the door. Because they are discounting at lower rates than booksellers on the corner of every shopping precinct in Australia can sell them, they will be paying a lower GST on the same book as the corner store bookseller will sell that book for. Firstly, is that fair commercial practice? That is a good question. The second question is: why should they have to pay more or why should their customers have to pay more? The government claims to be a government of small business. Booksellers are small business people and they are jacking up the prices for the small business sector over the prices that the major corporate chains can charge. Is that fair commercial practice?

The minister did not know what a going concern was or what the terms would be, in tax law, of selling a farm which is a non-going concern. This is a very topical question in New Zealand where this very issue is being debated in the New Zealand courts. What is the Australian government's answer to that?

The minister could not answer in respect of private and public housing rents. And, of course, it could not give any explanation as to why its $7,000 first home buyers scheme—which will not even pay the cost of stamp duty, let alone sales commission, solicitor's fees, mortgage approval fees, building inspection fees or pest inspection fees—is adequate compensation.

There is a case for this Senate now to say, 'We won't proceed with this legislation until we get some straight answers in this chamber.' These are questions Australians want to know the answers to. It is for the government to provide those answers. *(Time expired)*

Senator CHAPMAN (South Australia) (3.08 p.m.)—What we are hearing today in the chamber from Senator Cook in this debate, as we have heard earlier in question time, is a feeble attempt by the Labor opposition to continue the scaremongering that they indulged in during the election campaign last October. It is nothing more or less than that, because in that election campaign the federal government went to the Australian people with the most thoroughgoing proposal for tax reform ever seen in the history of this country. It was a bold plan for major economic reform in the long-term interests of the Australian community. It was the biggest plan put forward for tax reform since the 1930s.

That big plan is absolutely necessary because our current taxation arrangements are arrangements that were put in place for the 1930s and they are arrangements that reflect the Australian economy as it was in the 1930s. They have no place for continuation in the 1990s or, more importantly, as we move into the 21st century. So that bold taxation reform plan was put to the Australian people, and it was the first time in the history of any democratic country around the world that a government has proposed a new tax system and been re-elected. That reinforces and underlines very clearly the support of the Australian community for this much needed tax reform proposal.

That electoral success was achieved despite yet another dishonest scaremongering campaign on the part of the Labor Party. It was a repeat of their 1993 effort, but this time, of course, unsuccessful. Yet, despite the clear result, the clear majority which the government has against the Labor Party in the House of Representatives as a result of that election, they now want to persist with this scaremongering campaign as the legislation is sought to be introduced.

We see the breathtaking hypocrisy of the Labor Party with regard to this matter. They want several committees of inquiry to be undertaken under the aegis of the Senate for some months hence to inquire into various aspects of the proposed goods and services tax and the other tax reforms proposed by the government. Yet, notwithstanding that, the Leader of the Opposition, Mr Beazley, has made it clear that, whatever the outcome of those committees of inquiry, the opposition will still oppose the legislation for tax reform; they will still oppose the goods and services tax. What more do we need to see the utter hypocrisy of this failed opposition than that opportunistic aspect? So it is important that we proceed with tax reform as proposed by the government at the election and which received the endorsement of the Australian people at that election.

There are key features of this tax reform proposal which the Australian people and Australian business desperately need. Importantly, there will be stronger incentives for work through the cutting of marginal tax rates on income tax. Linked to that there will be a reduction of the taper rates at which social security and family benefit payments are withdrawn from recipients. So it is not only a reform of the tax system, it is also a reform of the social welfare payments system so that people, particularly in the $20,000 per annum and $30,000 per annum income categories, have more incentive to obtain extra work where that is possible because it eliminates the current disincentive effects of the interaction between the taxation system and the welfare system. Those effects mean that many people in those income brackets, if they earn extra dollars, actually lose more than a dollar for every extra dollar earned. They can lose up to $1.30 for every extra dollar earned under the current system, and that is clearly a disincentive to work.

Most importantly, it will allow substantial reductions in the cost of fuel. We need to recognise that in Australia the impact of the cost of fuel in our overall cost of production is the highest of any country in the world. That is largely because of the way in which fuel tax impacts on the final cost of fuel as an input cost to business. The proposal to completely eliminate for all off-road use the tax on diesel, and to substantially reduce the cost for on-road use because of the refund of the GST as an input to business costs, will have significantly beneficial effects on the cost of production. This is the generally beneficial effect for the cost of production of the goods and services tax, that it is a tax that does not cascade. Unlike the current wholesale sales tax system, GST does not cascade and add to the cost of production at each stage of production. In fact, it is refunded at each stage of production and is only borne by the final consumer. *(Time expired)*

Senator CONROY (Victoria) (3.13 p.m.)—It is hard to know where to begin in this debate to try and get some truth involved, because the claims that continue to come from this government stagger me. Ordinary Australians will be made aware of this, which is what will happen through the Senate committee process. That is one of the reasons why we have dug in so hard and say, 'You cannot get away with this pretence two weeks after you release a tax package that is, in your own words, the biggest single fundamental reform this country has ever seen to its tax system.' We get two weeks to look at that—two weeks. It is because you have wanted to run and you have wanted to hide the detail of your package. That is exactly what you wanted to do, Senator McGauran, and you know it.

You have got a situation where you have spent $17 million on advertising, taxpayer funded advertising, to try and communicate with and educate the public. The single greatest failure of that campaign is that Senator Kemp, the minister in charge of this issue in this chamber, still does not know anything about his own portfolio and still does not know anything about the package. All he does is stand up and say, 'Read the book, read the book.' It is all he can do. It is $17 million wasted, if Senator Kemp is the example.

What we have got is further lies already exposed over the 1.9 per cent figure. Treasury have had to be dragged screaming and kicking into this chamber. The government has been forced to release the facts about the 1.9 per cent. They continue to try and pretend that it is the best available calculation. You would have to believe in the Easter bunny if you believed that 1.9 per cent was going to be the overall impact for price increases after this package is born. Senator McGauran, you probably do believe in the Easter bunny, but the rest of Australians don't.

The government is spending just $1.8 billion on its compensation package for the poorest group of Australians in this community, and it is giving $7½ billion to the richest 20 per cent. That is $1.8 billion compensation—if you believe the Easter bunny figures from the government—as opposed to $7.5 billion. That is what this debate is about. That is why we have to drag the government into holding an inquiry.

Further lies have been told and distortions have been perpetrated, not only by commentators in the media but by the government itself. The Treasury and government ministers are trying to claim that you cannot exempt food. They say that if you exempt food the rich will be better off than the poor. They say it is actually in the poor's interest to have a tax on bread and milk. You hear that from commentators, the government and Senator Kemp, but what is the truth of this claim? They are using bodgie figures. That is the truth.

The household expenditure survey claims that the richest 20 per cent spend three times more on food than the poor. When you take out restaurant meals, that becomes only about twice as much as the poor. When you work out the proportion of total expenditure allocated to grocery food, it is higher for the poor than for the rich. It is higher once you take out some of the calculations used. The government does not want you to know that. It does not want you to take those figures out. And it gets worse for the government after that.

The ABS households are calculated on total income. They add all the members of the household together when they do these calculations. What they do not tell you, and what this government does not want you to recognise, is that the richer households in this community have about 3.2 persons per average, while poorer households in this calculation have 1.6. So the poor households are paying the same amount for groceries as the rich households. That is the truth. That is the facts.

This is a regressive and unfair tax, but this government continues to pretend publicly—and commentators tell you—that the rich will be better off if you exempt food. This is a lie and it needs to be exposed. There is plenty of evidence to do it if this government is fair dinkum. Senator Kemp continues to try to pretend in this chamber that all you need to do is read the book to get the details. You do not find these figures in the book. It is a disgrace to this chamber that this sort of myth is continually being perpetrated. Senator Kemp clearly is not across the issue. *(Time expired)*

Senator GIBSON (Tasmania) (3.17 p.m.)—The Labor Party are against tax reform. That is the fact of the matter. In the last election, the Labor Party campaigned against tax reform. They said that the current system in Australia is fair and reasonable. That is what they said. That is what they told the Australian community. We said to the Australian community that we recognise, as everyone in the Australian community recognises, that the tax system in Australia is definitely broken. Everyone in Australia knows this. They know that the wholesale sales tax system is a mess.

Senator Conroy—Rubbish!

Senator GIBSON—It is rubbish, is it? There is no wholesale sales tax on a Lear jet, but ordinary folk pay wholesale sales tax at 22 per cent on motor cars. What is fair about that? It is well known that the wholesale sales tax system is a mess. We want to get rid of FIDs and BADs. The Labor Party wants to keep them. They are a disincentive to jobs in the finance industry in Australia. The Labor Party wants to keep stamp duties on financial transactions; we are planning to get rid of them as part of our overall package. They want to keep them as an imposition on businesses.

Worse than that, without the total tax reform package, how can we get rid of the problem of the disincentive for people on low incomes to work, to do extra work and to save? Through our tax reform package, we are reducing the marginal tax rates for the great bulk of Australian wage and salary earners—that is those with an annual income of between $20,000 and $50,000; and average earnings in Australia are about $38,000 a year—and to reduce their marginal tax rates to 30 per cent so they have a real incentive to work and to save.

In addition to that, we are reducing the taper rates for various government payments—pensions, et cetera—to make sure that people who are poor and are in receipt of government benefits get away from the marginal tax rates of over 100 per cent that they are currently paying. It is no wonder that some people do not want to work and do not want to save.

We published a 200-page document on our plan for tax reform before we went to the Australian people. The people voted for us to stay in government. They want tax reform because they recognise that the tax reform package will provide a fairer system for everybody. It will provide an incentive for people to work and to save—which is what we want, particularly for younger people—and it will also provide stronger economic growth for everybody.

Independent experts have predicted that the positive economic growth resulting from the tax package will range from one per cent to three per cent. These are not Treasury figures; this is what outside experts have predicted. As a consequence of that, there will be higher incomes for everyone and an increase in the number of jobs. The minimum estimate of increased job numbers is of the order of 200,000 simply from the implementation of the tax reform package in the next four or five years. The reforms are very important for Australia. All Australians understand that the reforms are important. Yet today the Labor Party is nitpicking about minute details, even before the legislation has been tabled—and

this legislation will be tabled in the near future.

We have set out the strategy of what needs to be done in adequate detail in the 200-page document—more than anyone else has ever done before. What detail did you put out in 1993 when you increased the total tax take of the Commonwealth government by 30 per cent? You did not pay compensation to people who were worse off. This is a great package for the Australian people. The Australian people recognised that and voted for us to go ahead with it. *(Time expired)*

Senator SHERRY (Tasmania) (3.24 p.m.)—I do not think there is any disagreement in this chamber, or perhaps anywhere around Australia, that the central issue of the last election campaign was the government's so-called tax reform package. It was effectively a goods and services tax package. Of course, Labor notes that less than half the voting population of Australia voted for the government. Only 48.5 per cent voted for the government on that program of introduction of a goods and services tax.

Today in the Senate seven questions were posed to the Assistant Treasurer, Senator Kemp. He has been in that position for approximately three years now. Seven questions were asked and they were not about minute detail. They were not about obscure aspects of the introduction of a goods and services tax but about major and important components of how a goods and services tax would operate. They included issues relating to determining excessive profiteering by businesses that may or may not put down their prices with the introduction of a goods and services tax, the impact of a GST on bank charges, the impact of a GST in respect of book pricing and discounting, the impact of a GST in respect of public housing prices and rents, and the impact of a GST in respect of first home buyers. I do not think those are minute issues; they are very important, central issues. What stood out—$17 million and three months later—was that Senator Kemp, the Assistant Treasurer, could not answer any of the detail in these very important areas.

One last question posed by Senator Conroy was on an important issue, because this government has introduced a new tax. Every senator and many other Australians are aware of the new tax: the super tax. This government has a track record. After the election of 1996 it decided to introduce a new 15 per cent superannuation tax. But it did not call it a tax, it called it a surcharge. This is the smart alec approach of the Treasurer, Mr Costello. The government did not want to break its election commitment of 1996 not to increase taxes or introduce new taxes, so Mr Costello said, 'Let's bring in a new superannuation tax.' The new superannuation tax is going to raise half a billion dollars.

Labor opposed that tax, not because it was a tax primarily aimed at high income earners but for a number of other reasons. Labor argued, along with everyone else in the superannuation and finance industry, that this was an absurd tax because it was called a surcharge and because the superannuation funds themselves were required to collect this new tax. Why did that create enormous difficulties? Because the superannuation funds effectively had to become a tax office. We argued with the government. The financial institutions and the superannuation industry said that the government would not raise the money it said it would raise from this new 15 per cent super tax and that the cost of collection would be astronomical.

So my colleague, Senator Conroy, posed a question to Senator Kemp today. I would have thought it was quite a simple question. The government said it would collect $480 million from its new superannuation tax. Instead it collected $347 million, a shortfall of $133 million. Senator Conroy asked Senator Kemp, the Assistant Treasurer: why did the superannuation tax have a shortfall of $133 million? What was the answer? Absolute waffle. There was no attempt to answer the question. That is not an insignificant figure when you are after $480 million. The $133 million has gone missing.

Senator O'Brien—More than a third.

Senator SHERRY—You are right, Senator O'Brien. The industry says that the cost of collecting the $347 million is $160 million. The cost of collecting every $1 of superannuation tax is almost 50c. It is Australia's

most expensive tax. In Australian history there has never been a more expensive tax than the superannuation tax in terms of collection. *(Time expired)*

Senator McGAURAN (Victoria) (3.29 p.m.)—In entering this debate I would like to pick up some points that Senator Conroy made. I note that he has left the chamber. This is a man who asked so many questions in regard to the tax reform during question time—they seemed to give him a big workout today—yet where is he when it comes to finishing this debate? He has walked out and left it to Senator Sherry.

Senator Sherry—Madam Deputy President, I raise a point of order. That is an unfair criticism. Senator Kemp is not here, and he could not answer anything in question time today. It is a totally improper suggestion from Senator McGauran.

The DEPUTY PRESIDENT—There is no point of order.

Senator McGAURAN—I regret that Senator Sherry did not allow me to finish my sentence, because I was about to give him a compliment. Quite frankly, Senator Conroy has left the debate in more capable hands in Senator Sherry way back there on the back bench. Senator Conroy has obviously been able to crunch his way to the front, coming from the Victorian faction. As undemocratic as we know the Victorian Labor Party is, as reported today in the newspaper, he has managed to get himself to the front. So, Senator Sherry, talent does not always win out, in your case and no doubt in my case too.

Senator Conroy made a point when talking about the dishonesty of the government in the last election. Here comes Senator Carr, no doubt just to annoy me.

Senator Carr—I always try to come in and help you out.

Senator McGAURAN—All right, I will plough on. He talked about the dishonesty of the government in the last election. To everyone but those opposite it was the most honest, forthright and up-front approach to policy making that any coalition party or government has ever gone to an election with. You talk about dishonesty—

Senator Carr—You have got to be joking. What a joke!

Senator McGAURAN—Senator Carr, you do not have to rush into the chamber every time I speak up. Finish your cup of tea and your nap.

Senator Carr—I always like to help you. You need a lot of help.

Senator McGAURAN—Senator Conroy relied on and quoted from the household survey. Talk about dishonesty! In its advertising during the election campaign the Labor Party predicted that there was a secret Treasury survey that the government had locked away showing that the GST effect would be some 9.5 per cent. That survey has now been tabled in the parliament, and it shows that the GST effect would be less than the 1.9 per cent effect that the government has claimed under the CPI survey. What is more, both documents come out of the Treasury. You cannot rely on one, and call that honest and the other one dishonest. They are both Treasury documents. Our document shows that the GST effect is in fact less than that of the household survey that you quote.

Senator Conroy also made the point that we cannot keep this pretence up about the detail of the GST. Rest assured, Senator Conroy, that we will be releasing the finer details. No other issue in Australian politics since Federation has been more debated than tax reform—going back to 1985 when, by chance, Kim Beazley was a supporter of the GST. Today, the ministry has met; they have gone through the finer details. It is going through the correct processes.

Senator Conroy—What about the parliament?

Senator McGAURAN—It is coming to the parliament. Rest assured that we do not wish to hold up this debate—unlike those on the other side. We want the effects flowing before the next election to fulfil our commitment of the last election. We have a timetable that we want to be able to meet. For that reason, we do not want to hold up any part of this debate. It will get the scrutiny of this parlia-

ment; it is obviously going to get the scrutiny of a Senate inquiry.

Senator Conroy—You didn't even want the inquiry.

Senator McGAURAN—It has had a decade of scrutiny prior to that. But you talk about pretending on detail and policy: your problem on that side is that you have no policy. Now that you are in your second term of opposition you must define your policies. You got away with it in your first term but you have had a full three years and you must now start defining your own philosophies and policies, otherwise you are not going to get close. I know Mr Latham has made a valiant attempt—talking about a third way. We thank him for the ammunition that he has given us on that. On Friday I saw, as Senator Alston did, a newspaper article—

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

Question resolved in the affirmative.

PETITIONS

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

Genetically Engineered Food

We, the undersigned citizens and residents of Australia, call on all Senators to support implementation of the following:

a requirement to label with the production process, all foods from genetic engineering technologies or containing their products;

real public participation in decisions on whether to allow commercialisation of foods, additives and processing agents produced by gene technologies;

premarket human trials and strict safety rules on these foods, to assess production processes as well as the end products.

Precedents which support our petition include several examples of foods already labelled with the processes of production: irradiated foods (here and internationally); certified organic foods; and many conventional foods (pasteurised; salt-reduced; free-range; vitamin-enriched; to name only a few).

We ask you all to accord a high priority to supporting and implementing our petition.

by **Senator Stott Despoja** (from 519 citizens).

Austudy

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

The petition of the undersigned demand the Australian Government honour its commitment to the Higher Education sector as stated in the Liberal and National Parties' Higher Education Policy.

We demand the Australian Government:

Review the Actual Means Test for Austudy.

Raise the level of Austudy above the poverty line.

Lower the age of independence to 21.

Review the differential HECS.

Abolish up-front fees for undergraduate places.

by **Senator Stott Despoja** (from 56 citizens).

Parliamentary Contributory Superannuation Scheme

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

The Petition of the Undersigned shows that we believe that the current Parliamentary Contributory Superannuation Scheme provides benefits to retired members which are overly generous and unfair.

Your petitioners ask the Senate to call on the Australian Government to:

Act swiftly to bring the Parliamentary Contributory Superannuation Scheme in line with community standards by:

(1) Reducing the taxpayer subsidy which currently stands at an average of $6 contributed by taxpayers for every $1 contributed by Senators and members;

(2) Instructing the Remuneration Tribunal to substantially reduce benefits;

(3) Removing the early payment of benefits, so that they are payable at the age of 55 in line with the rest of the community;

(4) Supporting the Australian Democrats' Private Members' Bill to overhaul the politicians.

by **the President** (from 20 citizens).

Private Health Insurance: Rebate

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

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

Your petitioners note with satisfaction the Government's proposal to provide a 30 per cent rebate on all private health insurance premiums,

without means test, from 1 January 1999. This is necessary to allow those persons who are prepared to take responsibility for their own health care to be able to afford to do so.

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

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

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

Sales Tax: Greyhounds

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

The petition of the undersigned shows that citizens are aggrieved by the unfair nature of the amendments to the Sales Tax Legislation 1992 which introduced and continues to have a discriminatory and disadvantageous impact on the Greyhound Racing Industry in both rural and metropolitan Australia.

The amended legislation removed the exemption from sales tax on food for greyhounds, a working animal purpose bred for racing, but maintained an exemption for sales tax on food for other racing animals.

Your petitioners request that the Senate amend sales tax legislation to reinstate sales tax exemption on animal food given to greyhound breeders and trainers prior to 1992. This action would re-establish the parity with other sections of the racing industry who have exemptions, or in the alternative, we request an amendment to allow the same exemptions given in other similar circumstances by redefining 'Livestock' under the Act to include greyhounds (or racing animals) or else include greyhounds in the special classification for working dogs.

by **the President** (from nine citizens).

Student Allowances

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

The petition of certain citizens of Australia, draws to the attention of the House that:

The introduction of a Common Youth Allowance as well as changes to Austudy and the Dependant Spouse Rebate/Benefit has—

. caused undue emotional stress and financial hardship on students;

. not taken into consideration the needs of mature aged students with working partners;

. jeopardised the potential quality of educated students entering the work force;

. showed the public that the education sector is still being treated unfairly;

. created a feeling of ill-will towards the government in those concerned.

Your petitioners now therefore pray that the House review and amend the Common Youth Allowance, as well as the changes to Austudy and the Dependant Spouse Rebate/Benefit, and ask that the detrimental aspects of them, to all affected, be removed or changed to benefit all affected.

by **Senator Stott Despoja** (from 30 citizens).

Queensland Roads: Federal Funding for Roads

To the Honourable the President and members of the Senate in the Parliament assembled

This petition of certain residents of the State of Queensland notes with concern the continuing inadequate level of Federal funding for Queensland roads, restricting economic development and growth and, in many cases, resulting in unsafe roads and road conditions.

Your petitioners request that the Members of the Senate recognise the demand of the Better Roads Action Alliance for a 20 per cent real increase on the 1996/97 Federal budget allocation of $347.5 million for Queensland roads, sustained over 10 years.

We request the Members of the Senate act to ensure that $417 million annually in Federal road funding is allocated to Queensland in real terms over the next decade.

by **Senator Ian Macdonald** (from 6,308 citizens).

Petitions received.

NOTICES

Presentation

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

That the Senate—

(a) notes:

(i) that 23 November 1998 marked the 75th anniversary of Australian Broadcasting Corporation (ABC) radio station 2BL,

(ii) that radio 2BL has evolved as the ABC itself has grown and expanded and remains an industry leader through its news and information services, and its entertainment and cultural programs, programs which are stimulating, educative, informative and thought-provoking, and

(iii) that digital technology provides both opportunities and challenges for radio, and again 2BL has been an industry leader in the way it delivers information, such as in

the use of audio streaming through the Internet; and

(b) wishes the ABC well for its anniversary celebrations and hopes 2BL continues for at least another 75 years.

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

That the Senate—

(a) notes that Online Australia Day, which is being held on 27 November 1998, will involve hundreds of online and offline events including:

(i) the launch of a year-long Virtual Expo, featuring hundreds of government agencies, community organisations and businesses, showcasing the best of Australia online,

(ii) the launch of the Commonwealth Government's web site for families,

(iii) a virtual classroom linking more than 40 schools across the nation,

(iv) Internet access and training in more than 700 schools, libraries and community access centres across the country,

(v) the launch of Farmwide's satellite-based trial, providing 400 remote farmers with access to the Internet via their television screens,

(vi) live forums featuring a range of personalities and celebrities, and

(vii) three virtual radio networks streaming live broadcasts via ABC Online throughout the day; and

(b) expresses its support for initiatives like Online Australia Day, which are designed to raise awareness among Australians of the online world and provide 'hands on' experience of the Internet for first time users.

Consideration of Legislation

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts)—I give notice that, on the next day of sitting, I shall move:

That the provision of standing order 111(6) which prevents the continuation or resumption of second reading debate on a bill within 14 days of its first introduction in either House not apply to the Space Activities Bill 1998.

I also table a statement of reasons justifying the need for this bill to be considered within the 14-day period and seek leave to have the statement incorporated.

Leave granted.

The statement read as follows—

STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 1998 SPRING SITTINGS

SPACE ACTIVITIES BILL 1998

The US Kistler Aerospace Corporation signed an operations agreement with the Commonwealth last April, to develop and operate a commercial space launch facility at the Woomera Prohibited Area in South Australia.

As launch licensee under the agreement, Kistler Woomera plans to commence a test launch program in the second quarter of 1999, and to commence commercial launches later in the year. The licensee has negotiated at least one contract for a series of commercial launches from Woomera, subject to a successful trials program. Kistler is in the final stages of contract negotiations with an Australian firm for the construction of a launch site.

While the licensee will develop and operate its Woomera facility under the agreement with the Commonwealth, the proposed Space Activities Act is required to be able to impose on the licensee penalties in the case of any breach by the licensee of its launch licence conditions.

Failure to pass the legislation would not in itself prevent the initiation of Kistler's trials program. However, it would create a significant risk in allowing those trials to proceed in a situation where, should the licensee breach its launch licence conditions, the Commonwealth would have no legal means of imposing any penalties against the licensee.

The passage of the legislation, and its associated regulations, are critical to the safe conduct of space launch activities in Australia, commencing with the Kistler operation. There is at least one other space project, the United Launch Services International (ULSI) Unity launch service, proposed for Gladstone, that will be delayed if the Commonwealth cannot set out a certain regulatory framework by early 1999. Enactment of the legislation prior to 31 December 1998 will obviate pressure from proponents to enter into project specific launch agreements. The effect of any such agreement would be to sanction launch activities outside the legislative framework for commercial space activities, which would be resource intensive and otherwise undesirable.

(Circulated with the authority of the Minister for Industry, Science and Resources)

Presentation

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

That the Senate—

(a) notes the visit on 23 November 1998 of members of the Jubilee 2000 Australian Campaign, including Trevor Thomas, Simon Miller and Archbishop Goodhue;

(b) notes the specific requests to the Australian Government:

(i) that the Government seriously consider Jubilee 2000 proposals and endorse efforts to accelerate debt reduction in the poorest nations,

(ii) that the Government provide leadership on the issue of debt remission and unilaterally cancel the unrepayable backlog of highly indebted poor countries (HIPC) nations' debt owed to Australia ($US 100 million in 1996 or $A 8.80 per person),

(iii) that Australia uses forthcoming International Monetary Fund (IMF)/World Bank meetings, the G22 and Paris Club negotiations to:

(A) actively support the acceleration of the process of debt cancellation under the existing HIPC initiative, and

(B) authorise the use of IMF gold reserves to finance debt reduction, and

(iv) that in any forthcoming consultations regarding capital flows, 'redesigning the architecture of the financial system', international bankruptcy provisions etc, Australia ensures that the interests of the very poorest nations' needs are included; and

(b) urges the Government to support the Jubilee 2000 Australian campaign.

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

That the following bill be introduced: A Bill for an Act to alter the Constitution with respect to the qualification and disqualification of members of the Parliament and Parliamentary candidates, and for related purposes. ***Constitution Alteration (Right to Stand for Parliament—Qualification of Members and Candidates) Bill 1998***.

Senator Lundy to move, on Thursday, 26 November 1998:

That the Senate notes, with grave concern:

(a) the Government's refusal to publicly release the 'Y2K' (millennium bug) compliance progress reports of each Commonwealth department and agency; and

(b) recent public reports on leaked government documents that indicate that the first-round government allocation of Y2K funding for Commonwealth departments and agencies has fallen more than 50 per cent short of the amounts requested by the departments and agencies.

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

That there be laid on the table by the Minister representing the Minister for Finance and Administration (Senator Ellison), by the adjournment of the Senate on Monday, 30 November 1998, the individual reports and associated documents provided to the Department of Finance and Administration by each Commonwealth department and agency in relation to those departments and agencies' 'Y2K' (millennium bug) compliance progress.

BUSINESS

Legislation Committees

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

That Business of the Senate notice of motion No. 1 standing in the name of Senator Kemp for today, relating to the reference of matters to certain committees, be postponed till the next day of sitting.

Finance and Public Administration References Committee

Motion (by **Senator O'Brien**, at the request of **Senator Faulkner**) agreed to:

That Business of the Senate notice of motion No. 2 standing in the name of Senator Faulkner for today, relating to the reference of matters to the Finance and Public Administration References Committee, be postponed till the next day of sitting.

Taxation Package: References to Committees

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

That Business of the Senate notice of motion No. 1, relating to the proposed reference of matters to certain committees, be postponed till the next day of sitting.

Goods and Services Tax: Production of Documents

Motion (by **Senator O'Brien**, at the request of **Senator Faulkner**) agreed to:

That general business notice of motion No. 2 standing in the name of Senator Faulkner for today, proposing an order for the production of documents by the Minister representing the Treasurer (Senator Kemp), be postponed till 25 November 1998.

COMMITTEES

Legislation Committees

Extension of Time

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

That the time for the presentation of the reports of the legislation committees on the examination of annual reports be extended to 1 December 1998.

NOTICES

Presentation

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

That the Senate—

(a) notes that:

(i) in a major test case, the Department of Employment, Workplace Relations and Small Business has applied to the Australian Industrial Relations Commission (AIRC) to amend the superannuation clauses of several building awards,

(ii) if the claim is successful, employers could push employees' superannuation into any fund they can persuade their employees to agree to without having to provide basic information to employees about their entitlements, the superannuation provider or the employer's relationship with the provider, and

(iii) the draft clause, if accepted, falls well short of even the minimum standards of the Government's own superannuation policy, which has yet to be debated by the Senate, and falls well short of the recommendations of the report of the Select Committee on Superannuation on choice of fund;

(b) calls on the Government to withdraw the claim as inconsistent with government policy and the provisions of its own choice of fund legislation; and

(c) calls on the AIRC to reject the claim as failing to provide adequate protection for workers in the important decision of where their superannuation is directed.

BUSINESS

Employment, Workplace Relations, Small Business and Education References Committee

Motion (by **Senator O'Brien**) agreed to:

That business of the Senate notice of motion No. 3 standing in the name of Senator O'Brien for today, relating to the reference of matters to the Employment, Workplace Relations, Small Business and Education References Committee, be postponed till the next day of sitting.

Fitzroy Dam

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

That general business notice of motion No. 12 standing in the name of Senator Allison for today, relating to the Fitzroy Dam proposal in Western Australia, be postponed till the next day of sitting.

Greenhouse Gases

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

That general business notice of motion No. 14 standing in the name of Senator Allison for today, relating to the convention for climate control, be postponed till the next day of sitting.

Kew Cottages, Victoria

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

That general business notice of motion No. 11 standing in the name of Senator Allison for today, relating to people with disabilities in institutions, be postponed till the next day of sitting.

WOOL INTERNATIONAL AMENDMENT BILL 1998

Reference to Committee

Motion (by **Senator Woodley**)—as amended by leave—agreed to:

That the provisions of the Wool International Amendment Bill 1998 be referred to the Rural and Regional Affairs and Transport Legislation Committee for inquiry and report by 30 November 1998.

GENETIC PRIVACY AND NON-DISCRIMINATION BILL 1998

Referral to Committee

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

(1) That the provisions of the Genetic Privacy and Non-discrimination Bill 1998, introduced in the previous Parliament, be referred to the Legal and Constitutional Legislation Committee, for inquiry and report by the last day of sitting of 1998.

(2) That the committee have power to consider and use the records of the Legal and Constitutional Legislation Committee appointed in the previous Parliament.

BUSINESS

Restoration of Legislation to the *Notice Paper*

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

(1) That so much of standing orders be suspended as would prevent this resolution having effect.

(2) That the following bills be restored to the *Notice Paper* and that consideration of each of the bills be resumed at the stage reached in the last session of the Parliament:

Air Navigation Amendment (Extension of Curfew and Limitation of Aircraft Movements) Bill 1995 [1996]

Captioning for the Deaf and Hearing Impaired Bill 1998

D'Entrecasteaux National Park Protection Bill 1996

Defence Cooperation Control Amendment Bill 1997

Genetic Privacy and Non-discrimination Bill 1998

Koongarra Project Area Repeal Bill 1996

Native Forest Protection Bill 1996

Parliamentary Approval of Treaties Bill 1995 [1996]

Patents Amendment Bill 1996

Plebiscite for an Australian Republic Bill 1997

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

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

Sexuality Discrimination Bill 1995 [1996]

Taxation Laws Amendment (Part-Time Students) Bill 1997

Telecommunications Amendment (Prohibition of B-Party Charging of Internet Service Providers) Bill 1997

Uranium Mining in or near Australian World Heritage Properties (Prohibition) Bill 1998

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

SEXUALITY DISCRIMINATION

Senator BARTLETT (Queensland) (3.45 p.m.)—I ask that general business notice of motion No. 10, standing in my name for today relating to discrimination on the grounds of sexuality, be taken as a formal motion.

Leave not granted.

Senator BARTLETT—I seek leave to move a motion to postpone general business notice of motion No. 10 until tomorrow.

Leave granted.

Senator BARTLETT—I move:

That general business notice of motion No. 10 standing in the name of Senator Bartlett for today, relating to sexuality discrimination, be postponed till the next day of sitting.

Question resolved in the affirmative.

MATTERS OF URGENCY

Telstra: Regionalisation

The DEPUTY PRESIDENT—The President has received the following letter from Senator Harradine:

Dear Madam President

Pursuant to standing order 75, I give notice that today I propose to move "that, in the opinion of the Senate, the following is a matter of urgency:

The need for Telstra, in its structures and administration, to adopt a policy of regionalisation whereby as many jobs as possible are located in regional areas and to reverse its decision to close its Work Management Centre at Derwent Park Tasmania having regard to statements made by Telstra to both the Union and, through the Minister's Office, to Senator Harradine.

Yours Sincerely

Senator Brian Harradine

Is the proposal supported?

More than the number of senators required by the standing orders having risen in their places—

The DEPUTY PRESIDENT—I understand that informal arrangements have been made to allocate specific times to each of the speakers in today's debate. With the concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator HARRADINE (Tasmania) (3.47 p.m.)—I move:

That, in the opinion of the Senate, the following is a matter of urgency:

The need for Telstra, in its structures and administration, to adopt a policy of regionalisation whereby as many jobs as possible are located in regional areas and to reverse its decision to close its Work Management Centre at Derwent Park, Tasmania, having regard to statements made by

Telstra to both the Union and, through the Minister's Office, to Senator Harradine.

I notice that, on the speaker's list, I have seven minutes to advance the proposition and three minutes to respond. Senator Mackay has 14 minutes. That is quite extraordinary. I appeal at the beginning of this debate for honourable senators to treat this matter in a non-party way and not start political point scoring, as there has been much political point scoring by various people whom I hope I do not need to name.

Senator Mackay—Madam Deputy President, I raise a point of order in relation to the time for speakers in this matter of urgency debate. I am very happy for Senator Harradine to have five minutes of my time. That was not an intention on the part of the opposition, and I am quite happy for him to have that additional time.

The DEPUTY PRESIDENT—It is a matter for agreement between the parties, Senator Mackay. It is not for me to judge.

Senator Mackay—It has been agreed.

The DEPUTY PRESIDENT—Senator Harradine now has 12 minutes.

Senator HARRADINE—Has that been agreed by other honourable senators?

The DEPUTY PRESIDENT—I do not know about others, but Senator Mackay has just offered five minutes of her time. I presume it has the concurrence of the Senate; nobody is disagreeing.

Senator HARRADINE—I am quite happy to accept that five minutes; thank you. The motion has two aspects. As I have said, I do hope that honourable senators approach this in a bipartisan, all-party and independent fashion. I note that Senator Colston is in the chamber, and his interest in the regionalisation of Telstra is very well known.

Going to the first part of the motion—namely, the need for Telstra, in its structures and administration, to adopt a policy of regionalisation whereby as many jobs as possible are located in regional areas—all parties, and probably all senators around the chamber, have supported the concept of decentralisation. That concept has many benefits, both social and economic, for Australia.

The basic principles in support of decentralisation are summarised as follows: decentralisation policy provides employment in areas of relatively high unemployment—workers are very often unwilling to move from an employment deficit position to areas of potential employment, and can you blame them? They are uprooting their families and having their kids go to various schools, and the cost of that is enormous. Secondly, towns in regional areas require a critical mass of employment or economic activity to maintain services to them. Thirdly, decentralisation ameliorates problems caused by rural-urban drift. The concentration of economic activities and employment in cities to the exclusion of regional Australia accelerates urban congestion and puts enormous pressure on already overburdened infrastructure in the cities.

Fourth, decentralisation raises the question as to what kinds of social options are available to Australians. Do people in regional Australia have to move to big cities to find employment incurring social costs they consider to be negative and which are very often disastrous for them and their families? Are we limiting choice by continuing to centralise economic activity and employment in the cities? When I use the word 'cities' I am particularly referring to Sydney and Melbourne where, very often, these decisions about the administration and operation of major companies are made.

Again, on equity grounds, do people in regional Australia deserve or, indeed, warrant the same level of opportunity as their city counterparts? My view, and I believe it is the view of all honourable senators, is that they do deserve that equity. There may be opportunities for regional Australia to expand its economic base if sufficient infrastructure is in place.

I could list a whole number of other reasons for decentralisation, but that will need another debate at some other time. What I want to do now is suggest to the Senate that the telecommunications area in particular lends itself to decentralisation and regionalisation. There are a number of technological reasons why the

telecommunications industry should be regionalised. Firstly, modern telecommunications technology means that distance is no longer a significant cost variable in the delivery of many types of telecommunications services, thus the operational bases of telecommunications service providers can be located well removed from the major cities and from the major markets in the same way that call centres are conducive to decentralised locations.

Secondly, the market for telecommunications services sees itself as being decentralised. By its very nature, telecommunications is a decentralised service sector activity. Indeed, the more remote the region the greater will be the telecommunications dependence on social and economic activities in that region compared with other forms of interpersonal and business interaction. It follows that many telecommunications services can most efficiently be facilitated by a regional carrier presence.

Thirdly, elements of the telecommunications infrastructure are necessarily decentralised. For example, interstate long-distance trunk cable, fibre networks and local and mobile telecommunications support infrastructure are necessarily located in regional areas even if the services which they support are mainly in the capitals. This dispersion of the infrastructure throughout the continent necessarily entails some significant decentralised network support operations.

Telstra clearly is the largest telecommunications company in Australia; in fact, it is the largest company in Australia. It ought to adopt a policy of decentralisation, of regionalisation, as suggested by this motion. What is happening? It is not adopting that policy. Its major decisions are made in Sydney particularly and Melbourne, and it is concentrating employment in those two major cities at the expense of regional Australia. An example of that is the way that Telstra has formed the Country Victoria/Tasmania region. That is pitting the workers of Tasmania against the workers of Victoria in this industry. They are playing musical chairs between country Victoria and Tasmania. That conflict is going on, and Telstra is sitting back noting the conflict. Instead, we should be demanding of Telstra that they regionalise the jobs from Melbourne and Sydney to, for example, Tasmania, regional Queensland or regional Victoria. Instead of which, the opposite appears to be happening, except for one possible exclusion, and that is the call centres.

Under this policy approach at the present moment skilled work is being lost in my state of Tasmania, and that is the reason for the second part of my motion. The principal reason for the second part of the motion is to call upon Telstra to reverse its decision to close the work management centre at Derwent Park in Tasmania, because the credibility of Telstra is at stake. Telstra told the minister's office in August this year that there was no plan to close the works management centre at Derwent Park. The minister's office relayed that to me—because I had raised the question—through my senior adviser. The minister's office stated that Telstra had no plans whatsoever to reduce the existing 19 staff or to remove the works management centre to Bendigo. That was the statement. I am talking about Telstra's credibility.

I think it is very important that, as a parliament—I do hope that we all see this—we unanimously tell Telstra to reverse that decision so that it maintains its credibility. Otherwise, I expect that I, and a number of other senators on all sides of this parliament, will be very wary indeed as to what we believe from Telstra in the future.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (4.00 p.m.)—I want to deal with the Derwent Park issue first, and I also want to deal with the wider concerns expressed by Senator Harradine in his urgency motion. As far as the Derwent Park undertaking is concerned, these are the facts as I understand them. In June there was a letter written by Telstra to Senator Harradine's office in relation to the Derwent Park line yard. That was followed up on 11 July by further correspondence in relation to the line yard which confirmed that it was proposed that it be closed and consolidated with another Telstra site. There was no mention made on either

occasion about the work management centre also located at Derwent Park.

In August of this year, Linda Blackwell, the federal government relations officer with Telstra, advised Mr Quilty of my office that Telstra had 'no plans' to close the work management centre. Mr Quilty relayed this commitment to John Shaw in Senator Harradine's office and I understand that John Shaw subsequently wrote to the CEPU in Tasmania regarding the matter.

On 28 October, Telstra announced that the work management centre at Derwent Park would be closed and approximately 30 jobs relocated to Bendigo. On one view, one could say that Telstra had no plans in August last. It subsequently developed those plans and then made the announcement that it made on 28 October. If that is the case, then it does require a lot more explanation than we have had to date because it would have been unlikely, I would have thought, that such a decision, with the consequences that it has for the local community, particularly in relation to matters conveyed to Senator Harradine, would have been made in a relatively short space of time. In other words, it is unlikely, in my view, that they had no plans in August but were in a position to make a final decision some two months later.

I am in the process of writing to Telstra to ask them to explain that situation. If there is nothing more forthcoming than that they had no plans in August but they had made a final decision in October, then, whilst they might be acting strictly within the letter of the law, I can well understand Senator Harradine's frustration about the spirit of the commitments and indications given to him in August this year.

I will certainly be saying more about this when I have had a response from Telstra. At this stage, I simply indicate what the facts are before the government. If there are any other matters that Senator Mackay or anyone else would like to convey to us, apart from getting out there and having little demos and generally trying to lock the union movement in because they think there are a few votes in it—

Senator Mackay—I would be interested.

Senator ALSTON—You have not bothered to write to me. You have jumped up and down, you have carried on a treat and got your heads on television, but at the end of the day you have not bothered to bring your concerns to the government.

I can well understand Senator Harradine's concern more generally about the situation in Tasmania. What has to be acknowledged is that Senator Harradine has delivered in spades for Tasmanians when it comes to telecommunications services. You lot fought tooth and nail against the Regional Telecommunications Infrastructure Fund. Senator Harradine supported it and it has delivered the goods, around Australia, I might say, although you wanted to knock it off during the campaign. I have not heard any complaints about it. Certainly in Tasmania that sort of money can make a very significant difference.

It is not only politically opportunistic; it is totally unfair to be out there bagging Senator Harradine and to be sooling the unions on in the way that you have. I agree entirely with Senator Harradine when he expressed his frustration in the *Sunday Tasmanian* along these lines:

> In Tasmania, my work has resulted in no net loss of Telstra jobs compared to a loss of 22 per cent of Telstra jobs nationally, but no-one seems to give a damn about that.

Those are the facts.

Senator Mackay—How do you know? Give the facts to us because we cannot get them out of Telstra.

Senator ALSTON—What are you complaining about? If you have no information to the contrary, what are you on about? Senator Harradine said and Telstra have told me that there is a net increase in jobs.

Senator Mackay—Give us the information.

Senator ALSTON—I thought you had been given those figures, but I will come to that. Telstra has advised that while 32 positions in Hobart will be relocated to Bendigo, a further 80 new positions will be created in Launceston. You are not aware of that?

It is very unfair to simply ignore—as of course you choose to do—the fact that Telstra was 30 per cent off world's best practice. It

did need to downsize; it did need to become efficient and to get up to world's best practice. You want to keep it as large, as fat and as inefficient as you possibly can so that you can get more union dues feeding through to your outfit. But the fact is that it is in Telstra's best interests to continue that process and they are well down the track towards doing that.

Telstra has also advised that the number of work sites in Tasmania and regional Victoria will be centralised resulting in a net increase of 28 positions within the company's commercial and consumer service group. I have indicated the figures in relation to Hobart and Launceston. A key point is that these positions are not being abolished; they are being relocated to Bendigo. I can well understand the concern that those in Tasmania would have.

I would like to move to the broader point of this motion. Whilst it has to be recognised that there are legal responsibilities imposed on directors and the company can quite properly say that 'We are obliged to maintain shareholder value and therefore we have to take actions that will ensure that we are operating as efficiently as possible and delivering benefits to our shareholders', I think it is also pertinent to say that those companies which are the most forward looking are those which see being a good corporate citizen as very important and as a means of building brand loyalty which will stay with them when full competition arrives. It has not arrived in Tasmania as yet, although I understand you can certainly get Optus mobile telephony. But as we all know, local calls are essentially still a monopoly service around Australia.

The situation is improving, but if you want to be forward looking then you can go no further than to take the example of Amazon.com, which has built up a reputation by putting all the money back in, not simply putting it straight to the bottom line and paying it out in dividends, and has consciously determined to build up sufficient brand loyalty so that when people like Borders and Barnes and Noble come into the game they will be well behind because they will not have that brand loyalty. I think certainly Telstra ought to be conscious of that fact and they ought to look very carefully before they simply proceed to centralise all of their activities.

At the end of the day, of course, these are commercial decisions that they make, but I think it is important to understand that it is not the responsibility of government to embark on a conscious and potentially very expensive decentralisation program. We have been down that road on and off over many years. From Telstra's point of view that is not an economically efficient path. I think there is more to it than simply the financial calculations and, as I have indicated, I think those companies that are prepared to look ahead and are prepared to try and ensure that they have customers who get new services in those areas will find in due course they will need people there to service them.

It is certainly true to say that call centres do make sense in locations outside the metropolitan areas because the cost structures in Tasmania are lower than on the mainland. Services such as call centres generally do not require people with tertiary qualifications, although it depends upon what services they are offering. If it is technical knowledge or if it is a help desk then you do need to have people with particular qualifications. If it is simply sales and marketing or answering a range of queries then those services can be provided from many parts of the community and, indeed, a range of language skills is often just as important. That does make sense for Tasmania. I commend the initiatives that Tony Rundle took as Premier and I very much hope that Tasmania will continue to go down that path. I would also hope that Telstra would want to be part of that rather than simply seeing Tasmania somehow as an adjunct, as Senator Harradine points out, of Victoria and Tasmania as a region. I have considerable sympathy for Senator Harradine's proposition, but one has to also have regard to the other competing factors that I have mentioned. *(Time expired)*

Senator MACKAY (Tasmania) (4.10 p.m.)—I must say I concur with many of the remarks of Senator Harradine. I held my peace, and so did other Tasmanian senators in

the chamber, until Senator Alston started his ubiquitous kicking of heads in terms of the Labor Party's and other people's actions in relation to this.

I just would like to say that from our perspective our bottom line agenda is keeping those 35 jobs and keeping that work management centre open. I am not quite sure whether to be heartened or not by the comments of the Minister for Communications, Information Technology and the Arts because I was not terribly clear about what he was saying. I think he was saying that he was seeking more information from Telstra and, if it was clear that there had been some reneging of a commitment that Telstra had given him and therefore Senator Harradine, that was a matter of some moment and would be considered.

I think Senator Harradine is accurate when he says that at the point the minister's office in fact sought information from Telstra they said, 'No, there are no plans to close the work management centre.' Frankly, I am not sure that was the complete truth or the whole story. The reason I say this is that I have a transcript from ABC Radio of Thursday, 29 October in which a Mr Dick Dankert was interviewed. The interviewer asked quite clearly:

. . . did . . . Telstra tell the government that the Tasmanian Work Management Centre would remain open?

He responded:

. . . if Telstra told the government that I'm not aware of it. The decisions that I've made are strictly on a balance—a business decision—a good business decision on the balance of the requirements of customer service and shareholder requirements and I haven't been told of any guarantees.

This is substantially after the commitment from the minister's office. Then the interviewer went on to say:

How far back did the planning for this decision go?

He responded:

Planning for this decision has evolved probably over about the past year.

So I am not sure, and clearly Telstra are saying they are not sure, what information was provided to the minister and whether the information at that point was accurate, given that from this person's comments it was clear, as we alluded to in the Senate I think as far back as June, that this was in Telstra's business plan in relation to what it was doing to Tasmania. I am not sure what has happened here, but the bottom line as far as we are concerned is that we want to keep these jobs.

Then we have an interview on *AM* where this issue was raised in a national context. Here again we have equivocation from Telstra in relation to this. Matt Peacock from *AM* was talking to Telstra's Peter Shaw, who said that once you unleash competition Telstra had to get itself organised. Peter Shaw goes on to say:

. . . we moved something like 50 positions to Launceston and another 25 back to Bendigo, so that the overall cost of running our operation would reduce.

I think that says it all, in that clearly the bottom line as far as Telstra is concerned is profit. Matt Peacock goes on:

How do you explain the Minister's confusion then? He says that he was reassured that the . . . Work Management Centre would stay open.

Peter Shaw says:

Look, there may be a misunderstanding in that we said . . . clearly we expected our staffing levels in Tasmania to be a certain number and those staffing levels basically are at that number.

Matt Peacock goes on to make the very obvious point about the fact that the government is the majority shareholder in Telstra and asks what say the minister has in these decisions. Peter Shaw says:

I don't think that Senator Alston, frankly, wants to get too much involved in the intricate day to day workings and the operations of the company.

Peacock says:

But if he tells you that he'd like a guarantee that a work centre should remain in Hobart, for example, would you keep it there?

He says:

Well, I think that that's a hypothetical situation that really hasn't come about yet.

That is absolute nonsense, given that this interview was on the 20th of this month. Matt Peacock says:

But it's really not hypothetical, is it, it's the essence of this political debate. Does the Government own you and does the Government, or is the

Government entitled to tell you how to run your business?

Peter Shaw:

Matt, the Government certainly has 66 per cent share and the Government certainly appoints the directors to the company, and the directors and the management are responsible for managing the company according to a plan. Now, if the Minister wishes to raise some issues with us then I am sure we would be more than prepared to talk to him about those issues.

Come on, let's get real! That is not good enough. We have a situation whereby Telstra have advised Senator Alston that they had no plans to close the work management centre. Not only that but we have correspondence—and so does Senator Harradine—from Telstra to the CPEU saying that there are no plans to close the work management centre, and Telstra's national response is, 'We're not aware of any. It is a hypothetical question.' No, it is not. That is the first thing. Secondly, they are then asked directly, 'If the minister were to say to you'—I will not use the 'i' word, the intervention word—"Honour the commitment you gave the minister"—as Senator Harradine and I believe—"and therefore the people of Tasmania"—would Telstra demur and say, 'No. We are happy to have a chat with the minister?' We are talking about the minister for communications—it is not Joe Blow down the road who has got a bit of an interest in relation to the work management centre—and I frankly think it is absolute and total arrogance on Telstra's part to take that sort of attitude. To say publicly that they might be prepared to have a bit of a conversation with the minister on this matter is utterly unbelievable.

We on this side of politics alerted the Senate to this proposal in June of this year when we got word of it. Senator Alston's response then was very similar to what we have seen today, and I thought he injected a fairly nasty tone into the debate. He said, 'Where did you hear that load of rubbish from? Some of your union mates?' That was his response. 'It is complete rubbish,' he says—'Where did you get that from?'—and we hear the same union bashing from Senator Alston today. I do not think that helped matters at all, might I say.

As it transpired, obviously the information we got was correct. Telstra had it in their business plan for a year that they were going to close that work management centre.

Government senators—Oh!

Senator MACKAY—They have said it on radio. This is astounding, and it goes to the heart of why Telstra have to remain in public hands.

Senator Quirke—Decent public hands.

Senator MACKAY—That is right. Thank you, Senator Quirke. Senator Harradine is about keeping these 35 jobs and so are we, and I resent the implication from anybody that we are just playing politics in relation to this issue.

Senator Abetz interjecting—

Senator MACKAY—I invite you, Senator Abetz, to go and have a talk, as I have, to those 35 workers out there who are all highly skilled and are concerned about the relocation. They have not heard from you, Senator Abetz. Anyway I am not going to be diverted by you.

Suffice to say that the Labor Party's position is this: we want to keep those jobs there; we want to keep that work management centre open. I think there are a number of other senators on the other side of the chamber—and I'm not talking about you, Senator Abetz—who may agree with us. There are two ways in which we can do this. I am heartened by what I think the minister was saying, which is that he sought explanations—please explains—from Telstra, although from our perspective it is a laydown misere. It is very clear what has happened here.

The second way is that the Senate can actually say to the minister, 'Direct Telstra to keep the commitment they gave to the minister'—never mind the commitment they gave to Tasmania or Senator Harradine, but the commitment they gave to the minister. That goes to the heart of why we believe Telstra should be in public hands. We believe they should remain in public hands, and we believe that the power to direct should remain.

Senator ALLISON (Victoria) (4.18 p.m.)—The Democrats support Senator Harradine's motion that Telstra adopts a policy which would see as many jobs as possible located in regional areas. Mind you, I would have to say that we would like to be arguing that it should be possible to restore the 22,000 jobs already lost in regional and metropolitan areas, but that is not the subject of today's urgency motion.

Senator Harradine is properly concerned with the closure of the work management centre at Derwent Park but, of course, this is not the only work management centre Telstra has earmarked for closure. Senator Harradine's suggestion that Telstra focus on jobs in regional areas would, in fact, be a complete reversal of the current policy of Telstra which, along with so many other many government agencies, has been to downsize, to centralise and to generally act as if it has no responsibility to the economies of regional communities.

The third sale of Telstra has brought with it changes to Telstra's work environment productivity and levels of customer service. We cannot talk about these issues separately. They are all the result of the privatisation of one-third of Telstra and they are all consequences of an organisation whose ethos has shifted from one of customer service to shareholder profit.

The *Australian* reported on 20 November that Telstra will make a $100 million profit from the nationwide sell-off of buildings and land, all purchased, I might add, while Telstra was wholly publicly owned. Why doesn't Telstra use that profit to build and develop its regional call centres? Why doesn't Telstra use a proportion of that profit to see that it meets even the prescribed levels of its customer service guarantee? I think we know the answer to those questions: Telstra expects that it will be sold in toto—as the government wants—and it is already interested only in profits.

What I think Senator Harradine should have included in his motion is the fact that the government is still the majority shareholder in Telstra and, very importantly, that the Minister for Communications, Information Technology and the Arts has the power to direct Telstra to adopt any policy at all that the minister sees fit.

Senators will recall that, during the debate on the telecommunications bill, Senator Alston wanted to get rid of this right to direct Telstra, and I'm quite sure he would have enjoyed standing up today and saying that he had no power to act and then washing his hands of the question of jobs in Tasmania. But, as you will recall, the Senate said otherwise at the time. It was Senator Harradine and the ALP who agreed with our amendment which made sure that that right to direct was maintained in the bill.

I will take this opportunity to remind the Senate too that it was a Democrat amendment which gave a voice to rural and regional Australians on the Telstra board. I congratulate the government for acknowledging the merit of our position at the time, but apparently this has not been enough to see that those interests have been protected.

But country folk should be able to expect the minister to act in their interests. I heard Mr Peter Shaw from Telstra on the radio this weekend—as Senator Mackay has already outlined—saying that he did not believe that the government would want to be involved in the day-to-day running of Telstra and that perhaps Telstra would inform the minister about the relocations, but in effect it is no business of the government or the minister.

The other day Senator Alston was reported as saying that he would probe into the issue. Today we heard that he has written a letter to Telstra. This is presumably about the issue of Telstra breaking its promises to Senator Harradine and Tasmania. *(Time expired)*

Senator ABETZ (Tasmania—Parliamentary Secretary to the Minister for Defence) (4.23 p.m.)—It is a pleasure to be able to take part in this debate on the urgency motion moved by Senator Harradine and to make a contribution. Most of us, especially those of us who come from Tasmania, would accept that when Senator Harradine puts forward a proposition it would be done in a genuine and sincere way. I agree that, if possible, Telstra ought to place its structures and administration in regional areas, but at the end of the day

Telstra is about delivering services to all Australians at a cost effective rate. If Telstra does not deliver its services at an effective rate the losers are going to be all Australians, and especially those businesses that use the telecommunications systems in this country. It is noteworthy that the tariffs being paid by customers have fallen considerably in real terms over the past six years, making it cheaper to do business, which is good for jobs at the end of the day.

Whilst I understand Senator Harradine's concerns about the representations that were made in relation to the work management centre at Derwent Park, I would invite him and Senator Mackay to consider their responsibilities not just as senators for southern Tasmania but as senators for all Tasmania because the whole of the restructuring that Telstra is undertaking also includes something that has not been referred to: the fault reporting centre at Launceston, which will create 80 new jobs in my home state of Tasmania, but in Launceston. So while there is this loss of 30-plus jobs in southern Tasmania there will be a gain of 80 jobs in northern Tasmania, making a net gain of 42 jobs in Tasmania with this restructuring. There was not a single mention of that fact by Senator Mackay, who is leading for the Australian Labor Party in this debate. And that is so typical of Labor when they seek to enter these debates—they will only tell you half the story. I did not see Senator Mackay addressing a rally in the north of our home state of Tasmania, in Launceston, saying that she would not want this fault reporting centre established in Launceston which would create 80 jobs because she wanted to preserve the 35 jobs in southern Tasmania.

Basically we have a choice in this situation: do we want to unravel the whole package being presented by Telstra and, if so, deny an extra 42 jobs in Tasmania? The problem with the media in my home state is that if you talk about a loss of 35 jobs it will get the front page. If you then point out to them that the whole restructure means a net gain of 42 jobs, you might find it on page 20 with a very small heading. That is the real problem in this debate.

Senator Conroy—No wonder! Shame on you, Senator Abetz.

Senator ABETZ—Senator Conroy seeks to interject. We saw Senator Conroy embarrass himself twice during question time and I would have thought that he did not want to make it a trifecta so very quickly.

Comments were made in relation to Telstra having a majority shareholding by the Australian people or by the Australian government. That is so, but let us not forget who established Telstra as a corporation. It was the previous Labor government. Who introduced competition? The previous Labor government. The changes we are experiencing today are a function of decisions taken by the Australian Labor Party whilst they were in government. To his great credit, Senator Harradine was reported in the *Sunday Tasmanian* as saying exactly that. So let us not confuse the issues in this debate by trying to suggest that it is as a result of the Liberal government's desire to privatise Telstra that these changes are occurring.

There is a fairly basic proposition in Corporations Law and that is that the directors are required to deal in the best interests of all shareholders. Therefore it would be inappropriate for the board of directors of Telstra to give in to every whim and fancy of a politician wanting to use Telstra for parish pump purposes—having a local phone booth put in here or some other facility put in there—at the expense of the shareholders. The board of directors owes a duty to all the shareholders and whilst our political purposes may be served by raising these issues the board of directors has a clear obligation to protect the interests of all its shareholders.

As is so typical of the Democrats, we heard them condemn Telstra for making profits. When companies are trading profitably in this country I welcome it because it means the 1½ million Australian shareholders who hold shares in Telstra are making a profit and gaining a dividend. It is a credit to Telstra that it is making a profit.

Coming back to the detailed terms of the motion, it is a matter of regret that it appears Telstra may have provided some undertakings which they are now no longer abiding by.

Senator Quirke—You mean they're ratting.

Senator ABETZ—Senator Quirke interjects and says that they are ratting. But in ratting they are delivering an extra 42 jobs to my home state of Tasmania. If that is your definition of ratting, from a Tasmanian perspective that is not too bad. The changes that are occurring in Telstra are a result of Labor's policies. *(Time expired)*

Senator MARK BISHOP (Western Australia) (4.30 p.m.)—The issues raised by Senator Harradine in his motion are both important and significant. The motion addresses regional employment opportunities outside Sydney and Melbourne and undertakings given by major corporations and their bona fides. In commencing this debate, it is useful to revisit the Senate Environment, Recreation, Communications and the Arts References Committee report on Telstra, entitled *Telstra: To sell or not sell*. In that report, there was a specific chapter addressed to the issue of employment. It addressed privatisation and staffing levels, industry growth and development and impacts of privatisation in regional employment.

All of the concerns raised by Senator Harradine in the motion before us today were preaddressed by the report of that particular Senate committee. Submissions were received from Queensland, North Queensland, South Australia, and many, many submissions—indeed, a disproportionate number—from the state of Tasmania, which particularly addressed the issue of regional unemployment.

The Senate committee made three major findings on this issue of regional unemployment deriving from privatisation: firstly, regional and rural employment became a major focus of the inquiry; secondly, that there is a huge interdependence of public and private sectors of the economy in regional and rural areas; and, thirdly, the proposed job losses that were to emerge from the privatisation of Telstra over time were going to be concentrated in metropolitan south-east states of Australia, with particular reference to Tasmania of course—nothing particularly surprising about those three findings.

The core issue involved in the selling-off of private assets is to increase efficiency, that is, to increase market share, increase the return on assets and increase the return on capital that has been invested over time. A clear way of achieving these objectives is to reduce the variable costs of the corporation or the entity itself. The core, or the most important, variable costs are labour costs in many industries these days, and any reduction in labour costs on the ledger sheet of corporations is a direct gain to the bottom line of the corporation. It leads straight to improvements in the bottom line.

In the Senate report, table 5.7 on page 112 addresses, as at July 1996, the number of persons employed by Telstra in the various states. The table shows interesting proportions: in Victoria there are seven metropolitan workers for one country worker; in New South Wales, 2½ metropolitan workers for one country worker; in Queensland, three metropolitan workers for one country worker; in South Australia, seven metropolitan workers for one country worker; and in Western Australia, 7½ metropolitan workers for one country worker. Only in Tasmania is the figure radically different. In Tasmania, there are two metropolitan persons employed for every rural and regional person employed in that state.

A number of conclusions can be drawn from table 5.7 which are relevant to this debate today. Firstly, Tasmania has a disproportionate share of total Telstra employment—significant Telstra underemployment in the state of Tasmania compared with all other mainland states. That employment in the state of Tasmania is concentrated in the lower end of the value chain—service type jobs, sales jobs, clerical type jobs, and some lower levels of management jobs, but disproportionately at the lower end of the value chain in lower wage jobs. Secondly, within rural and regional Tasmania the proportion of Telstra employees is also greatly disproportionate compared with the rest of Australia in rural areas. That is, in Tasmania, for every two workers employed in metropolitan areas, there is one person employed in country areas compared with New South Wales and Western Australia, where it is seven or 7½. So any cuts that fall outside major cities like Hobart

will fall disproportionately in rural, regional and country areas.

This is a particularly telling set of numbers because, of all the states, Tasmania has a huge degree of employment based outside capital cities. This means that job losses, unemployment, hardship to families and community break-ups fall hardest on those areas that are least able to bear the pace. Indeed, there is nothing new with this trend particularly applying to the state of Tasmania. Total jobs with Telstra in Tasmania in July 1986 were something in the order of 2,600 employees. Ten years later, that number had been reduced to 1,460 employees.

Senator Abetz—Most of them lost under Labor!

Senator MARK BISHOP—You can allocate blame if you like, Senator Abetz. The point is that there has been a continuing decline in the levels of employment by the Telstra Corporation in Tasmania. Also in this context, Tasmania has regressed from a stand-alone administrative region to a subarea—a combined Victoria-Tasmania region run out of Melbourne. As a consequence of this retrenchment of staff, massive job losses, higher value functions of marketing, human resources and finance have all been centralised in Melbourne. Indeed, the attacks by Telstra on Tasmania have been unremitting. Customer service centres have closed in Burnie and Launceston. Customer service centres have closed later in Hobart. The downgrading of multifunctional operator sites to single function sites in Burnie, Launceston and Hobart has continued.

Let us at this stage of the debate recap the tale of Telstra and its effect on the regional economy of Tasmania. Firstly, from 1986 to 1996 there were job reductions in the order of 2,600 down to 1,400. Secondly, there has been the ongoing relocation of high value jobs—human resources, finance et cetera—from Tasmania up to Melbourne. Thirdly, there has been the maintenance of only lower value jobs in Telstra, and we have heard reference in this debate today that there is great value in call centres.

Any employment is worth while, any employment has dignity and any employment offers reward, but call centres really are centres that can be located anywhere at the whim of the employer and do not require, from 99 per cent of the workers involved, great skills. For Tasmanian coalition senators, representing Tasmania, to be saying that call centres offer a vision for the future or offer great value for the future when all the high skill jobs—the trades jobs, the technical jobs, the IT jobs, the finance jobs and jobs of that ilk which have high value and high reward—are located in Melbourne or Sydney is to say permanently that workers in Tasmania have a choice: they can have a low value job in a call centre, service oriented, market oriented and clerical oriented, or they can leave Tasmania and go to Sydney or Melbourne, or possibly Brisbane, to get high value jobs.

Senator Abetz—Repeat your speech to the call centre employees.

Senator MARK BISHOP—Senator Abetz says to repeat the speech to the call centre employees in Tasmania. The continuing problem for Tasmania is that no coalition representatives of Tasmania are willing to address the necessary structural change to improve the balance of that economy, and hence any employment that is gained—*(Time expired)*

Senator COONAN (New South Wales) (4.39 p.m.)—Senator Harradine's urgency motion on Telstra essentially raises two issues, both, I might say, very worthy of consideration. The first is statements said to be made by Telstra to Senator Harradine and others concerning the work management centre at Derwent Park. The Minister for Communications, Information Technology and the Arts, Senator Alston, has said in the Senate this afternoon that he is making inquiries as to when it was in relation to those statements that Telstra had in contemplation the closure of the centre. We need to await the outcome to take that any further. The second issue is the advancement of the proposition that Telstra should adopt a policy of regionalisation whereby as many jobs as possible are located in regional areas. They appear to be the issues, as I read Senator Harradine's motion.

As to the second proposition, there can be no doubt that Senator Harradine is motivated, as indeed we all are, I think, by sincere concern for the welfare of the employees at Derwent Park, and no doubt in any other centre where the welfare of workers may be impacted on. While these jobs are, as I understand it, being relocated and not terminated, it can be readily understood that this can cause some inconvenience and concern. But, however sincerely meant Senator Harradine's proposition is, the proposition that Telstra actually adopt a policy of regionalisation for jobs and reverse the Derwent Park decision will not of itself deliver the benefits of a more competitive telecommunications environment to the greatest number of Australians.

I think it is perfectly understandable that cutbacks in employment in regional areas prompt calls, from some anyway, for more government control of Telstra. The reality is that the overall interests of country Australia and regional Australia are in having—I think that this is unarguable—a low cost and economically priced telecom service and not one where the dominant telecommunication carrier has to fund make-work schemes or maintain centres that are uncompetitive or unnecessary. The motion assumes that the interests of regional Australia are somehow or other unconnected with the interests of the rest of the country. My contention in the debate this afternoon is that the interests are absolutely inseparable, if indeed distinct.

There are many features of Telstra's structure and operation that transcend these distinctions. One pretty obvious one mentioned by Senator Abetz in his contribution this afternoon is the role of the Corporations Law and the legal constraints on Telstra and on government because of the Corporations Law.

Senator Conroy—Let them sue the parliament.

Senator COONAN—It is obvious—I think even Senator Conroy can grasp this—that the board and the management must make their decisions in the interests of all the shareholders. This applies whether or not there are any further sales of Telstra. It means that day-to-day decisions about the location of facilities or the allocation of resources must be made to achieve the best outcome for the company as a whole. That has been an established legal proposition for as long as corporations have existed. It is not a trivial obligation, and the obligations on directors are not trivial.

Senator Abetz—It is personal.

Senator COONAN—It is a personal obligation, as Senator Abetz quite correctly points out. They must carry out their duties according to the law. That means that they have to look at what is in the overall interests of Telstra and not what might be in the interests of some aspect of Telstra in one region in Australia. It would be undesirable, I would think, for the location of every Telstra works depot and maintenance shed to become the subject of parliamentary debate. It would be undesirable for Telstra, it would be undesirable for the parliament and it would certainly be undesirable for Australians as a whole. We simply cannot second-guess every management decision that is made. It is just not a way that a large, complex and strategically significant corporation such as Telstra can be run. It is not appropriate for us, I would think, to spend too much time trying to second-guess a management decision.

So, while I have the greatest respect for Senator Harradine's proposal and his proposition, it is simply misconceived, in my view, to try to force Telstra to invest in the maintenance of its existing structures and its existing work centres to the point where the cost to Telstra in the end exceeds the true benefits that flow from having the best and cheapest telecom services for all Australia. The proper role of government is to create an environment which will help Telstra and other Australian companies both to grow and to compete. We must get the settings right. *(Time expired)*

Senator HARRADINE (Tasmania) (4.45 p.m.)—In the very short time that I have to reply, I want to state at the outset that not one senator in the debate has challenged the points I made in support of the regionalisation of the structure of Telstra, nor has anyone challenged the points that I made in support of regionalisation and decentralisation and the economic and social benefits that would derive therefrom.

I want to make a point right here and now: I think the Senate is indebted to Senator Bishop for his contribution to this debate today. Senator Bishop brought to the attention of the Senate the details of the effect that centralisation of Telstra is having on regional and rural Australia in terms of job losses caused by jobs being centralised in the major centres and cities. I feel that the points that he made and the details he presented to the Senate—in particular, what has happened in Tasmania with the centralisation into Melbourne of jobs which were once performed in Tasmania—were most important and support fully the second point that I made in my urgency motion.

On that point: this is a question of the credibility of Telstra. Telstra tells the minister one thing and then does another. Surely the parliament has the responsibility to make sure that Telstra lives up to its word, otherwise who in Australia, including its customers, can trust Telstra? I commend the motion to the Senate.

Question resolved in the affirmative.

DOCUMENTS

Commonwealth Programs: Promotional Campaigns

The ACTING DEPUTY PRESIDENT (Senator Watson)—Pursuant to standing order 166, by resolution of the Senate of 24 June 1998 I present documents relating to promotional campaigns for Commonwealth programs, which was presented by the Temporary Chair of Committees, Senator McKiernan, on 20 November 1998. In accordance with the terms of the standing order, publication of the document was authorised.

Senator MURRAY (Western Australia) (4.49 p.m.)—by leave—Item 12(a) of the *Notice Paper* draws attention to the tabling of the documents on return to orders by the Department of Prime Minister and Cabinet and other departments relevant to the decision of the Senate of 24 June ordering the production of documents in relation to all advertising of promotional and/or public relations campaigns planned, commissioned or undertaken by any Commonwealth department or agency since March 1996, where the estimated or final cost—whichever is higher—of the campaign exceeded $500,000. This is obviously very relevant to the scrutiny role of the Senate. We are talking about minimum expenditures of half a million dollars.

On 20 November 1998, the government tabled, from the office of Senator Hill, Leader of the Government in the Senate, a return to order statement. I want to draw your attention to the penultimate paragraph of that statement which reads:

> In accordance with Senate practice, documentation considered to be commercial-in-confidence, in the nature of policy advice to the minister, or prejudicial to the effective implementation of a decision, has been withheld.

I want you to take note of that remark because I consider it to be inaccurate and to be an aggressive statement of executive privilege over the function of the parliament as a whole, which is to hold the executive accountable and, indeed, to limit its power.

The conflict between the executive and parliament has been going on for centuries, as we all know, and it still goes on to this day. It is important that the Senate continually remind the executive, as the Senate as a whole, that in these matters the Senate acts as a representative body in a sovereign sense—that is, representative of the people—to limit the executive's role and to hold it accountable. As far as I am concerned, there is no Senate practice which allows commercial-in-confidence material to be withheld from the Senate.

It is certainly true that policy advice to the minister has been withheld under privilege. It is probably certainly true that in certain instances the Senate has agreed with the executive that material which might be prejudicial in a particular circumstance could be withheld. But this has always been at the discretion of the Senate and not at the discretion of the executive. Therefore, I want to ask the Senate to encourage the executive to be both more sensitive and more careful in its choice of words in these matters.

The issue of immediate note is referred to in the recent High Court decision in the matter of Egan v. Willis & Cahill. Minister Egan is the Treasurer in the New South Wales

Labor government, and Willis and Cahill are representatives of the Legislative Council. In that matter, the Legislative Council had imposed a penalty of suspension on a minister for his refusal to produce documents. The minister contested the legality of the council's action in the New South Wales Supreme Court and then subsequently in the High Court. The case concentrated on the question of whether the Legislative Council had the power to impose the penalty. That power was confirmed by the High Court. The High Court did not deal with the issue of public interest immunity, but it certainly dealt with the issue of power.

With regard to the Senate, the only way for an executive refusal to produce information to be brought before the courts is for the Senate to impose a penalty and for the penalty to be contested. If the power was upheld, which we would expect it to be, there would then be the possibility of the government feeling obliged to produce the information in question. But it would not automatically result that they would produce the information in question. For instance, I notice from today's press release that in New South Wales Minister Egan is now seeking to have the claims of privilege for documents made by the government and its agencies independently assessed because the courts have not yet provided an answer on the tabling of privilege documents.

It is my view that it is time the Senate as a whole—and in this situation the Labor Party have to take a role of leadership—decide at what stage we are going to get serious with the government about the failure to produce documents, because it is impossible for your political party or mine or any individual senator to act on their own in this matter.

There are times, which I accept, when it is probably valid for the executive to say to the Senate as a whole, 'There is a problem with privilege here,' or, 'We could be prejudiced.' It is quite right that the Senate should take that into account. But there have to be times when the Senate is going to say, 'Enough is enough.' There have been five instances, to my recollection, when this executive have said that they will not obey an order of the Senate and the Senate has, in the end, done nothing.

Only if the Senate punishes ministers by suspension and refuses to deal with that minister's legislation will the Senate be able to tell the executive that it is serious. I do not think that course of action should be lightly undertaken, and neither should it be undertaken for partisan or for aggressive political reasons. But it should be undertaken where it is the job of the executive to be accountable to the Senate as a whole.

There was a thoughtful editorial in the Sunday *Canberra Times* entitled 'The Senate and the Toothbrush' on 22 November. It is one of those headlines that makes you inclined to read the article. What they were saying was that the New South Wales situation is a reminder to the Senate that it has to start to get serious about these issues and that, if it really is to exercise its responsibility and its duty to hold the executive to account, then it has to take the next step, which is to hold a minister in contempt of the Senate, to suspend him or her and to refuse to deal with the legislation. What will arise from that penalty will be that governments will stop defying the Senate and will respond appropriately. The editorial said, in the end paragraph:

> It would be very difficult to argue that the restraint the Senate has exercised so far against defiance of its powers has enhanced the quality of executive government or preserved for government material which ought properly be protected from public scrutiny. Rather it has protected politicians from the public.

Namely, the Senate's refusal to act just reinforces the executive's refusal to be compliant and to assist the Senate in the lawful pursuit of its duties. Therefore, to you, Leader of the Opposition, I would say that you and we have to start to think about the occasions when we really have to get serious about a government of this nature defying our role, which is to keep them accountable.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (4.59 p.m.)—by leave—I move:

> That the Senate take note of the documents.

Senator Murray raises some important points in relation to the general issue of a

government's responsibility to comply with the orders of the Senate. But this specific return to order deals with a motion that was agreed to by the Senate on 24 June this year. It is a motion which I successfully moved. It originally had a tabling deadline of 29 June 1998. It is true that the government did seek an extension of the deadline for this order. It is also true that the opposition facilitated the government's wishes in that regard and agreed to an extension of the deadline. This probably does not come as a surprise to senators, who would know how reasonable the opposition is in these sorts of matters.

Today the Leader of the Government in the Senate tabled four sets of documents from five departments. But it needs to be said that the government has consistently stalled, delayed and obfuscated in complying with this order of the Senate. It is true that the Senate did receive some documents in late August—immediately before the election campaign commenced. Senator Hill has provided more documents today, but I think that there are substantive issues that Senator Hill really does need to answer on behalf of the government. The Senate is entitled to know whether the government intends to table further documents for these or other departments.

I ask for this information because I think it is an important matter. I would like to know this information on behalf of my responsibilities for the opposition, and I think the Senate is entitled to it. I would like to know whether this order in fact ought to remain on the *Notice Paper*. I think we are entitled to an explanation from the Leader of the Government. In other words, we need to know whether the government claims that the documents that have been tabled today means that in the view of the government it has fully complied with the terms of the Senate's order. I would be very surprised if Senator Hill would give that commitment to the Senate, because I believe that Senator Hill is well aware that this is a most inadequate response to this order of the Senate. I think Senator Hill would be well aware of the fact that a very significant number of documents seem to be missing.

As just one example, the Australian public are well aware of the $18 million GST ad campaign in the few weeks in the lead-up to the recent election. But where are the research documents in relation to that advertising campaign? Where are the scoping studies, the relevant research studies? Where is the acquittal documentation for those campaigns? Where are the results of that research worth many hundreds of thousands of dollars?

While the Senate's order for the production of documents required tabling of all research results and the acquittal documentation, I think we have seen the government and the minister taking a very ad hoc approach to what has been provided. In relation to ATSIC, for example, we have received detailed advertisement placement schedules but no research results. In relation to the campaigns that have been run by the Department of Health and Family Services, the only document that has been tabled is a so-called protocol on undertaking research, so every detail of every campaign was deemed to be confidential by that department and the government. Yet, interestingly enough, the Department of Finance and Administration were comfortable enough with providing the Senate with tabling details of the $450,000 research that was undertaken into the sale of Telstra. So you have some very different approaches to the tabling of documents in response to this particular return to order from a range of government departments.

We really know that huge amounts of money have been spent on advertising campaigns to promote programs of this government which are in real difficulty. I think that becomes quite clear from the documentation that we have had tabled today. The Department of Education, Training and Youth Affairs spent $192,750 for 11 focus groups to research an advertising campaign on apprenticeships. That is an extraordinary amount of money, which was paid, I might say as a matter of interest, to Worthington Di Marzio, who have done pretty well in relation to contracts with this government. I think that also included some interesting reimbursements in relation to this contract.

I would like to hear the minister, Senator Hill, justify reimbursement of the $266 for valet parking of Mr Worthington's green Audi at Melbourne airport. Perhaps the minister can provide us with an explanation for that.

But the point I make is this: I think the Senate is entitled to an explanation from the minister as to whether there are more documents to be tabled by the government. There certainly should be. I am afraid that the response of the government to this particular order of the Senate really does reinforce the points that Senator Murray has been making in relation to requiring governments to comply with returns to order like this. It is not a difficult task. It does require a little bit of goodwill from a government, and we will be ensuring the government shows that level of regard for Senate orders. *(Time expired)*

Question resolved in the affirmative.

Auditor-General's Reports

Report No. 16 of 1998-99

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—In accordance with the provisions of the Auditor-General Act 1997, I present the following report of the Auditor-General: *Report No. 16 of 1998-99—Performance Audit—Aviation Security in Australia: Department of Transport and Regional Services*.

COUNCIL OF THE NATIONAL LIBRARY OF AUSTRALIA

The ACTING DEPUTY PRESIDENT—The President has received a letter from the Leader of the Government in the Senate, Senator Hill, nominating Senator Tierney to be a member of the Council of the National Library of Australia.

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

That, in accordance with the provisions of the National Library of Australia Act 1960, the Senate elect Senator Tierney to be a member of the Council of the National Library of Australia on and from 23 November 1998, for a period of three years.

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY BILL 1998

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (LICENCE CHARGES) BILL 1998

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (CONSEQUENTIAL AMENDMENTS) BILL 1998

STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 1998

STATES GRANTS (GENERAL PURPOSES) AMENDMENT BILL 1998

HIGHER EDUCATION FUNDING AMENDMENT BILL 1998

First Reading

Bills received from the House of Representatives.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women)—I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the three of the bills listed separately on the *Notice Paper*. I move:

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

Question resolved in the affirmative.

Bills read a first time.

Second Reading

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.12 p.m.)—I table a revised explanatory memorandum relating to the Higher Education Funding Amendment Bill 1998 and move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY BILL 1998

This bill is a critical piece of legislation which introduces, for the first time in Australia, a comprehensive regulatory framework for all Commonwealth radiation and nuclear activities.

The ARPANS Bill closes a current gap in regulation where State and Territory Government activities, and private undertakings are regulated by State and Territory radiation laws, but Commonwealth agencies have operated without corresponding Commonwealth oversight and regulation.

The bill applies to all Commonwealth entities and their employees and to non-Commonwealth entities when they are contracted by the Commonwealth to undertake radiation or nuclear activities. This includes all Commonwealth Departments such as the Department of Defence and the Department of Industry, Science and Resources and bodies corporate such as the Australian Nuclear Science and Technology Organisation.

Under the provisions of the bill, no Commonwealth entity can deal with radioactive materials or radiation apparatus, or any aspect of a nuclear facility, unless licensed to do so in accordance with this legislation. This means that Commonwealth activities ranging from using an x-ray machine, to the safe and appropriate construction and operation of the proposed replacement nuclear research reactor at Lucas Heights are prohibited unless a license has been issued in accordance with this bill.

The bill provides for exemptions to the general prohibition, including allowing for exemptions for certain defence and security activities in the national interest. Criteria for other exemptions, on the basis of very low risk will be set out in regulations under the legislation.

The legislation will be administered by an independent statutory office holder the CEO of the Australian Radiation Protection and Nuclear Safety Agency. The functions of the CEO will include:

.regulating, in accordance with the legislation, Commonwealth radiation and nuclear activities. This will include monitoring and enforcing compliance with the legislation;

.working with the States and Territories to develop uniform regulatory controls throughout Australia;

.informing and advising the Government and the public on radiation protection and nuclear safety; and

.undertaking research and providing services of a high standard to ensure radiation protection and nuclear safety.

The functions and resources of the currently existing Nuclear Safety Bureau and the Australian Radiation Laboratory will be combined to form ARPANSA and to assist the CEO in his/her functions. ARPANSA will continue, and appropriately expand, the excellent policy development and research currently undertaken by the Nuclear Safety Bureau and the Australian Radiation Laboratory.

It is important that the CEO has access to expert advice and input from a range of sources, including the community. The bill therefore provides for the establishment of the Radiation Health and Safety Advisory Council. Members of this Council will be appointed by the Minister and the Council will include representatives from the community and States and Territories as well as others with appropriate experience. Each member will be appointed on the basis of their standing and their expertise in fields relevant to radiation protection and nuclear safety.

The CEO and the Council will oversee the work of two Standing Committees established in the bill: the Radiation Health Committee and the Nuclear Safety Committee. The Standing Committees will also comprise experts in the field and include community and public interest representatives.

The value of comprehensive Commonwealth legislation and a national regulatory body such as this, has been recognised in many fora. This legislation was a key recommendation of the Senate Select Committee on the Dangers of Radioactive Waste report, 'No Time to Waste', which was produced with the close involvement of all political parties. This bill incorporates many of the Committees recommendations and delivers on the Government's commitment to close the regulatory gap identified by that Committee, whereby Commonwealth agencies have operated without comprehensive Commonwealth oversight and regulation.

Regulation of Commonwealth activities is also strongly supported by all State and Territory Governments and the bill has been crafted following consultation with States and Territories.

The bill is substantially the same as the bill passed by the previous House of Representatives. Provisions have been included clarifying that powers exercised under the act must be exercised in accordance with international agreements and defining the membership of the Standing Committees.

I believe that this bill will result in a centre of excellence for regulation, advice, research and services supporting nuclear safety and radiation

protection of employees, the public and the environment. I commend the bill to you.

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (LICENCE CHARGES) BILL 1998

This bill is an adjunct to the Australian Radiation Protection and Nuclear Safety (ARPANS) Bill 1998.

The Australian Radiation Protection and Nuclear Safety (Licence Charges) Bill 1998 provides a capacity for annual charges to be made for licences issued under the Australian Radiation Protection and Nuclear Safety Bill 1998.

This is in line with the Government's decision that Commonwealth entities regulated under the ARPANS Bill should bear the costs of such regulation, ensuring that there will be no additional burden on the Commonwealth or the public purse.

To give effect to this Government decision, Commonwealth entities such as the Australian Nuclear Science and Technology Organisation will be charged licence application fees and annual licence charges. The former is dealt with in the main bill. However, as annual charges are treated as taxes, and the Constitution requires that taxes must be dealt with separately in purpose specific legislation, this separate bill has been prepared.

AUSTRALIAN RADIATION PROTECTION AND NUCLEAR SAFETY (CONSEQUENTIAL AMENDMENTS) BILL 1998

This bill is an adjunct to the Australian Radiation Protection and Nuclear Safety (ARPANS) Bill 1998.

This bill serves four key purposes.

First, the bill details changes that are necessary to the Australian Nuclear Science and Technology Organisation Act 1987 (the ANSTO Act) as a result of the introduction of the ARPANS Bill. This includes repealing those parts of the ANSTO Act that established the Nuclear Safety Bureau and the Safety Review Committee as these bodies are superseded by the role of the CEO of the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) and by the supporting Council and Committees.

Secondly, this bill makes transitional arrangements for the transfer of the assets and liabilities of the Nuclear Safety Bureau to the Commonwealth, and confers on the CEO of ARPANSA the powers of the Director of the Nuclear Safety Bureau in relation to the Australian Nuclear Science and Technology Organisation. This will ensure that at no stage are the operations and functions of the Australian Nuclear Science and Technology Organisation unregulated.

Thirdly the bill provides for transitional arrangements to cover the operation of controlled facilities and the handling of radiation sources while applications for licences to cover these facilities and activities are being made under the ARPANS Bill.

Finally, the bill repeals the Environment Protection (Nuclear Codes) Act 1978. That act provides for the development and endorsement of Codes of Practice which will now be undertaken under the auspices of ARPANSA.

The consequential amendments set out in this bill will ensure the appropriate and seamless operation of two Commonwealth acts—the Australian Nuclear Science and Technology Organisation Act 1987 and the Australian Radiation Protection and Nuclear Safety Act 1998.

STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 1998

The bill amends the States Grants (Primary and Secondary Education Assistance) Act 1996 to give effect to initiatives announced in the 1998-99 Budget. This bill was originally introduced on 25 June 1998 during the Winter sittings and lapsed when Parliament was prorogued on 31 August 1998. It is now being reintroduced.

These initiatives will provide the sum of $21 million for the introduction of Full Service Schools over three years from 1998 to deliver additional support for schools to develop innovative programmes and services that address the needs of young people returning to school following the introduction of the Youth Allowance and for current students who are at risk of not completing Year 12 or making a successful transition from school to training, further education or employment; and

In addition, this initiative will provide $40.2 million for the extension of the National Asian Languages and Studies in Australian Schools (NALSAS) strategy to support enhanced and expanded Asian languages and Asian studies provision through all school systems in order to improve Australia's capacity and preparedness to interact internationally, particularly with key Asian economies.

The bill also contains a number of other minor amendments which will:

Allow for flexibility of funding allocations under the Literacy and Country Areas programmes so that funding allocated to State and Territory government and

non-government education authorities under these programmes is based on relative need using the most up-to-date Australian Bureau of Statistics Census data;

.change funding schedules for capital grants for government and non-government schools to insert amounts of capital funding for 2001, 2002 and 2003; and

.vary the amounts of 1997 and 1998 recurrent and capital grants in respect of the 1997 and 1998 supplementation and provide for its flow on effects for 1999 and 2000.

The bill will also rectify an inadvertent omission in the original act for grants for expenditure on special education at or in connection with non-government centres to allow the full range of special education services to be provided under the legislation; incorporate a technical amendment to clearly define the role of the Governor-General in making regulations under the act; and incorporate a minor stylistic change to the format of the act.

The Government is committed to reducing youth unemployment and believes that it is important to encourage our young people under 18 to complete their schooling, or if they leave school early, to move on to further training or employment. The Youth Allowance is an important element of the Government's strategy to achieve these goals.

Youth Allowance, which began on July 1 1998, is a major social policy reform which provides more financial incentives for young people to develop the skills they so desperately need to improve their chances of finding a job. The Youth Allowance is a big win for young people. It means students are no longer financially disadvantaged in comparison to the young unemployed.

From January 1999, in order to receive the Youth Allowance eligible young people under 18 years who have not completed Year 12 or equivalent must be in full-time education or training, unless specifically exempted.

In recognition of the possible additional costs associated with these high needs students, the Commonwealth has established the Full Service Schools programme. It will target students who are not likely to benefit from mainstream pathways and enable them to achieve quality learning outcomes.

The $21 million for the Full Service Schools Programme is part of a package of Commonwealth initiatives which provide additional funding to schools, industry and community groups to provide education and training for these young people.

Funds for Full Service Schools projects will be directed to schools in areas with the highest numbers of young people affected by the implementation of the Youth Allowance.

Funds will be available to schools for a variety of activities including the employment of specialist teachers or counsellors; providing professional development for teachers and other staff; delivering and developing special courses such as courses in pre-vocational education or training; and assisting students to access other government and community support services.

To facilitate links between the government and non-government sectors and to ensure comprehensive services are provided in any given regional area, a steering committee will manage the implementation of Full Service Schools in each State and Territory.

The NALSAS Strategy is a cooperative initiative between Commonwealth, State and Territory governments.

The NALSAS Strategy assists government and non-government schools to improve participation and proficiency levels in language learning, particularly in four targeted Asian languages—Japanese, Chinese (Mandarin), Indonesian and Korean, and to introduce or increase Asian studies content across the curriculum.

Commonwealth funding is matched by the States and Territories. Most of the Commonwealth funds are paid direct to the State, Territory and non-government education systems on the basis of student enrolments up to the limit of the available funds.

Part of the Commonwealth's contribution is also used to fund projects developed in collaboration with the States and Territories to support the implementation of the Strategy. The Commonwealth agreed to fund the programme for four years, with further funding subject to an evaluation of the programme.

New funds of $40.2 million were provided in the Budget to take the programme through to the end of 1999 to allow full consideration of the evaluation.

This extra funding for the NALSAS strategy will be used to provide continued support to teachers and students.

The Government's funding policies for schools will assist in ensuring quality educational outcomes for students in government and non-government schools. Total direct Commonwealth schools funding will provide in excess of $16.5 billion for schools over the period 1997 to 2000. The Commonwealth Budget Papers show that funding for schools is estimated to increase each year to 1999-2000, with an average increase of around 2.5 per cent per year.

This funding affirms the Commonwealth's commitment to schooling in Australia.

Madam President, I commend the bill to the Senate.

STATES GRANTS (GENERAL PURPOSES) AMENDMENT BILL 1998

The bill is being reintroduced without amendment to the bill which was debated and passed by the House of Representatives on 1 July 1998.

The Commonwealth provides four types of payments to the States and Territories: financial assistance grants, competition payments, revenue replacement payments and specific purpose payments.

The bill appropriates funding for financial assistance grants, competition payments and revenue replacement payments. The States and Territories are able to use this untied funding according to their own budgetary priorities. The bill puts in place arrangements that will fulfil the terms of the Commonwealth's offer of general revenue assistance to the States and Territories at the 1998 Premiers' Conference.

The bill will amend the States Grants (General Purposes) Act 1994. The existing act covers the provision of financial assistance for 1997-98, with interim arrangements for the continuation of payments for a maximum of six months. The bill extends for a further 12 months the provisions of the act relating to the payment of financial assistance grants and State and Territory entitlements to payments under the safety net arrangements.

The general revenue assistance to be appropriated by this bill is about $17.1 billion, or around 12 per cent of estimated Commonwealth outlays in 1998-99. Accordingly, these payments constitute a significant element of the Commonwealth Budget and have an important bearing on the spending and borrowing of the public sector as a whole. The States and Territories are able to allocate the funds provided by the Commonwealth under this act according to their own budgetary priorities.

In addition, revenue replacement payments to the States under the safety net arrangements are estimated to be $6.5 billion in 1998-99. The safety net arrangements are revenue neutral for the Commonwealth.

I turn now to the elements of the bill which give effect to the Commonwealth's funding commitments to the States and Territories.

The States and Territories will be provided with real per capita growth in financial assistance grants in 1998-99. Amendments to the act are consistent with the per capita element of the real per capita guarantee being conditional on States meeting the terms of the Agreement to Implement the National Competition Policy and Related Reforms. In addition to real per capita growth in financial assistance grants, the Agreement also provides for up to $217.2 million in competition payments to the States and Territories in 1998-99.

The Commonwealth has accepted the recommendations of the National Competition Council that all States except New South Wales receive their full allocation of competition payments. New South Wales may incur a deduction of $10 million from its competition payments if it fails to reform its domestic rice marketing arrangements. The Commonwealth has indicated it will delay a decision on this matter until early 1999.

The major part of the assistance provided under this bill is the payment to each State and Territory of a share of the pool of financial assistance grants which is estimated to be about $16.9 billion in 1998-99.

The distribution of financial assistance grants will be in accordance with equalisation per capita relativities recommended by the Commonwealth Grants Commission in its 1998 Update Report. The bill updates the per capita relativities accordingly and makes appropriate amendments to the definition in the act of the amount of unquarantined health funding to be used for calculating the combined pool of financial assistance grants and health care grants.

The Australian Capital Territory will also receive $25.0 million from the Commonwealth in 1998-99 in the form of transitional allowances and special fiscal needs. This payment is outside the scope of this bill and was included in the Appropriation Bills for the 1998-99 Budget.

The payment of financial assistance grants to the States and Territories will be conditional upon the States and Territories meeting their commitment to make fiscal contribution payments of $313.4 million in 1998-99. This represents a 50 per cent reduction from the total fiscal contribution of the States and Territories in 1997-98. State fiscal contributions will cease after 1998-99. The States and Territories agreed at the 1996 Premiers' Conference to make the fiscal contributions in recognition of the deficit reduction task required to stabilise the national economy.

The Commonwealth's fiscal consolidation effort remains a central priority, particularly in light of the recent instability in the Asian region.

The Commonwealth will continue to provide States and Territories with maximum flexibility concerning the method of payment of the State fiscal contributions. A State's share can be paid by way of deductions from general revenue assistance, direct payments to the Commonwealth or a reduction in funding provided under a specific purpose grant. Provisions have been included in the bill to allow for States' 1998-99 fiscal contributions to be deducted from general revenue assistance.

Finally I turn to the elements of the bill which relate to the safety net arrangements.

The safety net measures introduced by the Commonwealth protect State and Territory revenues following the High Court decision of 5 August 1997 on State business franchise fees. The Commonwealth is using its tax powers to collect the revenue that the States and Territories previously collected by way of business franchise fees on petroleum products, tobacco and alcoholic beverages. The States and Territories acknowledge that this represents a State tax imposed and collected by the Commonwealth at their unanimous request and on their behalf.

The proposed amendments provide authority for the Commonwealth to pay the States and Territories the revenue it collects under the safety net arrangements in 1998-99. These payments are estimated to be $6.5 billion in 1998-99.

The amendments also include provisions which return to the States and Territories any tax revenues the Commonwealth might receive under the Franchise Fees Windfall Tax (Collection) Act 1997. This will ensure that State and Territory finances are protected from claims for refunds, on grounds of constitutional invalidity, of past payments of business franchise fees.

As I noted earlier, the safety net arrangements are revenue neutral for the Commonwealth. Revenue replacement payments will simply return to the States and Territories amounts raised by the Commonwealth on their behalf, after allowing for Commonwealth administrative costs.

The bill does not address arrangements for the provision of funding to the States and Territories in 1999-2000. These arrangements will be discussed with the States and Territories at the 1999 Premiers' Conference which is currently expected to be held on 9 April 1999.

I commend the bill to the Senate.

HIGHER EDUCATION FUNDING AMENDMENT BILL 1998

The important role higher education plays in Australia's social and economic development is the rationale for the Government's substantial investment in it, and policies designed to ensure that we realise the greatest possible individual and collective benefits.

Australia already has a good higher education system but there is always scope for improvement. The government has a number of objectives which flow from this position.

.It aims to continue to increase access to post-secondary education, including higher education, so that all those who can benefit from it will have access. The higher education system must offer choices that meet varied needs. Lifelong learning is already a feature of our education system but we need to ensure a whole-of-life focus. We need a good foundation in primary school as well as opportunities for later reskilling.

.The government also recognises that collaboration between universities and industry is critical to expanding our knowledge base and generating wealth. By providing enhanced opportunities for university researchers and research training students to collaborate with industry, Australia will be better able to position itself in the global knowledge market.

The various provisions of this bill should be seen in the context of the Government's pursuit of these goals.

The Government has created an extra 10,000 Commonwealth-funded places for undergraduate students in the past two years. In 1998 the Commonwealth will fund 361,925 undergraduate student places in universities. This is a record number.

To this figure can be added enrolments in addition to those undergraduate places funded by the Commonwealth. To encourage universities to offer these places the Government is offering partial funding of about $2500 a place. In 1998 the universities offered around 29,000 of these extra places.

Not only is the Government providing additional opportunities for undergraduate students but it is also extending greater opportunities for postgraduate research training students. The number of research students has increased each year under the Coalition Government.

We will also be providing additional funding to James Cook University of North Queensland to enhance access to higher education in northern Queensland.

This Government has confirmed its commitment to maintain public funding levels for higher education. This year universities will receive $5.5 billion from the Government (including HECS contributions). Commonwealth funding for each full-time equivalent student will be more than $11,400, a significant increase on 1996 funding.

Prior to the election, the Government announced that it would increase collaboration between universities and industry by providing an additional $58.1 million over three financial years for the Strategic Partnerships-Industry Research and Training Scheme. Under this bill, an additional $1.6 million will be provided to universities in 1999. A further $22.8 million will be provided in 2000.

Consistent with this Government's commitment to maintaining public funding levels for higher education, the bill provides for a total net increase of $9,693,000 to 1998 funds. This funding provides supplementation for price movements, and additional superannuation expenses incurred by institutions. It also includes an increase of $5,943,000 in the 1998 funding limit for special grants, offset by an equivalent under expenditure in 1997.

The bill also provides funding in total for the years 1999 and 2000. Funding for 1999 is increased by $3,885,393,000 to $3,893,640,000 and the funding limit for 2000 is set at $3,706,333,000.

In legislating funds for 1999 and 2000, the bill confirms to higher education institutions the overall funding levels detailed in the *Higher Education Funding Report for the 1998-2000 Triennium*.

This bill also demonstrates this Government's support for the continued growth of Australia's education and training export industry. The bill amends the Higher Education Funding Act 1988 to provide funding for expenditure on the international promotion of Australian education and training services by Australian Education International (AEI). AEI was previously known as the Australian International Education Foundation. The new name reflects new funding arrangements and the new direction set for it by the Government.

In 1998 AEI will receive $1,016,000, in 1999 this will rise to $2,468,000 and by 2000 AEI will be funded to the extent of $3,883,000. It will have a number of key responsibilities in the areas of marketing, government-to-government co-ordination, research, facilitating access to markets, providing information and awareness raising. This measure will improve promotion of Australia's international education and training industry.

For a number of years successive Commonwealth Governments have provided funding to The University of Notre Dame Australia for its Broome campus on a year by year basis. To provide greater certainty to the university and to allow it to build on the valuable work that it does in Broome, the bill includes The University of Notre Dame Australia in the Act so that it is able to receive grants for operating purposes.

Madam President, I commend the bill to the Senate.

Debate (on motion by **Senator O'Brien**) adjourned.

Ordered the resumption of the debate on the second reading speech on the Higher Education Funding Amendment Bill 1998 be an order of the day for a later hour.

Ordered that the States Grants (Primary and Secondary Education Assistance) Amendment Bill 1998, the States Grants (General Purposes) Amendment Bill 1998 and the Higher Education Funding Amendment Bill 1998 be listed on the *Notice Paper* as separate orders of the day.

FILM LICENSED INVESTMENT COMPANY BILL 1998

TAXATION LAWS AMENDMENT (FILM LICENSED INVESTMENT COMPANY) BILL 1998

WOOL INTERNATIONAL AMENDMENT BILL 1998

First Reading

Bills received from the House of Representatives.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women)—I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have one of the bills listed separately on the *Notice Paper*. I move:

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

Question resolved in the affirmative.

Bills read a first time.

Second Reading

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.14 p.m.)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

FILM LICENSED INVESTMENT COMPANY BILL 1998

The Government recognises the importance of an active, innovative and vibrant Australian film industry—both on cultural and economic grounds. The portrayal of uniquely Australian perspectives and stories are important to us as a nation. Australians are proud of the high standard and successes of our film industry, and there is increasing interest

in contributing to that success through avenues such as investment.

We also recognise that the production of film is a high risk business, and that it is necessary to provide incentives for the private sector to invest in the film industry. Division 10BA of the Income Tax Assessment Act was introduced in 1981 to encourage a broader base of private investment for Australian films.

Whilst 10BA has been important in attracting private investment into the industry, there are flaws with the system. A number of films were never released while others appear to have inflated budgets.

As part of his wide ranging review of Commonwealth Assistance to the Film Industry, Mr David Gonski recommended that the current 10BA and 10B taxation concessions be replaced by the introduction of a Film Licensed Investment Company tax concession.

The Government consulted widely on the detail of Gonski's proposal. We listened to industry concerns about replacing 10BA and 10B with a completely new and untested mechanism. As a result of these concerns we decided not to replace 10BA until the FLIC scheme had been properly trialed. The Government will retain 10B. The FLIC scheme will operate alongside the current 10BA concession.

The adaptation of Gonski's FLIC model signals an innovative and exciting new approach to government support to the film industry in Australia. The FLIC scheme provides an opportunity for the Australian film industry and the investment sector to work together in attracting more effective and wide ranging private investment into the development and production of qualifying Australian films. It is envisaged that the FLIC scheme will be able to tap into a part of the investment market which has shown interest in the past in investing in the film industry. As the film industry matures and develops, the Government believes that sophisticated investors will be attracted to investing in a slate of film and television productions across which their risk can be spread.

This bill enables the introduction of the Film Licensed Investment Company pilot scheme. Under the scheme up to $40 million worth of concessional capital over two financial years will be allowed to be raised for investment into qualifying Australian film and television product. A Film Licensed Investment Company will be a commercially driven company that will invest in a slate of eligible film and television product. Companies will be selected through a competitive application process. Shareholders will be eligible for an upfront tax deduction of 100 per cent on their investment into the company.

While the licence period for raising concessional capital will apply over two financial years, the FLIC will have up to four years to invest the capital and up to five years to complete production. The FLIC will be able to start raising non-concessional capital at the end of the two year licence period.

This represents a major commitment of Commonwealth funding to the film industry. The cost to Government is estimated to be up to $20 million over the two year pilot period. The FLIC scheme will deliver support to the industry that is transparent and accountable, and afford investors an alternative avenue for investment in film. This introduces a level of contestability between current funding sources through the provision of an alternative source of funds from that currently available from the Film Finance Corporation and that which can be raised under Division 10BA.

The FLIC scheme will support and promote the ongoing development of the Australian film industry by facilitating the establishment of a new Australian owned and controlled company that will raise capital primarily from Australian investors for investment in qualifying Australian film.

The FLIC does not replace any existing funding for the industry, rather it will complement those programs. The Government recognises the vulnerability of the industry, especially for some of the most culturally sensitive genres, and need for certainty for investors and producers alike. Forward funding for the Australian Film Commission and the Australian Film Finance Corporation was confirmed in the 1997-98 Budget, and the continuation of Film agencies was confirmed in the Government's response to the Gonski report in November 1997.

TAXATION LAWS AMENDMENT (FILM LICENSED INVESTMENT COMPANY) BILL 1998

The Taxation Laws Amendment (Film Licensed Investment Company) bill 1998 is a companion to the Film Licenced Investment Company Bill 1998.

The bill authorises a deduction for money paid during the 1998-99 and 1999-2000 income years to subscribe for shares in a Film Licensed Investment Company (FLIC). The deduction is not allowable until the shares have been fully paid and issued to the shareholder.

The legislative package comprising the two bills is intended as a pilot measure, to provide assistance to the Australian film production industry in a way that complements the existing tax concession in Division 10BA of the Income Tax Assessment Act 1936. FLIC shareholders will be able to effectively

spread their investment across a range of films, whereas Division 10BA applies to investments in individual films.

Full details of the measures in the bill are contained in the explanatory memorandum circulated to honourable senators.

I commend the bill to the Senate.

WOOL INTERNATIONAL AMENDMENT BILL 1998

The wool industry is facing some very difficult decisions about its future.

In spite of all the work put in by the Government, and particularly the efforts of my predecessor John Anderson—as well as the efforts of the industry's own leaders—the wool industry remains deeply affected by the collapse in the market for wool. This collapse is in the wake of the Asian economic crisis and poor consumer confidence in the key European and Japanese markets.

The Government fully appreciates the reasons for the wool industry's call for assistance to alleviate whatever pressures there are on the wool market that are in its scope to control.

The Government's decision to freeze stockpile sales through to 30 June 1999 was a response to this request from the industry, and followed a long period of intense consultation on the future directions of the industry.

The decision reflects the desire of the Government to contribute to the alleviation of the market situation at a time when the fresh wool clip is entering the market, and when privately held stocks are also at high levels.

My intention as I take up my new responsibilities as Minister for Agriculture, Fisheries and Forestry is to continue the Government effort directed at removing the obstacles to full commercial management of the stockpile in the interests of its owners.

This bill is my first step in this process.

The purpose of this bill is twofold. It will

.freeze sales from the Wool International stockpile and, more importantly,

.end the debate about the management of the stockpile, by starting a process of taking responsibility for its management out of the hands of the Wool International Board (which is constrained by statutory obligations) and placing it under the control of a new private sector entity in which the Directors will be responsible to the shareholders who own the stockpile.

The freeze will allow the industry some breathing space—an opportunity to focus on the real issues, such as:

.how to increase demand for their product;

.how to increase farm productivity; and

.how to improve the quality of our wool to better meet customer requirements.

It is both possible and prudent to suspend stockpile sales and transfer Wool International's business to the private sector at this time because of the now low debt load carried by Wool International and the greatly reduced size of the stockpile.

By way of background to this bill, it may be useful to consider some of the events leading to the Government's decision.

Last year the Government passed the Wool International Amendment Act 1997 which provided for the liquidation of Wool International once its key functions of selling down the stockpile and retiring the associated debt had been completed.

Under the current legislative framework the stockpile disposal, and consequent liquidation of Wool International, was to have been completed by the end of 2000.

The target date in the act for retirement of the debt was 31 December 1998.

In March this year, the Government responded to calls from the wool industry to provide some relief from the exceptional combination of events facing the wool industry, by extending the target date for Wool International debt retirement by up to six months to 30 June 1999.

This meant some of the pressure on Wool International to maintain sale rates at a higher level than would be commercially prudent was reduced significantly.

However, market conditions deteriorated further, and in light of the very difficult circumstances faced by growers as the new season wool began to come on to the market, the Government decided on 4 August 1998 to freeze sales from the stockpile until 30 June 1999.

The Board of Wool International initially complied with the Government's decision, but had to resume sales when the calling of the election prevented legislation from being passed in the short term.

Following the Government's election victory, and its restatement of the freeze decision, the Board of Wool International has again suspended sales.

If passed, this bill will now formally freeze all sales from the stockpile until 30 June 1999.

As a point of clarification, the freeze is not intended to stop Wool International from honouring existing contracts. To do so would add further unwanted uncertainty to the troubled wool market, as well as providing Wool International with greater difficulties in maintaining its customer base for when it resumes sales.

With regard to the proposed path to privatisation of the management of the stockpile, this bill allows Wool International to provide information and support for the process, and to commit funds to it.

The Government has asked the Office of Asset Sales and IT Outsourcing to examine the most efficient and effective method of transferring stockpile responsibilities to Wool International equity holders, while keeping costs to a prudent minimum.

The Office of Asset Sales will, of course, engage professional business and legal advisers to assist in its examination of the process.

The Government's role will be purely to hand over the business of Wool International to the new commercial entity, and the Government will not be involved in shaping its commercial activities.

That will be the responsibility of the Board of the new commercial entity, who will be expected to present a business plan to their stakeholders in line with normal commercial practice.

At this point, I would like to pass on my thanks to the Board and staff of Wool International who have carried out their legislated duties in a thoroughly professional and commendable way, in sometimes difficult circumstances.

I can assure all concerned that, in developing the details of the proposed privatisation, the Government will seek to ensure that the employees and staff of Wool International will not be disadvantaged.

Ordered that further consideration of the second reading speech of these bills be adjourned till 14 days after today, in accordance with standing order 111.

Ordered that the Wool International Amendment Bill 1998 be listed on the *Notice Paper* as a separate order of the day.

CHILD SUPPORT LEGISLATION AMENDMENT BILL 1998

In Committee

Consideration resumed.

The bill.

Senator CHRIS EVANS (Western Australia) (5.15 p.m.)—Could I start by asking the minister to clarify a point about the intention of schedule 12. The explanatory memorandum refers to the 25 per cent non-agency payment that becomes permissible under the bill. The explanatory memorandum talks about:

credit up to 25% of the payer's monthly child support liability where certain approved payments are made by the payer.

In regard to 12.4, the explanatory memorandum states that the purpose of the amendments is to allow:

the paying parent the discretion to pay up to 25% of their monthly child support liability in certain approved payments.

On both occasions, it refers to the 'approved payments'.

I would like the minister to clarify this because, in the explanatory memorandum, it seems quite clear that all payments paid under this non-agency method would be approved payments. I would like your confirmation that it is the case that all payments have to be approved payments. Perhaps you could explain what sort of payments will be approved and how they will be approved. We have some concern that the provisions in the bill do not, in fact, reflect what is said in the explanatory memorandum. I may well be wrong, and that is why I am seeking clarification. However, the impression gained from my reading of the bill is that perhaps only those payments above the 25 per cent threshold, if permitted, would have to be approved payments. As you are aware, we will be moving an amendment to this section and I want to make sure that we are both talking about apples and apples, not apples and oranges.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.18 p.m.)—I do not believe that the amendment to be moved by the opposition, with regard to the word 'special', is really necessary. To directly respond to your question: the payment cannot be anything that the payer wishes; it has to be an item specified in the child support regulations. They will be: essential medical or dental fees; payee rent or mortgage, including bond or body corporate charges; payee rates; payee utilities, including electricity, gas, water, sewerage, telephone; payee child-care costs; payee motor vehicle costs, including registration, insurance, service, tyres, repairs; and fees charged at a school or preschool at

which the child is enrolled. They are all bills which the payee incurs and will need to pay.

Senator CHRIS EVANS (Western Australia) (5.19 p.m.)—I thank the minister for that response and I think it answers most of my concerns. But I just want it clarified by having her say, on the record, that it in fact applies to the proportion below 25 per cent as well as to the proportion that applies above 25 per cent. We have some concern that, in the way the bill is currently worded, the approved payments may apply only to those payments above the 25 per cent threshold. I think you are saying to me that your intention is that all payments in non-agency be approved payments. I just want to be sure that you are sure that the drafting of the bill actually achieves that result. Are the payments you listed by way of a draft regulation that is available, or could you explain what the process is going to be?

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.20 p.m.)—I am advised that the regulations are not available yet, but they will be by way of regulation, as I said at the beginning of the answer. Of course, if the parents agree, then payments above 25 per cent can be for anything; but, in that context, we have to make it very clear that payments will not be credited where there is domestic violence or coercion, or where the payer is using these provisions mischievously. In determining whether these factors apply, the Child Support Agency will discuss the facts and issues with both the payer and the payee and also, where relevant, social workers. Where the Child Support Agency makes this decision, both parents will be notified and the payer will be advised to pay 100 per cent of the child support to the Agency.

I should also point out that the Centrelink social workers are frequently involved in cases like this where there may be domestic violence or allegations of coercion. So there is a second agency likely to be involved in the family's affairs.

Senator CHRIS EVANS (Western Australia) (5.21 p.m.)—I think we are covering some very useful ground, but I am still not quite sure that I have nailed you to answer the question that I want answered, which is: will the payments made up to the 25 per cent limit—by the payer—all have to be approved payments; or, can they be for purposes other than the list that you provided as part of the draft regulation?

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.22 p.m.)—As I understand it, they will have to be payments which fit the categories that I have spelt out, which will be the categories spelt out in the regulations.

Senator MARGETTS (Western Australia) (5.22 p.m.)—by leave—I move:

(1) Schedule 1, item 1, page 5 (lines 6 to 12), omit the item, substitute:

1 Section 5

Insert:

FEAWE amount, in relation to a child support year, means the estimate of the full-time employees average weekly total earnings for females in Australia for the latest period for which such an estimate was published by the Australian Statistician before 1 January immediately before the child support year.

(2) Schedule 1, item 5, page 5 (line 23), omit "EAWE", substitute "FEAWE".

(3) Schedule 1, item 12, page 10 (lines 14 to 17), omit the item, substitute:

12 Section 154

After "Australia", insert ", or of the full-time employees average weekly total earnings for females in Australia,".

Note: The heading to section 154 is altered by inserting "**or FEAWE**", after "**AWE**".

(4) Schedule 1, item 13, page 10 (line 19), omit "EAWE", substitute "FEAWE".

Amendments Nos 1 to 4 relate to schedule 1. The amendments peg the level of income earned by the custodial parent to be disregarded in the calculation of child support at the full-time employees' average total weekly earning rate for females, which is $33,961.

Why? This will, we believe, decrease the impact of the huge change. At the moment, there will be too much of a jump down in the government's proposed changes to disregarded income. The change is from AWOTE full-

time adult average weekly total earnings, which was $37,422—I will have to check whether that is 22 or 24, I am sorry—in 1997-98, to average total weekly earnings for all employees, which was $29,598 in 1997-98. This change, along with a raft of other changes, including the non-automatic inclusion of child-care payments in exempted income and an increase in the exempt income for custodial parents, means that a number of custodial parents and children will be worse off. These impacts are significant.

Lowering the threshold alone will affect approximately 55,000 lone parent women with children aged 0 to 15 who earn between $500 and $799 per week. Modelling shows that, as a result of this formula change, carer parents will be from $5 to $40 less well off than they are under the present formula. Average weekly total earnings for full-time female employees for August 1998 was $34,658, that is, $666.50 a week. This amendment will mean that the drop is not so drastic, thus decreasing the impact on custodial parents, many of whom are closer to the $30,000 mark than they are to the $40,000 mark.

We believe that the poverty trap becomes a disincentive to work. This drastic increase in the threshold level has the capacity to create poverty traps. I would think that is exactly the opposite to what the government is purporting to want to do. ACOSS has identified that, with the 50 cents in the dollar taper, families earning $30,000 per year will have less disposable income than those earning $20,000 per year.

As I mentioned in my speech at the second reading stage, Polette's study, which was quoted in Fincher's 1998 book *Poverty Then and Now*, identified sole parent pension families as having the highest proportion of effective marginal tax rates above 60 per cent of all family types of individuals. Rather than supporting their return to the work force so that their children can enjoy a better standard of living, this bill will create poverty traps and disincentives to work.

Drastic changes to the child support formula have impacts on private arrangements which have been agreed to based on the child support formula. Parents who may have sought independent legal advice and come up with a workable compromise based on the old child support formula will be disrupted and affected by the drastic changes. We want it to be based on something closer to reality. We would like to see changes which leave fewer people cut off or marginalised. I seek the support of the committee for these changes.

Senator WOODLEY (Queensland) (5.26 p.m.)—I want to make some remarks that cover all the Greens' amendments. I am the last one to use the defence that we got these amendments too late because I know how difficult it is for Senator Margetts to try to get together these kinds of amendments. But I have got to say that we have had a very exhaustive process in our party room in trying to come to agreement just amongst the Democrats on amendments.

As I have indicated already, what I am doing is presenting to you the mind of the Democrat party room. I have not been able to put the Greens amendments to the party room, which puts me in a difficult situation, so I want to listen carefully to the debate. I wanted to give that indication right at this point about all of the Greens (WA) amendments because I want to act in a responsible way. But I am just signalling that we do have a difficulty in dealing with them when I am not sure what my party room might do if I do not go with what we have already agreed to in looking at our own amendment and amendments from the ALP to the legislation.

I will be as responsible as I can in responding, but I just give that warning. I will continue to listen to the debate on each of these amendments.

Senator CHRIS EVANS (Western Australia) (5.28 p.m.)—I indicate on behalf of the opposition that, while we understand the approach taken by the Greens in relation to these amendments, we will not be supporting that approach. I think Senator Margetts shares a concern which we have, which is to ensure that the income support provided to non-custodial parents is maintained and not unfairly reduced as a result of the bill before us today.

We have decided to address some concerns we have about the impact of the totality of

the bill on some non-custodial parents and their level of income by moving a range of amendments that deal with the family allowance maintenance income test and seek to provide some compensation for potential losses in child support income. That is the method that the Labor opposition will be pursuing to try and address concerns about the maintenance of income to those families.

While I have some sympathy with the issues that Senator Margetts raises, we will not be supporting these particular amendments because we prefer to provide support through the measures that will be contained in the opposition's amendments. We will be pursuing those later on in the debate.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.30 p.m.)—I understand the difficulties that minor parties face in dealing with legislation that comes through, trying to get on top of the detail and trying to get amendments drafted, but we do have a very professional drafting service available to minor parties. In addition, the government did offer a departmental briefing to the Greens a week ago, but that offer was not taken up, and the legislation went through the House of Representatives several months ago. So it is not as if this is a piece of legislation that has been rushed into the chamber with no opportunity for the Greens to get the information they need.

As far as the substance of the Greens amendment is concerned, I think they are largely based on an incorrect supposition and on an incorrect interpretation. There seems to be this interpretation that payees will lose child support of 50c for each dollar that is earned above $30,000. That is totally incorrect. Where a payee has one child, the reduction will be 9c. Where there are five or more children, it will be 18c. Therefore, the concerns that one might have, if it were a larger figure, have to be reduced when you know what the correct figures are, Senator. I would urge you to consider that before you go to the vote. I think your amendments have been based on misapprehension.

Senator MARGETTS (Western Australia) (5.32 p.m.)—I would like to clarify a few things for the Senate. Having amendments circulated today does not make a problem for us getting on top of the legislation. We do not really have problems with getting on top of the legislation. What we have problems with is when we ask the government again and again to give us their list of legislation more than a week in advance. It is not a problem because we are a small party, although we have to spread our resources pretty thin. The problem is that we got notification that this was coming up today—Senator Newman is looking through her papers; I have it in front of me here—on 16 November, exactly one week ago. It is true that this was on the list at the end of last session, but it was shoved in with everything else we were trying to do. We would not have been able to deal with it at that stage—there was not enough time. My electorate officers were stretched to the limits then.

I agree that we have excellent drafting staff available to us, but we need to know the list of legislation that will be coming up on a daily basis, not a general list—there were 18 packages advised to us. We have had one week to read this legislation, to check it, to check with community groups, for the community groups themselves to have the time to check it, to get on top of it and come to us, and then for us to organise the amendments. That takes more than a week generally. To get it ready in a week is an extraordinary feat.

Before anybody harps about whether or not we poor little senators are having trouble getting on top of the legislation: no, the problem is and remains with the government not having the ability to give us, in a reasonable time, the list of what is coming up on the days of sittings. If there is the ridiculous situation next year of two weeks on and one week off, this situation is going to come up again and again without the time for various groups in this chamber and for the community and the rest of the Senate to be sufficiently prepared to deal with the legislation the government wants to put through. If it ever gets through, that proposal would be totally unproductive.

I believe what we have said is reasonable in terms of being less of a drastic step, but I can see I do not have the numbers in the Senate. Before anybody, including the minister, prates about our inability to get on top of legislation, I urge them to see that there are faults in particular in the government's organisation of business.

Amendments not agreed to.

Senator MARGETTS (Western Australia) (5.35 p.m.)—I will not move amendment No. 5 because, in fact, it is to oppose the schedule, but I will speak to it. This is in relation to the minimum payment of $5 a week or $260 per year. The minister and I have already clashed horns on this particular issue. We believe it is an ideological choice, that is, the government's proposal to introduce a minimum payment of $260 per year or $5 a week, regardless of the amount of income the non-custodial parent is receiving. The change reeks of ideology and lack of compassion and puts increased pressure on those in our society who can least afford it. The minister's let them eat cake interpretation was, 'Well, what does a packet of fags cost?'

There are serious ideological assumptions under this proposal. It assumes that people on social security payments are dole bludgers trying to avoid responsibility. The proposal reeks of populist scapegoating. In Britain, the response even of New Labour, and also of the old government, is to have a go at single parents because it is seen to be a populist thing to do. Anyone who has attempted to live on that amount of money, anyone in the world of reality, would realise that $5 a week is a significant amount of money for people on social security.

The change assumes that $5 per week is a drop in the ocean, that somehow or other it means that a person does not care for their children—one of the most disgraceful arguments I have ever heard in this chamber. This might be a drop in the ocean for many members of the coalition, but it is not for someone on unemployment benefits who receives only $160.75. It displays a heartless disregard for the shoestring budget that unemployed people live on. It is completely hypocritical.

The change is quite clearly ideologically based as it is in direct contrast to the other aspects of the bill. The government has responded to concerns that the self-support component of the payer's income is not enough to live on. This rate is set at the single pension rate each year, which was $9,006 in 1997-98 or $173.20 a week.

So what was the government's response? It increased the self-supporting component by 10 per cent, regardless of how high the income was of the paying parent. The contrast with this measure is obvious. If you are on an unemployment benefit or pension, it is all right for the government to cut. On one hand, the government is recognising that, for a person with employment and earning above the rate of the pension, the pension is not enough to live on. On the other hand, the government is saying that a person who is actually on a pension or unemployment benefit—social security benefits—can afford to live on $5 less per week.

The logic of this is highly questionable, to say the least. More importantly, it will impact once more on some of the poorest people in our society. If there are significant problems with custodial and non-custodial parents' relationships now, what on earth does the government think is going to happen if this happens to unemployed or pensioned non-custodial parents in the future—those who can ill-afford to be hit again? I urge the Senate to support opposition to this section.

The TEMPORARY CHAIRMAN (Senator McKiernan)—The question is that schedule 3 stand as printed.

Question resolved in the affirmative.

Senator MARGETTS (Western Australia) (5.40 p.m.)—Schedule 4 relates to making private collection non-compulsory. I also mentioned this in my speech on the second reading. I seek leave to move Greens (WA) amendments 6 to 10 and amendment 12 together.

Leave granted.

Senator MARGETTS—I move:

(6) Schedule 4, items 2 and 3, page 17 (lines 9 to 13), omit the items, substitute:

2 Paragraph 33(1)(b)

Omit "38", substitute "38A".

3 Subsection 37B(6) and (7)

Omit "38", substitute "38A".

(7) Schedule 4, item 4, page 17 (line 24), omit "; or", substitute ".".

(8) Schedule 4, item 4, page 17 (line 25), omit paragraph (c).

(9) Schedule 4, item 4, page 18 (line 23) to page 19 (line 12), omit section 38B, substitute:

38B Registrar to inform parties with satisfactory payment record of rights under section 38A

If:

(a) the payer is taken, under the regulations, to have a satisfactory payment record in relation to the previous 6 months; and

(b) the Registrar is satisfied that the payer is likely to continue to have a satisfactory payment record;

the Registrar must inform the payer and the payee of their rights to make an election under section 38A to have the liability no longer enforced under this Act.

(10) Schedule 4, item 4, page 19 (lines 16 and 17), omit "or a decision by the Registrar under section 38B".

(12) Schedule 4, items 5 to 7, page 20 (lines 22 to 31), omit the items, substitute:

5 Subsection 39A(2)

Omit "38" (wherever occurring), substitute "38A".

Note: The heading to section 39A is altered by omitting "**38**", and substituting "**38A**".

Note: The heading to subsection 39A(2) is altered by omitting "*38*" and substituting "*38A*".

6 Subsection 39A(3)

Omit "38" (wherever occurring), substitute "38A".

7 Subsection 39A(7)

Omit "38" (wherever occurring), substitute "38A".

I thank the Senate. I will first speak to amendments 6 to 11. They seek to remove compulsory private collection after six months of steady payment. Instead, after six months of steady payment, the CSA is to be required to give a notice to the parents informing them of their option to go into private arrangements if they so choose.

The logic of this basically is that currently there is a lot of pressure on our society for those who are having problems. The CSA at least gives a degree of flexibility. What we are concerned about is that in order to achieve some efficiency in collection, we may well be creating a situation where the lack of flexibility is creating more problems than it solves.

It may be that the paying parent changes every month. There is nothing to stop them doing that. Basically, what we want to see is some agreement between the parents. If they so choose and think that things are working well and that they can do it in a way that is obviously better for everybody, that seems a reasonable thing for them to do. Amendment 12 adds the extra criteria that need to be satisfied before the registrar must credit 25 per cent payment in kind to the child support liability. I am just wondering whether there was a particular logic to adding 12 to that list.

Mr Chairman, it seems that the numbering on the running sheet does not follow how we think the amendments should be grouped together. We have Nos 6 to 10, 12 and 11, and that seems to be a bit odd. I wonder if the Senate would be so kind as to continue with opposition amendment No. 1 while I confer about that numbering, because I think it might be incorrect on the running sheet. I move:

That the Senate postpone consideration of Greens (WA) amendments Nos 6 to 10, 11 and 12.

Question resolved in the affirmative.

Senator CHRIS EVANS (Western Australia) (5.46 p.m.)—I move opposition amendment No. 1:

(1) Schedule 12, item 5, page 57 (line 17), omit "special".

Part 2 of schedule 12 of the bill seeks to insert a new section 71C into the Child Support (Registration and Collection) Act. The new section allows the payer to satisfy up to 25 per cent of their child support liability per month by making in kind payments without the consent of the payee. Amounts of such payments in excess of 25 per cent of liability for a month can be credited to the

liability incurred in future months, provided they are payments of a kind specified in the regulations. The minister and I clarified that in a discussion earlier.

Part 2 of schedule 12 seeks to insert a new section 71D into the act. Section 71D provides the registrar with the discretion to refuse to credit such non-agency payments in the special circumstances of the case. In other contexts, the phrase 'special circumstances' in connection with a statutory discretion has been interpreted as confining the discretion. In the matter of Groth v. the Secretary to the Department of Social Security, for example, the Federal Court said that, for circumstances to be special, they must be such as to take the matter out of the usual or ordinary case.

Our amendment simply seeks to remove the word 'special' to allow the registrar to refuse to credit such non-agency payments where that is appropriate, without needing to be satisfied that the case in question is unusual in some way. Although our amendment will not make a drastic change to the provision in the bill, it should provide the registrar with a somewhat more even-handed power to make appropriate decisions when called upon to do so.

In fact, we would argue that ours is a more conservative step than the government's. In moving to this new method of non-agency payment, which is untried, the parliament ought to step cautiously. We support the approach, we would like to see this implemented and we would like to monitor how it proves to operate in practice, but we would like to see the word 'special' removed so that we do not unnecessarily inhibit the discretion of the registrar to make sure that appropriate arrangements are put in place. We have a real concern that the use of that word 'special' may in fact limit the registrar's discretion and, if you like, make this a more radical step by precluding the registrar from taking steps they think to be appropriate based on the facts of the case. I do not think that is really what the government is seeking to do. I think we all want to make this work if we can. So we think it is a more prudent step to remove the word 'special' to allow the registrar to exercise their discretion as appropriate on the merits of the case and not provide what we think might be an impediment to those merits of the case being assessed.

As I say, we would argue that, by removing the word 'special' in this clause, we would be taking a more prudent step, enhancing the role of the registrar to ensure fairness and not unnecessarily restricting their role. We urge the Senate to support that amendment.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (5.49 p.m.)—To spare the committee's time I indicate that, although I do not believe the amendment is necessary, the government is not prepared to oppose the amendment. But I should also inform the committee that the circumstances that will give rise to payments being rejected will be set out in guidelines, and they will include cases where there is domestic violence or coercion, or the provisions are being used in a mischievous manner.

As Senator Evans said, we are moving into somewhat new territory, and the government is not prepared to stand against this amendment in the light of that.

Senator WOODLEY (Queensland) (5.50 p.m.)—I thank the minister for that explanation. In a sense I am actually speaking to this amendment as well as to the Democrats amendment, which is simply to oppose this whole new approach altogether—which is certainly what our party room agreed to—and I will still put that. To my mind it would be more logical to do what we want to do first, but I can see the problem with doing that. It is just how you deal with these things sometimes when you have two propositions before you.

The Democrats certainly are very worried about a new proposition being moved by the government that would impose on custodial parents an obligation to accept payment in kind from the non-custodial parents that would in any way then leave the custodial parents exposed in some way to something they had no control over. That is the argument that the Democrats would put in seeking to perhaps not even agree to the government's

proposition or the Labor Party's proposition at this point.

I did get from the party room the agreement that we would support this amendment in the event that our opposition did not succeed and that we do believe the amendment moved by the Labor Party is an improvement. As the government is accepting it, then quite clearly we all must agree that it is an improvement.

Senator MARGETTS (Western Australia) (5.53 p.m.)—The Greens also have an amendment to that section. It is one of the ones that I asked be deferred. I will speak to that. At the same time I am happy also to support opposition amendment No. 1: we are also concerned about expanding the registrar's ability to allow people to move back into the CSA collection. I will speak to my amendment as well and that will save time later.

Our amendment expands the registrar's ability to grant applications to move from private collection so that liability is enforceable by the Child Support Agency again. The reason is that this current provision does not necessarily allow a quick response to problems and there are no provisions in force for the Child Support Agency if it quickly takes over collection in the event of a default by the non-custodial parent. It also expands the registrar's ability to monitor cases of violence in the situation of voluntary or compulsory private collection. It could be up to 60 days after an application to the registrar to have an election or determination under section 38A or 38B repealed—the registrar has to make a decision in 28 days and then must specify a day not later than 60 days after lodgment—that the liability becomes enforceable.

The circumstances under which a carer's application to reapply for a CSA collection will be granted are nebulous. The registrar must grant the application when the payer has an unsatisfactory payment record or under special circumstances. The specifics of these provisions will be left to administrative guidelines. In the majority of cases the custodial parent will reapply and the custodial parent and children will be the ones disadvantaged if restrictive criteria apply.

For reasons similar to those put forward by the ALP in their amendment No. 1, the removal of the word 'special' will slightly broaden the registrar's powers to address the conflict difficulties that may arise with private collection and allow it to move back into the agency collection.

Amendment agreed to.

The TEMPORARY CHAIRMAN (Senator McKiernan)—Senator Margetts, are you ready to return to the previous amendments you were talking about?

Senator MARGETTS (Western Australia) (5.56 p.m.)—Yes, and I would like to correct any unkind slurs against the running sheet: the fault was on our side. I move:

(11) Schedule 4, item 4, page 20 (line 1), omit "special".

I have just spoken to this amendment. It simply changes the wording to improve the registrar's flexibility in moving from private collection if there are problems in those circumstances.

Amendment not agreed to.

The TEMPORARY CHAIRMAN—We now move to amendments Nos 6 to 10 and 12.

Senator MARGETTS (Western Australia) (5.56 p.m.)—The amendments that I have moved read:

(6) Schedule 4, items 2 and 3, page 17 (lines 9 to 13), omit the items, substitute:

2 Paragraph 33(1)(b)

Omit "38", substitute "38A".

3 Subsection 37B(6) and (7)

Omit "38", substitute "38A".

(7) Schedule 4, item 4, page 17 (line 24), omit "; or", substitute ".".

(8) Schedule 4, item 4, page 17 (line 25), omit paragraph (c).

(9) Schedule 4, item 4, page 18 (line 23) to page 19 (line 12), omit section 38B, substitute:

38B Registrar to inform parties with satisfactory payment record of rights under section 38A

If:

(a) the payer is taken, under the regulations, to have a satisfactory payment record in relation to the previous 6 months; and

(b) the Registrar is satisfied that the payer is likely to continue to have a satisfactory payment record;

the Registrar must inform the payer and the payee of their rights to make an election under section 38A to have the liability no longer enforced under this Act.

(10) Schedule 4, item 4, page 19 (lines 16 and 17), omit "or a decision by the Registrar under section 38B".

(12) Schedule 4, items 5 to 7, page 20 (lines 22 to 31), omit the items, substitute:

5 Subsection 39A(2)

Omit "38" (wherever occurring), substitute "38A".

Note: The heading to section 39A is altered by omitting "**38**", and substituting "**38A**".

Note: The heading to subsection 39A(2) is altered by omitting "*38*" and substituting "*38A*".

6 Subsection 39A(3)

Omit "38" (wherever occurring), substitute "38A".

7 Subsection 39A(7)

Omit "38" (wherever occurring), substitute "38A".

I thank the Senate for its patience in this matter. These amendments are basically about making private collection non-compulsory, in particular by enabling arrangements by agreement between the custodial and the non-custodial parents so that when they felt that the circumstances were satisfactory they could enter into an arrangement for private collection. It may be that at times it is easier for them to do that than go through the CSA.

We believe that that would assist in making things easier all around—and that is what we are hoping the legislation is going to do—rather than have this element of compulsory private collection which, as I have explained, may well be leading us to a level of inflexibility which will create serious social and, potentially, departmental problems later on.

Amendments not agreed to.

Senator WOODLEY (Queensland) (5.58 p.m.)—The Democrats will be opposing schedule 12, part 2, page 58 (line 2) to page 60 (line 2). I have already spoken to this. In simply opposing schedule 12, part 2, the Democrats seek to knock out altogether the change and maintain the status quo. I suggest we move to that vote and I presume that we will not win it.

The TEMPORARY CHAIRMAN—The question is that schedule 12, part 2, stand as printed.

Question resolved in the affirmative.

The TEMPORARY CHAIRMAN—We now move to Greens (WA) amendments on schedule 12. Schedule 12 has been altered by carriage of opposition amendment No. 1.

Senator MARGETTS (Western Australia) (5.59 p.m.)—by leave—I move:

(14) Schedule 12, item 8, page 58 (line 23), after "(3)", insert ", (4A)".

(15) Schedule 12, item 8, page 59 (after line 33), after subsection (4), insert:

(4A) The Registrar must not credit an amount under this section in relation to a month unless the payee has notified the Registrar, in the manner and within the time specified by the Registrar, that the payer has notified the payee, within 14 days after the beginning of the month to which the amount to be credited relates, of the purpose to which the amount to be credited will be applied.

It has not been necessary for me to move Greens (WA) amendment 13. Amendments 14 and 15 deal with issues of payment in kind or non-agency payment. Our amendments add an extra criterion that needs to be satisfied before the registrar must credit 25 per cent payment in kind to the child support liability of the paying parent. The criterion or prerequisite is that the paying parent must have given the custodial parent at least 14 days notice of how they are going to spend the money. That is reasonable; people need to be able to organise their lives. We believe that it will create less hardship and uncertainty.

Our amendments address the very real concerns that this provision, which allows the paying parent to unilaterally pay child support in non-cash ways, may cause severe hardship on the payee and the child. Payee parents may suffer immense cash flow problems, tension and uncertainty under this provision. That is not necessarily so. It obviously has some benefits to it, but it could create that problem.

While the provision has the potential to work well if the paying parent pays school fees at the beginning of the year or pays the same bill every month, the paying parent may not operate in that kind of responsible manner and that may mean that they chop and change every month. There is nothing to stop them doing this, so one month they may pay for the rent on the fridge, the next month they might pay for school uniforms and the next month they might pay the phone bill. There is no requirement that the payee parent is to be informed, so the custodial parent may be under constant uncertainty as to what cash flow he or she has access to or what bills or other expenses might be paid. Those bills might be paid twice or there might be an expectation of a payment which does not occur that results in the phone or the electricity being cut off. These are very real day-to-day problems.

The level of uncertainty and stress are obviously not conducive to a good environment for the custodial parent or the children. Add to this the uncertainty that this unilateral arrangement applies to those parents who have not been able to work out a compromise between them. This is a crucial point. There is already a provision for parents to agree on paying partial, non-cash payments in satisfaction of their liability for child support. When this is taken into account, it is clear that this provision will apply to relationships that are already fraught with tension.

In such a situation it is more likely that this provision will be abused as a form of control or vengeance over the custodial parent; that is, paying those things which they approve of and not paying the things that they do not approve of. It can be used as a vehicle for acting out gripes between warring parents and creating havoc with the lives and financial control of the custodial parent. Clearly, this would not be the intention of the provision but it has the capacity to do so. These amendments provide a midway point between the extremes. They still allow non-custodial parents to make unilateral payments and so they will be able to feel as if they have some control over where their money is going.

The notification requirement will also make it less easy for the non-custodial parent to use this payment-in-kind provision for controlling or for vengeance. It provides some level of certainty for the custodial parent, albeit in some cases only two weeks notice, to be able to organise their finances. In addition, the notice requirement can act as an incentive for the paying parent to make an ongoing and steady arrangement so they are not continually worried about complying with notice arrangements every month.

I urge the Senate to support these amendments. I think they are reasonable. As I say, in this instance there is a clear guideline as to what is required. People should think what it would be like for a person on a very low income—you simply would not know what bills were or were not going to be paid, what was going to be overdue and what was not going to be overdue, what might be cut off and what might not be cut off. You can see how people's lives might be very upset by this, so we are asking not only for some commonsense but for the committee's support.

Senator Woodley—Senator Margetts, I have been following you pretty carefully. Could you tell me which of your amendments we are dealing with? Are we dealing with 13, 14 and 15 together?

The TEMPORARY CHAIRMAN (Senator Chapman)—We are dealing with 14 and 15 together.

Senator Woodley—Thank you.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (6.04 p.m.)—The government does not accept these amendments. I draw to the committee's attention that the amendments will actually require the payer to advise the payee each month and will require the payee to advise the registrar each month, and the payer will need to advise the Child Support Agency. Senator Margetts's theme is about paper warfare without much benefit to any of the individuals concerned. I think that maybe once again she is under a bit of a misapprehension about how the government's amendments will work.

I remind the committee that the government's measures are in line with the joint select committee's recommendations 67 and 68 and that we should take those recommendations seriously. The legislation gives both payers and payees more choice in the form in which child support is paid. It will allow the registrar to accept payments made to the payee or a third party where the payer and the payee intended these payments to be maintenance without the need for special circumstances. It will allow the registrar to accept non-cash maintenance as an acceptable substitute for maintenance where the payer and payee intended this to be maintenance; it will allow the registrar to refuse to credit an amount as maintenance where there are special circumstances; and it will allow the registrar to permit the payer a credit of up to 25 per cent for certain payments without requiring the payee's agreement provided the balance of child support is paid.

Currently the direct payments to the payee or a third party can only be credited as child support where both the payer and payee intended the payment to be in lieu of child support and special circumstances exist. Currently only cash payments are credited against a payer's child support liability. I remind the committee again that this measure is in line with JSC recommendations 67 and 68. Senator Margetts's amendments to the bill would simply cause more and more frustration for both parents—and in fact also the agency—while they bombard each other with paper. I do not think that is smart.

Senator MARGETTS (Western Australia) (6.07 p.m.)—Not so, Minister. The notice requirement, as I mentioned, acts as an incentive for the paying parent to make an ongoing and steady arrangement. The paper notification is only necessary if it is necessary to go to the registrar. So the reality is that where there is an ongoing working relationship and a steady payment of an in-kind payment then it is to the benefit of the parties involved to make that a steady arrangement, that is, 'I will pay telephone. I will pay rent. This is going to be my contribution. I will pay a proportion of such and such a bill, or I will pay your hospital benefits.'

The reality is that the minister is not stating the case correctly, where there is a problem where people have gone to the registrar and then the registrar will want to know whether people are being treated fairly, that is, if they are being given some notice. It is just commonsense. It is humanity we are talking about and the ability of people to know if somebody else is organising their lives. This would not be a problem in a normal loving, working relationship. We are talking about the potential for people whose lives are already difficult to have them made more difficult by someone who is perhaps tweaking their buttons if they cannot get to them in any other way. Anyone who thinks that that cannot happen in these kinds of relationships is not getting the advice that we are getting from those people lobbying us on this issue. So I do urge that, instead of simply poking fun at our concerns about what is happening in these relationships, the minister seriously consider it.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (6.09 p.m.)—Can I just point out again a pretty basic kind of commonsense matter, that the families have to come to the registrar for approval of the 25 per cent, otherwise the Child Support Agency will collect the child support.

Senator Margetts—But they can still come to an arrangement for a steady payment.

Senator NEWMAN—But they still have to come to the agency for approval of the 25 per cent. I put quite a bit on the record—I think maybe you were not in the chamber at the beginning of the committee stage—when Senator Evans got the ball rolling, in a way of speaking, about these payments and how they can be made and what they can be.

Senator WOODLEY (Queensland) (6.09 p.m.)—I see what Senator Margetts is saying, and I think the objective of that would be a very worthwhile objective. But I also see what the minister is saying, because No. 15, to me, does not really say 'if there is a change in the circumstances'. It really does seem to say that each month this piece of paper, the notification, has to be given. It

does not specify. It seems to me that you need some wording which says that if there is a change in the direction of the payment then there would have to be another notification. That seems to me to be where the minister is correct in saying that you would engage in a paper warfare. I guess I am seeking clarification from Senator Margetts that perhaps her amendment does not quite say what she is suggesting it should.

Senator MARGETTS (Western Australia) (6.11 p.m.)—My understanding from the legislation is that it is always possible for an agreement between two parties to be made on an ongoing basis in relation to in-kind payments. So, if there was an agreement for a steady in-kind payment, my understanding is that that would be acceptable, and that is already written into the legislation.

Senator CHRIS EVANS (Western Australia) (6.11 p.m.)—I indicate on behalf of the opposition that we had some concerns raised with us similar to those raised by Senator Margetts. However, I have been reassured by the minister's explanation of how the system will work in practice that enough protection will be provided to ensure that the sorts of concerns that Senator Margetts raises should not prove to be a problem. We are seeking in this bill to give some voice to the concerns of those non-custodial parents who feel powerless in their involvement with their children and feel that they have no say over how the money they contribute to the maintenance of the children is spent. We are trying to do that at the same time as ensuring that the interests of the child and the custodial parent are protected. It is a question of balancing those interests.

I think the minister's explanation as to the role of the registrar and how the regulations will work in practice provides some comfort in answer to the concerns raised by Senator Margetts. But I should say that I think these are concerns that have been raised by people with an interest in the area. They are concerns the parliament obviously has to treat seriously, and it is the stated objective of all of us to try and limit the amount of conflict that occurs in these situations rather than add fuel to that conflict, so it is an issue that we must grapple with seriously.

Perhaps the minister might like to indicate, if she speaks again, some sort of commitment to reviewing this initiative after a reasonable period of time, because I think this is a bit of a step into the unknown and there are a range of concerns that have been raised, as expressed by Senator Margetts. The Labor Party is prepared to support the approach taken in the bill. We think there should be enough safeguards to prevent the sort of thing that is occurring. Nevertheless, they are serious concerns that have been raised. As I indicated earlier, we were keen to ensure that the registrar had the maximum discretion to ensure that appropriate outcomes were available. I indicate that we will oppose the Greens amendments and support the bill as is, but I think it would be useful if the minister could indicate that there will be a monitoring of the operation of this quite controversial section, because we are all interested in a better public policy outcome and until we have had some experience we will not really know what some of the problems with it are.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (6.14 p.m.)—I think King Solomon, when he was asked to decide on an issue to do with a baby, would have been pretty certain that someone would have disagreed with his decision. We in this chamber all obviously recognise that this is a difficult area for everybody. The government is very happy to give an undertaking to review the changes that are being brought about by this amending legislation. We see it as important that we all get it right. For too long our nation has had problems with the legislation, which was designed with very good intent, which is why the then opposition supported the Labor government in its introduction in the first place. But time does show up problems that were not necessarily recognised at the beginning, and for that reason the government is perfectly happy to put on record that we will evaluate the impact of these measures after the first year of operation.

Amendments not agreed to.

The TEMPORARY CHAIRMAN (Senator Chapman)—We now move to opposition amendments Nos 2, 3 and 4. It has been suggested that amendments Nos 2 to 4 be moved together, but I understand that for practical purposes we need to take Nos 2 and 3 together, and then No. 4 separately.

Senator CHRIS EVANS (Western Australia) (6.15 p.m.)—by leave—I move:

(2) Schedule 15, item 2, page 88 (line 23), at the end of section 38, add:

; and (c) the value of any fringe benefits, as defined in the *Fringe Benefits Assessment Act 1986*, received by the liable parent during the liable parent's last relevant year of income in relation to the child support year.

(3) Schedule 15, item 3, page 89 (line 26), at the end of section 45, add:

; and (c) the value of any fringe benefits, as defined in the *Fringe Benefits Assessment Act 1986* received by the entitled carer during the last relevant year of income in relation to the child support year.

There are some related matters in amendment No. 4. However, there are also other matters and I think that, if we get to the dinner break before we get to those, we might look at how best to handle those, because the packaging is less than ideal. I say that without knowing what the attitude of the other groups in the Senate chamber are to any of those, but certainly we think there might be a better way of dealing with them. I am moving opposition amendments Nos 2 and 3 together because they are the same amendment but they relate to the custodial and non-custodial parties.

Under section 38 of the current Child Support (Assessment) Act, a liable parent's child support liability is assessed against their taxable income. Item 2 of schedule 15 of the bill seeks to replace section 38 with new sections 38 and 38A, which define income to include exempt foreign income and rental property loss, in addition to taxable income. Our amendment No. 2 seeks to add to the list the value of fringe benefits received by the liable parent and, obviously, the subsequent amendment, No.3, affects the other parent. We are clearly trying to treat both parties in the same way, as is done in the bill.

It is important, in our view, that fringe benefits be included, as payment in that form can provide liable parents with a way of avoiding their child support obligations. I am not sure what the government's attitude will be on this, but I think it is imperative that we tackle this issue here and now. We should not wait for the development of the tax package to deal with fringe benefits, but we should tackle it within the context of this bill.

I have had a long-term concern about the abuse of fringe benefits and salary packaging to minimise income. Both Senator Woodley and I spoke on the issue when the charitable organisations report by the Industry Commission came down in, I think, 1994. It highlighted the problems that occurred in the charitable sector with the use of fringe benefits and salary packaging. I am afraid to say that that is coming home to roost now. The charitable sector is very concerned about the government's proposals which are contained in the taxation legislation. They have become reliant on fringe benefits and salary packaging mechanisms as part of their funding structure.

The ALP has a similar position to the government in relation to looking to clean up that area; however, very real problems will occur for charities and others. I suspect that we will have to look at that fairly seriously. The principle is very clear: people should pay proper taxation. Fringe benefits have been used in a whole range of areas as a tax avoidance mechanism. People have had their salaries packaged to reduce the cash component of their income. Sometimes in the order of 70 per cent or 80 per cent of their income has been in a salary package.

Not only have we seen this in a range of charitable and volunteer organisations, but in recent years the practice has developed in public hospital employment, in particular in the states. Both the Victorian and Western Australian state governments have been very aggressive in offering salary packaging to employees in their public health systems because of their exemption, under the public benevolent institutions clause, from fringe benefits tax.

Employees of all classifications—from blue-collar classifications right through to senior

executives—have had large salary package arrangements put in place, with very serious avoidance of proper taxation through, in my view, abuse of the fringe benefits exemptions enjoyed by those public benevolent institutions. This is just one sector, but the state public health sector is a very large employer, and so it is a very important sector. If you add the problems identified as long ago as 1993 and 1994 by the Industry Commission and the charitable organisations sector, and then the growth in salary packaging which has occurred in the last couple of years in the private sector, we have a very widespread and serious problem.

Because of the government's super surcharge and a range of other government initiatives, there has been a renewed incentive for salary packaging in the private sector as well—an incentive largely closed off by the previous Labor administration through its fringe benefits and other legislation which tackled the issue. However, that has grown in recent years in quite large proportions. It is a very real problem. It is a problem in terms of Commonwealth revenue which, in my view, is very large.

We have to do a lot of work to get a proper feel for that, but the loss to revenue is quite serious now. There are also real questions of equity in the workplace and other questions which go to the values that have been promoted by this sort of tax avoidance being perpetrated and encouraged by a range of organisations, including major state government employers.

This is a very serious problem that needs to be dealt with. I take comfort from the fact that it is a view the government also supports in its 1998 Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill 1998. The government, in framing that bill, seeks to define for the purposes of part 1071-3:

> . . . a person's adjusted taxable income for a particular tax year is the sum of the following amounts—

and they go on to describe those amounts, being (a) the person's taxable income for that year, (b) the person's fringe benefits value for that year, (c) the person's target foreign income for that year and (d) the person's net rental property loss for that year.

There are four components to the adjusted taxable income that the government sees as being the appropriate policy prescription in the budget measures legislation amendment bill, which deals with the seniors health card issues. But it is interesting that in this bill there are only three. The government is seeking to add to the obvious income component the foreign income and the net rental property loss, but it has ducked the issue of fringe benefits.

I am not sure why the government has ducked it on this occasion when, within the Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill 1998, which was drawn up and produced by the government at around the same time, it has seen fit to include fringe benefits. In one piece of social security legislation the government is saying, 'Yes, we need to include fringe benefits and we are bringing this bill before the parliament,' but in the bill currently before us it has chosen to leave the fringe benefits issue to one side. Perhaps the minister can explain that.

Certainly the Labor Party's view is that this is an increasing problem. Through my work with constituents I have seen a number of serious cases where custodial parents have had difficulties with non-custodial parents, who have basically declared a taxable income that is far less than the packages they are receiving. People on quite lucrative salary packages seem to be able to find themselves with cash incomes of $10,000 to $15,000 to $20,000, but they can drive a Porsche. They can have a company supported beach apartment, et cetera, and have quite a generous lifestyle while the custodial parent often suffers trying to raise children in very poor circumstances.

I doubt there is disagreement around this chamber that that is not a desirable policy outcome. I think there is a commitment on all sides to deal with that, but the government has to explain why it seeks to duck that issue of fringe benefits when, as I said, in other legislation currently before the parliament and in its tax package more generally it accepts

the logic of a case. I can see no reason why we should not accept the logic of the case on this occasion.

Senator WOODLEY (Queensland) (6.25 p.m.)—I want to support these amendments but I must say that Senator Chris Evans was starting to lose me. He was obviously filling in time and has debated about six other issues. I am not sure that those other issues are as relevant as he has made out. We do agree on the problem that salary packaging is causing. It has particularly shown up in the charitable organisation area but it has also shown up in executive salaries.

Salary packaging is becoming a growth industry and it is doing some serious things to taxation collection. However, I hope that when we do come to the charitable sector we will take account of the reasons why some of them do this in order to, with the limited funds they have, attract a high level of expertise that they could never attract if they had to pay a full salary. So there are reasons for that, but some of the charities have gone way beyond any reasonable arrangement. As Senator Chris Evans says, their salary packaging, at 80 or 90 per cent of the whole package, is not reasonable. In terms of that issue, I agree.

However, what we are talking about, Senator Evans—and I would like you to reassure me at this point—is the ability of one parent to so arrange their income through fringe benefits packages that they distort the assessable income in order to avoid paying the child support. It is not the taxation issue so much, it is the issue of the amount of income to assess—

Senator Chris Evans—Yes, there are two effects.

Senator WOODLEY—I wanted reassurance because the debate did seem to range fairly widely and you were starting to lose me. I will certainly listen to the minister, but at this stage I recognise what these amendments are trying to do.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (6.28 p.m.)—I do have quite a few things to say about this, so we will probably have to continue after the dinner adjournment.

I did make some comments about this issue at the end of the second reading debate. I would like to remind senators that salary packaging, while you might say it is more prevalent amongst men at the moment, is increasingly becoming something that women are involved in as well. Where we may have been focusing on the responsibility of the non-custodial parent and their ability to avoid their responsibility to support their child, unless action is taken in this area we are also going to find that we have increasing numbers of custodial parents who so arrange their affairs that they are entitled to more child support than they otherwise would be if they were simply on straight wages. In other words, both parents—

Senator Chris Evans—We're amending both.

Senator NEWMAN—Yes, I know you are. I am saying to you in essence that we should not think this is only a question of dealing with non-custodial parents who are avoiding responsibilities to their children. If action is not taken, as the government is planning to in the tax reform package, then I think it will become a very serious matter in a number of areas, including social security payments and child support. I draw your attention to the fact that this legislation comes into effect on 1 July 1999. On 1 July 2000 the tax reform package comes into effect.

Sitting suspended from 6.30 p.m. to 7.30 p.m.

The TEMPORARY CHAIRMAN (Senator Hogg)—The committee is considering opposition amendments 2 and 3 moved by Senator Evans.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (7.30 p.m.)—Before the dinner break, I was part way through explaining why it would not be a good idea for the committee to go down this path. I would like to emphasise again that it is in the context that the government very much believes that

the total salary of the custodial or non-custodial parent should be taken into account for purposes of child support and also, where appropriate, in the social security administration.

However, having said that, I point out that the government is simply moving in this legislation to include some new elements of fringe benefits on the basis that, since the legislation was promulgated, the tax reform package has been announced to the Australian public and will be coming into effect on 1 July 2000. If we were to try to do this at this stage, after the child support bill has been on the table for some months now, we would be giving very little warning, very little time, to parents to get the information that would be required to satisfy the Labor Party's amendments.

This legislation before us now is to come into effect on 1 July 1999. The tax reform legislation is to come into effect on 1 July 2000. That legislation will in fact do all that both the Labor Party and the government want to see happen in this area. It will provide for a very clear statement on each person in the child support system as to their fringe benefits. The problem is that if you are relying purely on parents to provide that information to the agency, you are talking about an income year that is a couple of years old, they may well have different employers by now, it will be hard for them to get material together that they have never had to get together before, parents would generally have to contact their employer or their former employer to find out the information, and neither Tax nor the child support legislation requires parents to record this, so they just would not have a record of it necessarily at all—and many parents would not have it at all. Employees as well are not currently required to store this information for each individual; they are required to provide aggregate information, for example, fringe benefits for 30 motor vehicles. So you would be imposing an additional burden on employers and, as I say, a very considerable burden on parents, with very little notice.

I think those are pretty serious reasons for not rushing and for leaving this one year of getting ready for it, because the government is committed to doing this, just as the opposition is keen to do it. I draw to the committee's attention to the fact that it will also have quite a lot of difficulties for the Child Support Agency. I would really like Senator Evans to hear the other element of this that concerns me—and that is that the Child Support Agency would have to introduce a very considerable enforcement and compliance program in order to check that they are not being misled by the parents who have to provide this information. They would have to check that the information is correct—and that will mean quite a search and checking with employers. They will need to follow up with the parents who do not provide the information—and that of course will be at the cost of other services provided by the agency.

If you are, as I believe, genuinely in favour of doing what you are proposing and what the government is wanting to achieve, then I would say, 'Let's not do this on the run for the sake of 12 months', because we have moved to include some specified fringe benefits which are spelled out in the amending legislation and people have had plenty of notice about those. By 1 July 2000 we are determined that the remainder comes into the net as well, but it will come into the net in a way which puts very few compliance costs on the agency, because they will be being provided as a matter of record by the employer and the employer will have had sufficient notice to have converted all their staff tax records to include the fringe benefits appropriate to each individual. So I think it will be a very sensible thing to recognise that across the chamber we believe this needs to be done but better to give that extra year's notice to have it done thoroughly and without the complications costs that the amendments would produce. I do urge senators to take that into account. It is very seriously meant.

Senator WOODLEY (Queensland) (7.36 p.m.)—I am listening to this debate, and I believe that these are good amendments—there is no doubt about that. But I am wondering if the opposition—a question to you, Senator Evans—might consider adding to the

amendments a start-up date of 1 July 2000 in order to cover the minister's concern.

Senator CHRIS EVANS (Western Australia) (7.36 p.m.)—Perhaps I could respond both to Senator Woodley and to the minister, although, at the risk of boring Senator Woodley, I will try to keep my remarks short. The first point the minister made was about women accessing salary packaging as well. I take the point, but I do not actually think it adds to the debate, because the opposition is seeking to amend the conditions as they apply to custodial and non-custodial, so whatever is the case about whether the majority are men or women the same rules will apply, so her concerns there are addressed.

The question that really is begged by her approach is presented by the 1998 Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill 1998. What the minister says we cannot do for child support, the government proposes to do in the social security area straightaway. I do not understand from the minister's explanation what is different between what the government propose in this bill introduced into the parliament in recent days, which they are looking to get through this session, and the conditions that apply when you are seeking to have adjusted taxable income include the person's fringe benefits values for that year. I am not convinced by the argument, because on the one hand you are saying you need to do it in the social security legislation immediately but in the Child Support Legislation Amendment Bill 1998 there is somehow a great argument for delay. That is the second point.

In terms of the warning to parents, I really think that is a bit wide of the mark. I do not know how many parents have studied closely these amendments to the child support legislation and are aware of the ramifications of each of them, but I think if we did a test around the chamber we would find there are probably about four or five people who have a rough idea and the rest would be struggling. So I am not sure that the greater population of Australia is all that aware of all the provisions that might be in the government's bills. Having said that, the minister herself makes the point that it does not start until 1 July 1999, so there is still a period of six or seven months before people will be impacted upon.

The point she makes about retrospectivity is the one point where she has made some impact on me. I would like to give some consideration to it and tease that out because the argument she runs about compliance flows from that, I guess. There is no doubt that the changes proposed in the tax package, if introduced, will provide a systematic approach to fringe benefits which will underpin this.

There are a couple of things to be said about that. Firstly, that does not take up until 1 July 2000. Secondly, don't the retrospectivity arguments apply then as well? Won't the Child Support Agency on 1 July 2000 still have to go back—if you are saying there is a problem about assessing back years—and do the same thing? I do not see how a change in operative date by delaying it a year solves the problem with compliance and retrospectivity. These are comments on the run in the sense that I have not heard this argument from the government before, although the government has been aware that we were going to move these amendments.

I am not wishing to be difficult, but I am not convinced by the minister's arguments that all she does by delaying means that for the next financial year this will continue to be a problem and that fringe benefits will not be assessed. The same issues that she raises will just occur a year later and will have to be dealt with by the government in addressing the problem. I am not convinced that we do not have an extra year when income does not include these fringe benefits values for that year. It also begs the question, I suppose, that if the government is of the view that it is all right to include foreign income for that year and it is all right to include net rental property loss for that year, why aren't the compliance and other issues as relevant for those areas as they are for the fringe benefits area? I just do not see why you single out fringe benefits and say, 'That's too hard,' when you are prepared to do it for these other sorts of incomes which, it seems to me, require the same sort of assessment of back tax years.

The second and, I think, strongest point is that the government is prepared to support this approach in another bill before the parliament at the same time, so I do still have some concerns with the approach. In terms of delaying it a year, Senator Woodley (I think that is the minister's suggestion) I am not closing my mind to that, but I am yet to be convinced that we ought delay.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (7.42 p.m.)—I want to draw to Senator Evans's attention the fact that the people who are applying for a Commonwealth seniors health card are not in the work force and, therefore, the possibility of having an employer certificate as we were describing for the Child Support Agency is not appropriate. These are people who are retired.

Senator Chris Evans—They don't have to be.

Senator NEWMAN—But they do. They have the sort of fringe benefits that we have required in that legislation to be added to their tax return, which they have to produce to Centrelink. So it is a bit different. The compliance question, I think, is not such an onerous one for a number of reasons where we are talking about what is a relatively small benefit that is going to people, whereas in the child support area we are talking about potentially quite serious significances for other people. If the non-custodial parent has been concealing quite a deal of income taking another form, that is a matter of some moment to the custodial parent and his or her children.

So I do think the need for complete and utter compliance is greater if you are going to quantify compliance measures. It is vitally important that people not get away with concealing information from the Child Support Agency. There were some other things that I was going to comment on and they have gone out of my head, but I do urge you to think again.

Senator MARGETTS (Western Australia) (7.44 p.m.)—It is quite clear that the opposition have a good point here, especially in relation to the double standards—and not only in recently introduced social security legislation. You only have to think back to the common youth allowance and what exactly was required immediately and on the spot of teenagers and parents of teenagers. When I spoke to a number of teenagers in Bunbury at a lunch facility for people who were not able to cope on their common youth allowance, I asked whether it was easier to get common youth allowance. No, they had the same amount of forms. What was different? They had to put in a lot more information. The forms were longer and more onerous. So, no, the minister has not got a concern in general, or the government does not seem to have a concern in general, about the information that is required. It depends who it is.

The minister has just recently said it is of potentially quite serious significance if non-custodial parents are secreting away income. I imagine it would quite distressing for a struggling custodial parent to be watching a non-custodial parent amassing interesting business expenses and minimising their official private income. It seems that the group that is being protected from providing so-called onerous information is the particular group in society that the coalition represents. That would appear to be the people on higher incomes, so there is a double standard here.

If we were talking about common youth allowance, no detail would be too much trouble for the government to require—no matter how difficult or how long the form. No information would be too onerous for the government to require in terms of people's weekly expenditure patterns—what did you spend on this day, that day, the next day and so on. It seems that no information would be too onerous to provide. However, when it comes to an issue of whether or not children are being adequately supported—potentially by parents who can afford to, but who are not giving that adequate support—the government seems to have a different attitude.

I would like to indicate that the Greens (WA) are supporting the opposition's amendment. In fact, we have similar but more specific amendments to their next amendments. I think the government is on the wrong track here. They seem to have a particular

bias towards protecting a particular group of people or a particular type of income. We are not talking about fringe benefit tax generally for the people who do not have any money or who are on a low income. We are talking generally about those people who are on otherwise relatively high income who might better look after their children.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (7.47 p.m.)—Let me make it absolutely clear: I do not condone anybody concealing their income. I think I have said that already in this debate, within the last hour or so. I do not care whether they are custodial parents or non-custodial parents. If we are talking about a fair deal for the children, then the truth and the facts should be known, whether it is about one parent or the other. I am concerned about getting a fair and equitable balance in reforms to the child support system.

I am simply saying that the government is committed to a method of ensuring, with minimal compliance costs, that all fringe benefits are known for the purposes of social security payments and also, more importantly at the moment, this legislation before us now. So Senator Margetts, do not think that you can distort my—or the government's—motives on this. The children are the first priority. They are the imperative. If parents are concealing their financial position, it is to the detriment of their children.

The government is very keen to see fringe benefits included in the declarations that both parents must make. Two of the fringe benefits that are spelt out in this legislation to be advised to the Agency are already in the tax return and are therefore automatic. It makes it less liable to abuse. As soon as we have a method available to the Agency of getting information across a wider range of fringe benefits—in a way that will not cost the Agency an arm and a leg in compliance costs, and will not put an undue burden, as the opposition's amendments would, on parents—we will be keen to see it introduced. But we are saying that you cannot easily achieve that in the next 12 months. We are committed to doing it by 1 July 2000 through the tax reform package.

The TEMPORARY CHAIRMAN (Senator Hogg)—The question is that amendments 2 and 3 moved by Senator Chris Evans be agreed to. Those of that opinion say aye, against say no. I think the noes have it.

Senator Chris Evans—The ayes have it.

The TEMPORARY CHAIRMAN—Is a division required?

Senator Harradine—The noes have it.

Question resolved in the negative.

The TEMPORARY CHAIRMAN—We will now move to opposition amendment No. 4.

Senator CHRIS EVANS (Western Australia) (7.50 p.m.)—I indicated before the dinner break that there was a problem with the way we had originally packaged this series of amendments into one running sheet. It might assist senators if we dealt with schedule 20A by separating the individual amendments within it. I am open to advice from the committee, but a number of proposed amendments about unrelated matters have been grouped in the schedule and I thought it might be easier to deal with them as separate events.

The TEMPORARY CHAIRMAN—Could you give us an indication, Senator Evans, of how you would like those to be dealt with?

Senator CHRIS EVANS—I thought we could deal with them one by one, basically, Mr Temporary Chairman. I thought it was easier than—

The TEMPORARY CHAIRMAN—So that would be Nos 1, 2, 3, 4, 5? Could you clarify your intention? Is it to take the section which says '1 After section 55' then move to the next which is '2 At the end of section 60'.

Senator CHRIS EVANS—Yes, to treat each of them as separate amendments.

The TEMPORARY CHAIRMAN—I take it there are five individual parts. You are going to move it that way?

Senator CHRIS EVANS—Yes. And perhaps I could assist the committee by suggesting that, as a result of the last vote,

No. 1 becomes redundant and so I would not seek to proceed with No. 1.

The TEMPORARY CHAIRMAN—You just do not move it.

Senator HARRADINE (Tasmania) (7.51 p.m.)—Can I make a comment on that. First of all, in one of his contributions, Senator Evans made a very valid point in questioning the desirability of this whole child support area going over to the department from tax. I wonder whether that is appropriate. But that matter has been decided and there has been a great debate on it elsewhere.

I just want to mention on amendment No. 1, which you are not moving as a result of the previous vote, that I was very interested to hear what Senator Newman said. Though I was not in the chamber, I heard what she said. She indicated that what Senator Evans was doing was not opposed by the government, except in so far as the dates were concerned. Senator Newman said that the tax reform legislation will include fringe benefits in child support income through requiring employers to include the fringe benefits on employees' group certificates.

I should have asked before the vote was taken, but I assume the tax reform legislation referred to by Senator Newman is not contingent upon the acceptance by the parliament of the whole of the tax reform package, including the GST. Could I ask that question?

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (7.54 p.m.)—I am sorry, Mr Temporary Chairman; I am trying to get a handle on precisely what the question was rather than the answer. Senator Harradine, I am not sure if I am answering precisely what you asked. I am sure you will correct me if I am not.

I would answer you this way: this legislation was drafted many months ago now to include more areas of people's income than is necessarily shown just by their salary. But it does not go to the full range of fringe benefits for some of the reasons that I spilled out before—that employees often do not have access to the full amount of their fringe benefits. It is information that is in the hands of the employers. The employers do not always have it aggregated by individuals, and so on. So it was not possible, at the stage that this legislation was being drafted, to move to include all income minimisation and fringe benefits that go towards a person's total income. But it is a wish of the government that we do better in this area because as you, Senator Harradine, and other senators would know, there have been constant allegations over the years in relation to the Child Support Agency that some parents of substantial means have been able to conceal the true position from the agency and from their spouse.

In light of the ability of government to actually get at what the true situation is, the legislation was drafted as it was. Nevertheless, the government would like to move further down this track, and the proposals in the tax reform legislation do make it possible to more accurately state the true situation of people's income for both social security and child support purposes. So that is a stand alone, if you like, in that it is in the tax reform package, but it will be of great importance in making fairer assessments in areas where people are looking for benefits from the taxpayer in social security or in areas like this where they may be liable or they are liable for support to some extent or other of their children. I am not quite sure if I went to exactly what you are getting at, Senator.

Senator HARRADINE (Tasmania) (7.57 p.m.)—I thought the question was quite a simple question. The minister has indicated to the chamber that it is part of the tax reform package. My question really is whether or not the passage of that part of the tax reform package is dependent on the acceptance of the whole of the tax reform package, including the GST—that is, acceptance by the parliament of the whole of the tax package, including the GST. If, as the minister is saying, it is part of that tax package, then I would seek to have the previous vote recommitted.

This is, I think, an important question to be asked. If the minister wants to seek advice from the Treasurer or anybody else, I can proceed with Senator Evans's amendments

and come back to the matter. Alternatively, I could move, at the appropriate stage, recommittal if leave is not granted.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (7.58 p.m.)—I would be very concerned if Senator Harradine moved to recommit the previous vote, on the ground that the arguments for it being in this legislation stand on their own merits. I believe I gave important reasons as to why this legislation should proceed now. If nothing else were done ever it would be important to include it in this legislation.

As far as the tax reform package is concerned, Senator Harradine would know very well that that is legislation which is the responsibility of the Treasurer. It is not yet available. I believe it will be soon. Cabinet is working on that at the moment. I cannot answer for the Treasurer on that. My responsibility is to answer here, as I believe I have done fully and frankly, on the need to have this legislation in this form, despite the fact that I want to move on to include all forms of fringe benefits or income minimisation as soon as the opportunity arises. But, in the terms that the opposition's amendments were cast, it would not be practicable or even very satisfactory to try to do what those amendments purport to do.

Senator HARRADINE (Tasmania) (8.00 p.m.)—The minister does say that tax reform legislation will include fringe benefits and child support income, et cetera. We had amendments from Senator Evans providing that this legislation do that and do it from a particular time. What the minister is saying is that the tax reform legislation will do it, and she indicated that this was part of the tax package. Clearing this matter up is a matter for the Treasury. Standing order 120(2) says:

> On the motion that the bill be reported the reconsideration of any clauses may be moved as an amendment.

That might be the appropriate time to act.

The TEMPORARY CHAIRMAN (Senator Hogg)—Senator Harradine, it may well be more efficient for the consideration of the amendments before the chair that, with the leave of the Senate, a recommittal be considered, if that is your wish, because Senator Evans has given an indication to the chair that he is not proceeding with part 1 of amendment 4. It would seem that we could go through the process of considering parts 2, 3, 4 and 5 and we might then find that we need to come back to part 1 as well. It may leave us in the lurch.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.02 p.m.)—I have been pondering what Senator Harradine has been asking. I do not believe that what the opposition want to do and what I would like to do can be done in this manner at this time. Nevertheless, as I said at the second reading stage, the government does want to move in that direction, but the proposal is not very practical for introduction at this time. What the government has introduced in this legislation is practical and will stand as a very useful addition to the child support legislation until such time as due warning can be given to those who will be liable and a system put in place whereby employers will be able to disaggregate their fringe benefits tax obligations to each of their staff so that the Child Support Agency will be able to have a statement from an employer as to the true financial position of that employee. That will have to happen.

In my view, if for any reason the tax reform package does not go through—and remember, it was spelled out very clearly during the election in the tax reform package that employers would be required to produce tax certificates setting out the employee's fringe benefits—in my view there would need to be separate legislation to move to this effect, not only for child support but also for social security because salary sacrificing and other forms of minimisation have become such a practice in our country and they are growing rapidly. The revenue would require action to be taken in this area. But it is proposed and was proposed when the tax reform package was released in August. It was all spelt out there in the text.

I do not see that any value is gained by recommitting that amendment from the opposition when the reasons for opposing it were good and proper, but the issue will go on. We will move, by hook or by crook, to make sure that people declare the full amount of their income and that their children's support is therefore the most appropriate possible.

Senator WOODLEY (Queensland) (8.05 p.m.)—We are having a very interesting debate. One almost suspects that we should have looked again at Senator Margetts's second reading amendment, although the problem with that is that it would have referred the whole bill when it is really only parts of it that are affected by the tax reform package.

Senator Margetts—All of it really because everybody's income is likely to be affected by it.

Senator WOODLEY—I think you have a point, Senator Margetts. That is the point I am making. It would have been helpful had the opposition taken up my suggestion of a date because I think that the minister was really asking us to do something on the basis of a tax reform package that we do not have before us. So she has problems, as we have, in knowing just what is going to happen. We also do not want to delay this legislation. We are in a catch-22 situation because this legislation is long overdue.

I think it may be useful to recommit it, although I would hope that we would go back and have a debate about it taking into account some of the other factors which are possible. I will leave it at that and we will see what happens.

The TEMPORARY CHAIRMAN—It seems to me that we could recommit parts 2 and 3 and then defer the consideration of 2, 3 and that part of 4 which impacts on 2 and 3. That would then give the various parties time to see whether there is some agreement that can be reached and a common understanding on the issues. I am just trying to progress the other parts of the bill.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.07 p.m.)—I do not know that I have much more to add to the explanations I have given. I have tried very carefully to explain why the opposition's amendments, while desirable in theory, are not very practical at the current time.

Senator HARRADINE (Tasmania) (8.07 p.m.)—I am quite happy for Senator Evans to proceed with the other amendments and at the end of the consideration of his other amendments I may need to seek leave to have the matter recommitted. I think the indication by Senator Woodley meets the problems as outlined by the minister in regard to time and so on but it does then insert into this legislation a provision which otherwise—despite what the minister says, that they will by hook or by crook do something about it—might be dependent upon the acceptance by the parliament of the whole of the tax package including the GST, which I think is rather a doubtful proposition.

Senator CHRIS EVANS (Western Australia) (8.08 p.m.)—I am more than happy for a recommittal to be moved if that is the view of Senator Harradine and others. I cannot do any worse than I did on the last vote. I think Senator Harradine makes a very good point, which is that if we do not deal in this bill with the fringe benefits tax problem and its impact on child support in this country we may not deal with it for some time. The minister has been asked to explain how that all fits together with the GST taxation package and I think has not really answered that question. But my concern, and the reason the opposition moved that amendment, is that there is an existing and real problem in the child support area with the use of fringe benefits and salary packaging. It is having quite a substantial impact on the operation of the child support system and disadvantaging a number of families.

The way to deal with that, it seems to me, is to address the issue in the bill dealing with the amendment to child support. I have argued that case and I do not want to go over the ground again. I am happy to do so in terms of the amendment (4)(1) as it is. It seems to me that that is really consequential on that initial vote. If the matter were recom-

mitted we could come back to that but I do not know whether I ought to reserve the right to move that later. Senator Harradine has indicated he is prepared to push on and come back to his point. I do not know whether I can reserve my rights. I will take your advice, Mr Temporary Chairman.

The TEMPORARY CHAIRMAN (Senator Hogg)—It can be moved at the time of reporting the bill or done by leave earlier. We are really at the wish of the chamber. Either (2) and (3) can be recommitted and deferred to a later time or they can be by agreement deferred to a later time in the passage of this legislation and we can proceed with (2), (3), (4) and (5) of amendment (4).

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.11 p.m.)—I am afraid that while we are in favour of fringe benefits being included I am very worried about putting something in which is impractical to administer. I have tried to spell out why I think that is so. There are compliance difficulties for one, because employees do not have full access to their fringe benefits. I would be grateful if the committee could give me a few moments to consult on this because, in taking things on the run, I am trying to find a co-operative solution which will not end up with some unforeseen consequences which I believe will come from the form in which the Labor amendments are currently framed.

The TEMPORARY CHAIRMAN—Minister, are you prepared for Senator Evans to proceed with (2), (3), (4) and (5) whilst the advisers—

Senator NEWMAN—No, I think they are the ones—

Senator Chris Evans—They are the next set.

Senator NEWMAN—The next set. I am sorry.

The TEMPORARY CHAIRMAN—As part of amendment (4), Senator Evans has already indicated that he will be proceeding with those as separate items. Item 2 seeks to add a new subclause at the end of section 60. Are you with me? It is on sheet No. 1158. It says:

At the end of section 60

Add:

(4) If a person has made an election under this section.

Do we proceed with those or do we try to sort out the issue surrounding amendments (2) and (3), which have been previously determined by this chamber?

Senator NEWMAN—I would like to cut across that and say my preference would be right now to pick up Senator Woodley's proposal to go to 1 July 2000 for the fringe benefits tax inclusion. Have I misquoted you, Senator?

Senator WOODLEY (Queensland) (8.13 p.m.)—That would necessitate us bringing back opposition amendments (2) and (3) so that we could add a date to those two amendments.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.14 p.m.)—Senator, that was the purpose of checking with you as to the appropriateness of going down that route. That, it seems to me, would help us solve the problem of parents who do not know the extent of their fringe benefits and have to go and find previous employers. There are no current arrangements for employers to set out fringe benefits on a tax statement for employees. It would give parents, employers and the agency the opportunity to get it into place in a proper manner. As I have said all along, I want to go down that route, but I just cannot within the next few months. The end result is that I would be happy to recommit those amendments from the Labor Party.

The TEMPORARY CHAIRMAN—Amendments 2 and 3 on sheet 1158?

Senator NEWMAN—Yes. And we will need to amend or introduce a start date of 1 July 2000.

The TEMPORARY CHAIRMAN—Before we do that, Minister, can we have some indication from the other parties as to what their views might be.

Senator CHRIS EVANS (Western Australia) (8.15 p.m.)—I am happy to enter into a spirit of cooperation and try to read the mood of the chamber. I want to be clear in my own mind as to what we are doing. As I understood it, the government was actually requiring in its proposals that group certificates include information regarding fringe benefits from, I think, 1 April next year. So I am not sure how that is consistent with what the minister is saying about 1 July 2000.

I think it is important that we enshrine in this bill the commitment to include fringe benefits, so I am happy to take a slightly worse position than I would prefer rather than have the whole thing defeated. I will be interested to hear what other senators have to say. Obviously, we will also have to look at how we word whatever it is we are to carry if that is to be the case because I do not think my amendments, as originally moved, had any particular operative dates. So we might need to take some advice on that.

As I say, I want to be clear on what the minister is saying about that because, as I understand it, the fringe benefits tax in the proposal in the tax package had employers required to gather the information from 1 April 1999. If that is the case, the minister's argument has not really gelled with me I am afraid, so perhaps she might respond to that.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.17 p.m.)—Can I say that, after consultation with the clerk and with my staff, we do not want to end up having a problem with drafting on the run. Would the committee be prepared to accept my undertaking to return at a later date with a properly amended adjustment to the opposition's amendments Nos 2 and 3 to reflect what is clearly the wish here—that fringe benefits be included with a start-up date of 1 July 2000, whereas the rest of the legislation has a start-up date of 1 July 1999? Would that be acceptable?

Senator WOODLEY (Queensland) (8.17 p.m.)—It is certainly acceptable to the Democrats.

Senator MARGETTS (Western Australia) (8.17 p.m.)—I am assuming that means we are not going to go to a third reading vote?

Senator Newman—Yes.

Senator HARRADINE (Tasmania) (8.18 p.m.)—I think it is a sensible proposal that we do have the issue determined in a manner that is not subject to challenge or drafting on the run, and I would accept that offer.

Senator CHRIS EVANS (Western Australia) (8.18 p.m.)—I have expressed my view. I think that is probably a better way to proceed at this stage.

The TEMPORARY CHAIRMAN—Opposition amendments Nos 2 and 3 will be recommitted at some stage in the future, and 1 of opposition amendment No. 4 will not be proceeded with at this stage. Is that correct?

Senator CHRIS EVANS—Yes. If we could leave the question of those being moved when the minister comes back with her advice, I think it would be the neatest way to do that.

The TEMPORARY CHAIRMAN—I just wanted the record to be clarified. We will move to 2 of opposition amendment No. 4.

Senator CHRIS EVANS (Western Australia) (8.19 p.m.)—Just to be difficult, I propose, having separated those amendments, to now suggest that we deal with amendments 2 and 3 together because, on reflection, they clearly are of similar intent. I move:

Page 147 (after line 31), after Schedule 20, insert:

Schedule 20A—Further amendments

Child Support (Assessment) Act 1989

2 At the end of section 60

Add:

(4) If a person has made an election under this section and that person subsequently becomes aware that his or her income for the year is likely to vary by 15% or more than the sum estimated for the purpose of the person's election, the person must notify the registrar of the details of the estimated variation at the first available opportunity.

3 After subsection 75(3)

Insert:

(3A) Without limiting subsection (1), the Registrar must amend any administra-

> tive assessment if satisfied that information provided by a liable parent or an entitled carer to child support establishes that the liable parent's monthly taxable income has varied by 15% or more from that recorded in that person's child support assessment.

Amendments Nos 2 and 3 were part of original amendment No. 4. Item 2 of proposed schedule 20A seeks to add a new subsection (4) to section 60. Section 60 currently allows a person who expects that their current income will be at least 15 per cent less than their income for the last relevant year of income to elect to have their child support liability assessed on the basis of an estimate of current income. Proposed new subsection (4) would require a person who had made such an election to advise the registrar if they subsequently become aware that their income is likely to vary from their estimate by at least 15 per cent.

Amendment 3 proposes that we add a new subsection (3A) to section 75. Section 75 empowers the registrar to amend child support assessments where appropriate, for example, for the purpose of correcting a mistake in the assessment. Proposed new subsection (3A) would require the registrar to amend an assessment upon receipt of information that the liable parent's monthly taxable income has varied by at least 15 per cent from that recorded in the original assessment. This should allow the Child Support Agency to be more responsive to sudden increases or decreases in the liable parent's income.

These amendments arise out of the original Joint Select Committee on Certain Family Law Issues report and highlight their concern that greater flexibility needs to be shown in responding to changes in circumstances of the liable parent. One of the complaints we often receive is that people feel they are locked into payments when in fact their circumstances may have changed. So this is a quite simple set of amendments that seeks to provide the increased flexibility and responsiveness that we think is required given the criticisms that have been made of the current scheme. We think they improve the bill.

Senator WOODLEY (Queensland) (8.22 p.m.)—This amendment is an improvement on the Child Support Legislation Amendment Bill 1998. There is no doubt that one of the frustrations on both sides of the House in relation to the Child Support Scheme is that the agency itself is not responsive to changes in income. In moving this, the opposition is moving something very positive so the Democrats will certainly support it.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.22 p.m.)—Senator Woodley would perhaps not support this amendment quite so quickly if he understood what the implications would be for people with seasonal incomes, especially the farming community. I know that Senator Woodley has been interested in the farmers despite his previous leader's admonishments.

Senator Woodley—I am not going to live that down, am I?

Senator NEWMAN—Senator, do you realise that the amendment would have an adverse impact on both payers and payees where the income is seasonal or where it fluctuates dramatically during the year? Neither parent would know from one month to the next how much they would expect to pay or receive in child support. Given the realities of farmers' lives and those small businesses in the bush that depend on the farm income that washes in and out of the small communities—they are so heavily reliant on each other—seasonal fluctuations in income will be a critically important issue for families in rural Australia.

The reality is, of course, that parents can already re-estimate their income on a regular basis. The estimate reconciliation process ensures that adjustments are made where parents have underestimated their annual income so as to ensure that child support is not underpaid. I have three examples here illustrating what the likely scenarios might be for some families under this amendment. I will spell them out so that you will realise what it could mean.

Before we get to primary producers, let me remind you about somebody who might be paying child support but who is receiving a combination of salary and commission. There

are a lot of people in that position. The child support assessment was based on the payer having an annual income of $40,000 and paying child support for one child. The payee is receiving income support and family payment. Before the start of the child support year the payer changed employment and now expects to have an annual income of $32,000. The income is based on a combination of salary and commission and will therefore fluctuate to some degree. Under the current legislation, the payer will lodge an estimate to show an annual income of $32,000 and child support will be calculated at $330 a month. That is the amount paid by the payer each month regardless of the timing of the receipt of income.

But under the opposition amendment the following scenario is likely: July, monthly income $2,000, child support $210; August, $2,000, $210; September, $2,000, $210; October, $4,000, $570; November, $3,500, $480; December, $2,500, $330; January, $2,500, $330; February, $2,500, $330; March, $4,000, $570; April, $4,000, $570; May, $2,000, $210; June, $1,000, $30. Under that scenario income for the year is $32,000 and monthly child support adds up to $4,050. But the payer would have been required to notify the registrar on nine occasions during the year and the payer and payee would have received 11 assessments compared with two under the existing system. As the changes would be retrospective each month, neither parent would know what to expect. That does not cover all parents, but there are a lot of people in those circumstances.

Let me move now to the primary producers or people whose income is seasonal. The payer earns a living from primary production. Both the income and the expenses fluctuate significantly during the year. The assessment for one child is based on an income of $70,000. The taxable income this year is expected to be $50,000 and an estimate is lodged for the amount. The new assessment is issued for $600 a month and that is paid by the payer each month regardless of the timing of the receipt of income. Under the opposition amendment the following is likely to occur: July, no income, no child support; August, minus $10,000, no child support; September, minus $2,000, no child support; October, no income, no child support; November, $30,000, $1,080 child support; the same for December; January, no income, no child support; February, no income, no child support; March, minus $20,000, no child support; April, no income, no child support; May, $40,000, $1,080 child support; June no income, no child support. The payer would pay less than half the amount of child support compared with those whose $50,000 of income is spread more evenly over the year. The payee and child would be nearly $4,000 worse off in that year. So I urge the committee not to support the opposition amendment.

Senator CHRIS EVANS (Western Australia) (8.28 p.m.)—While the examples read by the minister are interesting, they bear little relation to the amendment put by the opposition. Clause (2) reads:

> Add:
>
> (4) If a person has made an election under this section and that person subsequently becomes aware that his or her income for the year is likely to vary by 15% or more than the sum estimated for the purpose of the person's election, the person must notify the registrar of the details of the estimated variation at the first available opportunity.

We are reflecting the concern raised in a lot of submissions to the joint select committee that there was not enough suitable flexibility to adjust when there was a serious change in the personal circumstances of the person affected. The 15 per cent figure was suggested by the report and that seemed to us to be reasonable. It does not provide for a system, as suggested by the minister, where every month there will have to be a different variation. It does say that if a person becomes aware that their income is going to vary by 15 per cent or more then they can take action and notify the registrar and have a reassessment. There is no suggestion that we are going to be having a monthly reassessment. That clearly is ludicrous.

What it does reflect is that there are serious issues involved when people are required to continue to pay a high level of, say, child support if their income has been seriously

decreased as a result of losing a job or a change in circumstances and equally that a person may have at the point of assessment been unemployed or had limited employment and subsequently gained well remunerated employment and they may need to be paying more. This not only provides for a more flexible system without the ludicrous extreme that the minister suggests but also makes sure that people do not build up debt and that they pay according to their capacity, which is the whole idea of the scheme.

If the minister thinks there is a word here or there that might have an unintended consequence, I am happy for her to point that out to us. But, certainly on our reading of the amendments proposed, this just builds in the recommendations proposed by the committee that inquired into these issues and that reflected the concern about the inflexibility of having adjustments made. We think it is a reasonable and sensible amendment to make, and I do not think it would have the consequences that the minister suggests.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.31 p.m.)—I would like to make it clear to Senator Chris Evans that we were looking at the two amendments together, as we are expected to. Under the first of the two amendments there is a requirement to report. In the second amendment the registrar must amend if information is provided that the monthly taxable income has varied by 15 per cent or more from that recorded in the assessment.

I was not exaggerating. That is what his amendments, taken together, require: that there will be a report, that there will be an assessment and that there will be an amendment as to the liable parent's monthly taxable income. Certainly those examples that I read out were provided to me by the Child Support Agency of households which would be quite typical of people in rural areas or of people on salary or part commission. There is no exaggeration there—they were drawn from the advice put together by the agency for me.

Senator CHRIS EVANS (Western Australia) (8.32 p.m.)—I am seeking some clarification from the minister. I made it clear what I intend. What she says is not the consequence. It seems to me that she does not necessarily have a problem with our first amendment, No. 2, but I see that she might be concerned about the use of the word 'monthly' in amendment 3. There may be two issues. The minister may think that is a problem and also opposes the change in principle. Just for the purposes of getting what we are doing here clear, amendment 3 inserts a proposed new subsection (3A). It reads:

> . . . parent or an entitled carer to child support establishes that the liable parent's monthly taxable income has varied by 15% or more . . .

Is the concern that that should read 'annual taxable income estimate', which is the same approach adopted in the first amendment, or does the minister in principle oppose the flexibility implied in the approach that the opposition is recommending? I can see that the use of the word 'monthly' there might have caused some concern. That is clearly not the intent. The first amendment does not use the word 'monthly'; it uses the annual income. I thought it would be best to clarify with the minister whether there is a problem in principle or whether there is a problem about the words used.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.34 p.m.)—I think that it would be useful for the committee to understand that under the existing legislation, not the legislation that is before us now, a parent can make an estimate of their income and that they can vary that every two months. So I fail to see why there is not enough flexibility in it already and why these amendments are needed, in that they do provide the complexity that I have said; the flexibility is already there. They can actually ask for a variation every two months if they choose.

Senator CHRIS EVANS (Western Australia) (8.35 p.m.)—I would like an answer to that question, Minister, because that is not the sort of defence that you used earlier about the issue. You were concerned about monthly assessments, so I am trying to address that particular clause. The support for these

amendments comes from the report of the joint committee, which had evidence given to it about the concern over the lack of flexibility about income. Clearly it is not a view shared by the clients of the Child Support Agency that that flexibility currently exists. But I do want to clarify whether or not our seeking to amend No. 3 to an annual taxable income, rather than a monthly one, has solved your problem or whether you just oppose it on principle.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.36 p.m.)—I would not be opposing Senator Chris Evans's amendments on principle. I have tried very hard to find a way through.

Senator Chris Evans—I meant: is there another principle other than that?

Senator NEWMAN—Right. I just want to make it very clear that the formal advice that I have received from the agency about the opposition's second amendment—amendment 3—is that the income would have to be assessed on a monthly basis. Of course, if you take 'monthly' out, you are then left with a situation which is certainly no better than the current situation. I ponder whether, while trying to interpret it on the run, you might end up with somebody interpreting it by saying that the agency would be required to vary it on an annual basis. Currently the agency has the ability to vary it on request every second month if need be. I think the flexibility is already there without leading to quite such a burden on families in the circumstances I have already described.

Senator WOODLEY (Queensland) (8.38 p.m.)—Can I just add to the query that the minister is putting to the opposition. What the opposition is trying to do I support, but I think there is a problem between the two clauses, and I would just like to introduce another problem. In clause (2) it talks about something in the future, when the person becomes aware that his or her income for the year is likely to vary by 15 per cent or more. In other words, it is a projection. However, in clause (3) you are talking about the registrar being satisfied that information provided establishes that a liable parent's monthly taxable income has varied by 15 per cent, so you are talking about something that has happened previously. Is that where the confusion is coming about? Clause (2) talks about a projected income and persons assessing a projected income; clause (3) talks about an income which has already been earned as the basis for the variation. That may be where some confusion is coming about.

Senator CHRIS EVANS (Western Australia) (8.39 p.m.)—All I can say is that Senator Woodley is right: he has just added to the problems rather than solved them, for which I do not thank him! That was the point I was trying to get to when discussing it with the minister, that she seemed from what she said not to have much objection to the first section but some to the second. I wanted to make sure that we were not having an unintended consequence. The circumstances she outlined as possibly flowing from our amendment were clearly not the intention, so I wanted to see whether or not the minister had a problem with the principle of allowing these reviews or whether in fact it was just inelegantly worded in the second section.

I am happy to take a suggestion from Senator Woodley or anybody else as to rewording that to provide something like, for instance, 'liable parent's annual taxable income estimate', which seems more in keeping with the original clause. But there may be no support for that approach more generally. I was looking for an indication of the mood of the Senate. Perhaps I might seek to suggest that you amend it in those terms, Senator Woodley.

Senator WOODLEY (Queensland) (8.40 p.m.)—I would, although this again is drafting on the run, which is always a bit of a worry. I see the problem being between one projecting an income and the other one talking about an income which has already been earned. So I seek to amend proposed clause 75(3A) by moving:

Paragraph (3A), omit 'monthly', substitute 'annual expected'.

I hope that does not cause further problems.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.41 p.m.)—We are just trying to work out the implications of what Senator Woodley is proposing. While I am getting a briefing note passed to me, can I draw attention to the fact that amendment No. 2 makes compulsory something which is already able to be done by families anyway. If they become aware that his or her income for the year is likely to vary by 15 per cent or more, they can come and revise their estimate. This first amendment of the opposition turns that into a compulsory thing, and I question whether we all really intended to compel parents to be doing that all the time.

Secondly, the amending legislation actually has taken a step in the right direction here, I think senators would agree, in that the registrar, after the passage of this legislation, will be able to reject a parent's estimate where the registrar believes that it was not an honest, full and reasonably accurate reflection of the estimated future income. So I do not know that that first amendment is really adding much of great value to the legislation. Senator Evans probably has a fatherly eye on his amendment, but I do not know whether he really thought about the fact that he was making it compulsory for parents.

Senator Chris Evans—I regard myself as a non-custodial parent on this one.

Senator NEWMAN—Do you want to be compelled to go and review this estimate all the time, as you are requiring in your amendment No. 2? I hope I will be getting a briefing soon, Senator Woodley, on your drafting on the run.

Senator Woodley—It worries me.

Senator NEWMAN—The briefing is almost as cryptic as Senator Woodley's amendment. I am advised that the proposal is what already happens now by parents' choice. To prevent cheating, a reconciliation is undertaken at the end of the year. The amendment makes it compulsory, and the Child Support Agency amends the assessment whenever an estimate is received. Does that go near to answering you, Senator?

Senator HARRADINE (Tasmania) (8.45 p.m.)—I will support the amendment to Senator Evans's amendment which has been moved by Senator Woodley. However, having heard what has been said to date, I will oppose the amended amendment.

Amendment (**Senator Woodley's**) agreed to.

Amendment (**Senator Chris Evans's**), as amended, not agreed to.

The TEMPORARY CHAIRMAN—We now move to part 4 of opposition amendment No 4.

Senator CHRIS EVANS (Western Australia) (8.46 p.m.)—I move:

Page 147 (after line 31), after Schedule 20, insert:

Schedule 20A—Further amendments

Child Support (Assessment) Act 1989

4 After section 154

Insert:

154A Review of certain arrangements

(1) As soon as practicable after the commencement of the *Child Support Legislation Amendment Act 1998* the Minister must arrange for an independent inquiry to be conducted to make an assessment of and report on:

(a) the impact on the relative disposable income of liable parents and custodians of the value of benefits provided by all levels of Government to parents who are recipients of benefits under the *Social Security Act 1991*; and

(b) the extent to which use is made of devices to reduce income tax in order to reduce or avoid obligations under this Act.

(2) The Minister must cause a copy of a report prepared under subsection (1) to be tabled in each House of the Parliament within 15 sitting days of that House after the Minister receives the report.

This part seeks to insert a new section 154A entitled 'Review of certain arrangements'. It seeks to provide that the minister must establish an independent inquiry into:

(a) the impact on the relative disposable income of liable parents and custodians of the value of benefits provided by all levels of Government to parents who are recipients of benefits under the *Social Security Act 1991*; and

(b) the extent to which use is made of devices to reduce income tax in order to reduce or avoid obligations under this Act.

We think it would be a useful step for the minister to hold such an independent inquiry. A range of issues that have been debated today fall within the terms of reference we are suggesting. Clearly, we have had a fairly lengthy debate about tax minimisation and the impact of those schemes, and that remains a live issue. The opposition sought to include the issue of fringe benefits payments in the bill today.

I am not quite sure where we are at with that, but that is a live issue to which we will return. Obviously, there are further issues about trusts and other devices that are causing concern that we think would be best addressed by this sort of inquiry. We also refer to the question of the value of benefits provided to recipients of social security—the question of how you assess things such as health care cards and pensioner concessions.

We think it would add to the quality of the debate and the knowledge surrounding this whole area to have such an inquiry. I do not want to labour the point. I know that Senator Margetts has an amendment to that section. For those reasons, we recommend that this amendment be supported.

Senator MARGETTS (Western Australia) (8.48 p.m.)—I would like to ask Senator Evans a few questions about his amendment to section 154. On 1(a)—the impact of the relative disposable income of liable parents and custodians—I am not quite sure what the specific relevance of this is to the bill. Would Senator Evans briefly outline what is hoped to be achieved by this section?

Senator CHRIS EVANS (Western Australia) (8.48 p.m.)—As I said earlier, Senator Margetts, a number of issues have been raised about benefits other than income provided to social security recipients and whether they ought to be brought into the 'net' in terms of assessing income. We were talking earlier about fringe benefits and other benefits provided to employees. This picks up the question of benefits provided to social security recipients that might have an impact on the total package of benefits. It was thought desirable to look at that in a holistic way and pick it up.

That is one of the issues raised by people involved in the Child Support Agency, with complaints about the value of non-cash benefits provided to social security recipients. That was our way of trying to deal with the issues that have been raised and see what information we could gather about how they might be treated. That is why it has been done in the way of an inquiry rather than making definitive statements about it—to try to get better information on it.

Senator MARGETTS (Western Australia) (8.50 p.m.)—One of the reasons why I think this is problematical is that departmental people may want to use this kind of inquiry as an excuse to reduce benefits to custodial parents.

Senator Newman—Why?

Senator MARGETTS—I am expressing a concern that has been expressed to our office by some of the groups involved with child support. They think that this particular type of inquiry may be used as a means of reducing other kinds of support. There is obviously a need and use for those things because, if you have children, you probably use things like health cards and so on more often. They think it might sometimes be used as an excuse to reduce the support level for already stretched custodial parents.

For that reason, 1(a) is problematical for us. If it were coming from community groups in general, I would be happy to hear what kinds of problems were associated with it, but I am worried about whether it is coming from a departmental source and what the reasons are behind that.

The TEMPORARY CHAIRMAN—Senator Margetts, do you wish to say something else about amendment No. 4?

Senator MARGETTS (Western Australia) (8.52 p.m.)—As honourable senators will notice—assuming this is the right time to do it—I have amendments to Labor's amendment (4). With regard to Labor's review of certain amendments, paragraph (a) is problematic because it compares the relative disposable

income of custodial and non-custodial parents, which is not really the point here. What we want to monitor is the impact of this bill, especially the formula changes in private collection and payments in kind. We have sought clarification from the opposition on what this seeks to encapsulate and whether it specifically addresses the changes in the child support legislation. That is still a little unclear. The times of review and date of commencement are inferred at the beginning of the amendment.

We are seeking an undertaking that the changes in the bill are specifically addressed. Our amendment seeks clarification from the minister that she previously gave an undertaking that 25 per cent payment in kind would be monitored after implementation. I am expressing concern about what could be used with regard to the details relating to relative disposable income and what those kinds of inquiries have potentially been used to do. I am worried about (1)(a) but we support (1)(b). Our amendments do add to that and are more specific in relation to the adding of income splitting; the use of trusts; the use of private companies; capital investments; the use of incentive payments; voluntary superannuation contributions, including those exceeding nine per cent of the parents' taxable incomes; lease depreciation expenses and interest payments; prior year losses; capital losses; losses generated by businesses or investments; and partnerships and assignments of income.

We would also add a section (c), which would add to the inquiry that consideration of the effects of compulsory private collection arrangements between parties should include the ability of either parent to reapply for Child Support Agency collection; the level of child support arrears; the implications for the legal system; and the level of parental conflict and child contact difficulties. We would like to support and expand those elements in relation to section (b), but if the majority of the Senate is in favour of section (a) then so be it. However, that area seems unclear in terms of how it specifically relates to this legislation, what it might be used for or why it is being promoted.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (8.55 p.m.)—Far be it from me to defend the Labor opposition but I think in all fairness it should be made clear that the proposal for an inquiry of this sort was a recommendation of the joint select committee in 1994. I suspect that is how the opposition has brought it forward, not through some dark and devious plot. I would accuse them of a lot of things, but not of that and not tonight.

Nevertheless the government does not support the amendment because we believe it is inappropriate for it to be in legislation. That is not because we have any problems with reviews or evaluations. You would know that, in social security, whenever a new program is introduced there is always an evaluation over its first year.

When the government responded to the JSC report it noted that, despite the complexities of the issues—and they are complex—it would ask the Department of Social Security, as it then was, and the Child Support Agency to examine the feasibility of including estimates of those benefits in future modelling. Those were the benefits referred to in the amendment.

The government is committed to addressing concerns about income minimisation arrangements that reduce child support liabilities. I think I have said that several times in the debate today. Not only have the measures for including rental property losses, et cetera, been included in this bill but the tax reform package will include fringe benefits in a similar way. Also, the registrar is given the power to order a departure from a child support assessment where a parent's income is not adequately reflected in the assessment, and methods to reduce or avoid child support obligations are further addressed. In practice, I think it is important to understand that compulsory private collection will be introduced through a small number of pilots so as to identify any issues that impact on parents and children.

Only when these issues are ironed out, if they need to be ironed out, will it be implemented more broadly, and it will be phased

in over the first year. Going on the previous practice in social security and going on that commitment, there is not a requirement for an inquiry of the type that is being proposed in the opposition amendments. As to the 25 per cent non-agency payment for a departmental review of these areas of this legislation, to be undertaken after the first 12 months, I am very happy to give that commitment because it is a very important reform.

We are trying very hard in the government to get the balance right, to treat people fairly and to make it more equitable than it is now. But the primary focus must remain the support of the children. If you take those principles into account and the Senate endorses this legislation, then the government is keen and happy to evaluate and review the new proposals at the end of the first 12 months of operation.

Senator MARGETTS (Western Australia) (8.59 p.m.)—Departmental reviews are often quite narrow and do not necessarily show us the entire impacts of changes, especially on income, because they tend to focus on their own sphere of reference. But the minister has already said there will be reviews. Just so we know exactly what they are covering and what the recommendations are from those reviews, will the minister commit to table these reviews?

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (9.00 p.m.)—Yes, I am perfectly happy to do that.

The TEMPORARY CHAIRMAN (Senator Chapman)—Senator Margetts, are you intending to move your amendments to the amendments or not?

Senator MARGETTS (Western Australia) (9.00 p.m.)—Yes. I seek leave to move my amendments together.

Leave granted.

Senator MARGETTS—I move:

(1) Schedule 20A, item 4, at the end of paragraph 154A(1)(b), add: ", including the following devices:

(i) income splitting;

(ii) the use of trusts;

(iii) the use of private companies;

(iv) capital investments;

(v) the use of incentive payments;

(vi) voluntary superannuation contributions, including those exceeding 9% of the parents' taxable incomes;

(vii) lease depreciation expenses and interest payments;

(viii) prior year losses;

(ix) capital losses;

(x) losses generated by businesses or investments;

(xi) partnerships and assignments of income.".

(2) Schedule 20A, item 4, at the end of subsection 154A(1), add:

; and (c) the effects of compulsory private collection arrangements between parties, including:

(i) the ability of either parent to reapply for Child Support Agency collection; and

(ii) the level of child support arrears; and

(iii) the implications for the legal system; and

(iv) the level of parental conflict and child contact difficulties.

The TEMPORARY CHAIRMAN—The question is that the amendments moved by Senator Margetts to the amendments moved by Senator Evans be agreed to. Those of that opinion say aye, those against no. I think the noes have it.

Senator Margetts—On what basis?

The TEMPORARY CHAIRMAN—On the basis of the chair's judgment. If you want to test the judgment we can proceed.

Senator Margetts—I think the ayes have it.

Question put:

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

The committee divided. [9.05 p.m.]

(The Chairman—Senator S. M. West)

Ayes	32
Noes	33
Majority	1

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, T. M.	Bolkus, N.
Bourne, V.	Brown, B.
Campbell, G.	Collins, J. M. A.
Conroy, S.	Cooney, B.
Crossin, P. M.	Denman, K. J.
Evans, C. V.	Forshaw, M. G.
Gibbs, B.	Hogg, J.
Hutchins, S.	Lees, M. H.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.
O'Brien, K. W. K. *	Quirke, J. A.
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Alston, R. K. R.	Boswell, R. L. D.
Brownhill, D. G. C.	Calvert, P. H. *
Chapman, H. G. P.	Colston, M. A.
Coonan, H.	Crane, W.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J.
Gibson, B. F.	Heffernan, W.
Herron, J.	Hill, R. M.
Kemp, R.	Knowles, S. C.
Lightfoot, P. R.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	Newman, J. M.
O'Chee, W. G.	Parer, W. R.
Patterson, K. C. L.	Payne, M. A.
Synon, K. M.	Tambling, G. E. J.
Tierney, J.	Vanstone, A. E.
Watson, J. O. W.	

PAIRS

Carr, K.	Abetz, E.
Cook, P. F. S.	Macdonald, I.
Crowley, R. A.	Troeth, J.
Faulkner, J. P.	Reid, M. E.
Ray, R. F.	Campbell, I. G.

*** denotes teller**

Question so resolved in the negative.

Amendment (**Senator Chris Evans's**) not agreed to.

Senator CHRIS EVANS (Western Australia) (9.09 p.m.)—I move:

Schedule 20A—Further amendments

Child Support (Assessment) Act 1989

5 After section 159

Insert:

159A Statements made recklessly etc.

(1) A person who recklessly:

(a) makes a statement to an officer which is false or misleading in a material particular; or

(b) omits from a statement made to an officer any matter or thing without which the statement is misleading in a material particular;

is guilty of an offence.

Penalty: 5 penalty units

(2) In a prosecution of a person for an offence against subsection (1), if, having regard to:

(a) the person's abilities, experience, qualifications and other attributes; and

(b) all the circumstance surrounding the alleged offence;

the person has acted without taking reasonable care as to the accuracy and completeness of the statement, or with wilful disregard to the requirements to obtain and provide relevant information, the person is to be taken to have acted recklessly in making the statement.

(3) A reference in subsection (1) to a statement made to an officer is a reference to a statement made to a person exercising powers under or in relation to this Act, whether the statement is made orally, in a document or in any other form, and includes, for example, a statement:

(a) made in an application, form, notification, appeal or other document made, given or lodged, or purporting to be made, given or lodged, under this Act; or

(b) made in answer to a question asked of the person under this Act; or

(c) made in any information given or purporting to have been given, under this Act.

159B Failure to notify required information

(1) A person who, intentionally or recklessly, fails to notify the Registrar of information required by section 55A, or subsection 60(4) is guilty of an offence.

Penalty: 5 penalty units.

(2) In a prosecution of a person for an offence against subsection (1), if, having regard to:

(a) the person's abilities, experience, qualifications and other attributes; and

(b) all the circumstances surrounding the alleged offence;

the person has acted without reasonable care or with wilful disregard to his or her obligation to notify the Registrar as required by section 55A or subsection 60(4), the person

is to be taken to have acted recklessly in failing to notify the Registrar.

These two new sections will be inserted into the Child Support Assessment Act. Section 159 of the current act creates an offence in respect of a person who provides information to the agency that they know to be false or omits to include information in a statement made to the agency in the knowledge that that omission renders the statement misleading.

Proposed section 159A creates an additional offence in respect of a person who recklessly, rather than knowingly, makes a false or misleading statement to the agency. A false statement is made recklessly when the person who makes it does not positively know that it is false but has acted without reasonable care or with wilful disregard. This extends the level of responsibility applying to liable parents and entitled carers to ensure that they provide accurate information to the Child Support Agency to the best of their ability.

Proposed section 159B creates a further offence of intentionally or recklessly failing to notify the registrar of information relating to the value of fringe benefits, as required under our proposed section 55A, or of a change of income of at least 15 per cent where their assessment is based on estimate of current income as required by our proposed subsection 60(4). The difficulty with some of that is that the issue of the fringe benefits impact has been deferred, I realise now as I consider it, because it refers to the previous amendment that we raised, so I think, given what occurred earlier today, we probably need to defer consideration of that. I am open to advice but because we deferred the whole question of fringe benefits part of this amendment seeks to flow on from that amendment. I think we are caught like we were with the other one, and in fact we will end up considering a matter that we have to come back to.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (9.12 p.m.)—I do not believe that Senator Evans's comments are accurate. The government does not believe that this amendment is really necessary, but we are not prepared to oppose it and so therefore I do not think the comments at the end of your contribution are really needed. I do not think they are right. I am happy to accept it as it is. I trust that that is not making it on the run for you.

Senator CHRIS EVANS (Western Australia) (9.12 p.m.)—Mr Temporary Chairman, when the minister contravenes all she said earlier in the debate and accepts something on the run, you count your wins and sit down.

Amendment agreed to.

Senator CHRIS EVANS (Western Australia) (9.12 p.m.)—I move:

That the House of Representatives be requested to make the following amendment:

(1) Page 149 (after line 7), at the end of the Bill, add:

Schedule 22—Amendment relating to the maintenance income test

Social Security Act 1991

1 Subpoint 1069-J8(1) (Table J) (table items 1, 2 and 3)

Repeal the items, substitute:

1	Not a member of a couple	$1110.30	$42.70	$317.20	$12.20
2	Partnered (both the person and the partner have maintenance income)	$2220.60	$85.40	$317.20	$12.20
3	Partnered (only one has maintenance income)	$1110.30	$42.70	$317.20	$12.20

This request for amendment to the Child Support Legislation Amendment Bill 1998 inserts a new schedule 22, which is an amendment relating to the maintenance income test. This bill proposes to increase the amount of the payer's exempt income by 10 per cent. This means that payers will pay less child support. For payees receiving more than minimum family allowance, some but not all of this reduction will be made up by an

increase in family allowance. The loss will not be fully compensated by the increase in family allowance because of the operation of the family allowance maintenance income test. Under that test, 50c of family allowance is lost for each dollar of child support received over a threshold. This means that payees can only be compensated for a reduction in child support at the rate of 50c in the dollar. Where the amount of child support received is less than the maintenance income test threshold, they will not be compensated at all.

The bill also proposes to reduce the payee's disregarded income from full-time adult weekly earnings to all-employees' average weekly earnings. This represents a significant decrease, from approximately $39,000 to just over $30,000. The bill also proposes to reduce the taper rate for payees earning above the disregarded income amount, from $1 for each dollar earned above that amount to 50c in the dollar. This will compensate payees who are earning significantly more than the old disregarded income amount. However, payees who earn between the new figure and slightly above the old amount will receive less child support as a result of the proposal. Again, there will be partial compensation for payees receiving more than the minimum amount of family allowance. However, such payees will only receive 50c more family allowance for each dollar of child support above the maintenance income test threshold which is lost as a result of the proposed measures.

Our request proposes to deal with these issues by seeking to increase the maintenance income test threshold. The aim of this is to ensure that payees on relatively low incomes, who receive less by way of child support as a result of the bill, will be adequately compensated through an increase in their family allowance entitlement. While the government intends to increase the family allowance income test threshold and reduce the taper rate under that part of its tax package, those proposals relate to the ordinary family allowance income test and not the separate family allowance maintenance income test. In any event, the point I wish to make most strongly is that if we are going to effectively take money out of the pockets of custodial parents, by virtue of some of the measures in this bill, we should compensate them at this time—the same time as they suffer that reduction. Put quite simply, this is the attempt I referred to earlier, when responding to Senator Margetts's amendments which sought to address the same problem. Our preferred solution to that problem is outlined in this request.

We hope the government treats the request seriously and can see its way to agreeing to it because it is simply about seeking to compensate those who may, as a result of the combination of measures in this bill, receive less child support. It will not fully compensate all of them. It is not easy to arrange a schedule that exactly meets those needs. But this will go some way towards compensating some of those persons who, by virtue of the other measures in the bill, may receive less child support and may receive less total income. We think it is an important initiative and an important part of providing the balance that we are trying to strike, in the general approach in this bill, between the various parties. We think it is a very important aspect of making this bill as fair as we can. I would urge the committee to support the request.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (9.17 p.m.)—The opposition's requested amendment would cost up to an additional $8 million per annum. The request is not supported by the government for a variety of reasons. As Senator Evans has acknowledged, many of the payees who will receive less under the package will already be partially compensated through additional family payment. But he wrongly said that the maintenance income test free area will not be increased in the tax reform package. At least, that is what I understood you to say. Did I misquote you?

Senator Chris Evans—No.

Senator NEWMAN—I am advised that is incorrect. The tax reform package will increase the maintenance income test free area by 2½ per cent, as with the other income test free areas in social security, and that will also

provide additional compensation for some payees. I draw to the committee's attention the recommendations of the joint select committee on which so many of the proposals in this amending legislation have been based. Their recommendations have been the basis for trying to develop the balanced package that we have brought forward in this legislation. The committee did in fact recommend a larger increase in the exempt income to 20 per cent, and a larger decrease in the disregarded income to less than $20,000. These changes would have resulted in considerably less child support being received. We did not accept a level of 20 per cent for exempt income—we have gone to 10 per cent. We did not go for a larger decrease in the disregarded income—down to less than $20,000.

I think senators have acknowledged, as the debate has gone on, that we have tried to have a balanced and equitable package. This is very much at the core of that. The maintenance income free area going up by 10 per cent is part of that fair balance. We have not changed the formula so there is considerably less child support being received. We have not taken away from the custodial parent the disregarded income to the extent recommended by the committee.

The measures in the bill do recognise the balance between child support available to children, income available to payees and payers and the social welfare contribution. Several senators referred to the need to get that balance right, in the second reading debate. We believe we have and to support the requested amendment before us know would disturb that balance. Therefore the government is not prepared to support the opposition's request.

Senator MARGETTS (Western Australia) (9.21 p.m.)—The request for amendment which has just been put by Senator Evans does help the situation where custodial parents are finding it difficult to survive; but it puts the emphasis on the taxpayer picking up the tab for a non-custodial parent who is often able to assist more but is finding ways of avoiding doing so. So it is not ideal, but I admit that it does improve the situation for those people who are struggling.

Senator CHRIS EVANS (Western Australia) (9.21 p.m.)—I just want to respond to the minister on a couple of points. Firstly, in terms of her assurance that the family allowance maintenance income test will increase by 2½ per cent as part of the proposed tax legislation, I accept the minister's assurance that that is the government's intention. It is not an intention I was aware of, nor something I found easily in the document supplied, which Senator Kemp regularly waves at question time.

Senator Newman interjecting—

Senator CHRIS EVANS—So it is not in the tax package?

Senator Newman interjecting—

Senator CHRIS EVANS—The minister has confirmed that it is not in the tax package documentation, and that confirms our research—we could not find it. She now provides an assurance that the family allowance maintenance income test would receive compensation for the introduction of a GST if the legislation is successfully passed in the parliament. But the first point to make is that it is subject to that process being approved by the parliament. The second and more important point to make is that that is compensation for the introduction of a GST, and that is not what we are debating today. We are talking about compensation for loss of income to those families supporting children.

The opposition is saying: 'Yes, Minister, it may well cost $8 million dollars, and we're urging you to give consideration to that.' We did not pretend that there is not a cost involved. It is framed as a request for that very reason. We were not able to get a definitive estimate with the resources of opposition as to what the cost would be, but I take at face value your statement that it would cost $8 million dollars. That does not deter me in the least. We understand, as Senator Margetts pointed out, that this is a measure to compensate for other adjustments made in the bill. We are saying that there is a role for us as a community to pick up the slack, to compensate these families for the impacts of other measures taken in this bill.

The net impact of this bill as currently amended by this chamber will reduce income to a range of families, a range of custodial parents supporting children. We think we ought to do something to ameliorate that impact. This is a reasonable and moderate response to provide part compensation for those families, otherwise the net impact of the decisions today will mean that those families will have less income. They will have less to survive on. We do not think that is the intention. We do not think it is a good public policy outcome as a result of what has been a fairly constructive attempt to get better legislation. We are saying to the government: we ought to take up this issue. We ought to ensure that those families are not worse off. We ought to ensure that some compensation is paid so they can maintain their income. We are not suggesting an increase in income for families; we are suggesting that families who otherwise would lose ought to receive some compensation.

I do not think it is a proposal that should be rejected easily by the government. I think it adds to the social justice of the bill. It adds to the net public benefit. While the minister made the point that the joint committee's recommendations were more harsh in their impact, that is no answer. The question which we ought to pose is: why should some of these families be worse off as a result of these measures? I say they should not be worse off. We can and should ensure proper compensation to ameliorate their situation.

It is within the power of this parliament to take what I think is the proper step, and that is to support this request and ensure that those families are not disadvantaged by the combination of measures contained in this bill.

Senator MARGETTS (Western Australia) (9.26 p.m.)—A number of the arguments that have been made in tonight's debate on the child support legislation actually add weight to my original request at the end of the second reading stage that we should not have dealt with this whole package until we knew the tax situation and knew whether or not the government had got their tax package through. The reality is, as Senator Evans has indicated, that a number of people will be uncertain. It always concerns me that the government is very concerned about uncertainty for business, but rarely shows the same interest in changes and uncertainty for ordinary people.

The minister suggested earlier on in the debate that somehow or other we can come back at a later date if the rest of the tax package does not get through and somehow stitch together all the pieces.

Senator Newman—I did not!

Senator MARGETTS—In fact, the minister said in her contribution at the second reading stage that I was heartless to suggest that the legislation should be delayed and that we should wait until we knew what was happening with tax before we dealt with the impacts on child support. I suggested that it would be better to know what the impacts were on a GST—if there is a GST—and other things like a fringe benefits tax. I suggested it would be better to know where we stood before we changed this because otherwise we would have to go around and stitch up the pieces. It is a heck of a lot more difficult to try and pick up the pieces of destroyed families and lives later.

The government has no real problem about changing the rules for ordinary people, especially those on smaller incomes. It is no wonder there is a high level of disillusion within Australian society today. Their concern is about certainty for people in businesses. There is no real concern that the rules are being changed and that the rug is going to be pulled out from under a number of people. There is no real interest in finding ways to make sure that people on the lowest incomes, and who can ill afford it, will be no worse off.

It is very disturbing, but it is a common theme in the legislation that is being shoved through by this particular government.

Question put:

That the requested amendment (**Senator Chris Evans's**) be agreed to.

The committee divided. [9.33 p.m.]

(The Chairman—Senator S. M. West)

Ayes	32
Noes	33
Majority	1

AYES

Allison, L.	Bartlett, A. J. J.
Bishop, T. M.	Bolkus, N.
Bourne, V.	Brown, B.
Campbell, G.	Collins, J. M. A.
Conroy, S.	Cooney, B.
Crossin, P. M.	Denman, K. J.
Evans, C. V.	Forshaw, M. G.
Gibbs, B.	Hogg, J.
Hutchins, S.	Lees, M. H.
Lundy, K.	Mackay, S.
Margetts, D.	McKiernan, J. P.
Murphy, S. M.	Murray, A.
O'Brien, K. W. K.	Quirke, J. A. *
Reynolds, M.	Schacht, C. C.
Sherry, N.	Stott Despoja, N.
West, S. M.	Woodley, J.

NOES

Alston, R. K. R.	Boswell, R. L. D.
Brownhill, D. G. C.	Calvert, P. H. *
Chapman, H. G. P.	Colston, M. A.
Coonan, H.	Crane, W.
Eggleston, A.	Ellison, C.
Ferguson, A. B.	Ferris, J.
Gibson, B. F.	Heffernan, W.
Herron, J.	Hill, R. M.
Kemp, R.	Knowles, S. C.
Lightfoot, P. R.	Macdonald, S.
MacGibbon, D. J.	McGauran, J. J. J.
Minchin, N. H.	Newman, J. M.
O'Chee, W. G.	Parer, W. R.
Patterson, K. C. L.	Payne, M. A.
Synon, K. M.	Tambling, G. E. J.
Tierney, J.	Vanstone, A. E.
Watson, J. O. W.	

PAIRS

Carr, K.	Reid, M. E.
Cook, P. F. S.	Campbell, I. G.
Crowley, R. A.	Troeth, J.
Faulkner, J. P.	Macdonald, I.
Ray, R. F.	Abetz, E.

*** denotes teller**

Question so resolved in the negative.

Progress reported.

MIGRATION LEGISLATION AMENDMENT (STRENGTHENING OF PROVISIONS RELATING TO CHARACTER AND CONDUCT) BILL 1998

Second Reading

Debate resumed from 11 November, on motion by **Senator Kemp**:

That this bill be now read a second time.

Senator COONEY (Victoria) (9.37 p.m.)—The Migration Legislation Amendment (Strengthening of Provisions relating to Character and Conduct) Bill 1998 is another bill in a long history of bills in the area of migration. Like the others, it is of great significance. To repeat a trite point that has been repeated again and again in debates in this house, this country—other than the indigenous people—is a country that is based on migration. In the English speaking world it stands with the US and Canada. It is one of the three great centres to which people come to set up a new life, to establish a new nation and to identify themselves with the people already here. In saying that I do not take away from the great contributions that places like New Zealand make, but I think that of the great migration nations in the English speaking world they are the three.

But, unlike Canada and the United States, we seem to have lost faith in the good of migration and faith in what migration can do for us. We seem to have lost faith in the identity we have as a great migrant country. This bill is an indication of our loss of confidence, an indication that we are closing in upon ourselves in this area instead of taking in new people.

This bill does not deal with the issue of who comes here to stay for the purposes of making their lives; it deals with people who come here as visitors and whom we want to get rid of because we decide they are not fit people to come. This is of significance in that argument that I was putting before about migration to this country because it shows an attitude to people who come from outside.

What this bill seeks to do is strengthen the provisions relating to character and conduct.

A country is entitled to take in whom it will and to exclude whom it will. That is understood on the international scene. But, putting aside that legal concept, there is also a moral concept that we should conduct ourselves around the world in a decent and fair way. I am afraid this bill does not live up in all respects to that test.

This bill is to do with the Migration Act. The Minister for Immigration and Multicultural Affairs, Mr Ruddock, is a man who has a reputation for acting according to his conscience, who has a record of wanting to do the right thing not only by migrants but people around the world. I think, for example, he is a very eminent member of Amnesty. I therefore do not want to condemn him in what I say about this act, but it does trouble me. Proposed subsection 501(1) says:

> The Minister may refuse to grant a visa to a person if the person does not satisfy the Minister that the person passes the character test.

It goes on to say that not only may he refuse a visa but he may, if he reasonably suspects the person does not pass the character test, cancel that visa. That gives the minister great power. It is a power that is not subject, in so far as the government is able to ensure this, to a judicial review. This is a worry because of proposed subsection 501(6). It sets out the tests that should be applied when judging whether a person has such a character as should lead to him being excluded. Those tests are very much the sorts of tests that are applied by a court.

We have three arms of government. Parliament makes the laws, it pursues a policy. The courts should stay out of policy matters. But subsection 501(6) is not a policy matter; it is a matter of applying a set of criteria to a set of facts so that the criteria set out in the act will be used to identify whether a whole series of points of evidence are such as to exclude this person. That is very much a judicial exercise and this proposed section proposes to exclude any judicial review of the minister's position.

As I understand it, the minister must apply the provisions of subsection 501 personally, and of course that goes a great way to reassuring people that the whole system is working properly. But it draws back from the present position where people do have judicial review, and it is that moving away from judicial review that is a matter of concern. I will illustrate what I mean by that. If a person has a substantial criminal record, the minister may—and I note that it is a may, not a must—refuse to grant a visa or may cancel a visa. But the problem with that is this: a person has a substantial criminal record if that person has been sentenced to a term of imprisonment of 12 months or more. It does not matter when, and it does not matter whether it is somebody like Anwar Ibrahim, who is now in court in Malaysia—and we have some concern about that; the Prime Minister and the Minister for Foreign Affairs made that point when they were there recently—if he is convicted in such a court, it is open to the minister to exclude such a person.

If you look at subsection 12 you will see that 'the court' includes a court martial or similar military tribunal. Even the court martials that are run within our system are not always good. I was reading on the weekend—and you would understand this well, Mr Acting Deputy President—of cases in the First World War where all sorts of injustices were done because of the way court martials went around their task. So this particular section stops people from coming to Australia, or excludes them if they are here, on a minister's orders, on the basis of evidence that might be produced from courts that are quite tainted and quite corrupt. Unfortunately, the judicial systems around the world do not have the integrity that our courts do, do not have the reputation that our courts do, do not have the ability that our courts do; yet those courts around the world, if they give anybody a sentence of 12 months or more, can lead to a person being excluded from our country or thrown out.

You might better understand these provisions if there were some evidence of people who have come here and have done violence to this country. I ask the minister if evidence can be produced here now as to how many people who have come in on a visa, or who have come here in any event without a visa, have a criminal record—as this suggests—and

have done physical violence to people in this country, as distinct from giving occasion for some people here to say that his or her very presence disturbs the population already here.

The point I am making is that this particular legislation is directed to resolving a crisis, and there just is not a crisis in this country that this legislation addresses. There is not a history of people coming to this country and doing violence. We have had people excluded from this country who should not have been. I cite as an example Gerry Adams from Ireland, who was allowed into America but not allowed here. It is an indication of a certain paranoia that does not go well in a country as open as ours should be.

Debate interrupted.

ADJOURNMENT

The DEPUTY PRESIDENT—Order! It being 9.50 p.m., I propose the question:

That the Senate do now adjourn.

Tax Avoidance

Senator O'BRIEN (Tasmania) (9.50 p.m.)—There is a story in the *Sydney Morning Herald* today about Australia's richest man, Mr Kerry Packer. According to the paper, Mr Packer's main private company, - Consolidated Press Holdings, made a profit of $614.53 million over the past two years but paid no tax. There is, as always, a technical explanation for such an outcome. There was a similar story in the middle of last month about Mr Packer's victory over the Australian Taxation Office. He had more than $500 million dollars cut from the assessable income of his companies, and they saved about $260 million in tax. According to the Australian *Financial Review*, after a long courtroom battle the ATO was forced to back-pedal and offer Mr Packer's lawyers a settlement. According to the paper, rather than $40 million, the ATO would agree to the company of Australia's richest man paying just $2.87 for the 1990-91 financial year, which, for those who occupy this building, translates to less than the cost of a cappuccino and a sausage roll at Aussies. But the tax bill would double for the following year to $6.65, and it would then jump to $21.12 in 1993-94 financial year. According to the same report in the *Sydney Morning Herald*, ordinary taxpayers pay almost 600 times more tax than Mr Packer, and clearly they have neither the legal or financial wherewithal to exploit loopholes available.

These stories make interesting reading in the context of the election campaign and the Prime Minister's obsession with the imposition of a 10 per cent goods and services tax on absolutely everything. During the campaign Mr Howard argued that Australians should not think of themselves but of the nation and of the good of the nation when it came to a tax. He said that the existing taxation system was failing us badly and claimed the GST to be the only solution.

The fact that Mr Packer's private company could make a massive profit and not pay tax, his win over the ATO in the courts and the massive loss of tax revenue that resulted highlight very clearly how the current system is failing us.

Senator Ian Macdonald—It's the Labor system.

The DEPUTY PRESIDENT—Senator Macdonald, interjections are disorderly, and they are even more so when you are not in your seat.

Senator O'BRIEN—The Howard solution—wage and salary earners pay more tax through a GST to meet this revenue shortfall—is no solution at all. Given the history of tax avoidance under conservative governments generally, and the present Prime Minister in particular, it is easy to see why he is pursuing a regressive 10 per cent tax on everything. Why is he taking the easy option rather than the tough but equitable approach of making everyone pay their way?

For five years Mr Howard as Treasurer failed to effectively deal with an explosion of tax avoidance schemes in this country, and it was the ordinary Australian taxpayers who had to pay. He acknowledged in 1980 that he had been aware of the bottom of the harbour schemes for two years but he failed to apply the full force of the law to fix the problem. In May 1982 the McCabe-Lafranchi report was tabled in the Victorian parliament. It revealed

a massive fraud of Commonwealth revenue in the order of $200 million.

Then there was the Costigan royal commission established to investigate the activities of the Federated Ship Painters and Dockers Union. The then Treasurer, now Prime Minister, acknowledged that the ATO had raised with him in 1978 the need for criminal penalties to deal with these practices. He said in that statement:

> I had an examination carried out by officers of the Taxation Department, the Department of Business and Consumer Affairs and the Attorney-General's Department.
>
> Their advice to me was that the schemes could not effectively be countered by the application of existing laws which they found to be deficient for the purpose for one reason or another.

In fact, the now Leader of the Opposition told the parliament at the time that the minutes from the Commissioner for Taxation to Mr Howard in 1978 on 13 February, 11 April, 24 May, 1 June, 11 July, 20 July and 21 August told him that these schemes were 'emerging', that they were a matter of 'increasing concern', that they were a 'worrying problem', that they were 'even more serious', that they were 'widespread', that they were 'even more extensive', and that they were 'very widespread indeed'. Mr Howard was told that there was a most pressing need for action and legislation was required. But he did nothing for 2½ years.

The reason for his inaction is obvious. He had to win the debate about dealing with these schemes within the Liberal Party before he could take the debate to the broader community. It was not until the end of 1982 that the then Treasurer, Mr Howard, moved to recover some of the lost revenue. In the end he had no choice. Between 1975-76 and 1980-81 the Commissioner for Taxation reported a 2,500 per cent increase in the number of participants in tax avoidance schemes declared to him.

Mr Gyles QC, who was appointed a special prosecutor by the government, concluded in his report in September 1984:

> If there had been an adequate administrative, judicial, and political response to the massive tax avoidance through the various paper schemes the situation would never have arisen.

And while these avoidance schemes were booming, Mr Howard's hand was into the pockets of ordinary taxpayers.

The DEPUTY PRESIDENT—Senator, would you care to be a little less reflective about the Prime Minister in your language, please?

Senator O'BRIEN—I accept that, Madam Deputy President, but who can forget the 1977 election campaign won by the Liberal Party with a promise of 'a fistful of dollars'? And who can forget the Howard promise of full income tax indexation and an additional tax cut? The Prime Minister broke both those promises. His excuse then was that the economy could not afford it. No wonder with the leakage of revenue from the taxation system. It appears to me that the Prime Minister is at it again but on this occasion he is seeking to tax everything, not just income.

In contrast, when Labor took office in 1983 it moved on tax avoidance schemes. It acted against leverage leasing arrangements, it eliminated tax benefits for short-term life insurance policies, it reduced the threshold applying to income splitting of unmarried minors, it moved against sales tax avoidance schemes, it moved to equitably broaden the tax base and, importantly, it built up the resources of the Australian Taxation Office.

The Australian Taxation Office also pursued the larger companies through a series of audits. For example, in 1988, 40 audits yielded nearly $200 million in additional revenue. I note that the then President of the Liberal Party, Mr John Elliott, described the Taxation Office audits as a threat to democracy.

One of the first acts of the Howard government was to withdraw legislation introduced by the former Labor government to outlaw the trading in trust tax losses. Two and a half years later we finally have a bill pass through this parliament to deal with the matter. The Treasurer also announced in the 1997 budget that a discussion paper on trusts would be released. It was finally rolled out in the tax reform package for the last election.

When this government came to office it knew there was about $800 million being

avoided in tax by the wealthiest. It was advised on the extent of the problem and how to deal with it. Here we are in November 1998 and the government has done virtually nothing. Mr Howard is back and the problem of inaction on tax avoidance is back with him. Instead he has spent his time working out how to tax food and basic services like electricity and power because 'it is in the national interest' to do so, apparently.

Clearly the GST will result in a significant shift in the tax burden. It is a shift of the tax load from business to households. The poor will pay at the checkout counter. It will also shift the burden of tax collection onto small business. The wholesale sales taxation system has 70,000 collection points. The GST will require over 1.5 million collection points. In an address in Sydney during the campaign Mr Howard said:

> If any of us are elected to represent the national interest, if any of us are there to do good things for Australia, of all the economic issues around at present we have to support the cause of taxation reform.

In the Prime Minister's language, taxation reform means the GST. In the Prime Minister's language the national interest means the GST.

Returning to Mr Packer and claims by the government that the GST will cut out the black economy, let me quote Professor Bob Deutch, the Director of the University of New South Wales Tax Studies Unit. He said that the GST's impact on tax avoidance would be 'chicken feed' compared with the size of the tax avoidance problem. He said:

> The tax package—

he is referring to the Prime Minister's tax package—

> as it has been announced, will do nothing in the context of the [Packer] decision.

Under this Prime Minister could we have expected it to be otherwise?

Literacy

Senator ALLISON (Victoria) (10.00 p.m.)—I rise again tonight to talk about the subject of literacy. I am returning to this issue because of extraordinary comments made recently by the outgoing director of the Australian Council for Educational Research. Professor Barry McGaw is soon to take up a post with the OECD and his swansong contained in the council's winter newsletter is a scathing criticism of Dr Kemp's use of literacy as a political football.

What makes Professor McGaw's words so remarkable is the fact that he has been a highly respected adviser to government on education issues for a long time. It was research by his organisation which provided the fodder for Dr Kemp's attack on teachers and state governments, the so-called manufactured literacy crisis. The Senate will recall that almost two years ago Dr Kemp used the *60 Minutes* program to release the findings of the national school English literacy survey. The survey was a 20-year longitudinal study and the results were not especially exciting. However, Dr Kemp insisted that benchmarks of achievement could be adopted from the survey results and that nationwide testing would be necessary to separate the winners from the losers.

The Australian Council for Educational Research was reluctant to release the results because there had not been sufficient time to properly evaluate the significance of the literacy problems which were identified. But Dr Kemp went ahead in any case. The original finding by ACER was that a third of the students did not attain a benchmark level in a complex test of comprehension. That is just one aspect of this longitudinal study. Once this had been through the Dr Kemp mangle, it was twisted into a claim that a third of year 9 students could not read. Even the journalist who wrote one of the articles used in the study said he would have failed the exercise because his intention was at odds with the meaning ascribed to the piece by the examiners. Professor McGaw's remarks on Dr Kemp's use of the research are a model of understatement. He says:

> The interpretation of these results as showing successive generations of Australians achieving higher literacy levels runs counter to any claim that schools have changed in ways that are lowering literacy levels. While the conclusion does need to be qualified, it is reasonable to interpret these results as showing schools to have been increasingly successful in elevating literacy levels. Certainly

the data give no evidence of a declining contribution from schooling.

Dr Kemp went on *60 Minutes* arguing that we had a literacy crisis on our hands, after which Professor McGaw wrote:

> By then it was too late for much rational debate. The schools and the teachers were seen as the cause of whatever problems were apparently being revealed. The *60 Minutes* Dr Kemp effort argued that this crisis was the result of declining standards, faddish teaching methods, a crowded curriculum and poor teaching in primary schools in particular. It was an instance of teacher-bashing par excellence. Literacy does not become a hot issue for prime-time national current affairs programs because educators want to compare notes about the most recent initiatives on literacy. What was needed obviously was a crisis and Dr Kemp was happy to oblige.
>
> There is an entirely different path that the discussion might have taken. The survey of adult literacy levels could have been advanced as evidence that schools know how to raise literacy standards. The final step in the school literacy survey could have been presented as an attempt to set higher standards than in the past as necessary goals for schooling in the late 20th century. To achieve these higher standards we could all have then been encouraged to look at the professionals in schools for the strategies which we might hope to succeed. We could have also used the evidence from the school literacy survey about where the weaknesses are greatest to see where to concentrate effort in raising standards. That would have brought a focus on indigenous students and other students from lower socioeconomic backgrounds, particularly boys. This would have been far more constructive than the path the debate took. Blaming schools in a general way for performances below the standard we might hope to achieve will not encourage schools to take up the hard tasks.

Professor McGaw points out that we cannot isolate literacy from a socioeconomic and a cultural context. The newspeak language of the minister and his department will not allow them to talk in terms of disadvantages faced by children from non-English-speaking backgrounds of low socioeconomic or indigenous status. I would argue that this is partly about the pull-yourself-up-by-your-bootstraps ideology of the coalition made somewhat worse by the One Nation paranoia about multiculturalism and political correctness.

That highly specialist group of teachers who taught English as a second language, or ESL, have now largely gone from our schools in Australia. They have either taken their skills elsewhere or they have been mainstreamed into our education system. This is because we regard children from non-English-speaking backgrounds as somehow deficient. They either catch up with the rest of the class with a bit of reading recovery or they fall permanently behind—factory fodder for factory jobs which no longer exist. Of course, we could look at these children as bi- or often multilingual. We could encourage them to nurture their native tongue and to tap into their rich linguistic backgrounds, instead of making them feel like second-class citizens because their grasp of English is not as good as that of we monolingual Australians.

Conservative governments have taken money away from programs targeting disadvantaged schools and students. Some of that money is now coming back into school systems under the guise of new money for literacy. Money from the federal government is being used for testing and benchmarking. The Victorian state government, for instance, has just announced a recruitment drive for 2,600 teachers as part of its $102 million literacy program.

A report by Barbara Preston for the Australian Council of Deans of Education has just demonstrated that finding 2,600 teachers in Victoria ready to go may pose some difficulties, even though the state government sacked 8,000 teachers in its first term of office. As Barbara Preston points out, only a fraction of those teachers will still be sitting around waiting for teaching jobs—they find other work, they move interstate, they have families and they change their circumstances. We know that too few teachers are being trained. In Victoria those who have been employed in the last few years have, by and large, been put on very short-term contracts and they are leaving the profession in their droves looking for careers with some kind of security.

The literacy crisis and the repackaged spending on literacy has been in a neat trick which I think has been quite difficult for school communities to expose. Poor school performance equals literacy failure, and so literacy has become the catch-all term and factors such as poverty, cultural and class

differences, large class sizes and chronic underresourcing of schools have become invisible.

There is widespread ignorance, I would argue, on the part of politicians about what goes on in our disadvantaged schools, those that are underresourced and the similarly disadvantaged population of children they serve. South Australian researcher Pat Thomson said in a recent speech that she has taught in schools with transience rates of between 30 and 40 per cent. A primary school that I visit near Campbelltown in New South Wales has even higher rates. This researcher says:

> A few have been subjected to harassment by National Action, some are located in communities where black market economies of illegal substances intrude into school life, others are located in areas predominantly used for emergency public housing and they deal with large numbers of children and young people in distress, and some are dealing with disproportionately high numbers of students whose parents are severely ill.
>
> What are the potentially risky consequences of policies that deny the existence of poverty, that obscure privilege and disadvantage and social division and that seek to tightly direct, monitor and report on the works of disadvantaged schools?

Last September Dr Kemp promised that the national literacy plan would be 'making sure every child can read and write properly by the end of year 3'. I think this promise deserves the same kind of ridicule that was heaped on Bob Hawke when he promised that no child would be living in poverty by 1992.

The causes of poor literacy are too complex for Dr Kemp's magic wand of testing and benchmarks. Such a promise would be admirable from a government prepared to properly resource education and help schools and disadvantaged families, but when mouthed by a minister who has done so much to damage public education it is rampant hypocrisy. I think we can safely say that Dr Kemp's handling of the issue has borne out the tabloids' maxim, 'Don't let the truth get in the way of a good story.' I think we can all be grateful that someone of Professor McGaw's standing has at last blown the whistle on our minister.

Internet Access

Senator LUNDY (Australian Capital Territory) (10.10 p.m.)—It is with some interest that I note that with each passing week I see more and more World Wide Web addresses advertised, be it in print, on the television or on radio. As more companies, government services and community organisations establish an Internet presence, I cannot help but think that only part of our population is privileged enough to participate in this new medium. In fact, recent statistics from the Australian Bureau of Statistics show that only 13.5 per cent of Australian households have Internet access. When you think about the depth and magnitude of promotion of an Internet web site, you will start to understand that, whilst 13.5 per cent of our households have access to this amazing new medium, the vast majority do not.

This raises very serious questions of equity in access to the Internet and to information technologies. The same set of ABS stats shows that the biggest reason why people do not have Internet access is indeed cost, reinforcing the much reported phenomenon of information haves and have-nots that permeates not only Australian society but all particularly westernised democracies around the world where the Internet has become established. Notwithstanding this, of course, growth of Internet usage is exponential, with now 100 million people across the globe with Internet access. The volume of traffic on these networks doubles with each 100 days that passes. As we move closer to the millennium, these growth trends will continue. I am concerned, however, that a large proportion of our society will not be afforded the opportunity to participate.

This exclusion zone goes beyond just household access and into the areas of education, the workplace and community groups, particularly amongst our senior citizens. As there is a transfer of government and corporate services to the Internet forums, it is not an unreasonable assumption to think that, whilst this transition is taking place, sections of our community will be permanently excluded from this area of technological progression, and hence perhaps even those services, as they become more established and entrenched in the online medium, will be

diminished in more traditional exchanges and interfaces of the provision of those services.

This issue presents a political challenge that should not be underestimated. It is about the nature of our culture and our society in the 21st century. With this inwardly spiralling convergence of information technologies leading to a vortex of Internet protocols where the Internet becomes the central point of distribution of information, entertainment, services and electronic commerce, it is absolutely fundamental that governments take on the challenge of providing equity in access to this medium.

In schools alone it has become very clear that established schools, particularly private schools, have placed a priority on the provision of information technology equipment and services within the curriculum. However, under the pressure of the coalition government over the last 2½ years, public schools have become even more starved of resources. We find that, as pressure increases on those schools, it is the new initiatives, the introduction of new technologies, that begin to suffer first and foremost. Whilst we see the entrenchment of this socioeconomic divide between the information haves and have-nots in society, we can see it also developing within our educational institutions.

Children today who are afforded with the opportunity to learn how to use a computer, to learn and understand the nature of the Internet and what it can offer in terms of life choices, will have a considerable advantage over those who do not. I am not suggesting that every job will relate specifically to your ability or lack of ability to manage information technology, but even today it can be demonstrated that skills in these areas afford a very specific opportunity for many job seekers.

The policy mechanisms for achieving more equitable access to information technology are not simple in any respect. They traverse just about every portfolio area and present themselves across Commonwealth, state and local government jurisdictions. Finding the right balance in achieving access and equity to new technologies is, I believe, a prerequisite for a genuine goal for social equity. Recently, in the closing stages of the OECD ministerial forum on electronic commerce in Ottawa, the South African Minister for Post, Telecommunications and Broadcasting, Mr Jay Naidoo, said:

> So as we discuss this momentous advance of our civilization and the emergence of a digital world economy, let us consider that this connectivity is, in fact, the greatest equalizer in the world. But in this very world that we live in half of humanity has never used a telephone, yet that access could catapult, could leapfrog, the remotest rural community of this world into the leading edge of this new economy.
>
> And so the challenge, I believe, that we need to consider among the very important conclusions of this very important conference, is how we close that development gap between the information rich and the information poor, between men and women, between black and white, between the urban and the rural, because access to that infrastructure is going to require a visionary leadership, is going to require a partnership that is smart and innovative.

Those words from Mr Jay Naidoo sum up the issue for me. When we talk about access and equity to the Internet, it is far more than just providing the transition onto a computer of services previously delivered face to face. It is far more than just another game to play or another activity in which children—or indeed adults—can spend time looking for some useful or useless information.

It is about a cultural shift. It is about a technological advance that will change the way we as a society access information. If you believe that access to information is a determinant of power in our community, you will start to understand the magnitude of this cultural shift. Governments, therefore, have a fundamental responsibility to foster access.

Governments have a fundamental responsibility to ensure that content across this converging digital medium is diverse, accessible and carries with it a quality that only sound policies of ensuring access and diversity of the production of that content can put in place. This is one of the greatest challenges confronting governments right across the world. I do not think for a minute that this coalition government is providing this issue with the attention that it truly deserves.

Senate adjourned at 10.19 p.m.

DOCUMENTS

Returns to Order

The Acting Deputy President (Senator Watson) tabled the following documents received on 20 November 1998 pursuant to the order of the Senate of 24 June 1998:

Commonwealth Programs—Promotional Campaigns—Copies of—

Documents relating to promotional campaigns for Commonwealth programs for—

Attorney-General's Department.

Department of Employment, Education, Training and Youth Affairs.

Department of the Prime Minister and Cabinet.

Department of the Treasury—Australian Taxation Office.

Letter accompanying documents, dated 20 November 1998.

Indexed Lists of Files

The following documents were tabled pursuant to the order of the Senate of 30 May 1996:

Indexed lists of departmental and agency files for the period 1 January to 30 June 1998—

Australian Electoral Commission.

Department of Finance and Administration and portfolio agencies.

Department of the Treasury portfolio agencies.

Tabling

The following documents were tabled by the Clerk:

Christmas Island Act—Ordinance—

No. 4 of 1998 (Imprisonment and Custody of Offenders Ordinance 1998).

No. 5 of 1998 (Workers' Compensation and Rehabilitation Act 1981 (W.A.) (C.I.) Amendment Ordinance 1998 (No. 1)).

No. 6 of 1998 (Liquor Licensing Act 1988 (W.A.) (C.I.) Amendment Ordinance 1998 (No. 1)).

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—

Amendment of section 82, dated 16 November 1998.

Exemption No. CASA 40/1998.

Cocos (Keeling) Islands Act—Ordinance—

No. 4 of 1998 (Imprisonment and Custody of Offenders Ordinance 1998).

No. 5 of 1998 (Workers' Compensation and Rehabilitation Act 1981 (W.A.) (C.K.I.) Amendment Ordinance 1998 (No. 1)).

No. 6 of 1998 (Liquor Licensing Act 1988 (W.A.) (C.K.I.) Amendment Ordinance 1998 (No. 1)).

Customs Act—Instruments of Approval Nos 23-39 of 1998.

Customs Act and Excise Act—Instrument of Approval No. 50 of 1998.

Defence Act—Determination under section 58B—Defence Determination 1998/38.

Export Control Act—Regulations—Statutory Rules 1998 No. 311.

Health Insurance Act—Regulations—Statutory Rules 1998 No. 267.

Income Tax Assessment Act 1936—Regulations—Statutory Rules 1998 No. 313.

Judicial and Statutory Officers (Remuneration and Allowances) Act—Regulations—Statutory Rules 1998 No. 309.

Lands Acquisition Act—Statements describing property acquired by agreement under sections 40 and 125 of the Act for specified public purposes.

National Health Act—Determination under Schedule 1—HIG 9/1998.

Public Service Act—

Locally Engaged Staff Determinations 1998/39-1998/41.

Senior Executive Service Retirement on Benefit Determinations 1998/78 and 1998/79.

Public Works Committee Act—Regulations—Statutory Rules 1998 No. 310.

Radiocommunications Act—Radiocommunications (Electromagnetic Compatibility) Standard 1998.

Remuneration Tribunal Act—Regulations—Statutory Rules 1998 Nos 307 and 308.

Sales Tax Determinations STD 96/5 (Addendum No. 2) and STD 98/7.

Seat of Government (Administration) Act—National Land (Amendment) Ordinance 1998.

Social Security Act—

Asset-test Exempt Income Stream (Lifetime Income Stream Guidelines) Determination 1998.

Social Security (Meaning of Seasonal Work) Determination 1998.

Social Security (Pension Valuation Factor) Determination 1998.

Superannuation Industry (Supervision) Act—Regulations—Statutory Rules 1998 No. 312.

Sydney Airport Curfew Act—Dispensations granted under section 20—Dispensations Nos 9/98-12/98.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Air Traffic Controllers

(Question No. 1)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, 11 November 1998:

(1) Do air traffic controllers (ATCs) require medical certificates in order to take paid sick leave; if so, how many sick days are they entitled to annually; if not, how many sick days are they entitled to annually; if not, how many sick days without a certificate and how many days with a certificate are they entitled to each year.

(2) Do Civil Aviation Regulations state that an ATC is not permitted to work in a licensed ATC position if he or she is suffering from a minor ailment that might impair the officer's performance; if so, how is the impact of an illness on an ATC's ability to work assessed and by whom.

(3) What arrangements are in place to deal with a situation where an ATC falls ill just prior to commencing a shift or during a shift.

(4) Were the rostering principles enshrined in the ATC enterprise-based agreement that allow for up to 10 days straight to be worked, including emergency duty and overtime, designed to ensure an adequate pool of officers is available at all times.

(5) Under the '10 day rule', on how many occasions were operations at Sydney airport suspended due to a shortage of ATC's.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

The following answer is based on Airservices Australia advice:

(1) The Airservices Enterprise Bargaining Agreement provides that air traffic controllers shall have access to sick leave as required and all sick leave in excess of single day absences shall require a medical certificate. There is normally no upper limit on the number of days sick leave which an ATC can take with or without a certificate, although employees with high sick leave absences may be required to produce medical certificates for any absences.

(2) Yes. The licensed employee is responsible for assessing his or her own fitness for duty. However, sick leave is subject to monitoring and a counselling process.

(3) The shift supervisor decides whether replacement is required and makes arrangements as appropriate for replacement staff. Replacement could include extension of shift on overtime or call out of off-duty staff on emergency duty.

(4) The ten day rule is a maximum and is subject to variation based on local circumstances. It was designed to balance operational needs with employee health and safety considerations

(5) Once. The closure of Sydney Airport in July was due partially as a consequence of the terms of the 10 day rule.

Air Traffic Services Enterprise Based Agreement

(Question No. 4)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, 11 November 1998:

(1) When did the Air Traffic Services Enterprise Based Agreement (ATSEBA) come into effect and what is the life of the agreement.

(2) (a) Does the ATSEBA contain rostering principles that allow for up to 10 days straight to be worked, including emergency duty and overtime; and (b)does the Agreement contain an agreed mechanism to enable the variation of these rostering principles; if so, what is that mechanism.

(3) (a) Has the manager of Sydney airport, Mr Jim Ludlow, issued an edict limiting the maximum number of consecutive days worked to 8 days; (b) is Mr Ludlow's action a breach of the Agreement; (c) why did Mr Ludlow institute the change; and (d) when did it come into effect.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

The following answer is based on information provided by Airservices Australia.

(1) The current Airservices ATSEBA came into effect on 29 June 1998, when the agreement was certified by the AIRC and will remain in force for three years from that date.

(2) (a) Yes. The ATSEBA contains provisions regarding rostering principles and sick leave for Air Traffic Controllers which were introduced under the ATSEBA which took effect in September 1992.

(b) Yes. By negotiating a change to the Rostering Principles with the Union (Civil Air Operations Officers Association) and reflecting the change in a letter of agreement.

(3) (a) Yes.

(b) No. The ATSEBA simply specifies a maximum number of shifts, which may be worked.

(c) The change was instituted to address workload and fatigue concerns, particularly in consequence of two safety incidents in which fatigue was a possible factor. It was considered that regularly working the maximum ten consecutive shifts could have been detrimental to staff health and attendance and it was decided that no more than eight consecutive shifts would be worked.

(d) It came into effect on 23 June 1998.

Airservices Australia

(Question No. 6)

Senator O'Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, 11 November 1998:

(1) (a) What services do Airservices Australia provide; and (b) at which airports are these services provided.

(2) What level of charges is applied for each service at each airport; and (b) what percentage of each charge at each airport goes to meeting the corporate overheads of Airservices Australia.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator's question:

(1) (a) Airservices' specific service responsibilities include airspace management, air traffic flow management, air traffic control, traffic and flight information, navigation services, aeronautical information, search and rescue (SAR) alerting and rescue and fire fighting.

These responsibilities are amalgamated together to provide 3 distinct chargeable services to customers:

. Terminal Navigation (TN) service, which covers aerodrome control, approach control, terminal navigation aids

. Enroute (ER) service, which covers airspace control, enroute navigation aids and communication facilities, flight service

. Rescue and Fire Fighting (RFFS) service, which covers rescue and fire fighting facilities at airports.

(1) (b)—

Airport		
Adelaide	TN	RFFS
Albury	TN	-
Alice Springs	TN	RFFS
Archerfield	TN	-
Bankstown	TN	-
Brisbane	TN	RFFS
Cairns	TN	RFFS
Camden	TN	-
Canberra	TN	RFFS
Coffs Harbour	TN	-
Coolangatta	TN	RFFS
Darwin	TN*	RFFS
Essendon	TN	-
Hobart	TN	RFFS
Jandakot	TN	-
Karratha	-	RFFS
Launceston	TN	RFFS
Mackay	TN	RFFS
Maroochydore	TN	-
Melbourne	TN	RFFS

Airport		
Moorabbin	TN	-
Parafield	TN	-
Perth	TN	RFFS
Port Hedland	-	RFFS
Rockhampton	TN	RFFS
Sydney	TN	RFFS
Tamworth	TN	-
Townsville	TN*	-

* Navigation aids only as air traffic control services are provided by the RAAF.(2)(a)

Airport	TN—Interna-tional*($/tonne)	TN—Domestic* ($/tonne)	RFFS($/tonne)
Adelaide	$8.18	$8.18	$2.40
Albury	-	$6.75	-
Alice Springs	-	$6.75	$5.64
Archerfield	-	$6.75	-
Bankstown	-	$6.75	-
Brisbane	$5.05	$4.69	$1.26
Cairns	$7.35	$7.35	$3.32
Camden	-	$6.75	-
Canberra	$8.34	$8.34	$3.11
Coffs Harbour	-	$6.75	-
Coolangatta	$8.61	$8.61	$3.73
Darwin	$3.55	$3.19	$6.07
Essendon	-	$6.75	-
Hobart	-	$6.75	$7.05
Jandakot	-	$6.75	-
Karratha	-	-	$10.93
Launceston	-	$6.75	$7.79
Mackay	-	$6.75	$9.20
Maroochydore	-	$6.75	-
Melbourne	$4.01	$3.65	$0.98
Moorabbin	-	$6.75	-
Parafield	-	$6.75	-
Perth	$6.83	$6.83	$2.18
Port Hedland	-	-	$15.59
Rockhampton	-	$6.75	$8.54
Sydney	$4.67	$4.31	$0.67
Tamworth	-	$6.75	-
Townsville	$4.87	$4.51	-

* The price differential between TN—International and TN—Domestic is solely due to the differing contribution domestic and international operators are making towards the introduction of location specific pricing. This contribution is being used to ease the burden on the general aviation end of the industry.

Discounts are available for circuit training and for landing in the airport control zone but not at the aerodrome itself.

(b) Corporate overheads are defined as the cost of providing support services to either ATC or RFFS operations at each location. This includes the cost of finance, employment relations, planning and development, audit and executive support.

Corporate overheads are distributed in direct proportion to the forecast activity at each location. This methodology results in a consistent allocation of overhead costs having regard to the size of each location, and thus provides a proxy for the level of corporate support received by each location. The amount allocated equates to $0.47 per tonne landed for TN services and $0.10 per tonne landed for RFFS services.

The percentage of overhead charged at each airport varies from 0.9% to 14.6% depending on the traffic level and mix, services offered and the effect of the Government and industry subsidy. In overall terms, corporate overheads account for approximately 8% of total costs of providing TN and RFFS services.

Local Government Development Program: Victoria

(Question No. 1246)

Senator Allison asked the Minister repreesnting the Minister for Regional Development, Territories and Local Givernment, upon notice, on 21 July 1998:

(1) Can an explanation be provided as to why Victoria received only 8.7 per cent of funds recently disbursed under the Local Government Development Program.

(2) How does the Minister explain the fact that Victoria received the second lowest share of any State under the program.

(3) Can a list be provided of applications received under the program.

(4) Can a breakdown of funds be provided by State for the program for the financial year prior to this funding round.

(5) (a) Does the Victorian Office of Local Government's Community Satisfaction Measurement Program which received $200 000 in the latest funding allocations meet the program aims; (b) how was this view reached; and (c) is this project supported by the majority of local governments in Victoria.

(6) What is the process by which applications are evaluated for funding under this program.

Senator Alston—The Minister for Regional Development, Territories and Local Government has provided the following answer to the honourable senator's question:

(1) and (2). In 1997/98, the value of the proposals received for Local Government Development Programme funding significantly exceeded the Programme's budget, leaving my predecessor, the Hon Warwick Smith MP, and myself, with the difficult task of choosing between many worthy projects.

In relation to project proposals for 1997/98, the Minister for Local Government and the President of the Local Government Association for each State and Territory were invited to jointly submit a prioritised list of project proposals for consideration for funding.

The Municipal Association of Victoria and the Victorian Office of Local Government were unable to agree on the priority for projects and submitted separate lists. Many of the proposals received from Victoria were assessed as being of lesser merit than those received from other States and Territories and were not funded.

The Victorian Office of Local Government subsequently withdrew all of their submissions with the exception of the Community Satisfaction Measurement Program.

(3) The register of project applications received for 1997/98 is attached.

(4) The breakdown of funds by State/Territory for the LGDP 1996/97 is as follows:

National: $1,376,005 which includes two Victorian projects valued at $217,996.

NSW	$1,061,000
WA	$250,000
SA	$25,000
TAS	$190,000
NT	$25,000

(5) (a) The aim of the Community Satisfaction Measurement Programme project is to provide all Victorian councils with a measure of satisfaction with services being provided by them to the community and comparative information on the performance of other councils. The Guidelines for the Programme in 1997/98 state that one of the objectives of the programme is "to encourage systemic change and reform in local government". The guidelines also state that "The Commonwealth is most interested in projects which involve (amongst other things) the development of national performance indicators and outcome measures". The funding of this project is consistent with a resolution of the 1997 Local Government Ministers' Conference in relation to local government performance measurement.

(b) The project was assessed against the Guidelines of the Programme and the merits of the project compared with other projects.

(c) It would appear that the majority of councils in Victoria accept performance measurement for accountability purposes and also accept the inclusion of community satisfaction measures as part of these performance measures.

(6) All submissions were assessed by the National Office of Local Government against the priorities and criteria of the Programme, and within the total funds available.

Submissions received were then prioritised at a national level and recommendations made to the Minister for Local Government for his consideration.

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
	NATIONAL	
Australian Local Government Association (ALGA)	Regional Cooperation and Development	$215,000
ALGA	Regional Cooperation and Development	$350,000
ALGA	National Civics and Citizenship Program (NCCP)	$70,000
ALGA	National Waste Management Project	$50,000
ALGA/Institute of Municipal Engineering Australia (IMEA)	Condition Based Depreciation of Council Assets	
ALGA	Benchmarking Engineering Service Delivery Costs	$40,000
ALGA	National Aboriginal and Torres Strait Islander Policy Officer Program	$89,500
ALGA	National Aboriginal and Torres Strait Islander Policy Officer Program	$40,000
NOLG	Evaluation of LGDP	$30,000
National Parks and Wildlife Service of NSW	Thredbo Community Hall	$100,000
ALGA	International Union Local Authorities (IULA) World Executive Meetings	$20,000
ARRB Transport Research Ltd	Local Roads Bridge Management Manual	$100,000
Wyong Shire Council	Joint Detailed Benchmarking/Best Practice Project by Singleton, Cessnock and Wyong Councils	$115,000
National Local Government Customer Service Network Incorporated	Facilitation of a national approach to measure the efficiency and effectiveness of customer statisfaction in the Local Government industry.	$189,035
Local Government of Community Services Association of Australia INC	Best Practice, Benchmarking and Performance Indicators in Local government Community Services and Community Development	$70,000
ALGA	Funding of Commonwealth Contribution to the Local Government Ministers' Conference (LGMC) Activities Fund.	$20,000
NOLG	National Awards for Innovation in Local Government	$90,000
NOLG	Urban Futures	$55,000
NOLG	LDGP Communications Activities	$60,000
NOLG	Newsletter	$30,000
		$1,733,535

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
	NSW	
Local Government and Shires Association of NSW (LGSA)	Voluntary Structural Reform	$800,000
Local Government and Shires Association of NSW (LGSA)	Aboriginal Policy Officer	$30,000
NSW Department of Local Government (DLG)	The Local Government Aboriginal Mentoring Program	$140,000
Local Government and Shires Association of NSW (LGSA)	Towards Best Practice	$137,610
DLG	Community Access	Withdrawn
Local Government and Shires Association of NSW (LGSA)	Local Government Workplace Reform	$52,750
NSW Department of Local Government	EEO and Flexible Work Practices in Local Government in NSW	$150,000
Local Government and Shires Association of NSW (LGSA)/Institute of Municipal Engineering Australia (IMEA)	Periodic Reviews of Service Delivery	$60,000
Local Government and Shires Association of NSW (LGSA)	Local Government Action in Rural Economic Development	$35,000
Local Government and Shires Association of NSW (LGSA)/Institute of Municipal Engineering Australia (IMEA)	National Competition Policy Implementation	$50,000
DLG	Condition Based Depreciation	Withdrawn
BWC Pty Ltd	Council performance indicators	$550,000
City of Albury	Albury City Plan—CompuPlan	$60,000
Department of Urban Affairs and Planning (DUAP)	NSW Code/AMCORD Workshops	$97,000
Hurstville City Council	Development of national performance indicators and outcome measures—Town Centre/ Urban Form study for Mortdale	$40,000
Liverpool City Council/ Department of Urban Affairs and Planning/ NSW Landcom	Liverpool CBD (Railway Station/Southern Precinct)- Model Urban Design Project	$119,000
Liverpool City Council/ Department of Urban Affairs and Planning/ NSW Landcom	Greenfields Urban Development Precinct ('Spotted Gum Glen)- Model Urban Design Project	$59,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
General Managers' Information Technology Group for Councils (GMIT)	Information Management Project	$250,000
Institute of Municipal Management, NSW Division	Managing Reform	$100,000
Newcastle City Council	Integrated Strategy for Newcastle & Region	$150,000
University of Western Sydney Hawkesbury	Local Sustainability Research Information Network for Local Government	$35,000
University of Western Sydney Hawkesbury	Request for a bursary for a Ph.D study of the Local Government sectors' capacity to implement sustainable development strategies	$95,000
Lake Macquarie City Council on behalf of the Steering Committee of the LHCCREMS	The Continued Implementation of the Lower Hunter & Central Coast Regional Environmental Management Strategy (LHCCREMS)	$30,000
Department of Urban Affairs and Planning (DUAP)	AMCORD Promotions Officer Appointment	$56,681
SHOROC (Warringah Council)	Benchmarking in Local Approvals: The Next Steps	$210,000
Department of Land and Water Conservation	Peri-Urban and Rural Development Issues Project (Sitewise) Best Practice for Erosion and Sediment Control Implementation and Monitoring	$145,000
Hunter Regional Organisation of Councils (HROC)	Sport and Recreation Project	$240,000
Coolah District Development Group	The funding of a third year of employment of the Development Coordinator.	$37,000
		$3,729,041
	VIC	
Royal Melbourne Institute of Technology (RMIT)	Preparation of Case Studies of Good Subdivision and Multi Unit Housing Design based on the Australian Model Code for Residential Development (AMCORD)	$54,000
Royal Melbourne Institute of Technology (RMIT)	Urban Design & Design Workshops for Elected Representatives in Local Government	$100,000
Municipal Association of Victoria (MAV)	Aboriginal Policy Officer. Note: this proposal relates & is in support of the ALGA APO proposal, see above.	$180,000
MAV	Local Government Waste Management	$180,000
MAV	Planning Benchmarking and continuous Improvement	$180,000
MAV	Structural Reform Project	$35,000
MAV	Regional Economic Development Implementation	$100,000
MAV	Review of Financial Arrangements Affecting Local Government Performance	$125,000
Office of Local Government (OLG), Victoria	Management Quality—the Key to Organisational Performance	$400,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
OLG- project withdrawn and revised and then resubmitted.	Community research and Customer Satisfaction Measurement—the key performance indicator of quality	$425,000
OLG	Financial and Management Information Systems—essential for reliable and accurate key performance indicator measurement	$150,000
OLG	Benchmarking—a driver for process improvement	$260,000
OLG	National Competition Policy—Corporatisation to Facilitate Structural Reform	$100,000
OLG—Resubmitted project	Community research and Customer Satisfaction Measurement—the key performance indicator of quality	$250,000
		$2,539,000
	QLD	
QLD Dept of Local Government and Planning (QDLGP)/QLD Institute of Municipal Management (IMM)/ Local Government Association of QLD (LGAQ)	Rural Councils Support Strategy	$195,000
Local Government Association of Qld (LGAQ)	Social & Cultural Planning: A Training/Workshop Resource Package for Councils	$37,300
Local Government Association of Qld (LGAQ)	Regional Waste Management Strategies in Queensland	$99,000
Department of Local Government and Planning	Regional Coordination of State and Local Government Infrastructure Provision	$180,000
Local Government Association of Qld (LGAQ)	Local Government Development Program Best Practice in Plant Management	$91,000
Department of Local Government and Planning (DLGP)	Implementation of Integrated Development Assessment System (IDAS)	$500,000
Local Government Association of Qld (LGAQ)	Optimising the Provision of Local Government Infrastructure and Services	$120,000
Department of Local Government and Planning (DLGP)	Co-ordination of State and Local government Infrastructure Provision in the Whitsunday, Hinterland and Mackay (WHAM) Region	$110,000
Department of Local Government and Planning (DLGP)	The Development of an Online Geographic Information System (GIS) for South East Queensland Councils	$105,000
Local Government Association of Qld (LGAQ)	Fair Access to Services	$100,000
Department of Local Government and Planning (DLGP)	Costs to Government of Rural Residential Development	$120,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
Department of Local Government and Planning (DLGP)	Monitoring/ Publication of Consumer, Local Government and Industry Response to the "Queensland Residential Design Guidelines (QRDG)"	$80,000
Pine Rivers Shire Council	Australian Benchmarking Project—Pine Rivers	$33,750
Local Government Association of Queensland (LGAQ)	Aboriginal and Torres Strait Islander (ATSI) Policy Officer	$123,750
		$1,894,800
	WA	
Department of Local Government (DLG)	Continuous Improvement Through Key Performance Indicators (KPIs) & the Establishment of Benchmark Performance Levels for These Indicators	$100,000
Western Australian Municipal Association (WAMA)/DLG/ Institute of Municipal Management (IMM)	Best Practice and Beyond	$100,000
WAMA	Benchmarking in Local Government	$30,000
WAMA	Benchmarking in Local Government	$70,000
WAMA	National Competition Policy(NCP)	$50,000
WAMA	Local Government Cadetships	$80,000
DLG	Facilitating Amalgamation & Further Regional Cooperation	$105,000
WAMA	Competitive Tendering and Contracting (CTC)	$50,000
DLG	Benchmarking Assistance for Individual Local Governments	$50,000
DLG	Elected Member Professional Development Program	$58,800
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$60,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$40,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$50,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$60,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$30,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$35,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$20,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$40,000
Western Australian Planning Commission (WAPC)/Ministry of Planning	Western Australian Community Code Program	$35,000
Small Business Development Corporation (SBDC)	Legislative Review Process for Local Government	$156,000
Broome Shire Council	Cross Cultural Awareness Training (CCAT)	$13,926
Broome Shire Council and Rubibi Working Group	Joint Management Structure	$7,690
South West Group	Metropolitan General Resource Sharing	$25,000
East Metropolitan Local Authorities Group (EMLAG)	Metropolitan General Resource Sharing	$21,000
City of Belmont and Town of Victoria Park	Metropolitan Specific Resource Sharing	$10,000
Northam Town and Shire and Shires of Cunderdin, Dowerin, Goomalling, York and Toodyay	Country Resource Sharing General	$20,000
Shires of Broomehill, Cranbrook, Gnowangerup, Jerramungup, Kattaning, Kent, Kojonup, Tambellup and Woodanilling	Country Resource Sharing General	$12,000
Shires of Dardnup, Donnybrook—Balingup, Harvey and Capel and City of Bunbury	Country Resource Sharing General	$50,000
Warren Blackwood Sub Region Group	Country Resource Sharing General	$18,000
Shires of Irwin and Mingenew	Country Resource Sharing General	$15,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
Shire of Tammin and Kellerberrin	Country Specific Resource Sharing	$10,000
Shires of Bridgetown—Greenbushes, Boyup Brook, and Nannup. The Lower South West Waste Management Scheme.	Country Specific Resource Sharing	$5,100
Shire and Town of Albany	Community Information Strategy	$20,000
Shire and Town of Albany	Community Needs Survey	$15,000
Shire and Town of Albany	Financial Systems Planning	$11,000
		$1,473,516
	SA	
SA office of Local Government	Competition Policy: Implementation of a Joint Works Authority for the District Councils of Cleve, Kimba & Franklin Harbour	$130,000
SA office of Local Government	Support for Councils in the application of Competition Policy	$120,000
SA office of Local Government	Appointment of an Aboriginal Policy Officer. Note: this proposal relates & is in support of the ALGA APO proposal, see above.	$180,000
SA office of Local Government	Structural Reform Investigation—Five South Australian Councils	$25,000
Department of Housing and Urban Development (DHUD)	Development of an Interactive Electronic Version of: The State Edition of the Australian Model Code for Residential Development (AMCORD) & the Model/ demonstration statutory planning framework	$50,000
Department of Housing and Urban Development (DHUD)	Development of a Local Government Urban Design Awareness Training Program	$50,000
Department of Housing and Urban Development (DHUD)	Development of an AMCORD based/urban design information and training program	$100,000
		$655,000
	TAS	
Local Government Association of Tasmania (LGAT)	Design & Partial Implementation of a Comprehensive & Accessible Professional Development package for Local Government	$156,000
Tasmanian Departments of Environment and Land Management (Environment & Planning Division)/ Premier and Cabinet (Office of Local Government)/Local Government Association of Tasmania (LGAT)	AMCORD Implementation in Tasmania	$60,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
Local Government Office, Tasmanian	Research into Integrated Governance Arrangements in Remote Areas of Tasmania	$30,000
Glamorgan/Springvale Council	Coles Bay Water Supply Improvement Project	$100,000
Launceston City Council	An evaluation of the concept of constructing a weir across the North Esk River	$60,000
Local Government Association of Tasmania (LGAT)	Aboriginal Policy Officer (APO) Position	$135,000
		$541,000
	NT	
Local Government Association of the NT (LGANT)	Aboriginal Policy Officer (APO) Position LGANT. Note: this proposal relates & is in support of the ALGA APO proposal, see above.	$95,000
Local Government Association of the NT (LGANT)	Local Area Development Strategy—Workshops	$30,000
Northern Territory Department of Housing and Local Government (DHLG)	Performance Indicators (PIs)and Benchmarking Seminar	$50,000
Northern Land Council	Roads Officer Project	$62,078
Darwin City Council	Identification of a Regional Waste Management Site, Development of a Regional Waste Management Strategy, Methodology, Environmental Protection Controls and Council Policy and Operational Practices	$50,000
Shire of Christmas Island	Continuous Improvement Programme (CIP)	$114,600
Cocos (Keeling) Shire Council	Integrated Local Development and Sustainability Plan	$93,000
		$494,678
	ACT	
Planning and Land Management (PALM), Department of Urban Services	Implementation of the revised ACT Code for Residential Development (ACTCode)	$75,000
City Services, Department of Urban Services	ACT Government On-Site Stormwater Retention (OSR) Project	$287,500
Planning and Land Management (PALM), Department of Urban Services	Best Practice Gungahlin Project	$79,000
Planning and Land Management (PALM), Department of Urban Services	Research and Implementation of Mixed Use Policy Areas	$85,000
City Services, Department of Urban Services	Sludge Recycling Using Earthworms	$95,000
Department of Urban Services	Implementation of Regional Aspects of a Telecommunications Strategy Affecting Local Government Functions	$90,000

Organisation seeking funds or proposing projects	Project Title	Requested Total Funding
Australian Capital Region Development Council (ACRDC)	The Capital Region Leadership Program	$56,000

Department of Workplace Relations and Small Business: Conference Expenditure

(Question No. 1255)

Senator Faulkner asked the Minister representing the Minister for Workplace Relations and Small Business, upon notice, on 21 July 1998:

(1) What was the total expenditure on conferences both: (a) in-house, that is, held within the department or agency; and (b) external, held by the department or agencies within the portfolio, on a month-by-month basis since March 1996.

(2) For conferences fully funded by the department and portfolio agencies, and costing in excess of $30,000; (a) where was the venue; (b) what was the reason for each conference; (c) how many participants registered; (d) were consultancy fees paid for the organisation of each conference; (e) to whom were the consultancy fees paid; and (f) what was the cost of each consultancy.

(3) For conferences part-sponsored or part-funded by the department and portfolio agencies and costing the Commonwealth in excess of $30,000: (a) what was the cost to the department or agency; (b) what was the proportion of Commonwealth funding as against the total cost of the conference; (c) what was the rationale for the sponsorship or part-funding; (d) what was the venue; (e) how many participants registered; (f) did the Commonwealth contribute to any consultant organising the conference; if so, who was the consultant; and (g) how much was the Commonwealth's contribution.

Senator Alston—The Minister for Workplace Relations and Small Business has provided the following answer to the honourable senator's question:

1 (a) Nil.

1 (b) April 1996-$43,525

May 1996-$29,649

June 1996-$30,150

July 1996-$4,400

August 1996-$9,260.56

September 1996-$6,290.72

October 1996-$2,010

November 1996-$4,848.93

December 1996-$14,539 expenditure, revenue amounted to $16,045 shared between Australian National University and Attorney-General's Department and the Australian Maritime Safety Authority (AMSA). AMSA's share of the profit was $502. AMSA was part of the Transport and Regional Development portfolio at this time.

February 1997-$33,900.35

April 1997-$42,135.65

May 1997-$1,087.25

August 1997-$11,100. The responsible subprogram was part of the Transport and Regional Development portfolio at this time.

September 1997-$3,908

October 1997-$66,607. The responsible subprogram was part of the Transport and Regional Development portfolio at this time.

November 1997-$3,292

February 1998-$9,842

March 1998-$36,556

May 1998-$950

June 1998-$37,700

(a) Place	(b) Reason	(c) No. of participants	(d) Consultancy Fees	(e) Fees paid to	(f) cost of consultancy
Swiss Grant Hotel, Bondi Beach, NSW	To identify and prioritise national research and policy needs in relation to asbestos-related diseases	68 on day 1 65 on day 2	No	N/a	N/a

(a) Place	(b) Reason	(c) No. of participants	(d) Consultancy Fees	(e) Fees paid to	(f) cost of consultancy
NOHSC Office, Camperdown, NSW	. to provide participants with a broader perspective on possible approaches and parameters of frameworks or models that would be applicable to OHS . generate commitment or endorsement to carry on working towards developing a framework or tool which will assist in informing resource allocation and priorities for action . explore a range of systems that could be used to structure OHS prevention activities within the various levels of government and industry . identify the elements that might make up an occupational health and safety systemic prevention framework or approach . suggest an appropriate process for further work towards the development of a framework	40	Yes	Davison Consulting Pty Ltd	$19,416
Regent Hotel, Sydney	to promote adoption of family-friendly work practices and policies in public and private sector organisations	125	No	N/a	N/a
Monash Mt Eliza Business School, Mt Eliza, Victoria	AIRC Annual Conference and Strategic Meeting and Meting of Heads of Industrial Tribunals	67	No	N/a	N/a
Monash Mt Eliza Business School, Mt Eliza, Victoria	AIRC Annual Conference and Strategic Meeting and Meting of Heads of Industrial Tribunals	61	No	N/a	N/a
Carlton Crest Hotel, Melbourne	The Australian Chamber of Shipping, the Australian Shipowners Association and the Australian Association of Port and Marine Authorities requested the Australian Maritime Safety Authority (AMSA) to organise a major industry conference to provide perspective on key issues and legislation impacting the Australian shipping industry. It was anticipated that the cost of the conference would be met by the delegates. Expenditure amounted to $47,618, revenue amounted to $44,800, which amounted to a total cost of $2,818.	256	No	N/a	N/a

Department of Veterans' Affairs: Conference Expenditure

(Question No. 1266)

Senator Faulkner asked the Minister for Veterans' Affairs, upon notice, on 21 July 1998:

(1) What is the total expenditure on conferences both: (a) in-house, that is, held within the department or agency; and (b) external, held by the department or agencies within the portfolio, on a month-by-month basis since March 1996.

(2) For conferences fully funded by the department and portfolio agencies, and costing in excess of $30 000: (a) where was the venue; (b) what was the reason for each conference; (c) how many participants registered; (d) were consultancy fees paid for the organisation of each conference; (e) to whom were the consultancy fees paid; and (f) what was the cost of each consultancy.

(3) For conferences part-sponsored or part-funded by the department and portfolio agencies and costing the Commonwealth in excess of $30 000: (a) what was the cost to the department or agency; (b) what was the proportion of Commonwealth funding as against the total cost of the conference; (c) what was the rationale for the sponsorship or part-funding; (d) what was the venue; (e) how

many participants registered; (f) did the Commonwealth contribute to any consultant organising the conference: if so, who was the consultant; and (g) how much was the Commonwealth's contribution.

Senator Newman—The Minister for Veterans' Affairs has provided the following answer to the honourable senator's question:

1(a)—

Month	$
August 1997	408
(b)	
April 1997	1,242
May 1997	1,782
June 1997	1,590
July 1997	32
September 1997	395
October 1997	10,733
November 1997	432
December 1997	398
February 1998	110,500

(2) The Repatriation Medical Authority held a conference on "Stress & Challenge—Health and Disease" in February 1998. The total estimated cost was $110,500.

(a) Novotel Brisbane, 200 Creek Street, Brisbane

(b) The RMA recognised that the literature examining the effects of psychosocial stress needed review in a broad contextual process, as well as that related to specific disease entities. This particularly related to the sound medical-scientific evidence concerning both the positive and negative effects of stress on the human organism.

In addition the RMA had also received many requests under Section 196E(1) of the Veterans' Entitlements Act 1986 regarding the possible relationship between stress and/or Post Traumatic Stress Disorder and hypertension, ischaemic heart disease (including coronary atheromatous disease) and cerebrovascular disease.

Further, stress and psoriasis had been the subject of an informal investigation by the RMA and there were also a number of other areas where psychosocial stress may be an actual or potential factor in the cause or aggravation of the disease process.

The RMA considered that these issues would best be dealt with by convening a conference of leading Australian and international experts.

(c) 56 including ex-service representatives, and Australian and international experts.

(d, e, f) Professor Philip Morris was engaged to co-chair the conference, write a conference summary and assist with the preparation of the conference monograph for publication. A total fee of $6,000 was agreed.

(3) Nil.